

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISIONForm 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.: D30371.0 ✓

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: Eubank North ✓

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

Effective Date of Transfer: 04/01/17

KS Dept of Revenue Lease No.: NA ✓

Lease Name: Cattle Empire 14 #2 SWD ✓

Sec. 14 Twp. 28 R. 34 ☐ E ☒ W

Legal Description of Lease: SE of Section 14-28S-34W ✓

County: Haskell ✓

Production Zone(s): N/A

Injection Zone(s): Shawnee ✓

Surface Pit Permit No.: 15-081-21801-00-01
(API No. if Drill Pit, WO or Haul)

670 feet from ☐ N / ☒ S Line of Section
1970 feet from ☒ E / ☐ W Line of Section

Type of Pit: ☐ Emergency ☐ Burn ☐ Settling

☐ Haul-Off ☐ Workover OR ☐ Drilling

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Past Operator's License No. 32462 Exp. 5/30/17

Past Operator's Name & Address: West Sunset Disposals, LLC
P.O. Box 50659, Amarillo, TX

Title: member

Contact Person: Chuck Neas **JUL 03 2017**
Phone: 806-228-2750
Date: 04/01/17 **RECEIVED**
Signature: [Signature]

New Operator's License No. 34021 ✓

New Operator's Name & Address: Max Papay, LLC
P.O. 1060 Meade, KS 67864

Contact Person: Kelly Knott

Phone: 620-873-5350

Oil / Gas Purchaser: _____

Date: 04/01/17

Signature: Max Papay

Title: Member

Acknowledgment of Transfer: The above request for transfer of injection authorization, surface pit permit # 15-081-21801-00-01 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.

Max Papay LLC is acknowledged as
the new operator and may continue to inject fluids as authorized by
Permit No.: D-30,371 . Recommended action: NONE

Date: 7-3-17 Cheryl R. Beyer
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 7/3/17 PRODUCTION JUL 05 2017 UIC 7-3-17
Mail to: Past Operator 7-3-17 New Operator 7-3-17 District 1 7-3-17

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

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

Form KSONA-1
July 2014
Form Must Be Typed
Form must be Signed
All blanks must be Filled

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

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

OPERATOR: License # 32462
Name: West Sunset Disposal, LLC
Address 1: P.O. Box 50659
Address 2: _____
City: Amarillo State: TX Zip: 79159 + _____
Contact Person: Chuck Neas
Phone: (806) 228-2750 Fax: (_____) _____
Email Address: arkhoma1@yahoo.com

Well Location:
NW SW SE Sec. 14 Twp. 28 S. R. 34 ☐ East ☒ West
County: Haskell
Lease Name: Cattle Empire Well #: 14 #2

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

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Surface Owner Information:

Name: Cattle Empire Feedlot, LLC
Address 1: 1174 Empire Circle
Address 2: _____
City: Santana State: KS Zip: 67870 + _____

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.

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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 (House Bill 2032), 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: 4-01-17 Signature of Operator or Agent: _____ Title: Managing member

ASSIGNMENT AND BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, West Sunset Disposal, LLC, whose address is P.O. Box 50659, Amarillo, Texas 79159, hereinafter referred to as "Assignor" for and in consideration the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, does hereby sell, assign, grant, transfer, convey, warrant, and set over unto Max Papay, LLC, whose address is P.O. Box 1060, Meade, Kansas 67864, hereinafter referred to as "Assignee," all of Assignor's right, title and interest in and to the saltwater disposal well, wellhead and downhole equipment, as well as other surface equipment pertaining to the following Wellbore:

Well Name: Cattle Empire 14 #2 SWD
Permit #: D-30371
Located: 670' FSL; 1970' FEL of Section 14-T28S-R34W
Haskell County, Kansas

and all other fixtures situated upon and about the South Half (S/2) of Section Fourteen (14), Township Twenty-eight (28) South, Range Thirty-four (34) West of the 6th P.M., Haskell County, Kansas, associated with the use and the operation of the said Cattle Empire 14-2 Saltwater Disposal Well, including but not limited to the following:

3700' 2 7/8 lined tubing
Howco F-1 5 1/2 packer
Wellhead and valves
380' of 6' chain link fence
240' steel containment dike (main battery)
5x7 storage shed w/ heat and air
Electronic high level alarm system (wireless)
2 Big Electrical power boxes
Triplex pump
Safety valves and fittings
3 500 bbl fiberglass storage tanks (main battery)
3 500 bbl steel storage tanks (1 at main battery, 2 at unload site)
1 300 bbl steel storage tank (unload site)
4' centrifical pump (unload site)
200' steel containment dike (unload site)
Electric lines
Underground water lines
All Seller's interest in and to surface leases with Cattle Empire, LLC, including that certain lease of date October, 2013.

