

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 _____

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form KSONA-1

July 2021

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 (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: _____

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this “**Agreement**”), dated as of the 1st day of July 2024, is made and entered into by and among William Holtom an “Individual” (herein called “**Seller**”), and KEM ENERGY INC, a Texas Corporation (herein called “**Buyer**”).

In consideration of the mutual covenants and agreements of the parties contained herein, the benefits to be derived by each party hereunder and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

ARTICLE I

PURCHASE AND SALE

1.01 *Description of Assets.* Subject to the terms and conditions of this Agreement, Seller agrees to sell and convey to Buyer, and Buyer agrees to purchase and pay for, all of Seller’s right, title and interest in and to the following described assets (herein called the “**Assets**”), but specifically excluding the Excluded Assets (as defined in Section 1.02 below), to-wit:

(a) All of Seller’s right, title and interest in and to all oil and gas related equipment, wells, or rights to produce oil and gas from the **Lands** described in Exhibit A hereto (the “Lands”). Lands LandsLandsLandsall rights, options, titles and interests of Seller granting Seller the right to obtain, or otherwise earn interests within the Lands no matter how earned, (iv) all tenements, hereditaments and appurtenances belonging to any of the foregoing, and (v) any and all mineral fee interests, mineral servitudes, royalty interests, overriding royalty interests, net profits interests, production payments and all other interests of every kind and character in and to the **Lands**;

(b) All permits, licenses, servitudes, rights-of-way, easements, division orders, gas and casinghead gas purchase and sale agreements, including without limitation gas contracts, crude oil purchase and sale agreements, surface Lands, farmin agreements, farmout agreements, bottom hole agreements, acreage contribution agreements, operating agreements, unit agreements, processing agreements, options, Lands of equipment or facilities and other contracts, agreements and rights that are owned by Seller in whole or in part, and that are appurtenant to the Assets or used or held for use in connection with the ownership or operation of the Assets or with the production, treatment, sale or disposal of water, hydrocarbons and associated substances therefrom or thereon;

(c) All of the real, personal and mixed property located on the Lands and used in the operation of the Assets owned by Seller in whole or in part or credited to the joint account of Seller including, but not limited to (i) the wells (the “**Wells**”) described on Exhibit B hereto, all wellhead equipment, fixtures (including, but not limited to, field separators and liquid extractors), pipe, casing and tubing; (ii) all production, gathering, treating, processing, compression, dehydration, salt water disposal, injection, gathering line and pipeline equipment and facilities; and (iii) all tanks, machines, equipment, tools, dies, vessels and other facilities; and

(d) All of the files, records, documents, correspondence and data (subject to all applicable licensing and other agreements and all restrictions on transfer) in the possession or control of Seller that relate to the items described in subparagraphs (a), (b) or (c) above (the "**Records**").

1.02 **Excluded Assets.** Seller does hereby specifically **SAVE AND EXCEPT** from the Assets described above and **RESERVE** to Seller, its successors and assigns, only those assets and properties described in Exhibit C attached hereto and any other assets and properties excluded from this transaction pursuant to the terms of this Agreement (herein called the "**Excluded Assets**").

1.03 **Effective Time.** The purchase and sale of the Assets shall be effective as of 7:00 a.m., local time at the location of the Assets, on July 1st, 2024 (herein called the "**Effective Time**"). Upon the occurrence of Closing, except as otherwise specifically provided in this Agreement, (i) Seller shall be entitled to any amounts realized from and accruing to the Assets (including contract rights, gas contract settlements, take-or-pay claims, and other claims and causes of action) for all periods prior to the Effective Time, and shall be obligated for the payment of all costs and expenses relating to the Assets and attributable to all periods prior to the Effective Time, and (ii) Buyer shall be entitled to any amounts realized from and accruing to the Assets for all periods on and after the Effective Time, and shall be obligated for the payment of all costs and expenses relating to the Assets and attributable to all periods on and after the Effective Time.

ARTICLE II

PURCHASE PRICE

2.01 **Purchase Price.** The purchase price payable by Buyer for the Assets shall be \$90,000 (Ninety Thousand Dollars) (the "**Purchase Price**"). Buyer has already paid Seller Ten Thousand Dollars (\$10,000.00) of the Purchase Price; Buyer shall paid Seller an additional Fifty Thousand Dollars (\$50,000.00) of the Purchase Price at Closing, and the final Thirty Thousand Dollars (\$30,000.00) of the Purchase Price shall be paid at a mutually agreeable time after closing.

2.02 **Adjustments to Purchase Price.** The Purchase Price shall be subject to adjustment as follows:

(a) The Purchase Price shall be increased by the following:

(i) The value of all merchantable oil and other liquid hydrocarbons in storage at the Effective Time which are attributable to the Assets as estimated by agreement of the parties for purposes of determining the Closing Amount, with the value of such oil and other liquids to be adjusted in the determination of the Final Purchase Price to be equal to the actual price received by Buyer from the production purchaser less taxes and deductions by the production purchaser;

(ii) The amount of all verifiable expenditures (net to Seller's interest) incurred and paid or to be paid by or on behalf of Seller that are attributable to the ownership or

operation of the Assets during the period of time from and after the Effective Time, including without limitation, capital expenditures, lease operating expenses, royalties, ad valorem and property taxes and assessments, severance and production taxes, sales taxes, rentals and other charges and amounts billed under applicable operating agreements or other similar arrangements or agreements and, in the absence of such agreements, such expenses of the sort customarily billed thereunder;

(iii) An amount equal to all prepaid expenses attributable to the Assets that are paid by Seller or any affiliate of Seller prior to the Closing Date (defined below) that inure to the benefit of Buyer and that are, in accordance with generally accepted accounting principles, attributable to the period after the Effective Time, including, without limitation, prepaid ad valorem, property, production, severance and similar taxes (but not including income taxes) based upon or measured by the ownership of property or the production of hydrocarbons or the receipt of proceeds therefrom;

(b) The Purchase Price shall be reduced by the following:

(i) Proceeds received by Seller from the sale of oil, gas or other hydrocarbons attributable to the Assets and which are produced after the Effective Time;

(ii) An amount equal to all unpaid ad valorem, property, production, severance and similar taxes and assessments (but not including income taxes) based upon or measured by the ownership of property or the production of hydrocarbons or the receipt of proceeds therefrom accruing to the Assets prior to the Effective Time;

(iii) The amount of all verifiable expenditures paid by Buyer for work actually done and performed in connection with the Assets prior to the Effective Time;

(iv) Any reductions for Defective Interests (as provided in Article V), but only to the extent the aggregate value of all Defective Interests exceeds an aggregate deductible of three percent (3%) of the Purchase Price;

(v) Any reductions for environmental Conditions (as provided in Article VI), but only to the extent the aggregate value of all Conditions exceeds an aggregate deductible of three percent (3%) of the Purchase Price; and

(vi) Any other amount agreed upon by Seller and Buyer.

2.03 **Allocation of Purchase Price.** The Purchase Price shall be allocated among the Assets as set forth in Exhibit D attached hereto (the "**Allocated Value**").

2.04 **Performance Deposit.** As evidence of good faith, Buyer has deposited with Seller a performance deposit in the amount of \$10,000.00, in immediately available funds (the "**Performance Deposit**"). The Performance Deposit will be credited against the Closing Amount (as defined in Section 8.02(b)) at Closing, the Performance Deposit will not bear interest except as

expressly provided in this Agreement. Upon receipt of said deposit Seller agrees that Buyer will reserve exclusive rights to the purchase and sale of the subject Properties.

