

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
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Form KSONA-1

July 2021

Form Must Be Typed

Form must be Signed

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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 (see Chapter 55 of the Kansas Statutes Annotated), 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: _____

Crossroads Lumber Company Inc
1302 E Morgan Ave
Hutchinson, KS 67501

OPERATING AGREEMENT

THIS OPERATING AGREEMENT, made and entered into this 1st day of April, 2022 by and between HG Oil Holdings, LLC, a Kansas Limited Liability Company, hereinafter referred to as "Operator," and Kansas Uplift, LLC as "Investor".

WITNESSETH:

WHEREAS, this agreement supersedes all past Oil and/or Gas agreements between the Operator and Investor, and this agreement acts as a blanket agreement for all present and future Oil and/or Gas leases that the Investor and Operator enter together (unless otherwise specified in a separate dated and signed addendum to this agreement),

WHEREAS, the two parties (Operator and Investor) hereto desire to enter into this agreement to set forth their respective right and obligations in connection with the development and operations of all Oil and/or Gas leases,

NOW, THEREFORE, it is agreed as follows:

A. Revenue, Expenses, Billing, and Risks:

1. The Investor shall pay proportionate expenses submitted to the Investor by the Operator within thirty-five (35) days of receipt or notification.
2. The Investor inherits and bears any and all risks associated to their proportionate interest in each Oil and/or Gas lease.
3. Operator, in most cases, will utilize the Purchaser to distribute revenue generated from the sale of oil and/or gas. The Purchaser creates a division order and directly pays the Investor their proportionate share of sold production.
 - (a.) At times, the Operator may hold a certain percent of the working interest in the Operator's name and distribute the funds from any production sales for that lease after subtracting expenses associated to the lease. This most typically occurs while the Operator is establishing the Investor group for that lease.

B. Designation and Responsibility of Operator:

Operator shall have full unrestricted control of all operations on the Lease as permitted and required by, and within the limits of this agreement. In its performance of services hereunder for the Investor, Operator shall be an independent contractor not subject to the control or direction of the Investor. Operator shall be the agent of the Investor with authority to bind Investor to any obligation or liability assumed or incurred by Operator as to any third party, pursuant to operations conducted hereunder. Operator shall conduct its activities under this agreement as a reasonably prudent operator, in a good workman like manner, with due diligence and dispatch, in accordance

with good oilfield practice, and in compliance with applicable law and regulation, but in no event shall it have any liability as Operator to the other parties for losses sustained or liabilities incurred except as may result from gross negligence or willful misconduct.

D. Operator Employees and Contractors:

The number of employees and contractors used by Operator in conducting operations hereunder, their selection, and the hours of labor and the compensation for services performed shall be determined by Operator, and all such employees and contractors shall be the employees or contractors of Operator.

E. Rights and Duties of Operator:

1. Operator may utilize independent companies for equipment and services or choose to employ its own tools, services, and equipment; but its charges, therefore, shall be near or lower than the prevailing rates in the area. Operator will make best judgment based off, but not limited to, economics, availability, quality of service and equipment.
2. Operator shall pay and discharge expenses occurred in the development and operation of each lease pursuant to this agreement shall charge each of the parties hereto with their respective proportionate interest. Operator shall charge a monthly supervision and administrative fee along with miscellaneous type fees such as gas, office supplies, field tools, and supplies needed for operations. Operator shall charge pumper fees for all leases whether using an independent contract pumper or an employed pumper.
3. Operator shall hold for the account of the Investor any funds for Investor advanced or credit paid to the Operator, either for the conduct of operations hereunder, or as a result of the sale of production from the Lease, and such funds shall remain the funds of the Investor on whose account they are advanced or paid until used for their intended purpose or otherwise delivered to the Investor or applied toward the payment of Investor leasehold obligations.
4. Operator shall permit Investor, or his duly authorized representative, at the Investor's sole risk and cost, full access at all reasonable times to all operations of every kind and character being conducted for the joint account on the Lease and to the records of operations conducted thereon or production therefrom.

F. Liability of Parties:

Each party shall be responsible only for its obligations and shall be liable only for its proportionate share of the costs of developing and operating the Lease. It is not the intention of the parties to create, nor shall this agreement be constructed as creating, a mining or other partnership, joint venture, agency relationship or association, or to render the parties liable as partners or principals. In their relations with each other under this agreement, the parties shall not be considered fiduciaries or to have established a confidential relationship.

G. Advances:

Operator, at its election, shall have the right from time to time to demand and receive from the Investor payment in advance of his respective share of the estimated amount of the expense to be incurred in operations hereunder, which right may be exercised by submission to Investor of an itemized statement of such estimated expense, together with an invoice for its share thereof. Investor shall pay Operator its proportionate share of such estimate within thirty-five (35) days after such estimate and invoice is received. Proper adjustment shall be made between advances and actual expense to the end that each party shall bear and pay its proportionate share of actual expenses incurred, and no more.

