

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

TEMPORARY ABANDONMENT WELL APPLICATION

OPERATOR: License#
Name:
Address 1:
Address 2:
City: State: Zip:
Contact Person:
Phone:
Contact Person Email:
Field Contact Person:
Field Contact Person Phone:

API No. 15-
Spot Description:
Sec. Twp. S. R.
GPS Location: Lat: Long:
Datum: NAD27 NAD83 WGS84
County: Elevation:
Lease Name: Well #:
Well Type: Oil Gas OG WSW Other:
SWD Permit #: ENHR Permit #:
Gas Storage Permit #:
Spud Date: Date Shut-In:

Table with 7 columns: Conductor, Surface, Production, Intermediate, Liner, Tubing. Rows include Size, Setting Depth, Amount of Cement, Top of Cement, Bottom of Cement.

Casing Fluid Level from Surface: How Determined? Date:
Casing Squeeze(s): to w / sacks of cement, to w / sacks of cement. Date:
Do you have a valid Oil & Gas Lease? Yes No
Depth and Type: Junk in Hole at Tools in Hole at Casing Leaks: Yes No Depth of casing leak(s):
Type Completion: ALT. I ALT. II Depth of: DV Tool: w / sacks of cement Port Collar: w / sack of cement
Packer Type: Size: Inch Set at: Feet
Total Depth: Plug Back Depth: Plug Back Method:

Geological Data:

Table with 4 columns: Formation Name, Formation Top, Formation Base, Completion Information. Rows 1 and 2.

UNDER PENALTY OF PERJURY I HEREBY ATTEST THAT THE INFORMATION CONTAINED HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE

Submitted Electronically

Do NOT Write in This Space - KCC USE ONLY
Date Tested: Results: Date Plugged: Date Repaired: Date Put Back in Service:
Review Completed by: Comments:
TA Approved: Yes Denied Date:

Mail to the Appropriate KCC Conservation Office:

Table with 3 columns: District Office, Address, Phone. Rows for District Office #1, #2, #3, #4.

## **FLUID LEVEL REPORT**

**Date:** July 3, 2018

**Well:** Cather Family Farms 8-35-7 #1-H

**API:** 15-077-21841-0100

**Operator:** Lasso Energy, LLC

**Location:** 05-T35S-R07W

**County:** Harper

**Tubing Pressure:** 800 PSIG

**Casing Pressure:** 743 PSIG

**Explosion:** 800 PSIG

**Joints To Liquid:** 137

**Average Joint Length:** 31.50' (Est.)

**Liquid Level:** 4,315.50'

**AFFIDAVIT OF NONPRODUCTION**

**STATE:** KANSAS

**COUNTY:** HARPER

**AFFIANT:** CATHER FAMILY FARMS, LLC  
 CONNIE GREEN, MANAGING MEMBER  
 3301 WEST BAYVIEW STREET  
 WICHITA, KANSAS 67204

Affiant on oath swears that the following statements are true:

My name is Connie Green. I am a Managing Member of Cather Family Farms, LLC. I am over 35 years of age. Cather Family Farms, LLC is the owner of an undivided mineral interest in the following lands (the "Lands") located in Harper County, Kansas:

Northeast quarter (NE/4) of Section 8-T35S-R7W

The Lands were subject to Oil, Gas, and Mineral Lease (the "Lease") dated 3/15/2012, by and between Cather Family Farms, LLC, Lessor and Chesapeake Exploration LLC, Lessee, recorded in Book G93, Page 475 of the Register of Deeds Office in Harper County, Kansas.

Cather Family Farms, LLC is the lessee in the Lease. There has never been any production of oil, gas, or other minerals from the lands subject to the Lease, or production of oil, gas, or other minerals from the lands has ceased for at least the last twelve (12) months and the rental payments required to keep the Lease in effect have not been paid to the lessor in the Lease. The Lease has terminated, or the term of the Lease has expired due to non-production.

I am not currently receiving any royalty income for production from the Lands, and have not received any payments for oil or gas produced from the lands since October 2013. Furthermore I have not received any shut in royalties since October 2013.

**Affiant**

7/10/18  
Date

Connie Green  
Connie Green, Managing Member  
Cather Family Farms, LLC

**NOTARY ACKNOWLEDGEMENT FOR CATHER FAMILY FARMS, LLC**

STATE OF KANSAS )  
COUNTY OF Sedgwick )

SS: 

BE IT REMEMBERED that on this 10 day of July, 2018, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Connie Green, Managing Member of Cather Family Farms, LLC, a LLC of the State of Kansas, to me personally known to be such officer and to be the same person who executed as such officer the foregoing instrument of writing on behalf of said corporation, and acknowledged the execution of the same for herself and for said corporation for the uses and purposes therein set forth.

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

[Signature]  
Notary Public

My appointment expires: 01/24/2019

## OIL AND GAS LEASE

This AGREEMENT, Entered into this 1st day of July, 2018 between Cather Family Farms, LLC, 3301 W. Bayview St., Wichita, KS 67204, hereinafter called Lessor, and Lasso Energy LLC, a Kansas limited liability company, PO Box 465, Chase, Kansas 67524 hereinafter called Lessee, does witness:

1. That Lessor, for and in consideration of the sum of Ten Dollars (\$10.00) in hand paid and of the covenants and agreements hereinafter contained to be performed by the Lessee, has this day granted, leased, and let and by these presents does hereby grant, lease, and let exclusively unto the Lessee the hereinafter described land, with any reversionary rights therein, and with the right to unitize this lease or any part thereof with other oil and gas leases as to all or any part of the lands covered thereby as hereinafter provided, for the purpose of carrying on geological, geophysical and other exploratory work thereon, including but not limited to, core drilling and the drilling, mining, and operating for, producing and saving all of the oil, gas, gas condensate, gas distillate, casinghead gasoline and their respective constituent vapors, and all other gases, found thereon, the exclusive right of injecting water, brine, and other fluids and substances into the subsurface strata and for constructing roads, laying pipelines, building tanks, storing oil, building power stations, electrical lines and other structures thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands, to produce, save, take care of, and manufacture all of such substances, and the injection of water, brine, and other substances into the subsurface strata, said tract of land being situated in the County of Harper, State of Kansas, and described as follows:

**Township 35 South Range 07 West**

Section 08: The Northeast-Quarter (NE/4) of Section Eight (08), Township Thirty-Five (35) South, Range Seven (07) West of the 6<sup>th</sup> P.M. Harper County, Kansas.

