KOLAR Document ID: 1598158

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:	1
Oil Lease: No. of Oil Wells**	Effective Date of Transfer:
Gas Lease: No. of Gas Wells**	KS Dept of Revenue Lease No.:
Gas Gathering System:	Lease Name:
Saltwater Disposal Well - Permit No.:	
Spot Location:feet from N / S Line	SecTwpRE \[V
feet from E /W Line	Legal Description of Lease:
Enhanced Recovery Project Permit No.:	
Entire Project: Yes No	County:
Number of Injection Wells**	Production Zone(s):
Field Name:	Injection Zone(s):
** Side Two Must Be Completed.	injection Zene(e).
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:
	Date:
Title:	Signature:
New Operator's License No	Contact Person:
New Operator's Name & Address:	Phone:
· ·	Oil / Gas Purchaser:
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	is acknowledged as
the new operator and may continue to inject fluids as authorized by	the new operator of the above named lease containing the surface pit
Permit No.: Recommended action:	permitted by No.:
Date:	Date:
Authorized Signature	Authorized Signature
DISTRICT EPR	PRODUCTION UIC
I	

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Side Two

Must Be Filed For All Wells

KDOR Lease N	lo.:		_		
* Lease Name:			* Location:		
Well No.	API No. (YR DRLD/PRE '67)	Footage from Sec (i.e. FSL = Feet from		Type of Well (Oil/Gas/INJ/WSW)	Well Status (PROD/TA'D/Abandoned)
		Circle: FSL/FNL	Circle: FEL/FWL _		
		FSL/FNL	FEL/FWL		
		FSL/FNL	FEL/FWL _		
		FSL/FNL	FEL/FWL _		
		FSL/FNL	FEL/FWL _		
		FSL/FNL	FEL/FWL _		
		FSL/FNL	FEL/FWL _		
		FSL/FNL	FEL/FWL _		
		FSL/FNL	FEL/FWL _		
		FSL/FNL	FEL/FWL _		
		FSL/FNL	FEL/FWL _		
		FSL/FNL	FEL/FWL _		
		FSL/FNL	FEL/FWL _		
		FSL/FNL	FEL/FWL _		
		FSL/FNL	FEL/FWL _		
		FSL/FNL	FEL/FWL _		
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		FSL/FNL	FEL/FWL _		
		FSL/FNL	FEL/FWL		
		FSL/FNL	FEL/FWL		
		FSL/FNL	FEL/FWL		
		FSL/FNL	FEL/FWL		
		FSL/FNL	FEL/FWL _		
		FSL/FNL	FEL/FWL _		

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.

KOLAR Document ID: 1598158

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:	the lease helpw
Phone: () Fax: ()	
Email Address:	- -
Surface Owner Information:	
Name:	
Address 1:	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
Address 2:	accepts, and in the week extens property toy records of the accepts traceurer
City: State: Zip:+	_
the KCC with a plat showing the predicted locations of lease roads, to	chodic Protection Borehole Intent), you must supply the surface owners and cank batteries, pipelines, and electrical lines. The locations shown on the plated on the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.
☐ I certify that, pursuant to the Kansas Surface Owner Notice owner(s) of the land upon which the subject well is or will be	e Act (House Bill 2032), I have provided the following to the surface e located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form m being filed is a Form C-1 or Form CB-1, the plat(s) required by this s, and email address.
KCC will be required to send this information to the surface	I acknowledge that, because I have not provided this information, the owner(s). To mitigate the additional cost of the KCC performing this ess of the surface owner by filling out the top section of this form and e KCC, which is enclosed with this form.
If choosing the second option, submit payment of the \$30.00 handling form and the associated Form C-1, Form CB-1, Form T-1, or Form C	ng fee with this form. If the fee is not received with this form, the KSONA-1 P-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	
, and shall be paid by the Purchaser on or be	fore
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	
reduced proportionately and calculated on a per flowing barrel basis. It is	also
understood that there is a 20% carried working interest through the tanks (hereinafter "CW	VΙ"),
further subject to the terms below, in favor of Zeal Oil Development, L.L.C., on the le	ases
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, regardles	s of
which lease it is on. In addition, it has been agreed upon that the seller will retain the equipr	nent
for the Popp #2.	

- 3. <u>Closing</u>. 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 ______, 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 , 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. <u>Title Opinions</u>. 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. <u>Failure of Seller to Close</u>. 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 the terms, 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. **<u>Default by Seller and Purchaser</u>**. If, at the closing date, both parties hereto are in default as provided in paragraphs 10 and 11 hereof, this Agreement shall terminate.
- 13. <u>Binding on heirs and assigns</u>. 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. <u>Venue and Jurisdiction</u>. 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. <u>Waiver</u>. 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. <u>Amendments</u>. This Agreement cannot be amended except by a writing signed by both parties.
- 18. <u>Captions</u>. 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. <u>Notices</u>. 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. <u>Counterparts and Facsimile Signatures</u>. 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:

By

PALOMINO PETROLEUM, INC.

Purchaser:

HARRISON T. GILLILAND

Klee Robert Watchous, President

Harrison T. Gilliland

Exhibit 'A'

Lease Name	County		Legal	
3D Family Hanna Gove	Gove	Sec. 10-14S-31W	12.5 Acre Unit around wellbore	74' FSL & 335' FEL
	Gove	Sec. 15-14S-31W	12.5 Acre Offic around Wellbore	
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	Trogo	Sec. 8-15S-23W	Tract in the SE/4 &	371' FSL & 80' FEL
	Trego	Sec. 9-15S-23W	SW/4	3/1 F3L & OU 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