2.05 ***Refund of Deposit.*** The Performance Deposit shall be refund to Buyer if Closing does not occur.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

3.01 ***Representations and Warranties of Seller.*** Seller represents and warrants to Buyer as follows:

(a) Seller is an individual who resides in 414 Central, Saint Paul, Kansas 66771, and has all requisite power and authority to own and sell the properties and assets it currently owns and to carry on its business as such business is currently conducted.

(b) Seller has all requisite power and authority to execute and deliver this Agreement, to consummate the transactions contemplated hereby and to perform all the terms and conditions hereof to be performed by it. The execution and delivery of this Agreement by Seller, the performance by Seller of all the terms and conditions hereof to be performed by it and the consummation of the transactions contemplated hereby have been, or will be, duly authorized and approved by the appropriate governing body of Seller. This Agreement has been duly executed and delivered by Seller and constitutes the valid and binding obligation of Seller, enforceable against it in accordance with its terms.

(c) This Agreement and the execution and delivery hereof by Seller does not, and the fulfillment and compliance with the terms and conditions hereof and the consummation of the transactions contemplated hereby will not conflict with, or require the consent of any person under, any of the terms, conditions or provisions of the organic documents of Seller.

(d) To the best of Seller's knowledge, Seller is not in material default under and no condition exists that with notice or lapse of time or both would constitute a material default under (i) order, judgment or decree of any court, commission, board, agency or other governmental body, or (ii) any law, statute, ordinance, decree, order, rule or regulation of any governmental authority.

(e) All material royalties (other than royalties in suspense), rentals and other payments due under the Lands have been properly and timely paid, all conditions necessary to keep the Lands in force have been fully performed, and no notices have been received by Seller of any claim to the contrary.

(f) All ad valorem, property, production, severance and similar taxes and assessments based on or measured by the ownership of property or the production of hydrocarbons

or the receipt of proceeds therefrom with respect to the Assets which are currently due have been properly paid.

(g) All laws, regulations and orders of all governmental agencies having jurisdiction over the Assets have been and shall continue to be complied with until the Closing, all material necessary permits from and reports to governmental agencies having jurisdiction in connection with the Assets have been obtained and have been timely, properly and accurately made and will continue to be timely, properly and accurately made through Closing.

(h) Seller has incurred no liability, contingent or otherwise, for brokers' or finders' fees relating to the transactions contemplated by this Agreement for which Buyer shall have any responsibility whatsoever.

(i) Except as may be set forth in Exhibit E hereto, on the date hereof no suit, action or other proceeding is pending before any court or governmental agency to which Seller is a party and which might result in material impairment or loss of Seller's title to any part of the Assets or that might hinder or impede operation of the Assets and, to the knowledge of Seller, no such suit, action or other proceeding is threatened.

(j) There are no actions, suits or proceedings pending or, to Seller's knowledge, threatened against it which if decided unfavorably to Seller could impair the ability of Seller to execute, deliver or perform its obligations under this agreement. Seller has not received any written notices or threats with respect to material actions, suites or proceedings before any Governmental Body or arbitrator with respect to the Assets.

(k) There are no bankruptcy, recognition, or similar arrangement proceedings pending, being contemplated by, or, to Seller's knowledge, threatened against Seller,

(l) There is no Indebtedness currently outstanding in respect of the Assets. Seller is not in default in payment of any such Indebtedness with respect to which it is an obligor nor, to Seller's knowledge, is Seller in material default of any covenant, agreement, representation, warranty or other term of any document, instrument or agreement evidencing, securing or otherwise pertaining to any such indebtedness.

(m) Seller has not received, either verbally or in writing, any notice of default or breach under any of the Lands which default, or breach has not been cured or remedied to the satisfaction of the applicable lessor.

(n) There are no dry holes, abandoned or otherwise inactive wells located on the Lands, other than wells that have been properly plugged and abandoned in compliance with all applicable law. Other than any required surface restoration in connection with plugging and abandoning any existing wells located on Lands, there are no chemical or elemental substances, or other substances or conditions of any kind, located on or in the Lands, or in any way impacting the Assets which could give rise to any sort of Environmental Liabilities or that would in any way impair the value of the Assets or the use thereof for any purpose.

3.02 ***Representations and Warranties of Buyer.*** Buyer hereby represents and warrants to the Seller as follows:

(a) Buyer is a Texas Company which is validly existing and in good standing under the laws of the State of Texas.

(b) Buyer has all requisite power and authority to execute and deliver this Agreement, to consummate the transactions contemplated hereby and to perform all the terms and conditions hereof to be performed by it. The execution and delivery of this Agreement by Buyer, the performance by Buyer of all the terms and conditions hereof to be performed by it and the consummation of the transactions contemplated hereby have been duly authorized and approved by the appropriate governing body of Buyer. This Agreement has been duly executed and delivered by Buyer and constitutes the valid and binding obligation of Buyer, enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency or other laws relating to or affecting the enforcement of creditors' rights generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) This Agreement and the execution and delivery hereof by Buyer does not, and the fulfillment and compliance with the terms and conditions hereof and the consummation of the transactions contemplated hereby will not conflict with, or require the consent of any person under, any of the terms, conditions or provisions of the organic documents of Buyer.

(d) Buyer has or will have prior to the Closing Date, sufficient cash, available lines of credit or other sources of immediately available funds to enable it to make payment of the Purchase Price at the Closing.

(e) There is no action, suit, proceeding or governmental investigation or inquiry pending, or to the knowledge of Buyer, threatened against Buyer or its subsidiaries or any of its properties that might delay, prevent or hinder the consummation of the transactions contemplated hereby.

(f) Buyer has incurred no liability, contingent or otherwise, for brokers' or finders' fees relating to the transactions contemplated by this Agreement for which Seller shall have any responsibility whatsoever.

ARTICLE IV

COVENANTS

4.01 ***Covenants of Seller.*** Seller covenants and agrees with Buyer that:

(a) Prior to Closing, Seller will make available to Buyer for examination at Seller's offices in St. Paul Kansas, title, legal, engineering, environmental, accounting and other

material information relating to the ownership and operation of the Assets insofar as the same are in Seller's possession and will cooperate with Buyer in Buyer's efforts to obtain from third parties, at Buyer's expense, such additional information relating to the Assets as Buyer may reasonably request. Seller shall permit Buyer, at Buyer's expense, to inspect and photocopy such information and records at any reasonable time, but only to the extent, in each case, that Seller may do so without violating any contractual commitment to a third party. Seller shall not be obligated to furnish any updates of abstracts, title opinions or additional title information, but shall cooperate with Buyer in Buyer's efforts to obtain, at Buyer's expense, such additional title information as Buyer may reasonably request.

(b) After the Effective Time and prior to Closing, Seller has and will continue to cause the Assets operated by Seller to be produced, operated and maintained in a good and workmanlike manner consistent with prior practices, will not abandon any of the Assets, will maintain insurance now in force with respect to the Assets, will pay or cause to be paid all costs and expenses due to be paid in connection therewith, will keep the Lands in full force and effect and will perform and comply with all the covenants and conditions contained in the Lands and all agreements relating to the Assets.

(c) Without the prior written consent of Buyer, Seller shall not enter into any new material agreements or commitments with respect to the Assets, will not modify, terminate or settle any dispute arising out of any of the agreements relating to the Assets and will not encumber, sell, transfer, assign, convey, farmout or otherwise dispose of any of the Assets other than (i) dispositions of personal property which is replaced by equivalent property or consumed in the normal operation of the Assets, and (ii) entering into crude oil and natural gas marketing contracts, or extensions thereof, for a term not to exceed one (1) month.