**See Exhibit 'A' attached hereto and made a part hereof.**

Containing 160.00 acres, more or less, ("Leased Premises").

2. This lease shall remain in force for a term of two (2) years (called "primary term") and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of the products covered by this lease is or can be produced.

3. The Lessee shall deliver to the Lessor, as a royalty, free of cost, on the lease, or into the pipeline to which Lessee may connect its wells the equal one-fifth (1/5) part of all oil produced and saved from the leased premises, or at the Lessee's option may pay to the Lessor for such one-fifth (1/5) royalty the market price at the wellhead for oil of like grade and gravity prevailing on the day such oil is run into the pipeline or into storage tanks.

4. The Lessee shall pay to the Lessor, as a royalty, one-fifth (1/5) of the proceeds received by the Lessee at the mouth of the well from the sale of gas, gas condensate, gas distillate, casinghead gas, gas used for the manufacture of gasoline or any other product, and all other gases, including their constituent parts, produced from the land herein leased, less a proportionate part of the production, severance and other excise taxes, conservation fees, and the costs incurred by Lessee in processing, gathering, treating, compressing, dehydrating, transportation, and marketing, or otherwise making such gas or other substances ready for sale or use. If such gas is not sold by the Lessee (and there is also no oil being sold), Lessee may pay or tender annually at or before the end of each yearly period during which such gas is not sold, as a shut-in royalty, whether one or more wells, an amount equal to one dollar per net mineral acre, and while said shut in royalty is so paid or tendered, it will be considered under all provisions of this lease that gas and/or oil is being produced in paying quantities. The first yearly period during which gas is not sold shall begin on the date the first well is completed for production of gas.

5. This is a paid-up lease and shall be maintained during the primary term without further payments or drilling operations.

6. In the event said Lessor owns a lesser interest in the above described land than the entire and undivided fee simple estate therein then the royalties herein provided for shall be paid to said Lessor only in the proportion which his interest bears to the whole and undivided fee; however, in the even the title to any interest in said land should revert to the Lessor, or his heirs, or his or their grantee, this lease shall cover such reversion.

7. The Lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations thereon, except water from existing wells of the Lessor. When required by the Lessor, the Lessee shall bury its pipelines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the Lessor. Lessee shall have the right at any time during, or after the expiration of the lease, to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.

8. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change or division in ownership of the land, or royalties, however

accomplished, shall operate to enlarge the obligation or diminish the rights of Lessee, and no change of ownership in the land or in the royalties or any sum due under this lease shall be binding on the Lessee until it has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof, or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceedings showing appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to Lessor of the full interest claimed, and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, or administrator, executor, or heir of Lessor.

9. If the leased premises are now or shall hereafter be owned in severalty or in separate tracts, the premises may nonetheless be developed and operated as one lease, and all royalties accruing hereunder shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. There shall be no obligation on the part of the Lessee to offset wells on separate tracts into which the land covered by this lease may now or hereafter be divided by sale, devise, descent or otherwise, or to furnish separate measuring or receiving tanks.

10. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the Lessee, at its option, may pay and discharge in whole or in part any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in the event it exercises such options it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty accruing hereunder.

11. If after the expiration of the primary term, production and the capability of production of oil or gas should cease from any cause, this lease shall not terminate if Lessee commences additional drilling operations or reworking operations within one hundred-twenty (120) days thereafter, or if at the expiration of the primary term, oil or gas is not being produced on said land, but Lessee is then engaged in drilling or reworking operations thereon, then in either event, this lease shall remain in force so long as operations are prosecuted either on the same well or any other well thereafter commenced, with no cessation of more than one hundred-twenty (120) consecutive days, and if they result in production of oil or gas, this lease shall remain in effect so long thereafter as there is production of oil or gas under any provision of this lease. Drilling operations or reworking operations shall be deemed to be commenced when the first material is placed on the Leased Premises or when the first work other than surveying or staking the location is done thereon which is necessary for such operations.

12. Lessee may at any time surrender or cancel this lease in whole or in part by delivering or mailing such release to the Lessor, or by placing same of record in the proper county. In case said lease is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the terms of said lease as to the portion cancelled shall cease and terminate, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes.

13. All provisions hereof, express or implied, shall be subject to all federal and state laws and the orders, rules, or regulations (and interpretations thereof) of all governmental agencies administering the same, and this lease shall not be in any way terminated wholly or partially nor shall the Lessee be liable in damages for failure to comply with any of the express or implied provisions hereof if such failure accords with any such laws, orders, rules or regulations (or interpretations thereof). If Lessee should be prevented during the last six months of the primary term hereof from drilling a well hereunder by order of any constituted authority having jurisdiction thereover, the primary term of this lease shall continue until six months after said order is suspended.

14. If at the end of the primary term this lease is not otherwise continued in force under the provisions hereof, Lessor and Lessee hereby agree that Lessee shall have the option to extend the primary term of this lease on all or a portion of the Leased Premises for an additional two (2) years on or before the expiration of the primary term of this lease by tendering to Lessor a payment equal to the same per acre paid to Lessor under the original terms of this lease times the net acres actually owned by Lessor and Lessor's successors (if any) in and to the portion of the leased Premises to be extended on the date the option is exercised. Payment shall be deemed made upon Lessee's tendering of such payment by certified mail to Lessor at Lessor's address shown on this lease on or before the expiration of the primary term hereof. Nothing contained herein nor any separate implied agreement between parties shall serve to bind Lessee to exercise this option and it shall be at Lessee's sole discretion to do so.

