

FOR CHANGE OF OPERATOR
TRANSFER OF INJECTION AUTHORIZATION
OR TRANSFER OF SURFACE POND PERMIT

KANSAS CORPORATION COMMISSION
CONSERVATION DIVISION
130 S MARKET, ROOM 2078
WICHITA, KANSAS 67202

P00496

KDOR: 114005

Effective Date of Transfer 5/1/97

Check Applicable Boxes:

[X] Oil Lease: No. of Wells 2 **

[] Gas Lease: No. of Wells _____ **

** SIDE TWO MUST BE COMPLETED **

[X] Saltwater Disposal Well - Docket No. D-20,469
Spot Location: 4290 feet from ~~N~~/S Line
2310 feet from E/W Line

[] Enhanced Recovery Proj. Docket No. _____

Entire project: Yes/No

Number of injection wells _____ **

Lease Name Mills

-SW-NW-NE Sec 17 T 9S R 26 W 1/2

Legal Description of Lease: _____

E/2 Sec 17-T9S-R26W

County Shepidan

Production Zone(s) Lansing

Field Name George Injection Zone(s) _____

Surface Pond Permit # _____ Feet from N/S Line of Section
(API No. If Drill Pit) _____ Feet from E/W Line of Section

Identify: Emergency Pit ☐ Burn Pit ☐ Storage Pit ☐ Drill Pit ☒

Past Operator's License No. 4273 Contact Person: Loren Hoekema

Past Operator's Name and Address: Phone: 308-254-4617

H & R Exploration, INC
P.O. Box 101-1113 10th Ave
Sidney - NE 69162-0101 Date 5/1/97

Title _____ Signature See Attached form

New Operator's License No. 31897 Contact Person Robert Stolzle

New Operator's Name and Address: Phone 316-794-3400

Foundation Resources, LLC

P.O. Box 789

Goddard, KS 67052

JUN

2 1997

Oil/Gas Purchaser

No New Production

CONSERVATION DIVISION
Wichita, Kansas

Date 5/1/97

Title Member Signature Ken Evans

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

_____ is acknowledged as the new operator and may continue to inject fluids as authorized by Docket # _____. Recommended action _____

Date _____ Authorized Signature _____

_____ is acknowledged as the new operator of the above named lease containing the surface pond permitted by # _____

Date _____ Authorized Signature _____

MUST BE FILED FOR ALL WELLS

*LEASE NAME

Mills

WELL NO.

API NO.
(YR DRID/PRE '67)

*LOCATION: Subsurface Sec 17-9S-26W - Sheridan Co.
FOOTAGE FROM SECTION LINE
(i.e. FSL=Feet from South line)

TYPE OF WELL
(OIL/GAS
INJ/MSW)

WELL STATUS
(PROD/TA'D
ABANDONED)

15-179-20560-0000

17-123

15-179-20591-0001

17-122

3 Circle FSL/FNL 3 Circle FEL/FWL

O.I

PROD

4290 FSL/FNL 2310 FEL/FWL

SUD

PROD

FSL/FNL FEL/FWL

FSL/FNL FEL/FWL

FSL/FNL FEL/FWL

FSL/FNL FEL/FWL

FSL/FNL FEL/FWL

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FSL/FNL FEL/FWL

FSL/FNL FEL/FWL

A SEPARATE SHEET MAY BE ATTACHED IF NECESSARY

*When transferring a unit which consists of more than one lease please file a separate side two for

ASSIGNMENT AND BILL OF SALE

STATE OF Kansas

COUNTY OF Sheridan

§
§
§

KNOW ALL MEN BY THESE PRESENTS:

This Assignment and Bill of Sale ("Assignment") is made between Hoekema Engineering ("ASSIGNOR"), located at 1113 10th Ave.
Sidney, NE. 69162, and Foundation Resources, LLC
Goddard, Kansas 67052. ("ASSIGNEE"), located at 21001 W. Maple St.

For the consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, ASSIGNOR hereby assigns, transfers and conveys unto ASSIGNEE all of ASSIGNOR's right, title and interest, in and to all oil and gas leases (the "Leases") described on Exhibit "A" hereto; together with all of ASSIGNOR's interest in and to the wells, leasehold equipment of every nature, including but not limited to casing, wellhead equipment, fixtures and personal property of every kind and nature owned by ASSIGNOR presently situated upon the Leases and used in connection with the production of oil, gas and associated liquid hydrocarbons and gaseous substances from the leases (the "Equipment").