(d) Seller shall promptly make requests of such third parties in compliance with applicable agreements of which Seller has knowledge, that any required consents be given or waived and that any preferential rights be waived; provided, however, nothing contained in this Section 4.01(d) shall require Seller to pay money or undertake any additional legal obligation in connection with the requests for consents and waivers.

(e) Seller shall permit Buyer's authorized representatives to consult with Seller and its agents and employees during reasonable business hours and to conduct, at Buyer's sole risk and expense, on-site inspections, tests and inventories of the Assets and inspect and examine all well logs and geological and geophysical data (subject to Seller's license agreements governing access to and use of such data, if any) relating to the Assets. During any such inspections of the Assets, Buyer and Buyer's representatives shall have the right to review the Assets and all facilities used in connection with the operation thereof to determine the condition of the Assets.

(f) Seller will use its reasonable best efforts to obtain the satisfaction of the conditions to Closing set forth in Section 7.01 hereof.

4.02 ***Covenants of Buyer.*** Buyer covenants and agrees with Seller that:

(a) Buyer will use its reasonable best efforts to obtain the satisfaction of the conditions to Closing set forth in Section 7.02 hereof.

(b) In the event that this Agreement is terminated or, if not terminated, until the Closing, the confidentiality of any data or information received by Buyer regarding the business and assets of Seller, including the Assets, shall be maintained by Buyer and its representatives in strictest confidence and in accordance with any applicable confidentiality agreements executed by Buyer.

ARTICLE V

TITLE MATTERS AND DEFECTIVE INTERESTS

5.01 *Definitions.*

(a) “**Marketable Title**” as used herein shall mean, as to the Assets and each of them, such title which:

(i) is free and clear (except for Permitted Encumbrances) of mortgages, liens, security interests, pledges, charges, encumbrances, claims, limitations, irregularities, burdens or defects, and (A) is otherwise only subject to contractually binding arrangements which are conventional and which are customarily experienced in the oil and gas industry and (B) is not subject to any matters which will result in a breach of any warranty or representation made by Seller hereunder;

(ii) will entitle Buyer, as Seller’s successor in title, to receive not less than the respective net revenue interest (the “**Net Revenue Interest**”) set forth in Exhibit B hereto of all oil, gas and associated liquid and gaseous hydrocarbons produced, saved and marketed from the Assets, after deducting all royalty, overriding royalty and other leasehold burdens; and

(iii) will obligate Buyer, as Seller’s successor in title, to bear costs and expenses relating to the maintenance, development and operation of the Assets in a percentage share not greater than the respective working interest (the “**Working Interest**”) set forth in Exhibit B hereto.

(b) “**Permitted Encumbrances**” as used herein shall mean:

(i) Lessors’ royalties, overriding royalties, production payments, net profits interests, reversionary interests and similar burdens on production if the net cumulative effect of such burdens does not operate to reduce the Net Revenue Interests of any of the Assets to less than the Net Revenue Interest set forth in Exhibit B or increase the Working Interests of any of the Assets to greater than the Working Interest set forth in Exhibit B (unless the circumstances causing an increase in the Working Interest will cause the corresponding Net Revenue Interest to increase in the same proportion);

(ii) Preferential rights to purchase and third party consents to assignments and similar agreements with respect to which, prior to Closing, (A) waivers or consents are obtained from the appropriate parties, (B) the appropriate time period for asserting

such rights has expired without an exercise of such rights, or (C) with respect to any consent to assignment, such consent is not required in order for the assignment of the affected Assets to Buyer to be legally valid and enforceable;

(iii) Liens for taxes or assessments not yet due or not yet delinquent (or, if delinquent, that are being diligently contested in good faith in the normal course of business), and liens held by mechanics, materialmen, operators and similar parties arising in the ordinary course of business if such liens secure payments not yet due;

(iv) All rights to consent by, required notices to, filings with, or other actions by governmental authorities in connection with the sale or conveyance of oil and gas Lands or interests therein if such matters are customarily and appropriately obtained subsequent to such sale or conveyance;

(v) Easements, rights-of-way, servitudes, permits, surface leases and other rights in respect of surface operations, pipelines, grazing, logging, canals, ditches, reservoirs, streets, alleys, highways, pipelines, telephone lines, power lines, railways and other easements and rights-of-way on, over or in respect of any of the Assets if such matters will not materially and adversely affect the Assets;

(vi) Rights reserved to or vested in any governmental authority to control or regulate any of the Assets in any manner, and all applicable laws, rules and orders of any governmental authority;

(vii) Such Title Defects (as defined below) or other defect as Buyer has waived in writing; and

(viii) Liens, security interests and other encumbrances to be released, and which are in fact released, at or prior to Closing.

(c) “**Title Defect**” as used herein shall mean any individual defect in Seller’s title to the Assets, expressly excluding Permitted Encumbrances, (i) that alone or in combination with other defects renders Seller’s title to the Assets to be conveyed to Buyer less than Marketable Title, and (ii) for which the reasonable loss, impairment or reduction in value of the affected portion of the Assets exceeds a deductible of one percent (1%) per individual item.

(d) “**Defective Interest**” as used herein shall mean:

(i) That portion of the Assets affected by a Title Defect;

(ii) Subject to the provisions of Section 5.06, that portion of the Assets with respect to which any preferential right to purchase is exercised unless Buyer (A) waives such preferential right to purchase, (B) pays Seller for the affected Assets, and (C) elects to receive the consideration received from the holder as a result of the exercise of such preferential right to purchase;

(iii) That portion of the Assets affected by any suit, action or other proceeding before any court or governmental agency that reasonably could result in a material loss or impairment of Seller's title to any portion of the Assets, or a material impairment of or diminution in the value thereof in excess of a deductible of one percent (1%) per individual item;

(iv) That portion of the Assets with respect to which Seller has the obligation under a take-or-pay contract to deliver gas without receiving full payment at the time of delivery, or with respect to which Seller has produced, taken, transported and/or processed more than its share of gas thereby creating an imbalance, unless Buyer and Seller can agree to an appropriate adjustment to the Purchase Price; and

(v) That portion of the Assets (A) materially damaged or destroyed by fire or other casualty prior to Closing, or (B) with respect to which, prior to Closing, there is a taking or threatened taking in condemnation or under the right of eminent domain.

5.02 **Buyer's Notice of Defective Interests.** Buyer shall give Seller notice of Defective Interests claimed by Buyer not later than 10 days before Closing. Such notice shall be in writing and shall include a description of the Defective Interest, the reason Buyer believes such portion of the Assets to be a Defective Interest, and the amount, not to exceed its Allocated Value, by which Buyer believes the value of the affected portion of the Assets is reduced due to the Defective Interest. Buyer shall be deemed to have waived all Defective Interests of which Seller has not been given such a timely notice; provided, however, that such waiver shall not apply until the occurrence of Closing with respect to any Defective Interest if Buyer gives notice of such a Defective Interest at any time prior to Closing and either (i) the defect was not reflected in the materials provided for examination by Buyer in the course of its due diligence investigations or is not a matter of public record such that Buyer was charged with legal notice of it, or (ii) the defect arises or occurs after the date such notice is due.

5.03 **Seller's Response.** Upon being notified by Buyer pursuant to Section 5.02 of any asserted Defective Interest, Seller shall give a written responsive notice to Buyer within ten (10) days from receipt of Buyer's notice that Seller (i) intends to correct the asserted Defective Interest, (ii) does not intend to correct the Defective Interest, or (iii) disagrees that the asserted Defective Interest exists or the asserted reduction in value of the affected Assets proposed by Buyer as a result of the Defective Interest. If Seller gives notice of intent to correct such asserted Defective Interest, it shall have a period of thirty (30) days from the receipt of the Buyer's notice (the "**Cure Period**") to correct such asserted Defective Interest at its own expense, and the Closing Date as to that Defective Interest shall be extended until the third day after the earliest to occur of the following: (x) the Defective Interest is corrected, (y) the Seller notifies Buyer it cannot correct the Defective Interest, or (z) the expiration of the Cure Period.