H. Defaults and Remedies:

If Investor fails to discharge any financial obligation under this agreement, then Operator is entitled to use any remedy provided herein or at law, and Operator may further suspend all the rights of the defaulting party granted by this agreement upon notice until the default is cured. Operator may further notify any purchaser of production from any well or wells in the Lease in which the defaulting party has an interest and instruct said purchaser to pay over to the Operator for the account of said defaulting party, any proceeds of production then or to become owed by said purchaser to said defaulting party. In the event Operator is required to bring legal proceedings to enforce any financial obligation of a party hereunder, Operator shall be entitled to recover all court costs, costs of collection, and a reasonable attorney's fee. Upon failure by Investor of any financial obligation, at that moment of failure, Operator shall begin to accrue interest at the rate of Fifteen (15) percent per annum on the Investor's financial obligation.

I. Taxes:

Each party shall pay or cause to be paid all production, severance, excise, gathering, and other taxes imposed upon or with respect to the production of handling of such party's share of Oil and Gas produced under the terms of this agreement.

J. Internal Revenue Code:

If, for federal income tax purpose, this agreement and the operations hereunder are regarded as a partnership, and if the parties have not otherwise agreed to form a tax partnership, or other agreement between them, each party hereby affected elects to be excluded from the application of all of the provisions of Subchapter "K," Chapter 1, Subtitle "A," of the Internal Revenue Code of 1986, as amended ("Code"), as permitted and authorized by Section 761 of the Code and the regulations promulgated thereunder. Operator is authorized and directed to execute on behalf of each party hereby affected such evidence of this election as may be required by the Secretary of Treasury of the United States or the Federal Internal Revenue Service, including specifically, but not by way of limitation, all of the returns, statements, and the data required by Treasury Regulations §1.761. Should there be any requirement that each party hereby affected give further evidence of this election, each party shall execute such documents and furnish such other evidence as may be required by the Federal Internal Revenue Service or as may be necessary to evidence this election. No such party shall give any notices or take any other action inconsistent with the election made hereby. If any present or future income tax laws of the state or states in which the Lease is located or any future income tax laws of the United States contain provisions

similar to those in Subchapter “K,” Chapter 1, Subtitle “A,” of the Code, under which an election similar to that provided by Section 761 of the Code is permitted, each party hereby affected shall make such election as may be permitted or required by such laws. In making the foregoing election, each such party states that the income derived by such party from operations hereunder can be adequately determined without the computation of partnership taxable income.

K. Term of Agreement:

This agreement shall remain in full force and effect as to each Lease, and the lands covered thereby, so long as at least one lease remains or is continued in force, whether by production, extension, renewal or otherwise. This agreement is ongoing on any and all Oil and /or Gas leases between the parties that have not expired or been released by the Operator. This agreement is transferrable to other Oil and/or Gas lease operators at the Operator’s discretion.

The termination of this agreement shall not relieve either party from any expense, liability or other obligation or any remedy therefor which has accrued or attached prior to the date of such termination.

L. Miscellaneous:

1. Successors and Assigns: This agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, devisees, legal representatives, successors and assigns, and the terms hereof shall be deemed to run with the Leases or Interests included within the Lease.
2. Counterparts: This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.
3. Drilling / Wash Downs: Operator sees 1/8th to the bottom of any drilled hole beyond the date of this agreement.
4. Waive right to partition to protect all Investors: Investor understands that Investor has the right under Kansas law to partition the leasehold estate, but nonetheless hereby waives that right in exchange for the following buyout provision. In the event Investor desires to cease participation in the Lease and Investor does not have a ready willing and able buyer of Investor’s interest, Investor shall notify Operator in writing of Investor’s intention to cease participation. Upon notification, Operator shall have sixty (60) days to buy the Investor’s interest at a mutually agreeable price. If a price cannot be determined, then in such case the Operator shall appoint an appraiser used by Bank/s in Kansas to establish fair market value for the interest being sold. The appraiser shall determine the fair market value which will establish the purchase price for Investor’s interest in the lease by the Operator. The Operator shall have ninety (90) days to send a certified check in the amount of the fair market value to the Investor’s address along with an assignment for the Investor to sign and date with notary and return by mail to the Operator within ten (10) days. If the Operator has not made an effort to buy the interest within these ninety (90) days, then the Investor may pursue all rights.

HG OIL HOLDINGS, LLC

785-737-3977

211 9TH ST., PLAINVILLE, KS 67663

HG.OIL.HOLDINGS@GMAIL.COM

IN WITNESS WHEREOF, this agreement shall be effective as of the 1st day of
April, 2022.

OPERATOR
HG Oil Holdings, LLC


HG Oil Holdings, LLC: Authorized Signature

Authorized Name: Harrison Gilliland

Title: Owner

Date 04/01/2022

Tax ID or S.S. No. 87-2295201

INVESTOR

Kansas Uplift, LLC
Name as it should appear on legal assignment


Investor Authorized Signature

Investor Name: Harrison Gilliland

Address: PO Box 97

Address: Plainville, KS 67663

Title: Managing Member

Date: 04/01/2022

Tax ID or S.S. No.: 88-1109465

E-mail: hgilliland5@gmail.com