

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form T-1
April 2019
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: _____

Date: _____

Signature: _____

New Operator's License No. _____

Contact Person: _____

New Operator's Name & Address: _____

Phone: _____

New Operator's Email: _____

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

Form Must Be Typed

Form must be Signed

All blanks must be Filled

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: _____

Eulert M26

esp DEVELOPMENT INC.

OIL EXPLORATION AND OPERATIONS

P.O. Box 311, Russell, Kansas 67665

DRILLING PARTICIPATION AND OPERATING AGREEMENTS

The first of the following Agreements describes the lease Ownership and Drilling Agreement for a first test well. The second Operator's Agreement describes obligations should commercial oil production be discovered on the named lease.

Ownership and Drilling Participation Agreement

THIS AGREEMENT is entered this date of 11/1/07, by and between ESP DEVELOPMENT, INC. (ESP following) and (*Please correct any name change for ownership*):

C
here call Assignee(s);

ESP, in consideration of the sum of _____ from Assignee(s), agrees to assign ownership of an undivided _____ working interest and proportionate part of .825 of oil production after royalties, to the **Eulert Ranch M-26 Lease**, namely:

An oil and gas lease dated September 14, 2007, from Lewis W. Eulert and Kathryn A. Eulert, Trustees of the Lewis W. Eulert Living Trust dated 9/22/95; Kathryn A. Eulert and Lewis W. Eulert, Trustees of the Kathryn A. Eulert Living Trust dated 9/22/95; Harold and Constance L. Eulert, Trustees of the Harold Eulert Living Trust dated 9/22/95; Constance L. Eulert and Harold Eulert, Trustees of the Constance L. Eulert Living Trust dated 9/22/95, to ESP Development, Inc., effective and recorded in the Register of Deeds of Russell County, Kansas,

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Bud (Lewis) Eulert, President, 1749B 250th Avenue, Hays, KS 67601 (785) 625-6394
Don Eulert, Sec.-Treas., P.O. Box 38, Santa Ysabel, CA 92070 (760) 789-5683 email: farmprof@pacbell.net

on Book 208, Page 668.

All of Section Twenty-six (26), Township Eleven (11) South, Range Fifteen (15) West of the 6th P.M., Russell County, Kansas, containing 160 acres more or less, the Eulert Ranch M-26 LEASE.

For the same consideration, ESP agrees to drill a well for oil and gas on this lease to a depth sufficient to test the Arbuckle formation, subject to acts of God and to geological formations which make drilling impractical or impossible; to set and cement surface casing meeting production standards; to provide for a geologist during the drilling; to drill-stem test horizons as recommended by the geologist; and to provide Assignee(s) a copy of drilling reports and any electric logs taken upon request.

In the event ESP fails to get this well drilled, the sole liability to Assignee is return of consideration.

Assignee(s) acknowledge that he or she has entered into a venture with ESP and others for the drilling of a well solely upon his or her determination of the possibilities of obtaining production of oil or gas in paying quantities, and that ESP has made no guarantees concerning the likelihood of encountering oil or gas in paying quantities, nor of the costs which may be incurred in the drilling, development or operating of this lease for oil and gas, except that ESP owns this lease and lawfully makes this Assignment of Ownership. However, no matter the cost of drilling the first test well, Assignee(s) cannot be assessed more than the above consideration for lease ownership and first test drilling costs.

In the event that drilling finds oil or gas, both parties agree that ESP will determine whether production casing shall be set and further testing carried out. In the event of production casing being set, Assignee(s) will, within (10) days of request, pay proportionate part of the estimated costs of further testing and equipping of the well. After completion, Assignee(s) shall be provided an itemized billing specifying the expenditures and the name of the person, firm, or

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company who furnished services or equipment. If actual costs are more than the original estimate, the Assignee(s) agrees to pay his or her proportionate part of the costs. If costs are less than the estimate, Assignee(s) shall be credited with the amount of overpayment.

In the case of a producing well, ESP shall be entitled to payment for its services in completing and equipping the well in an amount not to exceed fifteen percent (15%) of the total completion and equipping costs.

This agreement is subject to all terms and provisions of the original Oil and Gas Lease.

This Agreement shall not be subject to modification except in writing signed by the parties and shall be in full force by and between the parties and their heirs, personal representatives, successors and assigns.

Operating Agreement

IN CASE OF a producing well or wells on the above lease, Assignee(s) desire to have ESP Development, Inc. (ESP) operate and manage and to supervise the production of oil or gas, which duties ESP will assume. But Assignee(s) reserve the right to change operators upon (30) days written notice to ESP by persons owning a majority interest in the lease.

By the terms of this Operating Agreement:

1. ESP shall employ all pumpers, roustabouts and professionals necessary to operate producing wells and lease equipment; shall pay all labor costs and shall buy all services and equipment upon ESP's professional judgment, except that no operation expense in excess of the total Thirty Thousand Dollars (\$30,000.00) for rework, equipment exchange or replacement of like work on existing wells shall be incurred except by consent of persons owning a majority interest.
2. ESP shall keep Workman's Compensation Insurance for employees working on

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said lease, pay all taxes in a timely manner which may be assessed against the working interest owners, and keep the wells in proper operating conditions.