5.04 **Treatment of Defective Interests.** To the extent the reduction in value attributable to Defective Interests exceeds an aggregate deductible of one percent (1%) of the Purchase Price, then Buyer shall have the right to terminate this Agreement by written notice to Seller and each party shall be released from all further obligations under this Agreement and Seller will refund the Performance Deposit in full amount in accordance with Section 2.05.

ARTICLE VI

ENVIRONMENTAL MATTERS

6.01 ***Environmental Assessment.*** Buyer shall have the right for a period commencing upon execution of this Agreement by both parties and ending on 6/30/2024, to conduct an environmental assessment of the Assets, at Buyer's sole risk, liability and expense. Seller shall make available to Buyer, during the environmental assessment period described above, Seller's historical files regarding prior operations on the Assets, and provide Buyer and its representatives with reasonable access to the Assets to conduct the environmental assessment. Buyer shall provide Seller three (3) days prior written notice of a desired date(s) for such assessment and Seller shall have the right to be present during any assessment and, if any testing is conducted pursuant to Seller's express prior written consent, Seller may require splitting of all samples. Notwithstanding any other provision of this Agreement to the contrary, Buyer shall not have the right to drill any test, monitor or other wells or to extract samples of any air, soil, water or other substance from the Assets without Seller's express prior written consent. If Buyer proposes a reasonable request to drill a test well or extract a sample pursuant to a systematic and customary procedure for the assessment of the environmental condition of the Assets and Seller refuses to grant its consent to such a well or sampling, then Buyer shall have the right, for a period of seventy-two (72) hours following notification of Seller's refusal to consent, to deliver written notice to Seller of Buyer's election to exclude from this transaction the portion of the Assets affected by such proposed test well or sample, and the Purchase Price shall be adjusted accordingly by the Allocated Value of such portion of the Assets so excluded. Under no circumstances whatsoever shall Seller ever be obligated to grant its consent to any such test wells or sampling proposed by Buyer, and Buyer's sole and exclusive remedy for any refusal by Seller to grant its consent shall be the limited right contained in the preceding sentence to exclude the affected Assets from the transactions contemplated by this Agreement. If Buyer fails to exercise the right to exclude such Assets by written notice to Seller delivered prior to the expiration of the seventy-two hour period described above, then Buyer shall be conclusively deemed to have waived such right and shall be obligated to purchase the affected Assets without conducting such testing or sampling or any adjustment of the Purchase Price.

ARTICLE VII

CONDITIONS TO CLOSING

7.01 ***Conditions to the Obligations of Buyer.*** The obligations of Buyer to proceed with the Closing contemplated hereby are subject to the satisfaction on or prior to the Closing of all of the following conditions, any one or more of which may be waived, in whole or in part, in writing by Buyer:

(a) The representations and warranties made herein by Seller shall be correct in all material respects at and as of the Closing as though such representations and warranties were made at and as of the Closing, and Seller shall have complied in all material respects with all the covenants hereof required by this Agreement to be performed by Seller at or prior to the Closing.

(b) The Closing hereunder shall not violate any order or decree of any court, agency, commission, tribunal or other governmental authority having competent jurisdiction over the parties and the transactions contemplated by this Agreement which purports to restrain, enjoin or otherwise prohibit the consummation of such transactions.

7.02 **Conditions to the Obligations of Seller.** The obligations of Seller to proceed with the Closing contemplated hereby are subject to the satisfaction on or prior to the Closing of all of the following conditions, any one or more of which may be waived, in whole or in part, in writing by Seller:

(a) The representations and warranties made herein by Buyer shall be correct in all material respects at and as of the Closing as though such representations and warranties were made at and as of the Closing, and Buyer shall have complied in all material respects with all the covenants hereof required by this Agreement to be performed by Buyer at or prior to the Closing.

(b) The Closing hereunder shall not violate any order or decree of any court, agency, commission, tribunal or other governmental authority having competent jurisdiction over the parties and the transactions contemplated by this Agreement which purports to restrain, enjoin or otherwise prohibit the consummation of such transactions.

(c) The Purchase Price shall not be subject to adjustment as a result of the existence of Defective Interests which have not been cured after applying the “per item” and aggregate deductibles provided in this Agreement.

(d) No portion of the Assets is to be excluded from this Agreement as the result of the existence of an environmental Condition.

ARTICLE VIII

CLOSING

8.01 **Time and Place of Closing.** Unless the parties agree otherwise and subject to the conditions stated in this Agreement, the consummation of the transactions contemplated hereby (herein called the “**Closing**”) shall be held at the offices of Seller at St. Paul, Kansas, on 7/3/2024. Notwithstanding the foregoing, if the Cure Period as to any Defective Interest has not expired on or prior to the date scheduled for Closing, then Closing as to the remainder of the Assets shall proceed on schedule, and the Closing Date (if any) with respect to the said Defective Interest shall be governed by Sections 5.03 and 5.04. The date on which Closing occurs is referred to herein as the “**Closing Date**.”

8.02 **Closing Obligations.** At the Closing, the following events shall occur, each being a condition precedent to the others and each being deemed to have occurred simultaneously with the others:

(a) Seller shall assign, transfer and convey the Assets (specifically excluding the Excluded Assets) by the execution and delivery to Buyer of one or more counterparts of an assignment in the form of the “**Well Bore Assignment and Bill of Sale**” attached hereto as

Exhibit F and made a part hereof. Seller shall also execute such additional deeds, conveyances and bills of sale as may be necessary to convey the Assets to Buyer. In addition to the foregoing, the instruments executed pursuant to this Section 8.02(a) shall be executed in multiple originals and counterparts sufficient to facilitate recording.

(b) Seller and Buyer shall execute and deliver a settlement statement prepared by Seller and approved by Buyer (herein called the “**Preliminary Settlement Statement**”) that shall set forth the Closing Amount (as hereinafter defined) and each adjustment and the calculation of such adjustments used to determine such amount. The term “**Closing Amount**” shall mean the Purchase Price less the Performance Deposit, adjusted in accordance with Section 2.02 and other provisions of this Agreement using the best information (including estimated data) then available.

(c) Buyer shall pay the Closing Amount to Seller by wire transfer in immediately available funds to the account(s) designated by Seller in writing.

(d) Seller shall deliver to Buyer exclusive possession of the Assets, subject to the rights of third parties under operating agreements and similar arrangements.

(e) Buyer shall deliver evidence reasonably satisfactory to Seller that Buyer is a qualified operator of the Assets in each state in which any part of the Assets are located and has satisfied all bonding and other requirements established by the applicable regulatory authorities and agencies with regard to abandonment and restoration obligations associated with the Assets.

(f) Seller, if it has not previously done so, shall resign as operator of any of the Assets which it operates. Seller and Buyer shall execute the requisite counterparts of Kansas Corporation Commission (with respect to properties located in the State of Kansas) and other appropriate forms required by other jurisdictions in which any part of the Assets are located to provide for the change of operator, if applicable.

(g) Seller and Buyer shall execute suitable transfer orders or letters-in-lieu thereof in form and substance reasonably acceptable to both parties directing all product purchasers to make payment to Buyer of proceeds attributable to the Assets assigned to Buyer from and after the Effective Time to the extent such payments have not already been made by such purchasers.

