

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: _____

Signature: _____

New Operator's License No. _____

Contact Person: _____

New Operator's Name & Address: _____

Phone: _____

New Operator's Email: _____

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 _____

Side Two

Must Be Filed For All Wells

KDOR Lease No.: _____

* Lease Name: _____ * Location: _____

| Well No. | API No. (YR DRLD/PRE '67) | Footage from Section Line (i.e. FSL = Feet from South Line) | | Type of Well (Oil/Gas/INJ/WSW) | Well Status (PROD/TA'D/Abandoned) |
|----------|------------------------------|--|--------------------|-----------------------------------|--------------------------------------|
| | | Circle: FSL/FNL | Circle: FEL/FWL | | |
| _____ | _____ | _____ | _____ | _____ | _____ |
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| _____ | _____ | _____ | _____ | _____ | _____ |

A separate sheet may be attached if necessary.

* When transferring a unit which consists of more than one lease please file a separate side two for each lease. If a lease covers more than one section please indicate which section each well is located.

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: _____

AMENDED PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (“Agreement”) is entered this 1st day of October, 2021, by and between: Palomino Petroleum, Inc. (hereafter “Seller”) and Harrison T. Gilliland, (hereafter “Purchaser”) (Seller and Purchaser are sometimes collectively referred to as “Parties”).

WHEREAS the parties desire to enter into this agreement for the purchase and sale of properties included in Exhibit “A”, on the terms set out herein.

NOW THEREFORE, the Parties agree as follows:

1. **Agreement to Buy and Sell.** Purchaser agrees to buy, and Seller agrees to sell, the items shown on Exhibit “A” (hereafter collectively the Properties), upon the terms set out herein. The Properties include, oil and gas leasehold interests and working interests, on the assigned acreage, and future liability, on the assigned acreage, well data of all types on the purchased properties, rights-of-way, easements, rights in unit agreements, spacing or pooling orders, joint operating agreements, and any other related agreements, all surface and down-hole equipment, gathering systems, fixtures, and other personal property used or obtained in connection therewith (each of which is herein referred to as a “Property”, and all of which are collectively referenced to as the “Properties”).

2. **Purchase Price.** The total purchase price for the Properties shall be [REDACTED], and shall be paid by the Purchaser on or before October 1, 2021. The purchase price is based on 100% of the working interests being sold. In the leases where 100% of the working interest is not available to sell, the purchase price will be reduced proportionately and calculated on a [REDACTED] per flowing barrel basis. It is also understood that there is a 20% carried working interest through the tanks (hereinafter “CWI”), further subject to the terms below, in favor of Zeal Oil Development, L.L.C., on the leases located in Butler County, Kansas. If, and only if there is single new well drilled on any of the Butler County leases, that only that single new well is subject to the 20% CWI, regardless of which lease it is on. In addition, it has been agreed upon that the seller will retain the equipment for the Popp #2.

3. **Closing.** The sale contemplated hereby shall close at the offices of the Seller on or before the 1st day of October 2021, at 10:00 a. m. CDT (hereinafter “Closing”) at which time the payment in the amount of [REDACTED], or reduced proportionately according to the terms set out in paragraph 2. hereof, shall be delivered to Seller.

4. **Prorations.** All expenses and income derived from the Property shall be effective October 1, 2021. Seller has received all income which accrued prior to the Effective Date. Seller has paid all taxes, assessments, expenses, and charges and received all income before the Effective Date. Purchaser shall pay all taxes, assessments, expenses, and charges and receive all income which accrues from the Property on the day of and after the Effective Date. The parties shall make a good faith attempt to allocate such income and expenses prior to Closing. In the

event that the Parties cannot determine the exact amount of taxes before Closing, such prorated amounts will be resolved before taxes are paid on the property.

5. **Effective Date.** The Effective Date of the transaction contemplated hereby shall be the 1st day of October 2021, at 7:00 a.m. CDT (hereinafter “Effective Date”).