3. No new wells shall be drilled upon the lease covered by this Agreement except by consent of persons owning a majority in interest, and then at competitive field prices. But upon consent of such majority, all owners are bound in the same manner as if all owners had consented.

4. Upon agreement to drill additional well(s) on the lease, ESP shall undertake all necessary legal, contracting, management and supervision services required for such well or wells to be drilled, and shall be paid for such services in an amount not to exceed eighteen percent (18%) of the total drilling and completion costs. Assignee(s) agree to pay expenses of drilling and completion costs in proportion to their ownership, within (10) days of notice, it being agreed that ESP is to contract and purchase at current market prices.

5. ESP shall be entitled to compensation for field operating this lease on the basis of \$200.00 total per month for the first well and the same per well for additional wells on this lease. for office, supervision, records and billings, ESP shall be compensated \$200.00 total per month for the first well, and \$100.00 total per month for any additional wells on the lease.

6. ESP will contract to sell oil from the lease to a purchasing company at fair market value, and will oversee the assignment of Division Orders to the purchasing company so that all owners receive proportionate checks for their gross income directly from the purchasing company and in a timely manner. They usually mail checks on the 20th of each month, for the previous month's oil.

7. ESP further agrees to keep true records of all expenses for the operation of the lease and well(s), and keep records open to inspection by owners during regular business hours. An itemized statement of expenses will be mailed to each of the working interest owners about the 16th of each month for the previous month's costs. Owners herein agree to pay their proportionate part part of expenses within ten (10) days from billing. Any unpaid balance shall draw interest at the rate of Eighteen Percent (18%) per annum, and ESP shall have a first and prior lien on the interest of any owner who may fail to pay accounts within the time fixed. ESP shall also have the right to receive all income which might be derived in the sale of oil attributable to the interests of the defaulting owners. Assignee(s) hereby authorize and direct any crude oil purchasing company to pay ESP any monies from their interest upon notice from ESP that such

owners are indebted, and to continue payments to ESP until all indebtedness has been paid.

8. All parties to this Agreement agree that each and every one of the co-owners of working interests have the separate right to sell, exchange, will, or mortgage their interests in whole or part, except that mortgagee must be informed of ESP's lien rights (above).

9. In the event the lease should be abandoned, all machinery, fixtures, pipe, power units and other property shall be recovered if recoverable by ESP, and materials sold and the parties receive their proportionate share of the proceeds, less their part of expenses incurred in such salvage.

10. ESP shall have the duty and right to settle, compromise and adjust any claim for damages which may be made by the landowner or adjoining landowners or otherwise, resulting from any operations conducted in the exploring, developing, or operation of this lease, and all parties agree to pay their proportionate part of such damages, if any.

11. This Agreement shall be binding upon all parties of ownership if a majority of co-owners have signed, regardless of whether executed by each of the parties.

12. This Agreement shall be binding unto the heirs, personal representatives, assigns, and successors of all parties.

IN WITNESS, the parties here subscribe.

NAME

SOCIAL SECURITY NUMBER

NAME

SOCIAL SECURITY NUMBER

ASSIGNOR: ESP DEVELOPMENT, INC.

BY:

Lewis Eulert
Lewis Eulert, President,

OR

BY:

Don Eulert, Secretary

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AFFIDAVIT CONCERNING CHANGE OF LEASE OPERATOR

The undersigned, Mark G. Ptacek, of lawful age, after being first duly sworn upon his oath states:

- 1. I own working interests in several oil and gas leases operated by ESP Development, Inc. (ESP).
- 2. I am familiar with a lease operated by ESP and commonly known as the Eulert Ranch M-26 Lease which covers the following described property:

hereinafter referred to as the Subject Lease.

- 3. The present operator of the Subject Lease is ESP Development, Inc.
- 4. I do not own an interest in the Subject Lease, but am familiar with that lease as set forth below.
- 5. I have been informed that ESP had provided interest owners of the Subject Lease with a written Drilling Participation and Operating Agreement.

6. The agreement provides in part as follows:

“But Assignees reserve the right to change operators upon thirty (30) days written notice to ESP by persons owning a majority interest in the lease”.

7. I have been provided a list of working interest owners in the Subject Lease and the percentage of working interest owned by each owner.

8. A ballot was forwarded to the interest owners to determine whether the interest owners wished to change the operator of the Subject Lease from ESP Development, Inc. to Fossil Energy, LLC. Those ballots were returned to me.

9. I have personally reviewed the ballots which were returned by working interest owners of the Subject Lease and those ballots show that persons owning a majority interest in the Subject Lease have elected to change the operator to Fossil Energy, LLC.

10. Effective May 1, 2021, the new operator for the lease will be Fossil Energy, LLC.

Affiant further saith naught.