(h) If required by law, Seller shall execute and deliver to Buyer an affidavit or other appropriate documentation attesting to Seller’s non-foreign status.

8.03 **Transfer and Recording Taxes and Fees.** All sales, use, deed or other taxes (other than ad valorem and similar taxes and taxes on gross income, net income or gross receipts) and duties, levies, recording fees or other governmental charges incurred by or imposed with respect to the property transfers undertaken pursuant to this Agreement shall be the responsibility of, and shall be paid by, Buyer.

8.04 **Ad Valorem and Similar Taxes.** Ad valorem, property, severance, production and similar taxes and assessments based upon or measured by the value of the Assets shall be divided or prorated between Seller and Buyer as of the Effective Time. Ad valorem and property taxes

shall be prorated based upon the actual tax assessments on the Assets for the 2024 property tax year, with Seller obligated for the proportionate share of such taxes allocable to the number of days from January 1 through the date immediately prior to the Effective Time, and Buyer obligated for the remainder of such taxes. Except as provided in the preceding sentence with respect to ad valorem and property taxes, Seller shall retain responsibility for other such taxes related to the Assets attributable to the period of time prior to the Effective Time, and Buyer shall assume responsibility for other such taxes related to the Assets attributable to the period of time from and after the Effective Time.

8.05 **IRS Form 8594.** If required by applicable law, Seller and Buyer shall cooperate in the preparation of Internal Revenue Service Form 8594 pursuant to Section 1060 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder, to report the allocation of the Purchase Price among the Assets. To the extent required by said Section 1060, and any regulations promulgated thereunder, any such allocation shall be consistent with the Purchase Price allocation set forth in Exhibit D.

ARTICLE IX

OBLIGATIONS AFTER CLOSING

9.01 **Post-Closing Adjustments.** As soon as practicable after the Closing, but not later than ninety (90) days after the Closing Date, Seller shall prepare and deliver to Buyer, in accordance with this Agreement and generally recognized industry accounting practices, a statement (the "**Final Settlement Statement**") setting forth each adjustment to Purchase Price that was not finally determined as of the Closing and showing the calculation of such adjustments. As soon as practicable after receipt of such Final Settlement Statement from Seller, and no later than thirty (30) days thereafter, Buyer shall deliver to Seller a written report containing any changes that Buyer proposes be made to the Final Settlement Statement proposed by Seller. The parties shall undertake to agree with respect to the amounts due pursuant to such Final Settlement Statement not later than ninety (90) days after the Closing Date. The final agreed price paid by Buyer to Seller for the Assets after all adjustments is hereinafter referred to as the "**Final Purchase Price**." The date upon which such agreement is reached or upon which the Final Purchase Price is established, shall be herein called the "**Final Settlement Date**." If the Buyer and Seller are unable to agree upon a Final Purchase Price within ninety (90) days from the Closing Date, Seller shall select an independent accounting firm with expertise in oil and gas accounting from a list of three (3) such reputable firms provided by Buyer, which firm shall audit the disputed items on the Final Settlement Statement and determine the Final Purchase Price. The decision of such independent accounting firm shall be binding on Buyer and Seller, and the fees and expenses of such independent accounting firm shall be borne one-half (1/2) by each of Buyer and Seller.

9.02 **Recordation.** Promptly following the Closing, Buyer shall record the Assignment, Conveyance and Bill of Sale and all other conveyance documents in the public records of the appropriate counties in which the Assets are located and pay all filing and recording fees associated therewith. Upon receipt by Buyer of the recorded or certified copies containing the recording reference information, Buyer shall send Seller a true and complete photocopy of such recorded documents for Seller's records.

9.03 **Further Assurances.** After Closing, Seller and Buyer shall execute, acknowledge and deliver or cause to be executed, acknowledged and delivered such instruments and take such other action, including payment of monies, as may be necessary or advisable to carry out their obligations under this Agreement and under any document, certificate or other instrument delivered pursuant hereto or required by law.

9.04 **Buyer's Post-Closing Obligations.** Except to the extent such items have already been taken into account as an adjustment to the Purchase Price, all monies, proceeds, receipts, credits and income attributable to the Assets for all periods of time prior to the Effective Time shall be the property of Seller. If, at any time subsequent to the Closing, Buyer comes into possession of money or property belonging to the Seller attributable to ownership or operation of the Assets prior to the Effective Time, Buyer shall promptly deliver such money or other property to the Seller. Buyer shall allow Seller access to the Records during Buyer's normal business hours after Closing in connection with any claims which Seller has retained under this Agreement, for the purpose of filing or amending a tax return or for any other legitimate business purpose; provided that any copies of Records made by Seller shall be at the sole expense of Seller.

9.05 **Seller's Post-Closing Obligations.** Except to the extent such items have already been taken into account as an adjustment to the Purchase Price, all monies, proceeds, receipts, credits and income attributable to the Assets for all periods of time after the Effective Time shall be the property of Buyer. If, at any time subsequent to the Closing, Seller comes into possession of money or property belonging to the Buyer attributable to ownership or operation of the Assets after the Effective Time, Seller shall promptly deliver such money or other property to the Buyer.

9.06 **Suspense Accounts.** All suspended royalties and other proceeds of production which are held by Seller (or by a third-party designee on behalf of Seller) in suspense for third parties attributable to production from the Assets prior to the Effective Time shall be retained and administered by Seller or Seller's designee on behalf of Seller. All suspended royalties and other proceeds of production which are held by Seller (or by a third-party designee on behalf of Seller) in suspense for third parties attributable to production from the Assets from and after the Effective Time shall be transferred to Buyer at the Closing or as part of the final settlement described in Section 9.01. Buyer shall be responsible for administering the suspense funds delivered by Seller to Buyer and distributing such funds to the appropriate parties entitled thereto in accordance with applicable law.

9.07 **Operation of the Assets after Closing.** It is expressly understood and agreed that Seller shall not be obligated to continue operating any of the Assets following the Closing and Buyer hereby assumes full responsibility for operating (or causing the operation of) all Assets following the Closing. Prior to the Closing, Seller shall make its personnel available to Buyer as may be reasonably necessary to assist in the transition if Buyer becomes the operator. Notwithstanding anything to the contrary contained herein, within thirty (30) calendar days after Closing, Seller will, to the extent permitted or allowed by applicable law, resign as operator of any wells within the Assets that Seller currently operates. Effective as of the Closing Date

9.08 **Files and Records.** Within thirty (30) days after Closing, Seller shall deliver the Records to Buyer at Buyer's expense.

9.09 *Survival*. The representations, warranties and covenants of Seller contained in Section 3.01 and Section 4.01 of this Agreement shall survive the Closing indefinitely.

ARTICLE X

ASSUMPTION AND INDEMNIFICATION

10.01 *Definitions*.

(a) “Assumed Obligations” means, except as constitutes Retained Obligations, (i) all duties, liabilities and obligations that arise from the ownership or operation of the Assets after the Effective Time; (ii) all duties, liabilities and obligations with respect to Plugging and Abandonment; (iii) all duties, liabilities and obligations arising after the Effective Time under the contracts and agreements related to the Assets; and (iv) all other duties, liabilities, and obligations assumed by Buyer under this Agreement.

(b) “Environmental Law” means any laws, statutes, treaties, rules, codes, ordinances, regulations, certificates, orders, interpretations, licenses and permits of any governmental body, including the common or civil law, (including, without limitation, those pertaining to occupational health and safety, consumer product safety, employee benefits, the environment, securities or zoning) and all judgments, decrees, injunctions, writs, orders or like action of any court, arbitrator or other governmental body of competent jurisdiction relating to pollution of air, soil or water, the protection of the environment, or the handling, release or disposal of hazardous, toxic or waste materials.

