

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

Form T-1  
July 2014

Form must be Typed  
Form must be Signed  
All blanks must be Filled

**REQUEST FOR CHANGE OF OPERATOR  
TRANSFER OF INJECTION OR SURFACE PIT PERMIT**

Form KSONA-1, Certification of Compliance with the Kansas Surface Owner Notification Act,  
MUST be submitted with this form.

Check Applicable Boxes:

- Oil Lease: No. of Oil Wells \_\_\_\_\_ \*\*
- Gas Lease: No. of Gas Wells \_\_\_\_\_ \*\*
- Gas Gathering System: \_\_\_\_\_
- Saltwater Disposal Well - Permit No.: \_\_\_\_\_  
Spot Location: \_\_\_\_\_ feet from  N /  S Line  
\_\_\_\_\_ feet from  E /  W Line
- Enhanced Recovery Project Permit No.: \_\_\_\_\_  
Entire Project:  Yes  No  
Number of Injection Wells \_\_\_\_\_ \*\*

Field Name: \_\_\_\_\_

**\*\* Side Two Must Be Completed.**

Effective Date of Transfer: \_\_\_\_\_

KS Dept of Revenue Lease No.: \_\_\_\_\_

Lease Name: \_\_\_\_\_

\_\_\_\_\_ Sec. \_\_\_\_\_ Twp. \_\_\_\_\_ R.  E  W

Legal Description of Lease: \_\_\_\_\_

County: \_\_\_\_\_

Production Zone(s): \_\_\_\_\_

Injection Zone(s): \_\_\_\_\_

Surface Pit Permit No.: \_\_\_\_\_  
(API No. if Drill Pit, WO or Haul)

\_\_\_\_\_ feet from  N /  S Line of Section

\_\_\_\_\_ feet from  E /  W Line of Section

Type of Pit:  Emergency  Burn  Settling  Haul-Off  Workover  Drilling

Past Operator's License No. \_\_\_\_\_

Contact Person: \_\_\_\_\_

Past Operator's Name & Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

New Operator's License No. \_\_\_\_\_

Contact Person: \_\_\_\_\_

New Operator's Name & Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Oil / Gas Purchaser: \_\_\_\_\_

Date: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

**Acknowledgment of Transfer:** The above request for transfer of injection authorization, surface pit permit # \_\_\_\_\_ has been noted, approved and duly recorded in the records of the Kansas Corporation Commission. This acknowledgment of transfer pertains to Kansas Corporation Commission records only and does not convey any ownership interest in the above injection well(s) or pit permit.

\_\_\_\_\_ is acknowledged as  
the new operator and may continue to inject fluids as authorized by  
Permit No.: \_\_\_\_\_ . Recommended action: \_\_\_\_\_

Date: \_\_\_\_\_  
Authorized Signature

\_\_\_\_\_ is acknowledged as  
the new operator of the above named lease containing the surface pit  
permitted by No.: \_\_\_\_\_ .

Date: \_\_\_\_\_  
Authorized Signature

DISTRICT \_\_\_\_\_ EPR \_\_\_\_\_ PRODUCTION \_\_\_\_\_ UIC \_\_\_\_\_



KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

Form KSONA-1

July 2014

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## CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT

*This form must be submitted with all Forms C-1 (Notice of Intent to Drill); CB-1 (Cathodic Protection Borehole Intent); T-1 (Request for Change of Operator Transfer of Injection or Surface Pit Permit); and CP-1 (Well Plugging Application). Any such form submitted without an accompanying Form KSONA-1 will be returned.*

Select the corresponding form being filed:  C-1 (Intent)  CB-1 (Cathodic Protection Borehole Intent)  T-1 (Transfer)  CP-1 (Plugging Application)

OPERATOR: License # \_\_\_\_\_

Name: \_\_\_\_\_

Address 1: \_\_\_\_\_

Address 2: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ + \_\_\_\_\_

Contact Person: \_\_\_\_\_

Phone: ( \_\_\_\_\_ ) \_\_\_\_\_ Fax: ( \_\_\_\_\_ ) \_\_\_\_\_

Email Address: \_\_\_\_\_

Well Location:

\_\_\_\_ - \_\_\_\_ - \_\_\_\_ - \_\_\_\_ Sec. \_\_\_\_ Twp. \_\_\_\_ S. R. \_\_\_\_  East  West

County: \_\_\_\_\_

Lease Name: \_\_\_\_\_ Well #: \_\_\_\_\_

*If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:*

**Surface Owner Information:**

Name: \_\_\_\_\_

Address 1: \_\_\_\_\_

Address 2: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ + \_\_\_\_\_

*When filing a Form T-1 involving multiple surface owners, attach an additional sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the county, and in the real estate property tax records of the county treasurer.*

*If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary non-binding estimates. The locations may be entered on the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.*

**Select one of the following:**

- I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this form; 2) if the form being filed is a Form C-1 or Form CB-1, the plat(s) required by this form; and 3) my operator name, address, phone number, fax, and email address.
- I have not provided this information to the surface owner(s). I acknowledge that, because I have not provided this information, the KCC will be required to send this information to the surface owner(s). To mitigate the additional cost of the KCC performing this task, I acknowledge that I must provide the name and address of the surface owner by filling out the top section of this form and that I am being charged a \$30.00 handling fee, payable to the KCC, which is enclosed with this form.

*If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.*

I hereby certify that the statements made herein are true and correct to the best of my knowledge and belief.