In addition to the Leases and Equipment, ASSIGNOR, for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, TRANSFERS, ASSIGNS and CONVEYS unto ASSIGNEE all of the following:

- (a) all of ASSIGNOR's right, title and interest, if any, in and to any rights, privileges, surface, reversionary or remainder interests which relate to the Leases and/or Equipment; and
- (b) all of ASSIGNOR's right, title and interest in, to and under, or derived from, all of the present existing and valid communization, unitization and pooling agreements (including all units formed under order, regulations, rules or other official acts of any federal, state or other governmental agency having jurisdiction) which relate to the Leases and Equipment; and
- (c) all of ASSIGNOR's right, title and interest, in, to and under, or derived from, all existing and valid oil, casinghead gas, and gas sales, purchase, exchange and processing contracts which relate to any of the Leases and Equipment.
- (d) All of the above items set forth in subparagraphs (a) through (c) are hereinafter referred to as "Contract Rights".

The Leases, Equipment, and Contract Rights are hereinafter collectively referred to as the "Properties".

(e) The "Properties" are the Mills Disposal Well (#17-22), and the Well equipped for production (#17-23), located in the NE 1/4 of Section 17-T9S-R26W in Sheridan Co., Kansas, as well as all other equipment located on said Lease as of May 1st, 1997.

TO HAVE AND TO HOLD SUBJECT TO THE FOLLOWING:

- 1. The terms, provisions, covenants, and royalties set forth in the Leases, pooling, communitization and unitization agreements, including and/or affecting the Leases.**
- 2. The terms and conditions of all existing valid orders, rules, regulations and ordinances of federal, state and other governmental agencies; the terms and conditions of all overriding royalty interests, restrictions, exceptions, reservations, burdens, encumbrances, conditions, limitations, agreements, Contract Rights, and other matters, if any, which are filed of record and which burden or affect the Properties as of the Effective Date hereof.**
- 3. The terms and conditions contained in the joint operating agreements and unit operating agreements, if any, which cover and affect the Properties.**
- 4. All taxes affecting or relating to the Properties, accruing to the Properties after the Effective Date, including but not limited to any excise taxes, ad valorem taxes, production taxes, and severance taxes (exclusive of federal and state income taxes and franchise or other taxes imposed upon ASSIGNOR).**
- 5. From and after the Effective Date hereof, ASSIGNEE assumes and agrees to fully perform as they accrue all of the express and implied covenants, duties, obligations and conditions of the Leases, overriding royalty interests and other burdens of record as of the Effective Date, all farmout agreements, farm-in agreements and the existing contracts and agreements in ASSIGNOR's files which were provided to ASSIGNEE and which affect the Properties. Said Leases and agreements referenced immediately above are sometimes hereinafter collectively referred to as the "Existing Agreements". ASSIGNEE indemnifies and agrees to defend and hold ASSIGNOR harmless from and against any and all demands, liabilities, costs, or claims for damages, losses and forfeitures that are based on any failure, or alleged failure, of ASSIGNEE to comply with the express or implied covenants of said Leases and the Existing Agreements as well as any act or omission of ASSIGNEE relating to the Properties. ASSIGNEE's obligations and indemnities provided in this paragraph shall not apply to any act, event or omission which occur or accrue prior to the Effective Date.**
- 6. If and when it becomes necessary to plug and abandon any well(s) covered under this Assignment, ASSIGNEE will plug and abandon said well(s) in accordance with all local, state and federal rules and regulations, and will restore the premises pursuant to the terms of the Leases and regulatory requirements. ASSIGNEE further agrees to indemnify and hold ASSIGNOR harmless from any and all liability or expense arising from ASSIGNEE's failure, or alleged failure, to properly plug and abandon such wells.**
- 7. Additionally, ASSIGNEE shall be responsible and liable for all claims, liabilities, charges and expenses of every kind and character (including but not limited to any and all claims, causes of action or liability arising out of or relating to the violation of any state or federal environmental and contamination related law, rule or regulation) court costs, interest and reasonable attorney's fees associated therewith pertaining to the Properties, and ASSIGNEE shall indemnify and hold ASSIGNOR, its successors and assigns, harmless**

against the same. The indemnification, responsibilities and liabilities of ASSIGNEE described in this paragraph shall, however, be limited to claims, liabilities, charges or expenses which are caused by or arise directly or indirectly out of acts or omissions by ASSIGNEE, its contractors, subcontractors, employees, officers, directors or assigns after the Effective Date of this Assignment.