~~15. If, at any time within the primary term of this lease, as may be extended, and while this lease remains in force and effect, Lessor receives from a third party a bona fide offer acceptable to Lessor, to grant an additional lease covering all or part of the Leased premises, Lessee shall have a continuing right of first refusal to acquire a new lease from Lessor on the same terms and conditions as proposed by the third party. If Lessor receives such an offer from a third party, Lessor shall promptly notify Lessee by certified mail of such offer. Lessee's notice shall contain all written communications that reflect the offer, along with the third party proposed lessee's name, the bonus consideration, term, and royalty consideration together with all other pertinent terms and conditions, along with a copy of the completed lease form proposed to be utilized by the third party, if available. Lessee shall have fifteen (15) days after receipt of Lessee's notice to advise Lessor in writing of Lessor election to enter into an additional oil and gas lease on the same terms and conditions as proposed by the third party. Lessor's failure to notify Lessee of such third party offer as provided for herein and/or the recording of the such additional lease to a third party shall not prejudice Lessors right of first refusal as provided for herein in any manner.~~

16. Lessee shall have the right, but not the obligation, to pool all or any part of the Leased Premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this Lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the Leased Premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 160 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres, plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to (1) any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so or (2) any governmental section that is larger than 704 acres. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority and the term "horizontal completion" means a well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component in the reservoir. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the Leased Premises shall be treated as if it were production, drilling or reworking operations on the Leased Premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority or as otherwise provided for in this lease and is deemed advisable by Lessee. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the Leased Premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable thereafter shall be adjusted accordingly. In the absence of production in paying quantities from a unit, upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

17. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors and assigns of Lessor and Lessee.

18. Notwithstanding anything contained herein to the contrary, it is the intent of the Lessor to lease, and Lessor does hereby grant, demise, lease and let unto Lessee, all oil, gas and other minerals owned by Lessor in Section 08, Township 35 South Range 07 West Harper County, Kansas whether or not properly and completely described herein. In the event it is determined that Lessor actually owns more net mineral acres subject to this oil and gas lease than that assumed by the parties in the calculation of the lease bonus paid by Lessee, Lessor and Lessee agree that Lessee shall pay Lessor for such additional net acreage at the same bonus price per acre agreed upon for the execution of this oil and gas lease. Likewise, in the event it is determined that Lessor owns less net acreage, or it is determined that Lessors acreage is currently leased under a prior valid oil and gas lease, then the Lessor agrees to reimburse Lessee for the bonus per acre paid for the acreage not owned by Lessor or under the prior valid oil and gas lease.

IN TESTIMONY WHEREOF, we sign the day and year first above written.

Cather Family Farms, LLC



By: Michael R. Cather, Manager of Cather Family Farms, LLC



By: Connie Green, Manager of Cather Family Farms, LLC

### Exhibit "A"

This Exhibit "A" is attached to and made a part of that certain Oil and Gas Lease dated July 1, 2018, by and between Cather Family Farms, LLC, as Lessor, and Lasso Energy LLC, as Lessee. If any of the following provisions conflict with or are inconsistent with the printed provisions of terms of this Lease, the following provisions shall control.

The following provisions are part of the Oil and Gas Lease and if there be conflict between these provisions and any of the foregoing provisions, then the following provisions shall apply and take precedence.

**COMMENCEMENT:** Commencement of a well according to the terms of this lease will require that a drilling rig capable of drilling to total depth be on location and conducting drilling operations on or before expiration of the primary term, and that the drilling of said well be continued with due diligence until completion. Construction of a well location without actual drilling as detailed above will not be deemed commencement of a well.

Prior to the commencement of any surface operations on the leased premises, Lessee agrees to consult with Lessor regarding the proposed location of any well sites and related routes of ingress and egress to and from said well sites. Lessee further agrees to consult with Lessor regarding the location and subsequent construction of any pipelines and/or any other easements deemed necessary by Lessee to facilitate production and/or marketing of oil and/or gas from the leased premises. However, Lessee's choice of drillsite and pipeline location(s) shall be determinative thereof.

#### USE OF SURFACE:

- A.) Lessee shall be liable and agrees to pay for all damages by its operations to the leased premises, including without limitation, damage to all personal property, improvements, livestock, crops, grasses and trees on the leased premises. Prior to commencement of operations on the leased premises, Lessee agrees to pay to Lessor, the sum of \$12,000.00 as payment for surface damages caused by Lessee's operations on the leased premises related to such padsite. Said sum to be applicable for each padsite on the leased premises. Lessee agrees to return the surface to its original condition as is reasonably possible.
- B.) All pipelines and electrical lines shall be buried and maintained below three feet of depth so farming and ranching operations, including irrigation, terracing and subsoil tillage, may be safely performed.
- C.) Surface pipe shall be set below any fresh water formations or as required by the Kansas Corporation Commission.
- D.) In the construction of any wellsite pits related to drilling operations, the topsoil shall be segregated from the subsoil, and if required by the Kansas Corporation Commission, the wellsite pits shall be plastic lined. Upon backfilling wellsite pits, the topsoil shall be evenly spread over the subsoil.
- E.) In the event of production, Lessee shall restrict the production site to as small a dimension to the greater of (i) two acres, or (ii) that amount as is reasonably possible for prudent operations.
- F.) Lessee shall consult with surface owner upon the placement of any tank, pipelines, and lease roads and cattle guards necessitated by its operations on the property, and shall utilize its best efforts in light of reasonable industry standards to minimize interference with surface owner's farming and ranching operations.
- G.) Cattle guards will be constructed at all places where lease roads enter the property or go through existing fences. Upon Lessor's request, Lessee shall use its best efforts to keep gates, if any, padlocked at all times, except when opened for passage of traffic. Any cattle guards installed shall become the property of the surface owner upon expiration of the lease. Existing fences shall be H-braced before cutting to install gates, utilizing posts with minimum 8 inch tops.
- H.) Lessee shall maintain production site in a clean and uncluttered condition.
- I.) No well shall be located closer than 200 feet to existing structures on the leased premises.
- J.) Lessee may use fresh water from under the leased premises for drilling and completion operations including without limitation fracing operations on wells drilled on the leased premises or lands pooled therewith. Surface water may NOT be used for such purposes. The use of such water shall not negatively impact water wells that are being used or will be used by surface tenants for domestic or agricultural purposes. Lessee must first obtain Lessor's prior written consent before using said water, which shall not be unreasonably withheld. Further, Lessor shall be notified at least 60 days prior to the drilling of any well to be used for the purpose of obtaining fresh water and allowed the opportunity to conduct water quality testing. In addition, Lessor shall likewise be afforded the opportunity to conduct water quality testing within 6 months of the completion of drilling, completion and fracing operations. Lessee shall be responsible for any water pollution remediation necessary which is determined to be consequence of Lessee's operations on the leased premises.
- K.) Lessee shall within six (6) months after abandonment of a well site return the wellsite and road site to its original condition as nearly as is reasonably possible, including the removal of concrete pads and large rocks, the replacement of top soil, and re-establishing native grass.