Date: \_\_\_\_\_ Signature of Operator or Agent: \_\_\_\_\_ Title: \_\_\_\_\_

INDEXED ✓  
DIRECT ✓  
INDIRECT ✓  
PHOTO ✓  
COMPARED WITH ✓  
COPY ✓

MEMORANDUM OF OIL AND GAS LEASE

THE STATE OF KANSAS  
COUNTY OF SUMNER

§  
§  
§

WITNESSETH:

**Timothy P. Zimmerman and Catherine Zimmerman, husband and wife** (herein called "Lessor"), whose address is **1034 East 30th Avenue North, Wellington, KS 67152**, and **Concho Land Co., LLC** (herein called "Lessee"), whose address is **983 Eagle Pass, P.O. Box 101, Freedom, OK 73842**, hereby acknowledge and give notice that Lessor has executed and delivered to Lessee an Oil and Gas Lease (herein called "said Lease") under date of **June 28th, 2012** under the terms of which Lessor has granted, leased and let exclusively unto Lessee (subject to each and all of the other provisions thereof), for the purpose of investigating, exploring, prospecting, drilling, mining, completing, equipping, developing, and operating for, and producing oil (including but not limited to distillate and condensate), gas (including casinghead gas and helium and all other constituents), or other minerals, as well as all ancillary activities related to the such activities, the following tract(s) of land (herein called "said Land"), in **Sumner County, Kansas**, to wit:

SW/4 of Section 34, Township 31 South, Range 01 East

Said Lease has been executed and acknowledged by Lessor in favor of Lessee and provides for a primary term of **three (3) years** from **June 28th, 2012** (herein called the "Primary Term"), as well as Lessee's option to extend the Primary Term an additional **two (2) years** as stated in said Lease, and as long thereafter as oil or gas or other minerals is produced in paying quantities from said Land, or land with which said Land is pooled, or said Lease is maintained in force in any other manner therein provided, subject to all of the exceptions, reservations, terms, conditions and provisions as set forth therein. An executed copy of said Lease is in the possession of both Lessor and Lessee, and said Lease with all of its terms, covenants and provisions, is incorporated herein by reference and made a part hereof for all purposes.

The purpose of this Memorandum of Oil and Gas Lease (herein called the "Memorandum") is to evidence the existence of said Lease, and this Memorandum is given in lieu of filing said Lease in full for record with the office of the Register of Deeds in the county or counties in which said Land is located.

This instrument may be executed in counterparts, which can be combined in one or more instruments for recordation.

IN WITNESS WHEREOF this instrument is executed on this the 21<sup>ST</sup> day of JULY, 2012, but to be effective June 28th, 2012.

See attached page 2 for Lessor and Lessee signatures and acknowledgments by notary.

LESSOR:

Timothy P. Zimmerman and Catherine Zimmerman, husband and wife

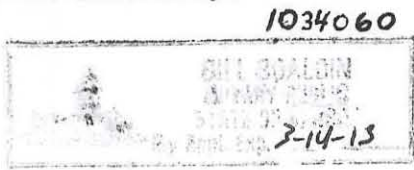
Timothy P. Zimmerman  
Timothy P. Zimmerman

Catherine Zimmerman  
Catherine Zimmerman

STATE OF KANSAS )  
COUNTY OF Sumner )

) ss. (Individual Acknowledgment)

The foregoing instrument was acknowledged before me this 21<sup>st</sup> day of JULY, 2012, by Timothy P. Zimmerman and Catherine Zimmerman, husband and wife.



Bill Galdon  
Notary Public  
My commission expires 3-14-13

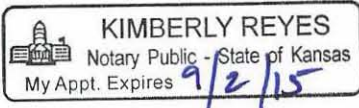
LESSEE:

By: Jason Guy  
Jason Guy as Agent for Concho Land Co, LLC, on behalf of the corporation

STATE OF Kansas }  
COUNTY OF Sedgewick }

} ss. (Corporate Acknowledgment)

The foregoing instrument was acknowledged before me this 2 day of July, 2012, by Jason Guy, as Agent for Concho Land Co., LLC, on behalf of the corporation.



Kimberly Reyes  
Notary Public  
My commission expires 9/2/15

This instrument prepared by: Concho Land Co., LLC  
RETURN RECORDED COPY TO:  
Concho Land Co., LLC  
453 South Webb, #150  
Wichita, KS 67207

State of Kansas, Sumner County CO:  
Filed for record on the 3<sup>rd</sup> day of  
August, 2012 A.D. at 10:00  
o'clock 12 M and recorded in photo  
Book 887 at page 311  
fees \$ 15.00  
Joyce A. Lowe  
Joyce A. Lowe Register of Deeds cc-c

## OIL AND GAS LEASE

AGREEMENT, made and entered into this 28th day of June, 2012, by and between: Timothy P. Zimmerman and Catherine Zimmerman, husband and wife, 1034 East 30th Avenue North, Wellington, KS 67152, party of the first part, hereinafter called Lessor (whether one or more), and Concho Land Co., LLC, 983 Eagle Pass, P.O. Box 101, Freedom, OK 73842, party of the second part, hereinafter called Lessee.