6. **Operations after Closing.** Purchaser shall assume operations of the Properties at Closing and from and after Closing, Purchaser shall have full responsibility for the Properties and shall protect, defend, and indemnify Seller from all losses, claims, demands, suits, causes of action and sanctions of every kind known or unknown, including reasonable attorney’s fees and court costs, arising from the operation of the Properties from and after closing, or in any way pertaining to the leases described in Exhibit “A” and or any other Properties in this Agreement.

7. **Delivery of Assignments.** Upon closing on October 1, 2021 and payment of [REDACTED], or reduced proportionately according to the terms set out in paragraph 2. hereof, Seller will deliver to Purchaser, fully executed assignments in the form attached as Exhibit “B”.

- a. Seller agrees to deliver the fully executed assignments.
- b. The assignments shall be governed by the terms of this Agreement and if there are any other provisions in the Assignments that are inconsistent with the terms of this Agreement, the terms of this Agreement shall control.
- c. All individual Properties that are subject to taxes and assessments not yet due and payable at the time of Closing will be prorated. Purchaser to pay 25% and Seller to pay 75%.

8. **Title.** The parties stipulate and agree as follows:

- a. Seller will deliver assignments of all its right, title, and working interest in the Properties,
- b. All assignments of the Properties will be delivered without warranty of any kind, express or implied; however, Seller does warrant that no interest in the Properties will be assigned or encumbered between the date of title examination and the closing of the sale contemplated by this Agreement.

9. **Title Opinions.** Seller agrees to provide the Purchaser all Drilling Title Opinions and Division Order Title Opinions that have been completed on the leases described in Exhibit ‘A’.

10. **Failure of Seller to Close.** At the closing date, if Seller fails to deliver the assignments required by this Agreement or if assignments or encumbrances of any of the Properties are recorded as prohibited by paragraph 8.b hereof, and Purchaser is then ready, willing and able to close and is not then in default under paragraph 11 hereof, Seller shall be in default and this Agreement shall terminate.

11. **Failure of Purchaser to Close.** At the closing date, if Purchaser shall fail to pay Seller the purchase amount of [REDACTED], or reduced proportionately according to the terms set out in paragraph 2. hereof, and Seller is not in default under paragraph 10 hereof, Purchaser shall be in default and this Agreement shall terminate.
12. **Default by Seller and Purchaser.** If, at the closing date, both parties hereto are in default as provided in paragraphs 10 and 11 hereof, this Agreement shall terminate.
13. **Binding on heirs and assigns.** Unless otherwise provided herein, these terms and conditions will be binding on, and inure to the benefit of Purchaser and Seller and their respective heirs, representatives, successors, and assigns.
14. **Venue and Jurisdiction.** Seller and Purchaser expressly agree that the laws of the State of Kansas govern the validity, construction, interpretation, and effect of this Agreement. Venue for any claims hereunder shall be in any court of competent jurisdiction located within the State of Kansas.
15. **Entire Agreement.** This Agreement constitutes the entire agreement between the Parties and supersedes all prior agreements, documents, or other instruments with respect to the matters covered hereby. The Parties make, and have made, no oral agreements or undertakings pertaining to the subject matter of this Agreement, except for any that are no longer in effect. In the event of any irreconcilable conflict between the terms of this Agreement and any assignments or bills of sale contemplated hereby, the terms of this Agreement shall be controlling.
16. **Waiver.** No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.
17. **Amendments.** This Agreement cannot be amended except by a writing signed by both parties.
18. **Captions.** The captions in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.
19. **Notices.** In the event either party is required to provide notice to the other party, such notice shall be by hand-delivery, facsimile (if the confirmation sheet is retained as proof of delivery) with follow up by regular mail, certified mail, return receipt requested, or overnight delivery service. Notice shall be deemed given when received. Notice shall be sent to the following addresses:

Seller:
PALOMINO PETROLEUM, INC.
4924 SE 84TH ST.
NEWTON, KS 67114

Purchaser:
HARRISON T. GILLILAND
211 SW 9TH ST.
PLAINVILLE, KS 67663

20. **Counterparts and Facsimile Signatures.** This Agreement may be executed in any number of counterparts with the same effect as if the parties had all signed the same document. All counterparts shall be construed together and shall constitute one instrument. In making proof of this Agreement, it shall not be necessary to account for more than one counterpart executed by the party against whom enforcement is sought. Facsimile signatures are binding on the party providing the facsimile signature.