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The entire right, title, interest and estate assigned is hereinafter collectively referred to as the "Property." The effective date of the transaction contemplated herein shall be the date of recording this document in the Haskell County Register of Deeds Office (hereinafter referred to as the "effective date").

By accepting this Assignment and Bill of Sale, Assignee acknowledges that it has inspected the Property and satisfied itself as to the physical and environmental condition, both surface and subsurface, and that the Property is being sold in its "AS IS, WHERE IS" condition and Assignor does not in any way, either express or implied, warrant the merchantability or the fitness of the Property for any particular purpose.

Assignee agrees to accept responsibility for the proper plugging and abandonment of the well described above, according to the guidelines of the Kansas Corporation Commission, to the extent of the interest being assigned herein.

ASSIGNEE INDEMNIFIES AND HOLDS ASSIGNOR HARMLESS FROM AND AGAINST, AND AGREES TO REIMBURSE ASSIGNOR WITH RESPECT TO, ANY AND ALL CLAIMS, LOSSES, DAMAGES, CAUSES OF ACTION, LIABILITIES, COSTS, AND EXPENSES OF ANY AND EVERY KIND OR CHARACTER, KNOWN OR UNKNOWN, FIXED OR CONTINGENT, ASSERTED AGAINST OR INCURRED BY ASSIGNOR AT ANY TIME OR FROM TIME TO TIME BY REASON OF OR ARISING OUT OF ASSIGNEE'S VIOLATION OF ANY FEDERAL, STATE, OR LOCAL ENVIRONMENTAL STATUTE, REGULATION, RULE, OR ORDINANCE, UPON OR WITH RESPECT TO ASSIGNEE'S OWNERSHIP, OPERATION OR USE OF THE LANDS UNDER THE TERMS OF THE SALTWATER DISPOSAL AGREEMENT, REGARDLESS OF WHETHER THE ACT, OMISSION, EVENT, OR CIRCUMSTANCE CONSTITUTED A VIOLATION OF APPLICABLE LAW AT THE TIME OF EXISTENCE OR OCCURANCE SUBSEQUENT TO THE EFFECTIVE DATE OF THIS ASSIGNMENT

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TO HAVE AND TO HOLD, all and singular, the Property forever; and the said Assignor hereby covenants with said Assignee that the Property is free from all encumbrances; that Assignor has the right to sell, assign, grant, transfer and deliver the same as aforesaid.

IN WITNESS WHEREOF, this Assignment and Bill of Sale is executed this 26 day of January, 2017, but effective as of the date of recording this document in the Haskell County Register of Deeds Office.

West Sunset Disposal, LLC

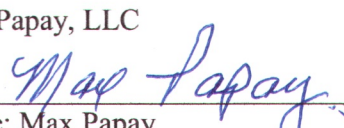
By: 

Name: Charles M. Neas

Title: Member of Neas Operating, LLC

"Assignor"

Max Papay, LLC

By: 

Name: Max Papay

Title: Operating Manager

"Assignee"

STATE OF TEXAS §
COUNTY OF OCHILTREE §

This instrument was acknowledged before me on this 26th day of January, 2017, by **CHARLES M. NEAS**, member of **NEAS OPERATING, LLC**, member of **WEST SUNSET DISPOSAL, LLC**, a Kansas limited liability company, on behalf of said company.

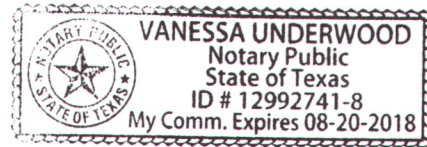
(My commission expires: 8-20-18)

Vanessa Underwood
Notary Public

STATE OF KANSAS §
COUNTY OF MEADE §

This instrument was acknowledged before me on this 30th day of January, 2017, by **MAX PAPAY**, Operating Manager of **MAX PAPAY, LLC**, a Kansas limited liability company, on behalf of said company.