8. ASSIGNOR agrees to indemnify and hold ASSIGNEE harmless from any claim, liability, charge or expense (including but not limited to claims, causes of action or liability arising directly or indirectly out of or relating to the violation of any state or federal environmental and contamination related law, rule or regulation) court costs, interest, and reasonable attorney's fees arising directly or indirectly from any act or omission on the Properties or incidental to the assigned rights and premises, which are caused by or arise directly or indirectly out of any act or omission by ASSIGNOR, its contractors, subcontractors, employees, officers, directors, operators, successors or assignees, before the Effective Date of this Assignment.
9. To the extent of the interest assigned hereunder: (1) all of the oil, gas and other minerals produced and saved from or attributable to the Properties after the Effective Date, and the proceeds therefrom, shall be owned by ASSIGNEE; and (2) all the oil, gas and other minerals produced and saved from or attributable to the Properties prior to the Effective Date, and the proceeds therefrom, shall be owned by ASSIGNOR.
10. This Assignment and all rights and covenants and conditions hereof shall be considered covenants running with the land and shall inure to and be binding upon the parties hereto, their respective successors and assigns; provided however, no transfer or encumbrance of any of the Properties shall be made unless the same be made expressly subject to this instrument.
11. ASSIGNEE shall comply with all applicable orders, laws, ordinances, rules and regulations and shall promptly obtain and maintain all permits required by proper governmental authorities in connection with the Properties.
12. As part of the consideration for the execution and delivery of this instrument by ASSIGNOR, ASSIGNEE agrees to all of the terms and provisions hereof and joins in the execution of this instrument to evidence its agreement hereto.
13. ASSIGNOR and ASSIGNEE each represent and warrant to the other that they have the full right and power to enter into and perform each of the obligations under this Assignment. All representations and warranties made by the parties in this Assignment shall survive execution hereof.
14. ASSIGNOR will execute, acknowledge and deliver all further conveyances, transfer orders, division orders, notices, releases and acquittances and such other instruments as may be reasonably necessary or appropriate to more fully assure and convey to ASSIGNEE, its successors or assigns, all of the Properties, rights, title and interests, remedies, powers and privileges assigned and conveyed by this instrument or intended to be so assigned and conveyed.

15. The foregoing sets forth the entire agreement between the parties and there are no oral agreements between the parties not set out herein in writing. This Assignment supersedes all other prior written or oral agreements, if any.

THIS ASSIGNMENT IS MADE AND ACCEPTED WITHOUT WARRANTIES, EXPRESS OR IMPLIED, RELATING TO THE CONDITION OR MERCHANTABILITY OF THE EQUIPMENT OR THE FITNESS OF THE EQUIPMENT FOR A PARTICULAR PURPOSE OR PURPOSES. ASSIGNEE HAS INSPECTED THE SUBJECT MATERIAL, EQUIPMENT AND PERSONAL PROPERTY AND ACCEPTS THE SAME "AS IS, WHERE IS." NO REPRESENTATIONS ARE MADE AS TO THE QUANTITY OR VALUE OF ANY OIL OR GAS RESERVES UNDERLYING THE LANDS SUBJECT TO THE LEASES. ~~ASSIGNOR does, however, hereby bind itself, its successors and assigns, to warrant title to the Lease to ASSIGNEE, its successors and assigns, against every person lawfully claiming the same or any part thereof, by, through or under ASSIGNOR, but not otherwise.~~ This Assignment is made with full rights of substitution and subrogation of ASSIGNOR in and to all covenants and warranties by others heretofore given or made in respect to the subject Properties or any part thereof insofar as such covenants and warranties extend beyond the Effective Date hereof.

This Assignment is executed this 6th day of May but the Effective Date shall be May 1st, 1997 at 12:01 a.m.

"ASSIGNOR"

ATTEST:

Hoekema Engineering Co.

By: [Signature]
Name: Steven F. Hatten
Title: _____

By: [Signature]
Name: Loren G. Hoekema
Title: President

"ASSIGNEE"

ATTEST:

Foundation Resources, LLC

By: _____
Name: _____
Title: _____

By: _____
Name: Kenneth B. Evans
Title: Member
By: _____
Name: Robert T. Stolzle
Title: Member

[ADD APPROPRIATE ACKNOWLEDGMENT FOR STATE WHERE PROPERTY IS LOCATED]