WITNESSETH, that the said Lessor, for and in consideration of Ten Dollars, cash in hand paid, and other good and valuable consideration receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto the said Lessee, for the sole and exclusive right to explore by geophysical and other methods, for mining and operating for oil (including but not limited to distillate and condensate), gas (including casinghead gas and helium and all other constituents), and, for laying pipelines, building drill sites, access roads, tanks, power stations and structures thereon, to produce, save and take care of said products, all that certain tract of land, together with any reversionary rights therein, situated in the County of Sumner, State of Kansas, described as follows, to wit:

### **SW/4 of Section 34, Township 31 South, Range 01 East**

and containing 160.000000 acres, more or less, it being the purpose and intent of Lessor to lease and Lessor does hereby lease, all of the lands or interests in lands owned by Lessor which may adjoin the lands above described which lie in the section herein specified, whether or not completely and accurately described, together with and including any accretions or riparian rights appurtenant thereto.

### **SEE EXHIBIT "A" FOR ADDITIONAL LEASE PROVISIONS**

1. It is agreed that this lease shall remain in force for a term of three (3) years, (herein called primary term) and so long thereafter as oil or gas, or either of them, is produced from said land or lands pooled therewith.

2. In consideration of the premises the said Lessee covenants and agrees:

A. To deliver to the credit of Lessor free of cost, in the pipeline to which it may connect its wells, a 3/16ths part of all oil (including but not limited to condensate and distillate) produced and saved from the leased premises.

B. To pay Lessor for gas (including casinghead gas) and all other substances covered hereby, a royalty of 3/16ths of the proceeds realized by Lessee from the sale thereof less a proportionate part of the production, severance and other excise taxes, said payments to be made monthly. During any period after expiration of the primary term hereof when gas is not being so sold or used and the well or wells are shut in and there is no current production of oil or operations on said leased premises sufficient to keep this lease in force, Lessee shall pay or tender as royalty One and no/100 Dollars (\$1.00) per year per net mineral acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of 90 days from the date such well is shut-in and thereafter on or before the anniversary date of this lease, during the period such well is shut in, to the Lessor. When such payment or tender is made it will be considered that gas is being produced within the meaning of the entire lease. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

3. If, at the expiration of the primary term, there is no production in paying quantities on the leased land or on lands pooled therewith but Lessee is conducting operations for drilling, completing or reworking a well, this lease nevertheless shall continue as long as such operations are prosecuted with reasonable diligence and dispatch or additional operations are commenced and prosecuted (whether on the same or successive wells) with no cessation of more than ninety (90) days, and if production is discovered, this lease shall continue as long thereafter as oil or gas are produced. In addition, if at any time or times after the primary term, there is a total cessation of all production, for any cause (other than *force majeure*), this lease shall not terminate if Lessee commences or resumes any drilling or reworking operations or production within ninety (90) days after such cessation. Drilling operations or mining operations shall be deemed to be commenced when the first material is placed on the leased premises or when the first work, other than surveying or staking the location, is done thereon that is necessary for such operations.

4. Lessee is hereby granted the right at any time and from time to time to pool or unitize the leased premises or any portion or portions thereof as to all strata or any stratum or strata, with any other lands as to all strata or any stratum or strata, for the production primarily of oil or primarily of gas, with or without distillate. The creation of a unit by such pooling shall be based on the following criteria (hereinafter called "pooling criteria"): A unit for an oil well (other than a horizontal completion) shall not exceed 40 acres plus a maximum acreage tolerance of 10%, and a unit for a gas well not to exceed 320 acres unless for an established unit for a horizontal completion shall not exceed 1280 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the

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term "horizontal completion" means a well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. Lessee shall file written unit designations in the county in which the leased premises are located unless the pooling or unitization results from governmental order or rule, in which case no such written designation shall be required. Operations upon and production from the unit shall be treated as if such operations were upon or such production were from the leased premises whether or not the well or wells are located thereon. The entire acreage within a unit shall be treated for all purposes as if it were covered by and included in this lease except that the royalty on production from the unit shall be as below provided, and except that in calculating the amount of any shut in gas royalties, only the part of the acreage originally leased and then actually embraced by this lease shall be counted. In respect to production from the unit, Lessee shall pay Lessor, in lieu of other royalties thereon, only such production of the royalties stipulated herein as the amount of his acreage placed in the unit, or his royalty interest therein on an acreage basis bears to the total acreage in the unit.

5. If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided shall be paid to the Lessor only in the proportion which his interest bears to the whole and undivided fee.

6. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operations thereon, except water from wells of Lessor.

7. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

8. If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns. However, no change or division in ownership of the land or royalties shall enlarge the obligations or diminish the rights of Lessee. No change in the ownership of the land or royalties shall be binding on the Lessee until after the Lessee has been furnished with a written transfer or assignment or a true copy thereof. In case Lessee assigns this lease, in whole or in part, Lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

9. If at any time within the primary term of this lease or any continuation thereof Lessor receives any bona fide offer, acceptable to Lessor, to grant an additional lease (top lease) covering all or part of the aforescribed lands, Lessee shall have the continuing option, by meeting any such offer, to acquire such top lease. Any offer must be in writing and must set forth the proposed Lessee, bonus consideration and royalty consideration to be paid for such lease, and, shall include a copy of the lease form to be utilized reflecting all pertinent and relevant terms and conditions of the top lease. Lessee shall have fifteen (15) days after receipt from Lessor of a complete copy of any such offer to advise Lessor in writing of its election to enter into an oil and gas lease with Lessor on equivalent terms and conditions. If Lessee fails to notify Lessor within the aforesaid fifteen (15) day period of its election to meet any such bona fide offer, Lessor shall have the right to accept said offer. Any top lease granted by Lessor in violation of this provision shall be null and void.

10. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules and Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or such failure is the result of any such Law, Order, Rule or Regulation, or operation of force majeure.

11. Lessee may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering or mailing a release thereof to Lessor, or by placing a release of record in the proper County.

12. Notwithstanding anything to the contrary contained in this lease, no litigation shall be initiated by Lessor for damages, forfeiture, termination or cancellation with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default within such period. In the event the matter is litigated and there is final judicial determination that a breach or default has occurred, the Lessee shall be required and obligated to specifically comply with the judicial determination inclusive but not limited to the removal of its equipment and restore the property as if the lease terminated.

13. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof, and in the undersigned Lessor, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

14. Lessee shall have the exclusive right to explore the land herein described by geological, geophysical or other methods, whether similar to those herein specified or not and whether now known or not, including the drilling of holes, use of torsion balance, seismograph explosions, magnetometer, or other geophysical or geological instruments, tests or procedures, for the purpose of securing geological and geophysical information. All information obtained by Lessee as a result of the activity shall be the exclusive property of Lessee, and Lessee may disseminate or sell such information without Lessor's consent. Lessor and Lessee herein agree that a portion of the consideration paid herein is for advance payment of usual and customary damages associated with seismograph operations (i.e., tire tracks in the wheat, pasture or fields, road use, etc.) If any extraordinary damages may occur, Lessor or its tenant (if Lessor has a tenant) will be compensated accordingly, or at Lessee's discretion Lessee may elect to repair the damages in lieu of compensation.

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15. If at the end of the primary term this lease is not otherwise continued in force under the provisions hereof, Lessor and Lessee hereby agree that Lessee shall have the option to extend the primary term of this lease for an additional two (2) years on or before the expiration of the primary term of this lease by tendering to Lessor a payment equal to the same per acre bonus paid to Lessor and Lessor's successors (if any) on the date the option is exercised. Payment shall be deemed made upon Lessee's tendering of such payment by certified mail to Lessor at Lessor's address shown on this lease, on or before the expiration of the primary term hereof. Nothing contained herein nor any separate implied agreement between the parties shall serve to bind Lessee to exercise this option and it shall be at Lessee's sole discretion to do so.

IN TESTIMONY WHEREOF, we sign this the 21<sup>st</sup> day of July, 2012.

Timothy P. Zimmerman  
Timothy P. Zimmerman

Catherine Zimmerman  
Catherine Zimmerman

STATE OF KANSAS ) (ACKNOWLEDGMENT FOR INDIVIDUAL)  
 ) SS:  
COUNTY OF SUMNER )

The foregoing instrument was acknowledged before me this 21<sup>st</sup> day of JULY, 2012, by Timothy P. Zimmerman and Catherine Zimmerman, husband and wife.

My commission expires:

3-14-13

Commission Number:

1034060

Bill Boaldin

Notary Public





## EXHIBIT "A"

This exhibit is attached to and made a part of that certain oil and gas lease dated June 28, 2012, by and between Timothy P. Zimmerman and Catherine Zimmerman, husband and wife, and Concho Land Co., LLC, Lessee, covering lands in Sumner County, Kansas, Section 34, Township 31 South, Range 01 East as follows:

The following provisions in this Addendum are part of this Oil and Gas Lease and if there be a conflict between these provisions and any of the foregoing provisions, then Lessor and Lessee agree the following provisions shall apply and take precedence:

COMMENCEMENT: Commencement of a well according to the terms of this lease will require that a drilling rig capable of drilling to total depth be on location and drilling on or before expiration of the primary or extended term, and that the drilling of said well be continued with due diligence until completion. Construction of a well location without actual drilling as detailed above will not be deemed as commencement of a well.

DEPTH CLAUSE: This lease shall terminate at the expiration of the primary or extended term insofar as it covers all rights deeper than 100 feet below the base of the stratigraphic equivalent of the deepest producing formation of any well or wells drilled on the lands covered hereby or on lands with which said lands or a portion thereof have been pooled or unitized; provided, if the Lessee, its successors or assigns, should be engaged in the operation for drilling, deepening, sidetracking, or reworking a well or wells on the leased premises or on lands with which said lands or a portion thereof have been pooled or unitized, then this lease shall continue in effect as to all formations and depths until said operations have been completed and total depth has been established.

PUGH CLAUSE: Notwithstanding anything to the contrary in this lease, all portions of this lease not included in a unit created by the filing of a unit designation in Sumner County, Kansas and not producing or upon which drilling operations have not commenced, shall be released at the expiration of the primary term of this lease.