(My commission expires: 15-20)



Debby Reimer
Notary Public

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STATE OF KANSAS, HASKELL COUNTY
This instrument was filed for record on
February 28, 2017 10:39 AM and
Recorded in Book 232 Page 141-143
Fees: \$46.00 201700165



Candy Huffine
Candy Huffine, Register of Deeds

RECORDED IN MY OFFICE THE 28th
DAY OF Feb, 20 17
Janice Can
HASKELL COUNTY CLERK

SALTWATER DISPOSAL WELL LEASE AGREEMENT

This **SALTWATER DISPOSAL WELL LEASE AGREEMENT** is made and entered into this the 6th day of February, 2017, by and between Cattle Empire, LLC, with address of 1174 Empire Circle, Satanta, Kansas 67870, (hereinafter referred to as "CATTLE EMPIRE"), and Max Papay, LLC, with address of P.O. Box 1060, Meade, Kansas 67864, (hereinafter referred to as "MAX PAPAY") as follows; **WITNESSTH:**

WHEREAS, CATTLE EMPIRE and MAX PAPAY acknowledge that there is a saltwater disposal well known as the Cattle Empire 14-2 saltwater disposal well located on property owned by CATTLE EMPIRE located 670' FSL and 1970' FEL of Section Fourteen (14), Township Twenty-eight (28) South, Range Thirty-four (34) West of the 6th P.M., Haskell County, Kansas, currently operated by West Sunset Disposal, LLC, which saltwater disposal well, wellhead, and downhole equipment, as well as other surface equipment pertaining to the wellbore and saltwater disposal facilities, MAX PAPAY is in the process of purchasing from West Sunset Disposal, LLC pursuant to a separate Asset Purchase Agreement; and

WHEREAS, as a condition precedent to MAX PAPAY satisfying and closing on the said Asset Purchase Agreement with West Sunset Disposal, LLC, MAX PAPAY is desirous of entering into an Agreement with CATTLE EMPIRE to ensure that MAX PAPAY will be able to continue to operate the said Cattle Empire 14-2 saltwater disposal well located on CATTLE EMPIRE's property and the facilities associated therewith; and

WHEREAS, CATTLE EMPIRE is agreeable to enter into a Saltwater Disposal Well Lease Agreement with MAX PAPAY for such purpose and MAX PAPAY is willing to enter into a Saltwater Disposal Well Lease Agreement with CATTLE EMPIRE on the terms and conditions as hereafter provided.

NOW THEREFORE, for good and valuable consideration moving from each of said parties to the other, receipt whereof is hereby mutually acknowledged, and further in consideration of the mutual promises and agreements herein contained, said parties do hereby agree as follows, to-wit:

1. **Premises:** In consideration of the rents and covenants herein set forth, CATTLE EMPIRE does hereby grant, lease, and let, exclusively unto MAX PAPAY for the purpose of disposal of saltwater, and MAX PAPAY does hereby lease from CATTLE EMPIRE in its present condition for such purpose the West Sunset Disposal, LLC saltwater disposal facility locations situated upon and about the South Half (S/2) of Section Fourteen (14), Township Twenty-eight (28) South, Range Thirty-four (34) West of the 6th P.M., Haskell County, Kansas, as currently operated by West Sunset Disposal, LLC, which include but are not limited to the unloading facility location, located 300' FSL and 200' FWL of Section Fourteen (14), Township Twenty-eight (28) South, Range Thirty-four (34) West of the 6th P.M., Haskell County, Kansas, the tank battery location, the wellhead location, and also including the right of ingress and egress across and on one access road to the saltwater disposal well known as the Cattle Empire 14-2 saltwater disposal well located 670' FSL and 1970' FEL of Section Fourteen (14), Township Twenty-eight (28) South, Range Thirty-four (34) West of the 6th P.M., Haskell County, Kansas. MAX PAPAY shall have, among the other rights stated herein, the right to use the Cattle Empire 14-2 saltwater well for the purpose of disposing of off sight produced saltwater, brine and mineral waters consistent

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with the terms and conditions outlined herein and consistent with K.A.R. 82-3-400 *et seq.*