**DEPTH CLAUSE:** If this lease is in force and effect for three (3) years after expiration of the primary term, or any extension or renewal provided for herein (including without limitation the continuous development clause(s) contained in this lease), then on such date this lease shall terminate as to all rights one hundred feet and more below the stratigraphic equivalent of the deepest formation penetrated in the well or wells located on the leased premises, or land unitized therewith.

#### UNITIZATION AND PUGH:

Lessee is hereby granted the right at any time and from time to time to pool or unitize leased premises or any portion or portions thereof, as to all strata or any stratum or strata, with any other lands as to all strata or any stratum or strata, for the production primarily of oil or primarily of gas with or without distillate. The creation of a unit by such pooling shall be based on the following criteria (hereinafter called "pooling criteria"): A unit for an oil well (other than a horizontal completion) shall not exceed 160 acres plus a maximum acreage tolerance of 10%, and a unit for a gas well or a unit for a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by

applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means a well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component in the reservoir. Lessee shall file written unit designations in the county in which the leased premises are located unless the pooling or unitization results from governmental order or rule, in which case no such written designation shall be required. Operations upon and production from the unit shall be treated as if such operations were upon or such production were from the leased premises whether or not the well or wells are located thereon. The entire acreage within a unit shall be treated for all purposes as if it were covered by and included in this lease except that the royalty on production from the unit shall be as below provided, and except that in calculating the amount of any shut in gas royalties, only the part of the acreage originally leased and then actually embraced by this lease shall be counted. In respect to production from the unit, Lessee shall pay Lessor, in lieu of other royalties thereon, only such proportion of the royalties stipulated herein as the amount of his acreage placed in the unit, or his royalty interest therein on any acreage basis bears to the total acreage in the unit.

It is understood and agreed that if this oil and gas lease is being maintained in force at the expiration of the primary term or any extension provided for herein that the following provisions will prevail:

**ROYALTY DEDUCTIONS:** It is agreed between the Lessor and Lessee that, notwithstanding any language herein to the contrary, all oil, gas or other proceeds accruing to the Lessor under this lease or by state law shall be without deduction, for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and marketing the oil, gas and other products produced hereunder to transform the product into marketable form; however, Lessor's share of any such costs which result in enhancing the value of the marketable oil, gas, or other products to receive a better price may be deducted from Lessor's share so long as they are based on Lessee's actual cost of such enhancements. However, in no event shall Lessor receive a price that is less than, or more than, the price received by Lessee.

**GROSS VALUE OF PRODUCTION:** In the event any gas is processed for the extraction of liquefiable hydrocarbons or other marketable substances, by or for Lessee, or Lessee receives any consideration for allowing the gas to be processed, the value of the extracted products and the remaining residue gas attributable thereto shall be considered the gross value of the gas sold for the calculation of royalties due; provided however, for royalty calculations, gross value shall not be less than the value of the gas if such gas had not been processed.

**SEPARATION OF LIQUIDS:** Lessee agrees that, if industry standards so require, before any gas produced from the land hereby leased, containing liquid hydrocarbons, recoverable in commercial quantities by separator on the lease, is sold, used or processed in a plant, it will be run through an adequate oil and gas separator of conventional type or other equipment at least as efficient.

**BEST PRICE AVAILABLE:** In selling any gas produced from the leased premises, or any lands with which the leased premises may be unitized, the Lessee shall exercise good faith and use due diligence and prudence to market such gas at the best price and upon the most favorable terms that may be obtainable by Lessee at the time or times such gas is contracted for sale, but in no event less than the price obtained by the operator of the well, or the operator's subsidiary, or any of its affiliates from the first point of sale.

**WASTE:** Lessee agrees to use diligence to prevent the underground or above ground waste of oil or gas and to try to avoid the physical waste of gas produced from the leased premises.

**SHUT-IN ROYALTY:** Notwithstanding anything to the contrary herein, it is understood and agreed that this lease may not be maintained in force by payment of shut-in royalty on a well not capable of producing in commercial quantities or for any one continuous period of time longer than two (2) years after the expiration of the primary term hereof solely by the provisions of the shut-in royalty clause.

**INDEMNIFICATION:** Lessee agrees to indemnify Lessor against all claims, suits, costs, losses, and expenses that may in any manner result from or arise out of Lessee's operations conducted pursuant to this lease.

**ASSIGNMENT:** The rights of the Lessor and Lessee hereunder may be assigned in whole or in part. Upon written request, Lessee shall provide Lessor with certified copies of all assignments, mortgages and other encumbrances against the leasehold; together with mailing addresses for all assignees. In the event that this lease is assigned in fractional parts to more than one assignee, all assignees shall be jointly and severally liable for the proper payment of royalties and interest set forth herein.

**RELEASE:** Upon termination, expiration or surrender of this lease in whole or in part, Lessee shall within thirty (30) days file an appropriate release of lease in the County Records and provide Lessor with a certified copy of the same.

**WARRANTY:** This lease is expressly made subject to all prior conveyances, requirements, conditions and covenants of record and is without warranty of title. Lessor makes no warranty of any kind, either express or implied, with respect to title to the Land or the minerals subject to this Lease. However, if Lessor owns an interest in the Land or the minerals subject to this Lease less than the entire fee simple estate, then the royalties payable hereunder will be reduced proportionately, and the proportionate percentage of the bonus money refunded. By acceptance of this Lease, Lessee acknowledges that it has been given full opportunity to investigate and has conducted sufficient investigation to satisfy itself as to the title to the Land and the minerals subject to this Lease, and Lessee assumes all the risk of title failures, and in connection therewith, Lessee shall have no recourse against Lessor, including no right to a refund of the bonus and royalties paid for or under this Lease.

**INTEREST:** Unless stated otherwise herein or if state statutes provide for a shorter period to make proper payments, after the first payment becomes due and payable within 180 days after the date of first production, unless there is a valid title dispute, all payments due to Lessor for royalties herein shall be delivered to him within 180 days after the last day of the month for which said royalties were due. In the event that said payments are not received within that 180 day time period, six percent (6%) annual interest (or if state statutes provide for a greater interest penalty), calculated from the last day of the month for which said royalties were due, shall be paid to Lessor by Lessee. At Lessor's option, all payments received shall be applied first to any outstanding interest due on prior late paid



royalties, then to any prior outstanding unpaid royalties and then to any current royalties due. No notations on the remittance statements or provisions in any division order shall amend this provision.