### USE OF SURFACE:

- (a) Lessee shall be liable and agrees to pay for all damages caused by its operations on the leased premises, including without limitation, damage to all personal property, improvements, livestock, crops, grasses and trees on the leased premises. Prior to operations commencing, Lessor will be paid One Thousand, Five Hundred Dollars (\$1,500.00) per acre of surface estimated to be actually disturbed by Lessee's operations. Lessee shall make any required final payments upon project completion. Should this site ever be enlarged, Lessee will pay additional damages pursuant to the calculation listed herein. In addition, Lessee shall pay \$10.00 per rod for any road, pipeline, or electrical crossing damages. In the event Lessee uses existing roads of surface owner, Lessee shall maintain such roads in a rocked, rut free condition. Upon Lessor's request, Lessee shall fence the well site to exclude livestock.
- (b) All pipelines and electrical lines shall be buried and maintained below three feet of depth so farming and ranching operations, including irrigation, terracing and subsoil tillage, may be safely performed. There shall be no overhead/aerial electric or communications lines over the Premises, unless granted by written consent of Lessor.
- (c) In the event of production, Lessee shall restrict the production site to as small a dimension as is reasonably practical for prudent operations.
- (d) Prior to entering, use of, or operations on the leased premises, Lessee shall consult with the surface owner upon the placement of any tanks, pipelines, electric lines, access routes, lease roads, cattle guards, and also as applicable any construction or installations to support production, necessitated by its operations on the property, and shall utilize its best efforts to minimize interference with surface owner's farming and ranching operations. Lessor and Lessee shall work in a mutually acceptable manner to designate all points of ingress and egress and the location of every access route and roadway to be used on the premises and the location of tanks, pipelines, electric lines, and other above mentioned necessities; Lessor's permission for the placement of any such, is not to be unreasonably withheld. Roadways shall be kept and maintained at Lessee's cost, in good condition and in such manner that will protect Lessor's abutting land from erosion resulting from water washing over or along the roadway and preclude the damming of water flow over the surface of the Lessor's land by reason of the existence of the roadway. Lessee's right to install pipelines, power lines, tanks, other structures and equipment, and construct and use roads extends only to such as required for exploration and production operations on the leased premises as specified herein.
- (e) Cattle-guards a minimum of 20 feet wide and of adequate strength with steel gates will be constructed at all places where lease roads enter the property or go through existing fences. After completion, Lessee shall use its best efforts to keep gates padlocked at all times, except when opened for passage of traffic. Said cattle guards and gates shall become the property of surface owner upon expiration of the lease. Existing fences shall be H-braced before cutting to install gates, utilizing posts with minimum 8 inch tops.
- (f) Lessor shall be notified at least 30 days prior to seismic operations (with best efforts on a 45 day notice) commencing and Lessee shall be primarily responsible for the payment of any damages and restoration of the Leased Premises relative to any seismic surveys. The following restrictions apply in the event of seismic operations: (a) Lessor will be notified at least seventy-two (72) hours in advance of commencement of operations. (b) No fences will be cut or crossed except by existing gates, unless there are no reasonable alternative routes to access land-locked Leased Premises. (c) Lessor will be notified immediately upon completion of operations. (d) Damaged areas will be identified. (e) The land surface shall be restored as nearly as practical to the condition prior to operations. (f) Ribbons, lines, markers, flags and refuse of all types will be removed immediately following completion of the seismic data collecting operations on the premises. (g) No later seismic permit or similar document will relieve Lessee of primary responsibility for compliance of this provision. (h) No operations will be conducted on the leased premises when the soil is wet enough to cause significant ruts by the operations hereunder unless a survey must proceed during this time or conditions, in which case Lessee shall be responsible for rectifying and restoring the surface back to its' original state. Lessee shall not be allowed access on any no-till acreage for these operations, without Lessor's written permission.

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(g) Lessee shall not allow any noxious or unsightly weeds or grasses to grow or accumulate on or along the location, tank batteries, access roads or any other parcel of ground used in the Lessee's operations; and, lessee shall not use salt or waste water, or salt or long life acting ground sterilization chemicals for weed control.

(h) Lessee shall maintain site in a clean and uncluttered condition. Trash and discarded items are to be placed in containers and removed and not buried on the property. Lessee shall have six (6) months after the termination of this lease to remove all of Lessee's property from said land, including casing. If after that duration, Lessee has still not removed all its property, it shall hereby be conclusively presumed that Lessee has abandoned the property, and thus automatically hereby provide the right and enable the Lessor with the option to take immediate control and/or subsequent ownership of any or all of Lessee's property remaining there for that duration. However, such abandonment will not relieve Lessee of any other responsibilities, obligations or duties whatsoever, including but not limited to plugging the well and site cleanup and restoration.

(i) It is agreed that no salt water, waste drilling fluids, waste material or other deleterious substances will be injected in any well on the property covered by this lease without surface owner's prior written consent. Lessor understands that the production from these lands (either produced from the subject lands or lands pooled with the subject lands) cannot be obtained without adequate disposal facilities, and agrees to work with Lessee in a cooperative manner on a disposal agreement that will have disposal and right-of way rates / damages commiserate with local amounts. However, should Lessee drill and equip a dual-use well, being a single well capable of both production and disposal, this lease shall cover the same for salt water disposal into a dual-use well, for the salt water produced from a well on the lands described herein and leased hereby.

(j) Earthen reserve pits can be utilized in the re-entry, drilling, completion or operation of any well that may be drilled upon the property covered by this lease or any of Lessor's property in said section, if so requested by Lessor, however the placement and operation of the pits must be in accordance with the Kansas Corporation Commission's oil and gas regulations. Whenever possible, Lessee shall use sub soils first and the top soil last so that the site and slush pit(s) will be returned to or near its original condition as possible.

(k) No well shall be located closer than 300 feet to existing dwellings, barns, and outbuildings on the leased premises, without written consent of Lessor. Pumps installed on all producing wells within 1000 feet of a house or dwelling in the area shall be fitted with sound suppression and noise abatement if a gas engine is utilized.