2. **Effective Date and Term of Lease:** The effective date of this Saltwater Disposal Well Lease Agreement shall be the date that MAX PAPAY satisfies and closes the Asset Purchase Agreement with West Sunset Disposal, LLC as hereinbefore mentioned and the term shall commence as of the effective date. Notice of satisfaction and closing of the Asset Purchase Agreement by and between West Sunset Disposal, LLC and Max Papay, LLC shall be promptly given by MAX PAPAY to CATTLE EMPIRE in writing or electronically to Jacob M. Cunningham, attorney for CATTLE EMPIRE, and within three (3) business days of the day such transaction is closed by Terry E. Cordes, attorney for MAX PAPAY. Following the closing of the Asset Purchase Agreement by and between West Sunset Disposal, LLC and Max Papay, LLC, the term of this lease shall continue until December 31, 2021, and shall automatically renew for one (1) additional five (5) year term unless terminated by either party hereto with written notice given to the other at least ninety (90) days prior to December 31, 2021. In the event said lease is allowed to renew for the additional five (5) year term as provided herein, it is specifically understood and agreed by the parties hereto that the lease of the premises shall be subject to the terms and conditions contained herein. In the event the Asset Purchase Agreement by and between West Sunset Disposal, LLC and MAX PAPAY fails to close for any reason, the terms of this Lease are null and void. No notice of termination of this Lease shall be necessary upon the expiration of the renewal term, if relevant.

3. **Rent:** Upon execution hereof and this lease becoming effective and commencing as hereinbefore provided, CATTLE EMPIRE acknowledges that rent in the amount of \$9,000.00 for the lease of the above described premises (specifically excluding, however, the unloading facilities as addressed in paragraph 6. **Additional Consideration** hereafter), is paid in full through December 31, 2017, said rent having been paid prior hereto by West Sunset Disposal, LLC for the benefit of MAX PAPAY pursuant to that separate Asset Purchase Agreement by and between MAX PAPAY and West Sunset Disposal, LLC. Cash rent for the lease of the premises extending from January 1, 2018 through December 31, 2021 shall be the annual sum of \$9,000.00, and said annual cash rental shall be payable by MAX PAPAY to CATTLE EMPIRE on or before the 1st day of January of each year of this Saltwater Disposal Well Lease Agreement and the automatic renewal thereof, unless terminated as provided herein.

4. **Default:** In the event MAX PAPAY fails to comply with any of the material provisions of this lease, or materially fails to comply with any duties imposed by the Kansas Corporation Commission, Kansas Department of Health, Environmental Protection Agency or any other governmental agency charged with regulating saltwater disposal wells, and MAX PAPAY is not taking reasonable measures to remedy in a timely fashion any such material noncompliance matters to the satisfaction of CATTLE EMPIRE or any of the said governmental agencies, after taking into consideration all relevant factors, and such failure continues for a period of thirty (30) days after written notice from CATTLE EMPIRE, CATTLE EMPIRE shall have the right to terminate this lease.

5. **Notice:** All notices shall be served either personally, by recognized public or private express mail service, or by depositing the same in a United States post office, certified or registered mail, return receipt requested, postage prepaid and properly addressed to the last known address of the parties. Said notice shall be deemed to have been given when personally delivered, one (1) day after depositing the notice with a next day delivery service, or three (3) days after depositing the notice in the United States mail. Either party may change the name or address to which notice shall be sent

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by notifying the other party of such change, in writing. Current addresses for CATTLE EMPIRE and MAX PAPAY are as follows:

Cattle Empire, LLC
c/o Roy N. Brown, CEO
1174 Empire Circle
Satanta, Kansas 67870

Max Papay, LLC
c/o Max Papay, Operating Manager
P.O. Box 1060
Meade, Kansas 67864

6. **Additional Consideration:** CATTLE EMPIRE and MAX PAPAY further agree and acknowledge that there is a pre-existing lease agreement as hereinbefore mentioned by and between Cattle Empire, LLC and West Sunset Disposal, LLC of date October, 2013, which the parties generally refer to as the "unloading facility lease". The monthly rental for said unloading facility site is currently \$400.00/month and CATTLE EMPIRE and MAX PAPAY acknowledge that the rental obligations of West Sunset Disposal, LLC are current through December 31, 2016. MAX PAPAY agrees that upon satisfaction and closing of the transaction with West Sunset Disposal, LLC as hereinbefore referenced, that MAX PAPAY will ascertain from CATTLE EMPIRE the amount of rental obligations due from West Sunset Disposal, LLC to CATTLE EMPIRE and collect those rental obligations for CATTLE EMPIRE free of expense to CATTLE EMPIRE. Thereafter, and following the closing of said transaction with West Sunset Disposal, LLC, MAX PAPAY will as soon as possible disconnect the unloading facilities and within 180 days thereafter retire the unloading facility that was established by West Sunset Disposal, LLC pursuant to the said October 2013 lease and restore the premises to its original condition as near as reasonably possible, it being specifically understood, however, that MAX PAPAY shall have no obligation to pay CATTLE EMPIRE for any rent for such unloading facility the subject of the October 2013 lease by and between Cattle Empire, LLC and West Sunset Disposal, LLC upon this lease agreement becoming effective and commencing.

