# KOLAR Document ID: 1637943

OIL & GAS CONS	ATION COMMISSION Form T-1 April 2019 ERVATION DIVISION Form must be Typed Form must be Signed
TRANSFER OF INJECTIO Form KSONA-1, Certification of Compliance	ANGE OF OPERATOR All blanks must be Filled N OR SURFACE PIT PERMIT with the Kansas Surface Owner Notification Act,
Check applicable boxes: MUST be subm.	itted with this form.
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	
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.	
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:
	authorization, surface pit permit # has been Commission. This acknowledgment of transfer pertains to Kansas Corporation 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

Side Two

# Must Be Filed For All Wells

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

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: 1637943

# KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

# CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT

Form KSONA-
July 202
Form Must Be Typed
Form must be Signed
All blanks must be Filled

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 #	Well Location:		
Name:			
Address 1:	County:		
Address 2:	Lease Name: Well #:		
City: State: Zip:+	If filing a Form T-1 for multiple wells on a lease, enter the legal description of		
Contact Person:	the lease below:		
Phone: ( ) Fax: ( )			
Email Address:			
Surface Owner Information:			
Name:	When filing a Form T-1 involving multiple surface owners, attach an additional		
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 county, and in the real estate property tax records of the county treasurer.		
Address 2:			
City: State: Zip:+			

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: \_\_\_\_\_\_

# ASSIGNMENT OF OIL AND GAS LEASE

# KNOW ALL MEN BY THESE PRESENTS:

That **<u>Bear Petroleum LLC</u>**, hereinafter call "Assignor", for and in exchange of One Dollar (\$1.00) and other valuable consideration, the receipt whereof is hereby acknowledged, does hereby assign, transfer, and set over unto:

Fred Weigel Jr. Trust P.O. Box 878 Russell, KS 67665	5.16%
Leon F. Weigel Trust P.O. Box 878 Russell, KS 67665	5.16%
CM Energy Holdings, LLC 1482 Bronson Rd. Fairfield, CT 06824	0.12%
Kansas Uplift, LLC P.O. Box 97 Plainville, KS 67663	89.56%

hereinafter called "Assignees", its successors and assigns, interest in and to the oil and gas lease described below.

See Exhibit "A"

Together with the rights incident thereto and the personal property located thereon appurtenant thereto or used or obtained in connection with the development and operation thereof.

This assignment is made subject to the following terms and provisions which shall be construed as covenants running with the assigned premises and shall inure to and being upon Assignee and Assignor and their respective successors and assigns, to-wit:

- 1. This assignment is made subject to and burdened by all royalties and overriding royalties of record.
- 2. This assignment is made without covenants of warranty of title, either express or implied, but is made with full substitution and subrogation of the assignees in and to all covenants and warranties by others heretofore given to made with respect to the interest assigned hereunder.
- 3. It is the intent of the Assignor herein named to assign and convey all right and title.
- 4. The effective date of this assignment is April 1, 2022.

EXECUTED this 29th day of April, 2022.

BEAR PETROLEUM LLC

R. A. Schremmer, President

# ACKNOWLEDGEMENT

STATE OF KANSAS

) COUNTY OF SEDGWICK

Be it remembered that on the 2h day of April, 2022, before me, the undersigned, a Notary Public, duly commissioned, in and for the county and state aforesaid, came

**<u>R. A. Schremmer</u>**, <u>President</u> of <u>Bear Petroleum LLC</u>, personally known to me to be the same person who executed the foregoing instrument of writing and he duly acknowledged the execution of the same for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day and year last above written.

My Commission Expires: 3/10/2024

Sharor Houlard Shannon Howland - Notary Public



)

# Exhibit "A"

# Attached to and made part of that certain Assignment of Oil and Gas Lease Effective April 1, 2022, by and between Bear Petroleum LLC, and Fred Weigel Jr. Trust, Leon F. Weigel Trust, CM Energy Holdings, LLC, and Kansas Uplift, LLC covering lands in Butler County, Kansas.