(c) “Environmental Obligations” means, except for Plugging and Abandonment, any Losses or obligations arising from the following occurrences, conditions, events and activities on or related to the Assets, regardless of whether resulting from acts or omissions prior to the Effective Time or the Closing Date, or the condition of the Assets at Closing: (i) any condition, environmental pollution or contamination with respect to the air, land, soil, surface, subsurface strata, surface water, ground water, or sediments, (ii) underground injection activities and waste disposal; or (iii) necessary remediation, and the cost of such remediation, or any control, assessment, or compliance with respect to any pollution, contamination or condition which causes an Asset to not be in compliance with an Environmental Law, the Lands or other applicable contractual requirement.

(d) “Losses” means any and all losses, liabilities, obligations, claims, demands, penalties, fines, settlements, damages, actions, or suits of whatsoever kind and nature (but expressly excluding punitive and consequential damages), whether or not subject to litigation, including, without limitation (i) claims or penalties arising from products liability, negligence, statutory liability or violation of any applicable law, statute, treaty, rule, code, ordinance, regulation, certificate, order, interpretation, license or permit of any governmental body, or in tort (strict, absolute or otherwise), and (ii) loss of or damage to any property, and all reasonable out-of-pocket costs, disbursements and expenses (including, without limitation, legal, accounting, consulting and investigation expenses and litigation costs).

(e) “Plugging and Abandonment” means all plugging, replugging, abandonment, removal, disposal or restoration associated with the Assets, including, but not limited

to, all plugging and abandonment, removal, surface restoration (including without limitation wetlands and marsh restoration), site clearance and disposal of the wells, facilities, structures, fixtures and personal property located on or associated with the Assets (whether placed on an Asset prior to or after the Effective Time), the removal and capping of all associated pipelines, gathering lines and flow lines, the restoration of the surface, site clearance, and any disposal of related waste materials, including without limitation naturally occurring radioactive material (NORM) and asbestos, all in accordance with any applicable law, statute, treaty, rule, code, ordinance, regulation, certificate, order, interpretation, license or permit of any governmental body and the terms and conditions of the Lands and other applicable contractual requirements.

(f) “**Retained Obligations**” means, with respect to any Asset, , any liabilities and obligations of Seller (i) due, accrued or owed prior to the Effective Time to third Persons arising from personal injury sustained prior to the Effective Time; (ii) arising from any existing litigation disclosed on Exhibit E pending as of the Effective Time; (iii) arising from or attributable to any Excluded Asset, and (iv) to be retained by Seller as expressly provided in this Agreement.

10.02 *Assumption of Assumed Obligations by Buyer.* Upon Closing, Buyer shall be deemed to have assumed all of the Assumed Obligations. From and after the Closing Date, Buyer covenants and agrees to perform all duties and responsibilities related to or arising out of the Assumed Obligations.

10.03 *Indemnification by Seller.* Seller shall indemnify, defend and hold Buyer and Buyer’s affiliates, officers, directors, shareholders, partners, members, managers, employees, agents and representatives harmless from and against all Losses based upon, arising out of, in connection with, or relating to:

- (a) any breach of any representation, warranty, covenant or agreement of Seller contained in this Agreement; and
- (b) if the Closing occurs, the Retained Obligations.

10.04 *Indemnification by Buyer.* Buyer shall indemnify, defend and hold Seller and Seller’s affiliates, officers, directors, shareholders, partners, members, managers, employees, agents and representatives, harmless from and against all Losses based upon, arising out of, in connection with, or relating to:

- (a) any breach of any representation, warranty, covenant or agreement of Buyer contained in this Agreement;
- (b) if the Closing occurs, the Assumed Obligations.

10.05 *Limitations on Indemnification Obligations.* The indemnity obligations of Seller and Buyer, respectively, contained in Sections 10.03 and 10.04 are subject to the following limitations:

(a) Neither Seller nor Buyer shall be liable to any indemnified person for any punitive, exemplary, consequential or special damages;

(b) Seller shall not be liable to nor have any obligation to indemnify Buyer unless and until Buyer has incurred aggregate Losses arising out of the matters described in Section 10.03 of this Agreement in excess of a deductible of one percent (1%) of the Purchase Price, after which Seller shall be obligated to indemnify Buyer from and against any further Losses which are in excess of such deductible amount up to, but not exceeding, an aggregate amount for all Losses incurred by Buyer equal to five percent (5%) of the Purchase Price; and

10.06 *Indemnity of a Person for Its Negligence.* EACH PARTY'S INDEMNITY OBLIGATIONS UNDER SECTIONS 10.03 and 10.04 SHALL APPLY REGARDLESS OF THE FAULT OR NEGLIGENCE OF THE INDEMNIFIED PERSON, INCLUDING STRICT OR STATUTORY LIABILITY OF SUCH INDEMNIFIED PERSON UNDER ANY APPLICABLE LAW.

10.07 *Procedures for Asserting Claims.* All claims for indemnification under this Agreement shall be asserted and resolved as follows, provided that the provisions of this Section 10.07 shall be covenants and not conditions to the defense and indemnity obligations to which they apply:

(a) **Third Person Claims.** In the event that any claim for which a party providing indemnification (the "**Indemnifying Party**") would be liable to a party or any of its officers, directors, partners, employees, agents or representatives entitled to indemnification hereunder (the "**Indemnified Party**") is asserted against or sought to be collected by a third person, the Indemnified Party shall promptly notify the Indemnifying Party of such claim, specifying the nature of such claim and the amount or the estimated amount thereof to the extent then feasible (which estimate shall not be conclusive of the final amount of such claim) (the "**Claim Notice**"). The Indemnifying Party shall have thirty (30) days from its receipt of the Claim Notice (the "**Notice Period**") to notify the Indemnified Party (i) whether or not it disputes its liability to the Indemnified Party hereunder with respect to such claim; and (ii) if it does not dispute such liability, whether or not it desires, at its sole cost and expense, to defend the Indemnified Party against such claim; provided, however, that the Indemnified party is hereby authorized prior to and during the Notice Period to file any motion, answer or other pleading, submission or document which it shall deem necessary or appropriate to protect its interests. In the event that the Indemnifying Party notifies the Indemnified Party within the Notice Period that it does not dispute such liability and desires to defend against such claim or demand, then, except as hereinafter provided, the Indemnifying Party shall have the right to defend such claim or demand by appropriate proceedings, which proceedings shall be promptly settled or prosecuted to a final conclusion, in such a manner as to avoid any risk of the Indemnified Party becoming subject to liability. If the Indemnified Party desires to participate in, but not control, any such defense or settlement, it may do so at its own cost and expense. If the Indemnifying Party disputes its liability with respect to such claim, or elects not to defend against such claim, whether by not giving timely notice as provided above or otherwise, the Indemnified Party shall have the right but not the obligation to defend against such claim, and the amount of any such claim, or if the same be contested by the Indemnifying Party or by the Indemnified Party, then that portion thereof as to which such defense is unsuccessful, shall be conclusively deemed to be a liability of the

Indemnifying Party hereunder (subject, if it has timely disputed liability, to a determination that the disputed liability is covered by this Article X).

(b) Other Claims. In the event that the Indemnified Party shall have a claim against the Indemnifying Party hereunder which does not involve a claim or demand being asserted or sought to be collected from it by a third person, the Indemnified Party shall promptly send a Claim Notice with respect to such claim to the Indemnifying Party. If the Indemnifying Party does not notify the Indemnified Party within the Notice Period that it disputes such claim, the amount of such claim shall be conclusively deemed a liability of the Indemnifying Party hereunder.