(l) Lessee may not use fresh water obtained from or under the leased premises without the express written consent of the surface owner.

(m) Lessor retains the unencumbered rights upon notice(s) to expressly reserve from this lease any existing wellbore(s).

(n) Upon written notice from Lessor, Lessee shall have one hundred twenty (120) days to proceed with plugging any well drilled on the leased premises after abandonment, and shall restore the well site and road site and other portions no longer supporting production or drilling operations, including but not limited to the removal of anchors, concrete pads and rocks, the replacement of top soil, and re-establishing native grass.

(o) This lease is granted subject to any Wind Energy operations or planned operations affecting said land. Lessee hereby agrees to conduct its operations in a manner to avoid significant adverse effects on the operations or planned operations of Wind Power Facilities when so notified, and in that event, will strive for an environment allowing peaceful coexistence.

(p) Lessee and any person associated with Lessee or operations on the premises, including but not limited to Lessee's employees, agents, contractors, subcontractors, invitees, permittees, licensees, and the same of any successors or assigns, as applicable, shall have no surface rights whatsoever in any clearly demarcated residential yard, farm yard, or equipment yard of five (5) acres or less, unless written permission has been obtained from the surface owner.

(q) If the Leased Premises are irrigated by the use of an overhead sprinkler system, presently in operation or installed hereafter, Lessee's operations and equipment shall be installed and conducted in such a manner as to not interfere with Lessor's farming or irrigation operations on said land. Lessee's operations and equipment for production will be placed on this land at places, or at such height and level, which will permit the irrigation sprinklers to normally operate on this land. Roads bisecting an existing field shall be constructed with minimal ditches or other obstructions, so as to allow farm machinery (planters, sprayers, and harvesters) to easily cross the road, reducing the need for additional turns. Roads, lines and any equipment or machinery or structure shall be located, installed and maintained in a manner that preserves field integrity by avoiding fragmenting fields unnecessarily.

(r) Lessee's employees, its agents, representatives, contractors, sub-contractors, invitees, and permittees are not allowed to have guns on the premises, at any time for any purpose, nor to fish or hunt for any game, nor to engage in any other sporting or recreational activities thereon, unless granted by written permission of the surface owner.

**ROYALTY:** Lessee hereby agrees to deliver or cause to be delivered to Lessor, without cost into pipelines, a royalty of three-sixteenths (3/16th) part of the oil or gas produced from the leased premises and a three-sixteenths (3/16th) part of all condensate, distillate, casinghead gas or drip gas or gasoline or other hydrocarbon substances produced from any well or wells on said premises.

**NO DEDUCTIONS ON GAS:** It is agreed between the Lessor and Lessee that, notwithstanding any language herein to the contrary, all gas proceeds accruing to the Lessor under this lease or by state law shall be without deduction, directly or indirectly, for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting gas produced hereunder to transform the product into marketable form; however, Lessor's share of any such costs which result in enhancing the value of the marketable gas to receive a better price may be deducted from Lessor's share of production so long as they are based on Lessee's actual cost of such enhancements which costs shall be reasonable. Lessor shall be entitled to receive proof of such enhancement and the costs thereof.

**PAYMENT IN KIND:** Lessor shall have the option to require that payment of any royalty or other revenues as stipulated in this lease be made in kind, which option shall be exercisable at the discretion of the Lessor from time to time by giving Lessee sixty (60) days written notice.

↑ p 2

**BEST PRICE AVAILABLE:** In selling any gas produced from the leased premises, or any lands with which the leased premises may be unitized, the Lessee shall exercise good faith and use due diligence and prudence to market such gas at the best price and upon the most favorable terms that may be obtainable by Lessee, but in no event less than the price obtained by the operator of the well, or the operator's subsidiary, or any of its affiliates, through arms length negotiations with a bona-fide purchaser.

**CESSATION, DRILLING AND REWORKING:** In the event production in paying quantities of oil or gas on the leased premises or upon lands pooled therewith, after once obtained, shall cease for any cause within ninety (90) days after the expiration of the primary or extended term of this lease or at any time or times thereafter, this lease shall not terminate if the Lessee commences additional drilling or reworking operations within ninety (90) days after such cessation, and this lease shall remain in full force and effect so long as such operations continue in a good faith and workmanlike manner without interruptions totaling more than ninety (90) days during any one such operation; and if such drilling or reworking operations result in the production of oil or gas in paying quantities, this lease shall remain in full force and effect so long as oil or gas is produced in paying quantities.

**SHUT-IN ROYALTY:** Notwithstanding anything to the contrary herein, it is understood and agreed that this lease may not be maintained in force for a cumulative period of time longer than two (2) years after the expiration of the primary or extended term hereof by the provisions of the shut-in royalty clause. Annual Shut-In royalty payments of ten dollars (\$10) per net leased acre to be retained thereby, are due and payable to Lessor on or before ninety (90) consecutive days of nonproduction following the date no Production in Paying (or Commercial) Quantities first occurs after the expiration of the primary or extended term of this lease.

**EQUIPMENT REMOVAL:** Lessee's above said right to remove all machinery and fixtures, including casing, from said premises shall also be limited to only the items placed on said premises after the commencement of this lease, by Lessee or an assign or any licensee or agent acting in connection with Lessee or an assign.

**TOP LEASE:** The entire "Top Lease" paragraph near the latter part of the main body of this lease, is hereby rendered null and void.