SIGNED this 19 day of March, 2021.



 Mark G. Ptacek-Affiant

STATE OF KANSAS, RUSSELL COUNTY, ss:

Subscribed and sworn to before me this 14th day of March, 2021, by Mark G. Ptacek.



 Notary Public

My Appointment Expires: 4-13-2023



FOSSIL ENERGY, LLC
JOINT OPERATING AGREEMENT

THIS AGREEMENT, made and entered into this _____ day of _____, 2021, by and between FOSSIL ENERGY, LLC, hereinafter referred to as "Operator", and _____ hereinafter referred to as "Owner", (whether one or more).

Owner owns a working interest in the following oil and gas leases which Operator has been designated to operate for the owners, to-wit:

Eulert M26- Sec. 26, T11S, R15W

hereinafter referred to individually as a "Subject Lease" and collectively as the "Subject Leases".

The parties to this agreement desire to set out in writing their understanding and agreement as to the manner in which the Subject Leases will be operated and developed.

NOW THEREFORE, it is agreed by and between the parties as follows:

1. Operations. Operator shall have the right to operate and manage the Subject Leases for a commercially reasonable charge. Pumper expense shall be at a commercially reasonable rate and shall, at Operator's option, be provided either by Operator or by an independent contractor to be billed through the Operator. Owner acknowledges receipt of a schedule detailing the initial monthly operating charges for the Subject Leases. Operator reserves the right to modify monthly charges upon sixty (60) days advanced written notice to Owner.

Operator may purchase and acquire equipment and materials for the Subject Leases, hire and employ all employees necessary to be engaged in the operation of said premises, and have supervision and the authority to contract for the drilling of additional wells on said land as provided hereinbelow. Owner shall only be charged its or his proportionate part of the market value of equipment and supplies used on or in connection with the Subject Leases and the cost of operation and expenses incurred by Operator in the operation, exploration, management and supervision of the Subject Leases.

In the event of an anticipated expenditure of more than \$32,000.00, Operator may determine the approximate costs and invoice Owner in advance which will be due within fifteen (15) days of Owner's receipt of the invoice.

No additional well, on a Subject Lease, shall be drilled except by consent of owners owning a majority in interest in the working interest in the Subject Lease, but upon consent of such majority all owners are bound in the same manner as if all owners had consented.

2. Operation Billings. Owner shall receive an itemized statement specifying the expenditures made and costs of operations. Operating statements shall be due and payable within fifteen (15) days of Owner's receipt of the same.

3. Account Collection. If Owner fails, neglects or refuses to pay its or his account then said unpaid bill or portion shall draw interest at the rate of 18% per year until paid. In addition to the contractor's lien provided Operator by statute, the Owner grants Operator a security interest against Owner's interest in the Subject Lease, and the oil produced therefrom, for the amount of said unpaid bill and the costs to collect the same, including reasonable attorney fees, with the right to collect and receive all of Owner's income from a Subject Lease until said unpaid indebtedness is paid in full, and the right to foreclose its lien and cause the sale of the same to pay the account. This agreement shall serve as Owner's written authority to any purchaser of crude oil or gas produced from the Subject Leases, or any

2/JOINT OPERATING AGREEMENT

portion of the same, to pay the proceeds attributable to Owner's interest to Operator, its successors and assigns.

4. Insurance. Operator may carry such Workers Compensation and Public Liability Insurance as deemed prudent by Operator in the operation of the Subject Leases. Owner will pay its or his proportionate part of the cost of such insurance attributable to the Subject Leases.

5. Salvage. In the event a well should be abandoned all machinery, fixtures, buildings, power units, equipment and property belonging to the parties hereto on the Subject Lease shall be recovered, if recoverable, by Operator and such materials shall be sold by Operator and the owners receive their proportionate part of the proceeds from such sale or sales, less their proportionate part of all costs and expenses incurred relative to such salvage operations.

6. Authority to Settle Claims. Operator shall have the right to compromise, settle and adjust any claim made and to bring lawsuits and to employ counsel for the prosecution or defense of any claims that result from the exploring, developing, or operation of the Subject Leases, and all Owners will pay their proportionate part of such damages, claims and expenses.

7. Resignation or Change of Operator. Operator may with thirty (30) days advance written notice to the Owners resign as operator of one or more of the Subject Leases. The Owners of a Subject Lease owning a majority in interest of the working interest in a Subject Lease can designate a new operator with thirty (30) days advanced written notice to Operator.

8. Complete Agreement. This agreement may not be varied or altered by oral or parole evidence. The provisions of this agreement shall not be considered or construed as creating a joint venture or partnership.

9. Binding Effect. This agreement is binding upon the parties hereto, their heirs, legatees, successors, personal representatives and assigns.

SIGNED on the date set opposite the signatures below.

FOSSIL ENERGY, LLC

BY: Steven H. Krug 3-29-2021
Steven H. Krug Date
or Connie K. Krug, Each being a
Manager of First Party

Date

Date

FIRST PARTY

SECOND PARTY