(c) Payment of Undisputed Amount. In the event that the Indemnifying Party is required to make any payment under this Article X, the Indemnifying Party shall promptly pay the Indemnified Party the amount so determined. If there should be dispute as to the amount or manner of determination of any indemnity obligation owed under this Article X, the Indemnifying Party shall nevertheless pay when due such portion, if any, of the obligation as shall not be subject to dispute. The difference, if any, between the amount of the obligation ultimately determined as properly payable under this Article X and the portion, if any theretofore paid, shall bear interest as provided in Section 10.07(d). Upon the payment in full of any claim, the Indemnifying Party shall be subrogated to the rights of the Indemnified Party against any Person or other entity with respect to the subject matter of this claim.

(d) Interest. If all or part of any indemnification obligation under this Agreement is not paid when due upon resolution of the claim, then the Indemnifying Party shall pay upon demand to the Indemnified Party interest at a per annum rate equal to the post-judgment interest rate determined in accordance with Texas Finance Code Section 304.003 (or any successor statute) on the unpaid amount of the obligation for each day from the date the amount became due until payment in full; provided, however, in no event shall such rate of interest so determined exceed the highest lawful rate which may be charged and received with respect to an obligation of the type described in this Agreement.

(e) Disputed Claims. If the Indemnifying Party notifies the Indemnified Party during the Notice Period that it disputes any claim under subsections (a) or (b) above, then either party shall have the right to institute an action in a Texas state court of competent jurisdiction for a judicial determination of the validity of and responsibility for the disputed claim in accordance with the allocation of risk set forth in this Agreement.

ARTICLE XI

BREACH AND TERMINATION OF AGREEMENT

11.01 **Termination**. This Agreement and the transactions contemplated hereby may be terminated prior to Closing in the following instances by written notice from the terminating party to the other party delivered in accordance with this Agreement:

(a) by Buyer, if the conditions set forth in Section 7.01 are not satisfied in all material respects or waived by Buyer prior to the Closing Date, other than as a result of a material breach of this Agreement by Buyer;

(b) by Seller, if the conditions set forth in Section 7.02 are not satisfied in all material respects or waived by Seller prior to the Closing Date, other than as a result of a material breach of this Agreement by Seller;

(c) by Seller, if the Closing has not occurred on or before July 15th, 2024, other than as a result of a material breach of this Agreement by Seller; or

(e) at any time by the mutual written agreement of Buyer and Seller.

11.02 *Rights and Obligations Upon Breach and/or Termination.*

(a) If Closing does not occur due to Seller's material breach of the provisions of this Agreement, and Buyer is not then in material breach of the provisions of this Agreement, then (i) if Buyer elects to terminate this Agreement, Buyer shall be entitled to a full refund of the Performance Deposit, or (ii) if Buyer does not elect to terminate this Agreement, Buyer may seek such legal or equitable remedies as Buyer may desire, including, without limitation, damages for the material breach or failure of any representation, warranty, covenant or agreement of Seller contained herein and the right to enforce specific performance of this Agreement.

(b) If Closing does not occur due to Buyer's material breach of the provisions of this Agreement, and Seller is not then in material breach of the provisions of this Agreement, then (i) if Seller elects to terminate this Agreement, Seller shall be entitled to retain the Performance Deposit, or (ii) if Seller does not elect to terminate this Agreement, Seller may seek such legal or equitable remedies as Seller may desire, including, without limitation, damages for the material breach or failure of any representation, warranty, covenant or agreement of Buyer contained herein and the right to enforce specific performance of this Agreement.

(c) If this Agreement is terminated prior to Closing in accordance with the provisions of this Article XI, the parties shall have no further rights, duties or obligations under this Agreement except (i) as provided in this Article XI, (ii) as provided in Section 4.01(a), and (iii) that the indemnity obligations of Seller set forth in Section 10.03 shall survive any termination of this Agreement prior to Closing regardless of the cause of or party invoking such termination.

(d) Notwithstanding the provisions of Section 11.02(c) to the contrary, a party in material breach of the provisions of this Agreement at the time of termination shall not be relieved of or exculpated from any obligation or liability to the terminating party (or any other person) arising out of a claim asserted against the terminating party that accrued prior to the date of such termination and is made by a person who is not a party to this Agreement.

ARTICLE XII

GENERAL

12.01 ***Claims.*** Buyer shall be entitled to the rights and benefits of all claims Seller may have against third parties with respect to the Assets arising out of events occurring subsequent to the Effective Time including, without limitation, all rights and benefits under any production sales

contracts. Seller shall cooperate with Buyer in the prosecution of such claims, but Buyer shall bear all expenses related to the prosecution of such claims.

12.02 *Expenses*. All fees, costs and expenses incurred by Buyer or Seller in negotiating this Agreement or in consummating the transactions contemplated by this Agreement shall be paid by the party incurring the same including, without limitation, legal and accounting fees, costs and expenses.

12.03 *Notices*. All notices and other communications required or permitted under this Agreement shall be in writing and shall be deemed to be duly given and received (i) on the date of delivery if personally delivered, (ii) five (5) days following mailing via the United States Postal Service, if properly posted with postage prepaid, first class, certified or registered mail, return receipt requested, in an envelope properly addressed, (iii) on the date of delivery at the addressee's address if sent by a nationally recognized overnight courier service, or (iv) on the same day if transmitted by facsimile or by e-mail during normal business hours with confirmation of receipt by telephone. Nothing herein shall be construed to prohibit delivery of notice by another method, and any such notice sent by an alternate method shall be effective upon receipt at the addressee's address. Any such notice shall be sent to the addressee's respective post office address, physical address, telephone number, fax number or e-mail address appearing below, as such information may be changed from time to time by any party by written notice to the other party in accordance with this section. For purposes of notice, the respective post office address, physical address, telephone number, fax number and e-mail address of the parties are as follows:

All notices to Buyer shall be delivered to:

KEM ENERGY, INC

12651 Briar Forest Dr., Ste 151
Houston, TX 77077

Attention: Mark Mo
E-mail: mark.mo@kemgroups.com

All notices to Seller shall be delivered to:

:

12.04 *Amendments*. This Agreement may not be amended nor any rights hereunder waived except by an instrument in writing signed by the party to be charged with such amendment or waiver and delivered by such party to the party claiming the benefit of such amendment or waiver.

12.05 **Headings.** The headings of the articles and sections of this Agreement are for guidance and convenience of reference only and shall not limit or otherwise affect any of the terms or provisions of this Agreement.

12.06 **Counterparts.** This Agreement may be executed by Buyer and Seller in any number of identical counterparts, and shall be binding upon all parties who execute a counterpart with the same force and effect as if all parties had signed the same document. Each such signed counterpart shall constitute an original of this Agreement for all purposes and all of the counterparts shall, collectively, constitute but one agreement. In making proof of this Agreement, it shall not be necessary to produce or account for all counterparts. A telegram, telex, cablegram, fax, e-mail or similar transmission by a person, or a photographic, photostatic, facsimile or electronic image or similar reproduction of a writing signed by a person, shall be regarded as an original counterpart signed by that person for all purposes of this Agreement including, without limitation, the enforcement hereof by or against any one or more of the parties hereto.

12.07 **References.** References made in this Agreement, including use of a pronoun, shall be deemed to include, where applicable, masculine, feminine, neuter, singular or plural, individuals, partnerships, limited liability companies, corporations or other entities. As used in this Agreement, "person" shall mean any natural person, corporation, limited liability company, partnership, trust, estate or other entity.