7. **Compliance and Restoration:** MAX PAPAY agrees to take adequate and reasonable precautions to prevent polluting the surface to comply with all governmental regulations pertaining to saltwater disposal operations, and MAX PAPAY agrees to pay CATTLE EMPIRE for all damages caused by its operations hereunder. Upon termination of this Saltwater Disposal Well Lease Agreement, MAX PAPAY shall plug and abandon the saltwater disposal well in accordance with applicable governmental rules and regulations, and agrees to restore the surface to its original condition as is reasonably possible, and shall remove all property and equipment installed by MAX PAPAY or MAX PAPAY's predecessors in interest, from said lands and saltwater disposal well, within 180 days of such termination.

8. **Termination:** MAX PAPAY, its successors and assigns, shall have the right at any time to surrender this lease to CATTLE EMPIRE or CATTLE EMPIRE's successors and assigns by delivering or mailing a release thereof to CATTLE EMPIRE, provided such surrender shall not relieve MAX PAPAY of its duty to restore the property.

9. **Indemnification:** MAX PAPAY agrees to indemnify CATTLE EMPIRE as a result of any claims, causes of actions, losses, and lawsuits, including attorney's fees, arising out of the operation on the property or causes of action from any environmental damage or contamination caused or contributed to by MAX PAPAY, including damages to persons, and/or property. MAX PAPAY shall carry adequate liability insurance for injuries to persons and damages to property which may be sustained while occupying the property covered by the lease.

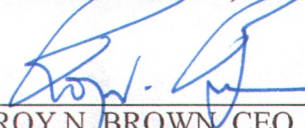
10. **Maintenance:** MAX PAPAY agrees that during the term of this lease it shall keep the property free of weeds and will fence all areas containing equipment, chemicals or other substances which may be harmful to livestock.

11. **Environment Protection:** MAX PAPAY agrees to construct and maintain berms around any installations of MAX PAPAY sufficient to hold environmental sensitive materials, to-wit; crude oil, salt water, etc., to protect washing outside of the berm. MAX PAPAY agrees it will comply with all regulations and statutes of all governmental entities having jurisdiction over compliance with environmental legislation, including the Kansas Corporation Commission, Kansas Department of Health and the Environmental Protection Agency.

12. **Inurement:** This Saltwater Disposal Well Lease Agreement and the terms, conditions and provisions contained herein shall extend to and be binding upon the parties hereto, their heirs, personal representatives, assigns, and successors in interest.

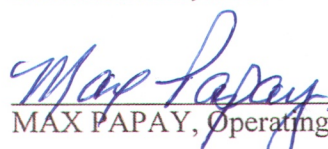
IN WITNESS WHEREOF, this instrument is executed as of the date first above written.

CATTLE EMPIRE, LLC



ROY N. BROWN, CEO

MAX PAPAY, LLC

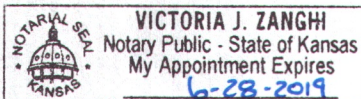


MAX PAPAY, Operating Manager

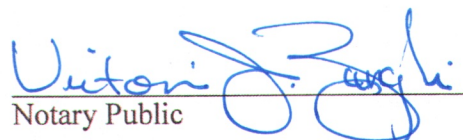
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JUL 03 2017
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THE STATE OF KANSAS, COUNTY OF Haskell, ss:

This instrument was acknowledged before me on this 6 day February, 2017, by Roy N. Brown, CEO of Cattle Empire, LLC, a Kansas limited liability company, on behalf of said company.



(My commission expires: 6-28-2019)

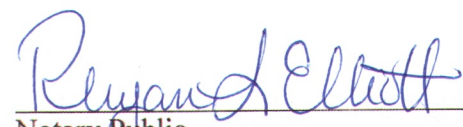


Notary Public

THE STATE OF KANSAS, COUNTY OF Meade, ss:

This instrument was acknowledged before me on this 2nd day February, 2017, by Max Papay, Operating Manager of Max Papay, LLC, a Kansas limited liability company, on behalf of said company.


(My commission expires: 8-26-20)



Notary Public