IN WITNESS WHEREOF, the parties have affixed their signatures below on the date written above.

Seller:
PALOMINO PETROLEUM, INC.

By 
Klee Robert Watchous, President

Purchaser:
HARRISON T. GILLILAND

By 
Harrison T. Gilliland

Exhibit 'A'

| Lease Name | County | Legal | | |
|---------------------|---------------|------------------------------------|---|------------------------|
| 3D Family Hanna | Gove | Sec. 10-14S-31W Sec. 15-14S-31W | 12.5 Acre Unit around wellbore | 74' FSL & 335' FEL |
| ABS | Ness | Sec. 18-17S-26W | 10 acre tract described in unit around wellbore | 2394' FNL' & 2467' FEL |
| Atwell #1 | Lane | Sec. 23-17S-27W | SE NE SW, NE SE SW, W2 SW NW SE, W2 NW SW SE | 1380' FSL & 2370' FWL |
| B & P | Ness | Sec. 12-17S-26W | NW/4 NW/4 | 789' FNL & 654' FWL |
| Betty | Ness | Sec. 36-16S-25W | SE/4 | 1140' FSL & 1069' FEL |
| C&D - Atwell | Lane | Sec. 24-17S-27W | S/2 SW/4 & N/2 NW/4 NW/4 Sec. 25 - 17S-27W | 96' FSL & 662' FWL |
| DDW | Barton | Sec. 6-17S-12W Sec. 5-17S-12W | 10 Acres around wellbore Unit | 1062' FSL & 64' FEL |
| Dearden, Richard | Scott | Sec. 24-19S-32W | SE/4 | 2016' FSL & 1933' FEL |
| Dorothy | Ness | Sec. 10-16S-26W | SW/4 Less E/2 E/2 SW/4 | 1721' FSL & 434' FWL |
| Felzien | Ness | Sec. 35-19S-25W | NE/4 | 2268' FNL & 948' FEL |
| Fitzgerald-McKee | Ness | Sec. 26-19S-25W | NE/4 | 2052' FNL & 1048' FEL |
| Fritzler | Ness | Sec. 26-18S-24W | SW/4 | 1110' FSL & 330' FWL |
| Frye #2 | Trego | Sec. 23-15S-25W | SE/4 | 1956' FSL & 1788' FEL |
| Hinnen #2 | Butler | Sec. 25-25S-3E | NW/4 | 990' FNL & 1320' FWL |
| Jacqueline-Lyle | Gove | Sec. 17-15S-26W | NW/4 | 531' FNL & 1718' FWL |
| Jarvis Heirs | Ness | Sec. 6-17S-24W | NW/4 | 559' FNL & 969' FWL |
| Kim #2 (well #2) | Lane | Sec. 17-19S-29W | NW/4 | 1476' FNL & 588' FWL |
| Klaassen "A" | Butler | Sec. 24-25S-3E | NE/4 | 50' FNL & 1200' FEL |
| Klug | Barton | Sec. 8-17S-12W | W/2 NW/4 | 797' FNL & 345' FWL |
| LDS | Logan | Sec. 19-13S-32W | SW/4; NW/4 | 2575' FSL & 1900' FWL |
| LEW-TA | Lane | Sec. 24-17S-27W | N/2 SW/4 | 2134' FSL & 2296' |
| Llanos #2 | Sherman | Sec. 10-6S-37W | N/2 | 3300' FSL & 1980' FEL |
| Llanos (Hartley) #1 | Sherman | Sec. 3-6S-37W | All | 330' FSL & 2310' FEL |
| Llanos (Hartley) #3 | Sherman | Sec. 3-6S-37W | All | 330' FSL & 1650' FEL |
| LuAnn Unit | Trego | Sec. 8-15S-23W Sec. 9-15S-23W | Tract in the SE/4 & SW/4 | 371' FSL & 80' FEL |
| Maier | Ness | Sec. 12-20S-22W | N/2 SW/4; S/2 NW/4 | 2640' FSL & 2310' FWL |
| Maier Estate | Ness | Sec. 25-18S-24W | SE/4 less 60 acre tract | 2284' FSL & 2094' FEL |
| Maier Parkerson | Ness | Sec. 25-18S-24W | SE/4 | 196' FSL & 1728' FEL |
| Maximum Attitude | Gove | Sec. 4-15S-27W | SW/4 | 1245' FSL & 1897' FWL |
| McCartee | Gove | Sec. 4-15S-26W | W/2 NW/4; SE/4 NW/4 | 960' FNL & 360' FWL |
| McJunkin #1 | Ness | Sec. 15-20S-22W | S/2 NE/4; E/2 SE/4 NW/4 | 1780' FNL & 2553' FEL |
| McVicker Trusts | Ness | Sec. 13-20S-26W | SW/4 | 744' FSL & 558' FWL |
| Nattier Trusts #1 | Harvey | Sec. 16-24S-2E | SE/4 | 426' FSL & 2310' FEL |