12.08 **Governing Law and Venue.** This Agreement and the transactions contemplated hereby shall be construed in accordance with, and governed by, the laws of the State of Texas without regard to any such laws which would permit or require the application of the law of another jurisdiction, and exclusive venue for any proceeding to construe or enforce this Agreement shall be in Harris County, Texas.

12.09 **Entire Agreement.** This Agreement (including the Exhibits hereto and any confidentiality agreements referenced in Section 4.02(b) hereof) constitutes the entire understanding among the parties with respect to the subject matter hereof, superseding all negotiations, prior discussions, letters of intent, term sheets and prior agreements and understandings relating to such subject matter.

12.10 **Parties in Interest.** This Agreement shall be binding upon and shall inure to the benefit of, the parties hereto and, except as otherwise prohibited, their respective successors and assigns; and except as otherwise stated in this Agreement, nothing contained in this Agreement, or implied herefrom, is intended to confer upon any other person or entity any benefits, rights or remedies.

12.11 **Assignments.** Except as otherwise provided herein, Buyer and Seller may assign all or any portion of their respective rights or delegate any portion of their duties hereunder, so long as the respective assigning parties remain liable for the performance of their obligations hereunder.

12.12 **Public Announcements.** The parties hereto agree that prior to making any public announcement or statement with respect to the transactions contemplated by this Agreement, the party desiring to make such public announcement or statement shall consult with the other party

hereto and exercise their best efforts to agree upon the text of a joint public announcement or statement to be made solely by Seller or Buyer, as the case may be; provided, however, if either Seller or Buyer are required by law, by a listing agreement, or by the rules and regulations of any securities exchange to make such public announcement or statement, then the same may be made without the approval of the other party. The opinion of counsel of either party shall be conclusive evidence of such requirement.

12.13 **Notices After Closing.** Buyer and Seller hereby agree that each party shall notify the other of its receipt, after the Closing Date, of any instrument, notification or other document affecting the Assets while owned by such other party.

12.14 **Severability.** If a court of competent jurisdiction determines that any clause or provision of this agreement is void, illegal or unenforceable, the other clauses and provisions of the Agreement shall remain in full force and effect and the clauses and provisions which are determined to be void, illegal unenforceable shall be limited so that they shall remain in effect to the extent permissible by law.

12.15 **Waiver of Right to Recover Certain Damages.** As a material part of the consideration for the execution and delivery of this Agreement, Seller and Buyer, respectively, each hereby waive, release and relinquish the right to recover any punitive, exemplary, consequential or special damages from the other party to this Agreement in connection with the transactions contemplated by this Agreement and the respective rights and obligations of the parties under this Agreement.

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7/3/2024 IN WITNESS WHEREOF, this Purchase and Sale Agreement is executed this
but shall be effective as 1st of July 2024, for all purposes.

Buyer:

KEM ENERGY, INC
12651 Briar Forest Dr., Ste 151
Houston, TX 77077

By: _____
Name: William Holtom
Title: president

Seller: **William Holtom**
414 Central
St. Paul Kansas 66771

By: William Holtom 7-3-24
Name: William Holtom
Title: Owner

State of Kansas
County of Wosho
Brandy N. Hibbs

Schedule of attached exhibits:

Exhibit A - List and Description of Lands

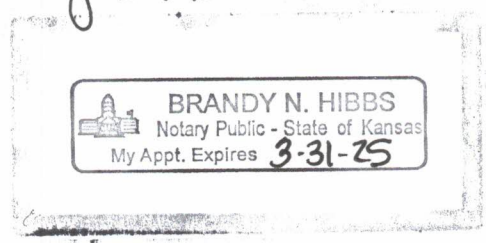


EXHIBIT A:
List and Description of Lands

Lease Name	Well No.	API Number	County	Sec	Twp	Rge
O'BRYAN	1	15-133-24275-0000	Neosho	22	29	21
O'BRYAN	10	15-133-24279-0002	Neosho	22	29	21
O'BRYAN	100	15-133-24464-0002	Neosho	22	29	21
O'BRYAN	101	15-133-24479-0000	Neosho	22	29	21
O'BRYAN	103	15-133-24529-0002	Neosho	22	29	21
O'BRYAN	106	15-133-24468-0000	Neosho	22	29	21
O'BRYAN	107	15-133-24465-0000	Neosho	22	29	21
O'BRYAN	108	15-133-24480-0000	Neosho	22	29	21
O'BRYAN	11	15-133-24280-0002	Neosho	22	29	21
O'BRYAN	110	15-133-24530-0000	Neosho	22	29	21
O'BRYAN	111	15-133-24661-0000	Neosho	22	29	21
O'BRYAN	13	15-133-24282-0000	Neosho	22	29	21
O'BRYAN	16	15-133-24371-0000	Neosho	22	29	21
O'BRYAN	17	15-133-24372-0000	Neosho	22	29	21
O'BRYAN	18	15-133-24373-0000	Neosho	22	29	21
O'BRYAN	19	15-133-24374-0000	Neosho	22	29	21
O'BRYAN	2	15-133-24276-0000	Neosho	22	29	21
O'BRYAN	20	15-133-24375-0002	Neosho	22	29	21
O'BRYAN	21	15-133-24376-0002	Neosho	22	29	21
O'BRYAN	24	15-133-24389-0000	Neosho	22	29	21
O'BRYAN	25	15-133-24390-0000	Neosho	22	29	21
O'BRYAN	26	15-133-24391-0000	Neosho	22	29	21
O'BRYAN	27	15-133-24392-0000	Neosho	22	29	21
O'BRYAN	28	15-133-24395-0000	Neosho	22	29	21
O'BRYAN	3	15-133-24277-0000	Neosho	22	29	21
O'BRYAN	35	15-133-24420-0000	Neosho	22	29	21
O'BRYAN	36	15-133-24421-0000	Neosho	22	29	21
O'BRYAN	37	15-133-24422-0000	Neosho	22	29	21
O'BRYAN	4	15-133-24261-0000	Neosho	22	29	21
O'BRYAN	5	15-133-24263-0000	Neosho	22	29	21
O'BRYAN	6	15-133-24271-0000	Neosho	22	29	21
O'BRYAN	76	15-133-24475-0000	Neosho	22	29	21
O'BRYAN	77	15-133-24476-0000	Neosho	22	29	21
O'BRYAN	83	15-133-01782-0002	Neosho	22	29	21
O'BRYAN	85	15-133-24477-0000	Neosho	22	29	21
O'BRYAN	88	15-133-24535-0000	Neosho	22	29	21
O'BRYAN	9	15-133-24278-0002	Neosho	22	29	21
O'BRYAN	91	15-133-24467-0000	Neosho	22	29	21
O'BRYAN	92	15-133-24463-0000	Neosho	22	29	21
O'BRYAN	93	15-133-24478-0000	Neosho	22	29	21
O'BRYAN	95	15-133-24528-0000	Neosho	22	29	21

EXHIBIT A:
List and Description of Lands

O'BRYAN	96	15-133-24538-0000	Neosho	22	29	21
O'BRYAN	KESN-1	15-133-25102-0001	Neosho	22	29	21
O'BRYAN	30	15-133-24396-0000	Neosho	22	29	21
O'BRYAN	29	15-133-24398-0000	Neosho	22	29	21
O'BRYAN	14	15-133-24283-0000	Neosho	22	29	21
O'BRYAN	84	15-133-24466-0002	Neosho	22	29	21
O'BRYAN	89	15-133-24536-0002	Neosho	22	29	21
O'BRYAN	104	15-133-24660-0000	Neosho	22	29	21