

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form T-1
April 2019
Form must be Typed
Form must be Signed
All blanks must be Filled

**REQUEST FOR CHANGE OF OPERATOR
TRANSFER OF INJECTION OR SURFACE PIT PERMIT**

Form KSONA-1, Certification of Compliance with the Kansas Surface Owner Notification Act,
MUST be submitted with this form.

Check applicable boxes:

- Oil Lease: No. of Oil Wells _____ **
- Gas Lease: No. of Gas Wells _____ **
- Gas Gathering System: _____
- Saltwater Disposal Well - Permit No.: _____
Spot Location: _____ feet from N / S Line
_____ feet from E / W Line
- Enhanced Recovery Project Permit No.: _____
Entire Project: Yes No
Number of Injection Wells _____ **

Field Name: _____

**** Side Two Must Be Completed.**

Effective Date of Transfer: _____

KS Dept of Revenue Lease No.: _____

Lease Name: _____

____ - ____ - ____ - ____ Sec. ____ Twp. ____ R. E W

Legal Description of Lease: _____

County: _____

Production Zone(s): _____

Injection Zone(s): _____

Surface Pit Permit No.: _____
(API No. if Drill Pit, WO or Haul)

_____ feet from N / S Line of Section

_____ feet from E / W Line of Section

Type of Pit: Emergency Burn Settling Haul-Off Workover Drilling

Past Operator's License No. _____

Contact Person: _____

Past Operator's Name & Address: _____

Phone: _____

Title: _____

Date: _____

Signature: _____

New Operator's License No. _____

Contact Person: _____

New Operator's Name & Address: _____

Phone: _____

New Operator's Email: _____

Oil / Gas Purchaser: _____

Date: _____

Title: _____

Signature: _____

Acknowledgment of Transfer: The above request for transfer of injection authorization, surface pit permit # _____ has been noted, approved and duly recorded in the records of the Kansas Corporation Commission. This acknowledgment of transfer pertains to Kansas Corporation Commission records only and does not convey any ownership interest in the above injection well(s) or pit permit.

_____ is acknowledged as the new operator and may continue to inject fluids as authorized by

Permit No.: _____ . Recommended action: _____

Date: _____

Authorized Signature

_____ is acknowledged as the new operator of the above named lease containing the surface pit

permitted by No.: _____ .

Date: _____

Authorized Signature

DISTRICT _____ EPR _____ PRODUCTION _____ UIC _____

KANSAS CORPORATION COMMISSION
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Form KSONA-1

July 2021

Form Must Be Typed

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**CERTIFICATION OF COMPLIANCE WITH THE
KANSAS SURFACE OWNER NOTIFICATION ACT**

This form must be submitted with all Forms C-1 (Notice of Intent to Drill); CB-1 (Cathodic Protection Borehole Intent); T-1 (Request for Change of Operator Transfer of Injection or Surface Pit Permit); and CP-1 (Well Plugging Application). Any such form submitted without an accompanying Form KSONA-1 will be returned.

Select the corresponding form being filed: C-1 (Intent) CB-1 (Cathodic Protection Borehole Intent) T-1 (Transfer) CP-1 (Plugging Application)

OPERATOR: License # _____

Name: _____

Address 1: _____

Address 2: _____

City: _____ State: _____ Zip: _____ + _____

Contact Person: _____

Phone: (_____) _____ Fax: (_____) _____

Email Address: _____

Well Location:

____ - ____ - ____ - ____ Sec. ____ Twp. ____ S. R. ____ East West

County: _____

Lease Name: _____ Well #: _____

If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:

Surface Owner Information:

Name: _____

Address 1: _____

Address 2: _____

City: _____ State: _____ Zip: _____ + _____

When filing a Form T-1 involving multiple surface owners, attach an additional sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the county, and in the real estate property tax records of the county treasurer.

If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary non-binding estimates. The locations may be entered on the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.

Select one of the following:

- I certify that, pursuant to the Kansas Surface Owner Notice Act (see Chapter 55 of the Kansas Statutes Annotated), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this form; 2) if the form being filed is a Form C-1 or Form CB-1, the plat(s) required by this form; and 3) my operator name, address, phone number, fax, and email address.
- I have not provided this information to the surface owner(s). I acknowledge that, because I have not provided this information, the KCC will be required to send this information to the surface owner(s). To mitigate the additional cost of the KCC performing this task, I acknowledge that I must provide the name and address of the surface owner by filling out the top section of this form and that I am being charged a \$30.00 handling fee, payable to the KCC, which is enclosed with this form.

If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.

I hereby certify that the statements made herein are true and correct to the best of my knowledge and belief.