FULL PAYMENT: Lessee or its assigns shall be responsible for the full and proper payment of Lessors' royalty from the date of first production until final depletion. No statute of limitations or other affirmative defense shall be asserted by Lessee or its assigns to prevent the full and proper payment of Lessors' royalty due herein from the date of first production of any well drilled herein until final depletion of that well.

DAMAGES: The terms and conditions hereof shall be considered covenants running with the land covered by this lease and shall be binding upon and endure for the benefit of the respective successors and assigns of the party hereto. If any of the material terms of this lease shall be violated, it shall be considered a breach of lease, and the non-breaching party shall be entitled to damages therefore. The prevailing party in any action for breach of the provisions of this lease or breach of duties pursuant to this lease shall be entitled to recover reasonable attorney's fees, expert witness fees, litigation expense and court costs.

END OF ADDENDUM

SIGNED FOR IDENTIFICATION ONLY:

Cather Family Farms

Michael R. Cather  
By: Michael R. Cather, Manager of Cather Family Farms, LLC

Connie J Green  
By: Connie Green, Manager of Cather Family Farms, LLC

ACKNOWLEDGEMENT

STATE OF Kansas }  
COUNTY OF Harper } ss:

This instrument was acknowledged before me this 9 day of July, 2018, by Michael R. Cather, Manager of Cather Family Farms, LLC. and Connie Green, Manager of Cather Family Farms, LLC.

Addie Shaw Nuffer  
(Signature of notarial officer)

Customer Service Rep.  
Title (and Rank)

My appointment expires: March 30 2019

(Seal, if any)



## OIL AND GAS LEASE

This AGREEMENT, Entered into this 1st day of July, 2018 between Michael R. Cather and Karen J. Cather, Individually and as Trustees of the Michael and Karen Cather Joint Revocable Trust under trust agreement dated July 25, 2011, 1142 North Anthony, Anthony, KS 67003, hereinafter called Lessor, and Lasso Energy LLC, a Kansas limited liability company, PO Box 465, Chase, Kansas 67524 hereinafter called Lessee, does witness:

1. That Lessor, for and in consideration of the sum of Ten Dollars (\$10.00) in hand paid and of the covenants and agreements hereinafter contained to be performed by the Lessee, has this day granted, leased, and let and by these presents does hereby grant, lease, and let exclusively unto the Lessee the hereinafter described land, with any reversionary rights therein, and with the right to unitize this lease or any part thereof with other oil and gas leases as to all or any part of the lands covered thereby as hereinafter provided, for the purpose of carrying on geological, geophysical and other exploratory work thereon, including but not limited to, core drilling and the drilling, mining, and operating for, producing and saving all of the oil, gas, gas condensate, gas distillate, casinghead gasoline and their respective constituent vapors, and all other gases, found thereon, the exclusive right of injecting water, brine, and other fluids and substances into the subsurface strata and for constructing roads, laying pipelines, building tanks, storing oil, building power stations, electrical lines and other structures thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands, to produce, save, take care of, and manufacture all of such substances, and the injection of water, brine, and other substances into the subsurface strata, said tract of land being situated in the County of Harper, State of Kansas, and described as follows:

**Township 35 South Range 07 West**

Section 08: The Southeast-Quarter (SE/4) of Section Eight (08), Township Thirty-Five (35) South, Range Seven (07) West of the 6<sup>th</sup> P.M. Harper County, Kansas.

**See Exhibit 'A' attached hereto and made a part hereof.**

Containing 160.00 acres, more or less, ("Leased Premises").

2. This lease shall remain in force for a term of two (2) years (called "primary term") and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of the products covered by this lease is or can be produced.
3. The Lessee shall deliver to the Lessor, as a royalty, free of cost, on the lease, or into the pipeline to which Lessee may connect its wells the equal one-fifth (1/5) part of all oil produced and saved from the leased premises, or at the Lessee's option may pay to the Lessor for such one-fifth (1/5) royalty the market price at the wellhead for oil of like grade and gravity prevailing on the day such oil is run into the pipeline or into storage tanks.
4. The Lessee shall pay to the Lessor, as a royalty, one-fifth (1/5) of the proceeds received by the Lessee at the mouth of the well from the sale of gas, gas condensate, gas distillate, casinghead gas, gas used for the manufacture of gasoline or any other product, and all other gases, including their constituent parts, produced from the land herein leased, less a proportionate part of the production, severance and other excise taxes, conservation fees, and the costs incurred by Lessee in processing, gathering, treating, compressing, dehydrating, transportation, and marketing, or otherwise making such gas or other substances ready for sale or use. If such gas is not sold by the Lessee (and there is also no oil being sold), Lessee may pay or tender annually at or before the end of each yearly period during which such gas is not sold, as a shut-in royalty, whether one or more wells, an amount equal to one dollar per net mineral acre, and while said shut in royalty is so paid or tendered, it will be considered under all provisions of this lease that gas and/or oil is being produced in paying quantities. The first yearly period during which gas is not sold shall begin on the date the first well is completed for production of gas.
5. This is a paid-up lease and shall be maintained during the primary term without further payments or drilling operations.
6. In the event said Lessor owns a lesser interest in the above described land than the entire and undivided fee simple estate therein then the royalties herein provided for shall be paid to said Lessor only in the proportion which his interest bears to the whole and undivided fee; however, in the even the title to any interest in said land should revert to the Lessor, or his heirs, or his or their grantee, this lease shall cover such reversion.
7. The Lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations thereon, except water from existing wells of the Lessor. When required by the Lessor, the Lessee shall bury its pipelines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the Lessor. Lessee shall have the right at any time during, or after the expiration of the lease, to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.
8. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is

expressly allowed), the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligation or diminish the rights of Lessee, and no change of ownership in the land or in the royalties or any sum due under this lease shall be binding on the Lessee until it has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof, or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceedings showing appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to Lessor of the full interest claimed, and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, or administrator, executor, or heir of Lessor.

9. If the leased premises are now or shall hereafter be owned in severalty or in separate tracts, the premises may nonetheless be developed and operated as one lease, and all royalties accruing hereunder shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. There shall be no obligation on the part of the Lessee to offset wells on separate tracts into which the land covered by this lease may now or hereafter be divided by sale, devise, descent or otherwise, or to furnish separate measuring or receiving tanks.

10. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the Lessee, at its option, may pay and discharge in whole or in part any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in the event it exercises such options it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty accruing hereunder.