| | | | | |
|----------------------|--------|-----------------------------------|--|-----------------------|
| Nichol | Trego | Sec. 21-14S-25W | SW/4 | 1695' FSL & 1975' FWL |
| PMA #1 | Butler | Sec. 31-25S-4E | W/2; N2 NE/4; N/2 S/2 NE/4 & E/2 NE/4 NE/4 of Sec. 36-25S-3E | 990' FSL & 990' FEL |
| Popp #1 | Ness | Sec. 9-17S-26W | NW/4 | 1772' FNL & 1537' FWL |
| Preisser Farms | Reno | Sec. 23-25S-10W | NE/4; SE/4 | 213' FNL & 434' FEL |
| Robert | Ness | Sec. 28-17S-25W | SW/4 | 540' FSL & 1740' FWL |
| Rock Creek #1 | Butler | Sec. 19-25S-4E | SW/4- Less Tract; W/2 SE/4; SE/4 SE/4 | 1900' FNL & 1900' FEL |
| Rock Creek #2 | Butler | Sec. 19-25S-4E | S/2 S/2 NW/4 | 2310' FNL & 2310' FWL |
| Sorensen "B" | Ness | Sec. 1-20S-24W | NW/4 | 1170' FNL & 1170' FWL |
| Stevenson Trust | Gove | Sec. 9-13S-31W | NE/4 | 2215' FNL & 1544' FEL |
| Stoll-Hughes | Logan | Sec. 19-13S-32W | SW/4; E/2 | 607' FSL & 2223' FWL |
| Taylor-Harris | Trego | Sec. 25-15S-25W | 7.5 acres around wellbore per unit description | 1106' FSL & 2373' FEL |
| TL Swart Unit | Gove | Sec. 17-14S-30W | 10 Acres around Wellbore per unit descrip. | 1785' FSL & 2373' FEL |
| Vulgamore Cattle Co. | Scott | Sec. 24-19S-32W | NW/4 | 2249' FNL & 1818' FWL |
| Wilson B #3 | Butler | Sec. 24-25S-3E | S/2 | 330' FSL & 1980' FWL |
| Wing-Dvorachek | Logan | Sec. 26-15S-36W & Sec. 27-15S-36W | a 40 acre tract | 1595' FNL & 122' FWL |