Brown Lease Date: Lessor: Lessee: Recorded: Description:	November 20, 1952 Warren E. Brown, a widower The E. B. Shawver Petroleum Corporation Book 194, Page 473 Southwest Quarter (SW/4) of Section 31 – T29S – R5E, Butler County, Kansas
Date: Lessor: Lessee: Recorded: Description:	November 20, 1952 Warren E. Brown, a widower The E. B. Shawver Petroleum Corporation Book 194, Page 475 Southwest Quarter (SW/4) of Section 36 – T29S – R5E, Butler County, Kansas
Date: Lessor: Lessee: Recorded: Description:	November 20, 1952 Warren E. Brown, a widower The E. B. Shawver Petroleum Corporation Book 194, Page 477 Southeast Quarter (SE/4) of Section 36 – T29S – R5E, Butler County, Kansas
Date: Lessor: Lessee: Recorded: Description:	November 20, 1952 Warren E. Brown, a widower The E. B. Shawver Petroleum Corporation Book 194, Page 479 Northwest Quarter (NW/4) of Section 36 – T29S – R5E, Butler County, Kansas
Fee G Lease Date: Lessor: Lessee: Recorded: Description:	April 1, 1988 Gladys H. G. Wiedemann and Bank IV Wichita, N.A., Trustees of the K.T. Wiedeman Trust R. D. Reber Book 429, Page 501 Southeast Quarter (SE/4) and the East Half of the Southwest Quarter (E/2 SW/4) of Section 33 – T29S – R8E, Butler County, Kansas
Maher Lease Date: Lessor: Lessee: Recorded: Description:	June 29, 1979 Edmund B. Maher and Zelora F. Maher, his wife D. D. Morgen Book 344, Page 254-255-256 The South Half of the South Half of the Northwest Quarter (S/2 S/2 NW/4) and the North Half of the Southwest Quarter (N/2 SW/4) of Section 22 – T28S – R4E, Butler County, Kansas
Squier Lease Date: Lessor: Lessee: Recorded: Description:	November 10, 1992 Clinton M. and Patricia J. Squier, his wife Petroleum Management, Inc. Book 661, Page 167 the West Half (W/2) and the South Half of the Southeast Quarter (S/2 SE/4) of Section 4; the Northeast Quarter (NE/4) and the East Half of the Southeast Quarter (E/2 SE/4) of Section 5; and the East Half (E/2), the Northwest Quarter (NW/4) and the East Half of the Southwest Quarter (E/2 SW/4) of Section 9, Township 28 South, Range 8 East, Butler County, Kansas

Stewart Lease	
Date:	July 2, 2002
Lessor:	Paul R. Stewart, Sr. and Barbara Stewart
Lessee:	Bear Petroleum, Inc.
Recorded:	Book 1073, Page 132
Description:	W/2 of the Southeast Quarter and the E/2 of the Southwest Quarter of
_	Section 6 – T29S – R5E, Butler County, Kansas

Strait B Lease	
Date:	November 28, 1983
Lessor:	F. W. Strait and Leona E. Strait, his wife
Lessee:	Richard D. Smith
Recorded:	Book 395, Page 108
Description:	The Northeast Quarter of Section 25 – T23S – R5E, Butler County, Kansas
Date:	June 17, 2019
Lessor:	Doyle Creek Land and Cattle Company, Inc.
Lessee:	Bear Petroleum LLC
Recorded:	Book 2019, Page 4992
Description:	Northwest Quarter (NW/4) of Section 30 - T23S - R6E, Butler County, Kansas

Young Lease	
Date:	October 1, 1992
Lessor:	R. F. Hales, Michael C. Greenwell and Alta Young, Trustees of the
	Don N. Young Testamentary Trust created in the Last Will and Testament of
	Don N. Young, Deceased
Lessee:	Don Baker d/b/a Camio Oil Company
Recorded:	Book 651, Page 312 **Book 671, Page 595
Description:	Lots 5, 6, 7, 8, and 9 of Section 30 – T29S – R8E, Butler County, Kansas
-	

HG OIL HOLDINGS, LLC

785-737-3977

# **OPERATING AGREEMENT**

THIS OPERATING AGREEMENT, made and entered into this <u>1st</u> day of <u>April</u>, 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.

HG OIL HOLDINGS, LLC 211 9<sup>™</sup> ST., PLAINVILLE, KS 67663 H

HG.OIL.HOLDINGS@GMAIL.COM

## 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 thereby 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 by any requirement that each party hereby affected give further evidence of this election. No such party shall execute such documents and furnish such other 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 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 1/8<sup>th</sup> to the bottom of any drilled hole beyond the date of this agreement.
- Waive right to partition to protect all Investors: Investor understands that Investor has 4. 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@GMAIL.COM

IN WITNESS WHEREOF, this agreement shall be effective as of the <u>1st</u> day of

211 9<sup>™</sup> ST., PLAINVILLE, KS 67663

April , 20 22

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. <u>87-2295201</u>

# 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

<sub>E-mail:</sub> hgilliland5@gmail.com

HG OIL HOLDINGS, LLC

785-737-3977

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as "Operator," and Kansas Uplift, LLC

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- 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.

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## 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:

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# 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 thereby 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 by any requirement that each party hereby affected give further evidence of this election. No such party shall execute such documents and furnish such other 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 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 1/8<sup>th</sup> to the bottom of any drilled hole beyond the date of this agreement.
- Waive right to partition to protect all Investors: Investor understands that Investor has 4. 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@GMAIL.COM

IN WITNESS WHEREOF, this agreement shall be effective as of the <u>1st</u> day of

211 9<sup>™</sup> ST., PLAINVILLE, KS 67663

April , 20 22

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. <u>87-2295201</u>

# 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

<sub>E-mail:</sub> hgilliland5@gmail.com