11. If after the expiration of the primary term, production and the capability of production of oil or gas should cease from any cause, this lease shall not terminate if Lessee commences additional drilling operations or reworking operations within one hundred-twenty (120) days thereafter, or if at the expiration of the primary term, oil or gas is not being produced on said land, but Lessee is then engaged in drilling or reworking operations thereon, then in either event, this lease shall remain in force so long as operations are prosecuted either on the same well or any other well thereafter commenced, with no cessation of more than one hundred-twenty (120) consecutive days, and if they result in production of oil or gas, this lease shall remain in effect so long thereafter as there is production of oil or gas under any provision of this lease. Drilling operations or reworking operations shall be deemed to be commenced when the first material is placed on the Leased Premises or when the first work other than surveying or staking the location is done thereon which is necessary for such operations.

12. Lessee may at any time surrender or cancel this lease in whole or in part by delivering or mailing such release to the Lessor, or by placing same of record in the proper county. In case said lease is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the terms of said lease as to the portion cancelled shall cease and terminate, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes.

13. All provisions hereof, express or implied, shall be subject to all federal and state laws and the orders, rules, or regulations (and interpretations thereof) of all governmental agencies administering the same, and this lease shall not be in any way terminated wholly or partially nor shall the Lessee be liable in damages for failure to comply with any of the express or implied provisions hereof if such failure accords with any such laws, orders, rules or regulations (or interpretations thereof). If Lessee should be prevented during the last six months of the primary term hereof from drilling a well hereunder by order of any constituted authority having jurisdiction thereover, the primary term of this lease shall continue until six months after said order is suspended.

14. If at the end of the primary term this lease is not otherwise continued in force under the provisions hereof, Lessor and Lessee hereby agree that Lessee shall have the option to extend the primary term of this lease on all or a portion of the Leased Premises for an additional two (2) years on or before the expiration of the primary term of this lease by tendering to Lessor a payment equal to the same per acre paid to Lessor under the original terms of this lease times the net acres actually owned by Lessor and Lessor's successors (if any) in and to the portion of the leased Premises to be extended on the date the option is exercised. Payment shall be deemed made upon Lessee's tendering of such payment by certified mail to Lessor at Lessor's address shown on this lease on or before the expiration of the primary term hereof. Nothing contained herein nor any separate implied agreement between parties shall serve to bind Lessee to exercise this option and it shall be at Lessee's sole discretion to do so.

15. If, at any time within the primary term of this lease, as may be extended, and while this lease remains in force and effect, Lessor receives from a third party a bona fide offer acceptable to Lessor, to grant an additional lease covering all or part of the Leased premises, Lessee shall have a continuing right of first refusal to acquire a new lease from Lessor on the same terms and conditions as proposed by the third party. If Lessor receives such an offer from a third party, Lessor shall promptly notify Lessee by certified mail of such offer. Lessee's notice shall contain all written communications that reflect the offer, along with the third party proposed lessee's name, the bonus consideration, term, and royalty consideration together with all other pertinent terms and conditions, along with a copy of the completed lease form proposed to be utilized by the third party, if available. Lessee shall have fifteen (15) days after receipt of Lessee's notice to advise Lessor in writing of Lessor election to enter into an additional oil and gas lease on the same terms and conditions as proposed by the third party. Lessor's failure to notify Lessee of

~~such third party offer as provided for herein and/or the recording of the such additional lease to a third party shall not prejudice Lessors right of first refusal as provided for herein in any manner.~~

16. Lessee shall have the right, but not the obligation, to pool all or any part of the Leased Premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this Lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the Leased Premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 160 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres, plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to (1) any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so or (2) any governmental section that is larger than 704 acres. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority and the term "horizontal completion" means a well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component in the reservoir. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the Leased Premises shall be treated as if it were production, drilling or reworking operations on the Leased Premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority or as otherwise provided for in this lease and is deemed advisable by Lessee. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the Leased Premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable thereafter shall be adjusted accordingly. In the absence of production in paying quantities from a unit, upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.


17. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors and assigns of Lessor and Lessee.

18. Notwithstanding anything contained herein to the contrary, it is the intent of the Lessor to lease, and Lessor does hereby grant, demise, lease and let unto Lessee, all oil, gas and other minerals owned by Lessor in Section 08, Township 35 South Range 07 West Harper County, Kansas whether or not properly and completely described herein. In the event it is determined that Lessor actually owns more net mineral acres subject to this oil and gas lease than that assumed by the parties in the calculation of the lease bonus paid by Lessee, Lessor and Lessee agree that Lessee shall pay Lessor for such additional net acreage at the same bonus price per acre agreed upon for the execution of this oil and gas lease. Likewise, in the event it is determined that Lessor owns less net acreage, or it is determined that Lessors acreage is currently leased under a prior valid oil and gas lease, then the Lessor agrees to reimburse Lessee for the bonus per acre paid for the acreage not owned by Lessor or under the prior valid oil and gas lease.

IN TESTIMONY WHEREOF, we sign the day and year first above written.

Michael and Karen Cather Joint Revocable Trust under trust agreement dated July 25, 2011

  
By: Michael R. Cather, Individually and as Trustee

  
By: Karen J. Cather, Individually and as Trustee

**Exhibit "A"**

This Exhibit "A" is attached to and made a part of that certain Oil and Gas Lease dated July 1, 2018, by and between Michael R. Cather and Karen J. Cather, Individually and as Trustees of the Michael and Karen Cather Joint Revocable Trust under trust agreement dated July 25, 2011, as Lessor, and Lasso Energy LLC, as Lessee. If any of the following provisions conflict with or are inconsistent with the printed provisions of terms of this Lease, the following provisions shall control.

The following provisions are part of the Oil and Gas Lease and if there be conflict between these provisions and any of the foregoing provisions, then the following provisions shall apply and take precedence.

**COMMENCEMENT:** Commencement of a well according to the terms of this lease will require that a drilling rig capable of drilling to total depth be on location and conducting drilling operations on or before expiration of the primary term, and that the drilling of said well be continued with due diligence until completion. Construction of a well location without actual drilling as detailed above will not be deemed commencement of a well.

Prior to the commencement of any surface operations on the leased premises, Lessee agrees to consult with Lessor regarding the proposed location of any well sites and related routes of ingress and egress to and from said well sites. Lessee further agrees to consult with Lessor regarding the location and subsequent construction of any pipelines and/or any other easements deemed necessary by Lessee to facilitate production and/or marketing of oil and/or gas from the leased premises. However, Lessee's choice of drillsite and pipeline location(s) shall be determinative thereof.