Date: _____ Signature of Operator or Agent: _____ Title: _____

PURCHASE AND SALES AGREEMENT

This Purchase and Sales Agreement (the "Agreement") is made and entered into by and between HG OIL HOLDINGS, 211 SW 9th St., Plainville, KS 67663, hereinafter referred to as "Seller", and COBALT ENERGY, LLC, 125 N MARKET, SUITE 1725, WICHITA, KS 67202, hereinafter referred to as "Buyer;"

WITNESSETH:

WHEREAS, Seller has agreed to sell to Buyer and Buyer has agreed to purchase from Seller certain interests and rights to a salt water disposal well and other rights and assets relating thereto upon the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, Seller and Buyer hereby agree as follows:

ARTICLE I

Section 1. Purchase and Sale of Property, Rights and Assets. At closing, Buyer hereby agrees to purchase from Seller and Seller hereby agrees to sell, transfer, assign, and convey to Buyer, without warranty of title expressed or implied, the following properties, rights and assets (hereinafter, sometimes "Subject Assets"):

(a) All of Seller's right, title and interest of whatsoever kind or nature in and to the described property, listed below (said interests herein referred to as the "Subject Assets");

- Llanos #6 SWDW (API 15-181-05044-0002, located in NE/4 Sec 10-6S-37W, Sherman County, KS).
- Saltwater tank associated with the Llanos #6 SWDW, currently located in the SE/4 Sec 3-6S-37W, Sherman County, KS.

(b) All of Seller's interest in the Subject Assets, and all associated fixtures, personal property and equipment located thereon and used in the operation thereof including, without limitation, the well(s), wellhead valves and fittings, casing, saltwater tank, tubing, pipelines, gathering lines, and all other machinery, equipment and improvements used in the operations thereof;

(c) All of Seller's rights and obligations under the permits, licenses, servitudes, easements, rights-of-way, orders, sales agreements, remote tank battery site lease agreements, surface leases, operating agreements, processing agreements, options, agreements or rights which are appurtenant to or used in connection with the ownership or operation of the Subject Assets;

ARTICLE II

Section 2.1 Purchase Price. Buyer has agreed to pay to Seller at closing a total purchase (the "Purchase Price") for the Subject Assets **\$0.00**.

ARTICLE III

Section 3.1. Effective Time. The parties have agreed that the effective time of the transfer of the Subject Assets shall be as of **12:00AM CST on November 1, 2024** (the "Effective Time").

Section 3.2. Assumption of Obligations. Buyer shall be liable and responsible for all Claims made and Liabilities incurred after the Effective Time that are attributable to the interest being purchased herein, including any Claims and Liabilities based upon the condition of the Subject Assets. Buyer shall indemnify, defend and hold Seller harmless from and against and with respect to any such claims and Liabilities, the condition of the Subject Assets, and any failure of Buyer to pay, perform and discharge the obligations assumed hereunder, BUT excluding any arising from negligence or willful misconduct of Seller (including agents and employees). Subject to Claims and Liabilities which may, at any time, arise out of or in connection with the condition of the Subject Assets accepted by Buyer pursuant to Section 3.3, Seller shall be liable and responsible for all Claims made and Liabilities incurred prior to the Effective Time that are attributable to Seller's interest. Seller shall indemnify, defend, and hold Buyer harmless from and against any such Claims and Liabilities and failure of Seller to pay, perform, and discharge the obligations agreed to be paid, performed, and discharged by Seller hereunder, excluding any arising from negligence or willful misconduct of Buyer. As used in this Agreement, the term "Claims and Liabilities" means, without limitation, any and all causes of action, claims to personal property, persons or the environment, damages, demands, expenses, assessments, fines, lawsuits, liabilities, debts, liens, taxes, losses and other obligations of any kind, nature or description, whether known or unknown and which are attributable to the interest(s) being sold and purchased. With respect to any indemnity mentioned herein, the indemnifying party shall have the sole and discretionary right to defend, settle, and/or pay any indemnified claim at its sole expense without contribution by Buyer or other party.

Section 3.3. Buyer's Independent Evaluation. In entering into this Agreement, Buyer acknowledges and affirms that it has relied and will rely solely on the terms of this Agreement and upon its independent analysis, evaluation and investigation of, and judgment with respect to, the business, economic, legal, tax or other consequences of this transaction including its own estimate and appraisal of the extent and value of the petroleum, natural gas and other reserves attributable to the Subject Assets and the value of any other assets.

Section 3.4. Access to Records. Prior to Closing Seller will make the files and records relating directly to the Assets maintained by Seller, to the extent disclosure of the same to Buyer is not restricted by confidentiality, licensing or other agreements with third parties (the "Records") available to Buyer and its representatives for inspection and review at Seller's offices in Plainville, Kansas, during its normal business hours for the purpose of permitting Buyer to perform its due diligence review and to make copies of the same at Buyer's risk and expense. Seller shall have the right to keep all original Records for its own purposes after closing. Seller does not make any warranty or representation of any kind as to the Records or any information contained therein, and Buyer agrees that any conclusions drawn therefrom shall be the result of its own independent review and judgment. Seller shall make available any records that may be emailed to the Seller.