**INDEMNIFICATION:** Lessee agrees to indemnify Lessor against all claims, suites, costs, losses, and expenses that may in any manner result from or arise out of the operations conducted pursuant to this instrument.

**WARRANTY:** Lessor does not and will not warrant or defend title to the Leased Premises, and Lessor does not and will not grant Lessee the right to redeem the Leased Premises from Lessor's liens on the Leased Premises and be subrogated to any lienor's rights. Lessee, at its option, may pay and discharge in whole or in part any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in the event it exercises such options may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty accruing hereunder.

**STORAGE AND SEQUESTRATION:** Lessee shall have no rights to store or sequester products in subsurface locations or geological formations or strata within or under the lands covered by this lease, where such products were not produced from within the subsurface geological formations of these lands hereby leased, such as, but not limited to, natural gas storage or Carbon Dioxide Sequestration, unless granted in writing in separate agreement by Lessor. This restriction is not intended to prevent or limit today's current common practices in this Industry to 'Frac' or otherwise inject substances into subsurface strata with the primary intent and benefit of developing or enhancing the quantity of oil or gas recoverable and producible in commercial quantities from within a strata thereby affected in the lands covered by this lease.

**DRILLING AND SPACING UNIT:** Only that acreage contained within a spaced unit shall be held by production. It is understood and agreed that if this oil and gas lease is being maintained in force at the expiration of the primary or extended term hereof, then drilling operations or production from a drilling and spacing unit embracing only a portion of the leased premises shall maintain this lease in force only as to those portions of the leased premises included in said drilling and spacing unit. Those portions of the leased premises which are not included in a said drilling and spacing unit shall be released by Lessee at that time. For purposes of this oil and gas lease, a "drilling and spacing unit" shall be defined as a drilling and spacing unit created by Order of the Kansas Corporation Commission of the state of Kansas, or if no drilling and spacing unit has been created by Kansas Corporation Commission, a drilling and spacing unit shall be defined as a quarter of a quarter section (i.e. 40 acres) for oil and a quarter section (i.e. 160 acres) for gas for all Vertical wells, and up to 640 acres maximum per Horizontal bore, plus or minus ten percent ( $\pm 10\%$ ) acreage tolerance for all units.

**UNIT AND SPACING NOTICE:** Lessee agrees to forthwith furnish Lessor written notice of any application by Lessee, or any other person of which Lessee has notice, seeking to establish or change any unit or spacing affecting the leased premises. Furthermore, Lessee shall also forthwith mail to Lessor a certified copy of any voluntary unit declaration affecting leased premises.

**PAYMENT OF BONUS:** Lessee shall pay the Lease bonus payment to Lessor by company check.

**OPTION TO EXTEND:** Lessee is hereby given the option, but not the obligation, to extend the primary term of this lease as to all or any portion of the acreage then held hereunder for an additional two (2) years from the expiration of the original primary term hereof. The only action required by Lessee to exercise this extension option being the payment to Lessor (or the Lessor's credit to the depository bank named herein) prior to expiration of the original primary term, of additional consideration of the same number of dollars per acre (same \$/acre Paid-Up bonus) as originally paid for the full primary lease term for each acre so elected to extend, which payment shall cover the extended term. If this lease is extended as to only a portion of the acreage then covered hereby, Lessee shall designate such portion by recordable instrument.

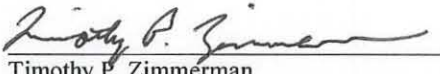
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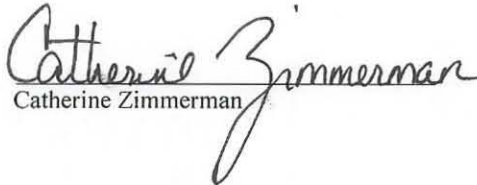
TERMINATION BY RECORD: This lease will also automatically be terminated after the expiration of the primary term, or any extension or renewal thereof, when the records of the Kansas Tax Commission or the Kansas Corporation Commission show non-production or non-marketing of producing in paying quantities for a period of two years or more.

ACKNOWLEDGEMENT OF ACCEPTANCE: By filing of this oil and gas lease, the Lessee thereby accepts the terms as contained herein, including the provisions specified in this Addendum; and, furthermore thereby acknowledges this lease and all attachments shall be binding upon Lessee and upon the transferees, successors, and assigns of this Lessee.

Signed this 21<sup>st</sup> day of July, 2012

Lessor(s):

  
Timothy P. Zimmerman

  
Catherine Zimmerman

## ASSIGNMENT, BILL OF SALE AND CONVEYANCE

KNOW ALL MEN BY THESE PRESENTS:

That, for the consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, **K3 Oil LLC**, a Delaware limited liability company (hereinafter called "Assignor"), does hereby sell, assign, convey, transfer and set over unto **The Dickster Revocable Trust**, (hereinafter called "Assignee"), all of Assignor's right, title and interest in and to the oil, gas, and mineral leases located in Sumner County, Kansas, and described on Exhibit A, attached hereto and made a part hereof by this reference (the "Leases"), together with all of Assignor's rights and property incident and appurtenant thereto, including all right, title and interest in and to:

- a) All wells, including disposal and injection wells, permits, salt water disposal agreements, gathering lines or other pipelines, tanks, compressors, and all other equipment and personal property located on said Leases or lands described on Exhibit A, or which are appurtenant thereto or used in connection with the development and operation thereof (all of which is hereinafter called "Personal Property");
- b) All easements, rights of way, surface leases and other interests in real estate and royalties incident or pertaining to the Leases or lands described on Exhibit A ("Surface Rights"); and
- c) All contracts and contractual and legal rights of every nature pertaining to the Leases or the lands described on Exhibit A or the production or proceeds therefrom, including without limitation all operating agreements, rights to share in production by virtue of declarations of units or unitization agreements, gas purchase contracts, division orders, or other contracts, express or implied, together with the right to enforce, collect, and receive any amounts or indebtednesses owing under any agreements or pursuant to any contractual arrangements, law, or regulation, whether or not owing or payable for periods prior to this date or due to or arising from occurrences or circumstances existing prior to this date (all of which is hereinafter called "Contract Rights").
- d) All claims, rights, demands, causes of action, suits, actions, judgments, damages, awards, recoveries, settlements, indemnities, rights to insurance proceeds, duties, obligations and liabilities in favor of or owed to Assignor and relating to any (a) liabilities solely to the extent attributable to the ownership, use or operation of the Leases or lands described on Exhibit A during the period from and after the effective date below and (b) the plugging, abandoning, closing and decommissioning of all wells, facilities, equipment, personal property, pits and other fixtures comprising part of the Leases or lands described on Exhibit A or otherwise attributable to, or arising from acts, omissions or events, or damage to or destruction of the Leases or lands described on Exhibit A from and after the effective date below;

It is the intent of Assignor to assign and convey to Assignee, and Assignor does hereby assign and convey to Assignee, all right, title and interest owned by Assignor in and to the Leases described on Exhibit A, as to all estates, depths, and formations; and all permits, easements, contracts or other rights and the rights incident thereto, and all Personal Property, Surface Rights, and Contract Rights located thereon or appurtenant thereto, even though any of the foregoing properties be incorrectly described herein.

Assignee shall indemnify, defend and hold harmless the Assignor and its officers, directors, agents and employees from and against claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of or resulting from the negligence or misconduct of Assignee in connection with performance of the work described in this Assignment and Conveyance.

This Assignment and Conveyance is made without warranty but with full substitution and subrogation of Assignee in and to all covenants and warranties by others heretofore given or made in respect of the interests assigned hereunder.

IN WITNESS WHEREOF, Assignor has caused this Assignment and Conveyance to be executed effective the 1st day of January, 2020.

**ASSIGNOR:**

K3 Oil LLC

By: *Alex T. Warmath* HB

Name: Alex T. Warmath

Title: CEO

**ASSIGNEE:**

The Dickster Revocable Trust

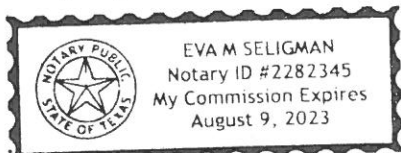
By: *R.A. Schremmer*

Name: R.A. Schremmer

Title: Trustee

STATE OF <sup>TEXAS</sup> KANSAS )  
 )  
COUNTY OF MONTGOMERY ) ss:

This instrument was acknowledged before me on this 17<sup>th</sup> day of December, 2019, by Alex T. Warmath, as CEO for and on behalf of **K3 Oil, LLC, a Delaware limited liability company.**



*[Signature]*  
Notary Public

My appointment expires:

STATE OF KANSAS )  
 )  
COUNTY OF Sedgwick ) ss:

This instrument was acknowledged before me on this 18<sup>th</sup> day of December, 2019, by R.A. Schremmer, as Trustee for and on behalf of **The Dickster Revocable Trust.**

*Shannon Howland*  
Notary Public

My appointment expires:



**EXHIBIT "A"**

Attached to and made a part of that certain Assignment, Bill of Sale and Conveyance effective January 1, 2020 between K3 Oil LLC, as Assignor and The Dickster Revocable Trust, as Assignee.

	<b>Lessor</b>	<b>Lessee</b>	<b>Lease Date</b>	<b>Book</b>	<b>Page</b>	<b>State</b>	<b>County</b>	<b>Gross Acres</b>	<b>Legal Description</b>
1797	Howard A. Zimmerman and Glenda Zimmerman, husband and wife	Concho Land Co., LLC	6/28/2012	887	309	Kansas	Sumner	160.00	<b>Township 31 South, Range 1 East of the 6th P.M.</b> Section 34: NW/4
1796	Timothy P. Zimmerman and Catherine Zimmerman, husband and wife	Concho Land Co., LLC	6/28/2012	887	311	Kansas	Sumner	160.00	<b>Township 31 South, Range 1 East of the 6th P.M.</b> Section 34: SW/4
1795	Christopher R. Zimmerman, Debora A. Brettel Odor a/k/a Debora A. Zimmerman, Dennis A. Zimmerman, Howard A. Zimmerman, Lindley J. Zimmerman, Mary Louise Mele, Theresa M. Johnson, Timothy P. Zimmerman	Concho Land Co., LLC	6/26/2012	887	313	Kansas	Sumner	155.42	<b>Township 32 South, Range 1 East of the 6th P.M.</b> Section 3: Lots 3 and 4, S/2NW/4 (a/d/a NW/4)
1346	Esther L. Reece	Concho Land Co., LLC	2/7/2012	870	493	Kansas	Sumner	160.00	<b>Township 32 South, Range 1 East of the 6th P.M.</b> Section 3: SW/4