**USE OF SURFACE:**

- A.) Lessee shall be liable and agrees to pay for all damages by its operations to the leased premises, including without limitation, damage to all personal property, improvements, livestock, crops, grasses and trees on the leased premises. Prior to commencement of operations on the leased premises, Lessee agrees to pay to Lessor, the sum of \$12,000.00 as payment for surface damages caused by Lessee's operations on the leased premises related to such padsite. Said sum to be applicable for each padsite on the leased premises. Lessee agrees to return the surface to its original condition as is reasonably possible.
- B.) All pipelines and electrical lines shall be buried and maintained below three feet of depth so farming and ranching operations, including irrigation, terracing and subsoil tillage, may be safely performed.
- C.) Surface pipe shall be set below any fresh water formations or as required by the Kansas Corporation Commission.
- D.) In the construction of any wellsite pits related to drilling operations, the topsoil shall be segregated from the subsoil, and if required by the Kansas Corporation Commission, the wellsite pits shall be plastic lined. Upon backfilling wellsite pits, the topsoil shall be evenly spread over the subsoil.
- E.) In the event of production, Lessee shall restrict the production site to as small a dimension to the greater of (i) two acres, or (ii) that amount as is reasonably possible for prudent operations.
- F.) Lessee shall consult with surface owner upon the placement of any tank, pipelines, and lease roads and cattle guards necessitated by its operations on the property, and shall utilize its best efforts in light of reasonable industry standards to minimize interference with surface owner's farming and ranching operations.
- G.) Cattle guards will be constructed at all places where lease roads enter the property or go through existing fences. Upon Lessor's request, Lessee shall use its best efforts to keep gates, if any, padlocked at all times, except when opened for passage of traffic. Any cattle guards installed shall become the property of the surface owner upon expiration of the lease. Existing fences shall be H-braced before cutting to install gates, utilizing posts with minimum 8 inch tops.
- H.) Lessee shall maintain production site in a clean and uncluttered condition.
- I.) No well shall be located closer than 200 feet to existing structures on the leased premises.
- J.) Lessee may use fresh water from under the leased premises for drilling and completion operations including without limitation fracing operations on wells drilled on the leased premises or lands pooled therewith. Surface water may NOT be used for such purposes. The use of such water shall not negatively impact water wells that are being used or will be used by surface tenants for domestic or agricultural purposes. Lessee must first obtain Lessor's prior written consent before using said water, which shall not be unreasonably withheld. Further, Lessor shall be notified at least 60 days prior to the drilling of any well to be used for the purpose of obtaining fresh water and allowed the opportunity to conduct water quality testing. In addition, Lessor shall likewise be afforded the opportunity to conduct water quality testing within 6 months of the completion of drilling, completion and fracing operations. Lessee shall be responsible for any water pollution remediation necessary which is determined to be consequence of Lessee's operations on the leased premises.
- K.) Lessee shall within six (6) months after abandonment of a well site return the wellsite and road site to its original condition as nearly as is reasonably possible, including the removal of concrete pads and large rocks, the replacement of top soil, and re-establishing native grass.

**DEPTH CLAUSE:** If this lease is in force and effect for three (3) years after expiration of the primary term, or any extension or renewal provided for herein (including without limitation the continuous development clause(s) contained in this lease), then on such date this lease shall terminate as to all rights one hundred feet and more below the stratigraphic equivalent of the deepest formation penetrated in the well or wells located on the leased premises, or land unitized therewith.

**UNITIZATION AND PUGH:**

Lessee is hereby granted the right at any time and from time to time to pool or unitize leased premises or any portion or portions thereof, as to all strata or any stratum or strata, with any other lands as to all strata or any stratum or strata, for the production primarily of oil or primarily of gas with or without distillate. The creation of a unit by such pooling shall be based on the following criteria (hereinafter called "pooling criteria"): A unit for an oil well (other than a horizontal completion) shall not exceed 160 acres plus a maximum acreage tolerance of 10%, and a unit for a gas well or a unit for a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do

so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means a well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component in the reservoir. Lessee shall file written unit designations in the county in which the leased premises are located unless the pooling or unitization results from governmental order or rule, in which case no such written designation shall be required. Operations upon and production from the unit shall be treated as if such operations were upon or such production were from the leased premises whether or not the well or wells are located thereon. The entire acreage within a unit shall be treated for all purposes as if it were covered by and included in this lease except that the royalty on production from the unit shall be as below provided, and except that in calculating the amount of any shut in gas royalties, only the part of the acreage originally leased and then actually embraced by this lease shall be counted. In respect to production from the unit, Lessee shall pay Lessor, in lieu of other royalties thereon, only such proportion of the royalties stipulated herein as the amount of his acreage placed in the unit, or his royalty interest therein on any acreage basis bears to the total acreage in the unit.

It is understood and agreed that if this oil and gas lease is being maintained in force at the expiration of the primary term or any extension provided for herein that the following provisions will prevail:

**ROYALTY DEDUCTIONS:** It is agreed between the Lessor and Lessee that, notwithstanding any language herein to the contrary, all oil, gas or other proceeds accruing to the Lessor under this lease or by state law shall be without deduction, for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and marketing the oil, gas and other products produced hereunder to transform the product into marketable form; however, Lessor's share of any such costs which result in enhancing the value of the marketable oil, gas, or other products to receive a better price may be deducted from Lessor's share so long as they are based on Lessee's actual cost of such enhancements. However, in no event shall Lessor receive a price that is less than, or more than, the price received by Lessee.

**GROSS VALUE OF PRODUCTION:** In the event any gas is processed for the extraction of liquefiable hydrocarbons or other marketable substances, by or for Lessee, or Lessee receives any consideration for allowing the gas to be processed, the value of the extracted products and the remaining residue gas attributable thereto shall be considered the gross value of the gas sold for the calculation of royalties due; provided however, for royalty calculations, gross value shall not be less than the value of the gas if such gas had not been processed.

**SEPARATION OF LIQUIDS:** Lessee agrees that, if industry standards so require, before any gas produced from the land hereby leased, containing liquid hydrocarbons, recoverable in commercial quantities by separator on the lease, is sold, used or processed in a plant, it will be run through an adequate oil and gas separator of conventional type or other equipment at least as efficient.