Section 3.5. Closing. Closing of the sale and purchase of the Subject Assets shall occur on or prior to **12:00pm CST November 15, 2024** at Seller's office in Wichita, Kansas, or by another place agreed to by Buyer and Seller.

Section 3.6. Further Assurances. From time to time after Closing, Seller and Buyer shall each execute, acknowledge and deliver to the other such further instruments and take such other action as may be reasonably requested in order to accomplish more effectively the purposes of the transactions contemplated by this Agreement.

Section 3.7. Plugging of Hartley #3 oil well. Buyer agrees to accept a Transfer of Operator form for the Hartley #3 oil well (API 15-181-20015) and plug and abandon said well per KCC guidelines at the Buyer's

sole expense. Buyer shall remove and retain any remaining wellhead equipment and restore the well location as close as is practicable to its original condition.

Section 3.8. Removal of Equipment. With the exception of the Llanos #6 SWDW and related wellhead equipment, downhole equipment, and single saltwater storage tank as contemplated above, Seller shall cause to be removed its production and storage equipment associated with the Hartley lease and Llanos lease at its sole expense, and restore the well locations as nearly as is practicable to their original condition. The Llanos and Hartley leases consist of the following wells:

- Hartley #1 (API 15-181-20012)
- Llanos #2 (API 15-181-00014)
- All other wells operated by HG Oil Holdings in the S/2 Sec 3-6S-37W and/or the N/2 Sec 10-6S-37W, Sherman Co., KS.

This equipment includes but is not limited to: pumping unit(s), tubing, rods, downhole pumps and other equipment, wellhead valves and fittings, and tank battery (except saltwater tank as discussed above).

Section 3.9. Abandonment of Property. Buyer agrees that it will, at such time as the Subject Assets is abandoned, properly plug said well or wells and upon completion of the salvaging of the property and equipment, restore the condition of the premises in accordance with the standards required by the rules and laws of the State of Kansas and the lease herein assigned.

ARTICLE IV

Section 4.1. Entire Agreement. This Agreement, together with the Exhibits hereto, constitute all of the promises, covenants, agreements, conditions and undertakings between the parties hereto and supersedes any and all prior agreements, either expressed or implied, or written. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns, and legal representatives.

Section 4.2. Assignment. The Assignment of the Subject Assets prepared for execution by Seller for acceptance by Buyer shall be subject to the terms, conditions and in the form appearing on **Exhibit "B"** to this Agreement. Seller shall also prepare all Transfer of Operator forms and other forms or reports required by any governmental agency, including the Kansas Corporation Commission, and all notices to third parties, arising out of or in connection with the sale and purchase of the Subject Assets contemplated herein. All assignments and documents referenced in this section shall be prepared by Seller, at Seller's expense; all such assignments and documents shall be reviewed and accepted by Buyer prior to closing, and shall be executed by the pertinent party or parties prior to closing (but shall be held by the Seller until closing). All assignments and other documents referenced herein shall be delivered by Seller to Buyer at closing. Buyer shall be responsible to record and/or to provide to the pertinent governmental agencies and pertinent third parties all assignments and other documents referred to in this Section at Buyer's sole risk and expense, without recourse to Seller.

Section 4.3. Notices. The parties agree that all notices and communications required or permitted under this Agreement shall be in writing and addressed as set forth below. Any communication or delivery hereunder shall be deemed to have been duly made and the receiving party charged with notice (i) if personally delivered, when received, (ii) if sent by e-mail or facsimile transmission, when received (iii) if mailed, five business days after mailing, certified mail, return receipt requested, or (iv) if sent by overnight courier, one day after sending.

As to Buyer: Cobalt Energy, LLC
125 N Market, Suite 1725
Wichita, KS 67202
Nicholas D. Hess, Managing Member

nick@cobaltenergyllc.com
316-201-4101 phone


As to Seller: HG Oil Holdings, LLC
 211 SW 9th St.
 Plainville, KS 67663
 Harrison Gilliland
 785-737-3977 phone
 hgilliland5@gmail.com
 Shellie Hulsey
 shellie.hulsey@fcgincgroup.com

Buyer and Seller have executed this Agreement as of this ___3rd___ day of March, 2025, however, EFFECTIVE on the **1st day of March, 2025.**

SELLER
HG OIL HOLDINGS, LLC

BUYER
COBALT ENERGY, LLC

x 
Harrison Gilliland, Managing Member

x 
Nicholas D. Hess, Managing Member