**BEST PRICE AVAILABLE:** In selling any gas produced from the leased premises, or any lands with which the leased premises may be unitized, the Lessee shall exercise good faith and use due diligence and prudence to market such gas at the best price and upon the most favorable terms that may be obtainable by Lessee at the time or times such gas is contracted for sale, but in no event less than the price obtained by the operator of the well, or the operator's subsidiary, or any of its affiliates from the first point of sale.

**WASTE:** Lessee agrees to use diligence to prevent the underground or above ground waste of oil or gas and to try to avoid the physical waste of gas produced from the leased premises.

**SHUT-IN ROYALTY:** Notwithstanding anything to the contrary herein, it is understood and agreed that this lease may not be maintained in force by payment of shut-in royalty on a well not capable of producing in commercial quantities or for any one continuous period of time longer than two (2) years after the expiration of the primary term hereof solely by the provisions of the shut-in royalty clause.

**INDEMNIFICATION:** Lessee agrees to indemnify Lessor against all claims, suits, costs, losses, and expenses that may in any manner result from or arise out of Lessee's operations conducted pursuant to this lease.

**ASSIGNMENT:** The rights of the Lessor and Lessee hereunder may be assigned in whole or in part. Upon written request, Lessee shall provide Lessor with certified copies of all assignments, mortgages and other encumbrances against the leasehold; together with mailing addresses for all assignees. In the event that this lease is assigned in fractional parts to more than one assignee, all assignees shall be jointly and severally liable for the proper payment of royalties and interest set forth herein.

**RELEASE:** Upon termination, expiration or surrender of this lease in whole or in part, Lessee shall within thirty (30) days file an appropriate release of lease in the County Records and provide Lessor with a certified copy of the same.

**WARRANTY:** This lease is expressly made subject to all prior conveyances, requirements, conditions and covenants of record and is without warranty of title. Lessor makes no warranty of any kind, either express or implied, with respect to title to the Land or the minerals subject to this Lease. However, if Lessor owns an interest in the Land or the minerals subject to this Lease less than the entire fee simple estate, then the royalties payable hereunder will be reduced proportionately, and the proportionate percentage of the bonus money refunded. By acceptance of this Lease, Lessee acknowledges that it has been given full opportunity to investigate and has conducted sufficient investigation to satisfy itself as to the title to the Land and the minerals subject to this Lease, and Lessee assumes all the risk of title failures, and in connection therewith, Lessee shall have no recourse against Lessor, including no right to a refund of the bonus and royalties paid for or under this Lease.

**INTEREST:** Unless stated otherwise herein or if state statutes provide for a shorter period to make proper payments, after the first payment becomes due and payable within 180 days after the date of first production, unless there is a valid title dispute, all payments due to Lessor for royalties herein shall be delivered to him within 180 days after the last day of the month for which said royalties were due. In the event that said payments are not received within that 180 day time period, six percent (6%) annual interest (or if state statutes provide for a greater interest penalty), calculated from the last day of the month for which said royalties were due, shall be paid to Lessor by Lessee. At Lessor's option, all payments received shall be applied first to any outstanding interest due on prior late paid

royalties, then to any prior outstanding unpaid royalties and then to any current royalties due. No notations on the remittance statements or provisions in any division order shall amend this provision.

FULL PAYMENT: Lessee or its assigns shall be responsible for the full and proper payment of Lessors' royalty from the date of first production until final depletion. No statute of limitations or other affirmative defense shall be asserted by Lessee or its assigns to prevent the full and proper payment of Lessors' royalty due herein from the date of first production of any well drilled herein until final depletion of that well.

DAMAGES: The terms and conditions hereof shall be considered covenants running with the land covered by this lease and shall be binding upon and endure for the benefit of the respective successors and assigns of the party hereto. If any of the material terms of this lease shall be violated, it shall be considered a breach of lease, and the non-breaching party shall be entitled to damages therefore. The prevailing party in any action for breach of the provisions of this lease or breach of duties pursuant to this lease shall be entitled to recover reasonable attorney's fees, expert witness fees, litigation expense and court costs.

END OF ADDENDUM

SIGNED FOR IDENTIFICATION ONLY:

Michael and Karen Cather Joint Revocable Trust under trust agreement dated July 25, 2011

Michael R. Cather  
By: Michael R. Cather, Individually and as Trustee

Karen J. Cather  
By: Karen J. Cather, Individually and as Trustee

ACKNOWLEDGEMENT

STATE OF Kansas }  
COUNTY OF Harper } ss:

This instrument was acknowledged before me this 9 day of July, 2018, by Michael R. Cather and Karen J. Cather, Individually and as Trustees of the Michael and Karen Cather Joint Revocable Trust under trust agreement dated July 25, 2011.

Addie Shaw Nuffer  
(Signature of notarial officer)

Customer Service Rep.  
Title (and Rank)

(Seal, if any)

My appointment expires: March 30, 2019



# STATE OF KANSAS

CORPORATION COMMISSION  
CONSERVATION DIVISION  
DISTRICT OFFICE No. 2  
3450 N. ROCK ROAD  
BUILDING 600, SUITE 601  
WICHITA, KS 67226



PHONE: 316-337-7400  
FAX: 316-630-4005  
<http://kcc.ks.gov/>

GOVERNOR JEFF COLYER, M.D.

SHARI FEIST ALBRECHT, CHAIR | JAY SCOTT EMLER, COMMISSIONER | DWIGHT D. KEEN, COMMISSIONER

August 08, 2018

Matt Burton  
Lasso Energy LLC  
PO BOX 465  
1125 SOUTH MAIN  
CHASE, KS 67524-0465

Re: Temporary Abandonment  
API 15-077-21841-01-00  
CATHER FAMILY FARMS 8-35-7 1H  
SE/4 Sec.05-35S-07W  
Harper County, Kansas

Dear Matt Burton:

"Your temporary abandonment (TA) application for the well listed above has been approved. In accordance with K.A.R. 82-3-111 the TA status of this well will expire 08/08/2019.

- \* If you return this well to service or plug it, please notify the District Office.
- \* If you sell this well you are required to file a Transfer of Operator form, T-1.
- \* If the well will remain temporarily abandoned, you must submit a new TA application, CP-111, before 08/08/2019.

You may contact me at the number above if you have questions.

Very truly yours,

Steve Van Gieson"