

**BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

In the Matter of the Application of Enterra ) Docket No. 24-CONS-3015-CUNI  
Resources, LLC, for an Order Authorizing )  
the Unitization and Unit Operation of the ) CONSERVATION DIVISION  
Kinsler Morrow Unit to be located in )  
Morton County, Kansas ) License No. 35263

**APPLICATION**

Enterra Resources, LLC (“Enterra”) files this Application requesting an order from the State Corporation Commission of the State of Kansas (“Commission”) authorizing the unitization and unit operation of the Kinsler Morrow Unit to be located in Morton County, Kansas, pursuant to K.S.A. 55-1301, *et seq.* In support of its Application, Enterra states and alleges:

1. Enterra is an Oklahoma limited liability company authorized and in good standing with the Kansas Secretary of State’s office to do business in Kansas. Enterra’s business address is 1001 Medical Park Boulevard, P.O. Box 5278, Edmond, OK 73013.
2. The Commission has issued Enterra oil and gas operator’s License No. 35263, which license is in full force and effect through November 30, 2023.
3. Enterra is the owner of 100% of the working interest in certain oil and gas leases covering the pool sought to be unitized pursuant to this Application, and is the operator of the wells completed in said pool thereon.
4. The proposed Kinsler Morrow Unit will be comprised of the following described lands (“Unit Area”) situated in Morton County, Kansas, which are depicted on “Exhibit A”:

Township 31S, Range 40W  
Section 19: S/2  
Section 20: S/2  
Section 21: All  
Section 29: NE/4  
Section 30: N/2

Township 31S, Range 41W  
Section 24: S/2  
Section 25: All  
Section 26: SE/4  
Section 36: All

(approx. 3,520 ac.)

5. Enterra proposes to unitize and operate the oil and gas leases covering the Unit Area, limited in depth to the Upper Morrow and Lower Morrow formations (“Unitized Formations”), pursuant to K.S.A. 55-1301, *et seq.*

6. Enterra intends to conduct a secondary recovery waterflood operation within the Unitized Formations underlying the Unit Area. Operations will be conducted pursuant to the terms of the Operating Agreement attached as Exhibit C. The proposed secondary recovery operation will involve injecting water primarily into the Upper Morrow formation in four phases, beginning on the eastern end of the proposed Unit and progressing west.<sup>1</sup> Five-spot injection patterns will be utilized as practicable, and a combination of existing and new drill wellbores will be utilized to implement the secondary recovery plan. A curtain flood injection pattern will be put in place at the gas-oil interface in the pool sought to be unitized in order to contain oil within the oil column portion of the reservoir. It is anticipated that several water supply wells will be utilized for make-up water. The development plan attached as Exhibit H to the Operating Agreement (Exhibit C) describes and depicts the proposed secondary recovery waterflood operation in greater detail.

7. Oil and gas produced from the Kinsler Morrow Unit will be allocated across twenty-two different tracts within the Unit Area as depicted on Exhibit A, and described on Exhibit A to the Unit Agreement (Exhibit B).

8. Oil and gas produced from the Kinsler Morrow Unit will be allocated in two phases on a weighted basis across the twenty-two tracts according to their respective Tract Participations. Phase 2 will begin on the first day of the calendar month following the date that 415,726 barrels

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<sup>1</sup> Per Section 4.4 of the Unit Agreement, oil and gas are currently being produced from the Upper and Lower Morrow formations via wellbore commingling. Although the waterflood will primarily be conducted within the Upper Morrow Formation, oil and gas will continue to be produced from the Lower Morrow formation as part of unit operations. Waste would result if that formation were squeezed off in order to limit the secondary recovery waterflood operation to the Upper Morrow formation.

of oil equivalent (BOE) are produced from the Unitized Formations after December 31, 2022. The intent of the two-phase allocation is to allow royalty owners to realize the remaining primary-recoverable reserves from their respective lands before production is allocated on a unit basis per the phase 2 factors. The phase 2 allocation is intended to equitably allocate among interest owners the production of oil and gas produced pursuant to secondary recovery operations.

The calculation of the Tract Participations for each of the two phases are described in Section 5.1 of the Unit Agreement (Exhibit B). Exhibit A, part 3, to the Unit Agreement (Exhibit B) tabulates the allocation of oil and gas across the twenty-two tracts during each phase. Exhibit A, part 4, to the Unit Agreement describes how produced oil and gas will be allocated among various interest owners during each phase. All costs and expenses incurred in the operation of the Kinsler Morrow Unit will be allocated among the working interest owners as prescribed by the Unit Operating Agreement (*see, e.g.*, Section 11.1).

9. Enterra will be the unit operator of the proposed Kinsler Morrow Unit.

10. The pool to be unitized lies within the Unitized Formations beneath the Unit Area. The Unitized Formations beneath the Unit Area are described as the Upper Morrow formation and Lower Morrow formation. The Unitized Formations are found between the measured depths of 4,914' to 5,436' as shown on the Dual Induction Log of the Johns 25-1 well (API No. 15-129-20776) located approximately 4,770' FSL and 1,980' FEL of Section 25-T31S-R41W. The Upper and Lower Morrow reservoirs have been brought into pressure communication via vertical wellbore commingling, and constitute a single pressure system or pool.

11. Enterra's technical staff and consultants have determined that the unitized management, operation and further development of the pool or part thereof sought to be unitized is economically feasible and reasonably necessary to prevent waste within the reservoir and

thereby increase substantially the ultimate recovery of oil and gas. Enterra's technical staff and consultants have further determined that the primary production from the pool or a part thereof sought to be unitized has reached a low economic level and, without introduction of artificial energy, abandonment of oil or gas wells is imminent.

12. Enterra's technical staff and consultants have also determined that the value of the estimated additional oil and gas that can be recovered from the Unitized Formations substantially exceeds the estimated additional costs incident to conducting the secondary recovery waterflood operations proposed in this Application.

13. The Unit Agreement and Operating Agreement comprising Enterra's Plan for Unit Operations ("Plan") are attached hereto as "Exhibit B" and "Exhibit C," respectively. The proposed operations outlined in the Plan are fair, reasonable and equitable to all interest owners.

14. The Plan has been approved in writing by at least 63% of the persons required to pay the costs of the unit operation, and by the owners of at least 75% of the production or proceeds that will be credited to royalties, excluding overriding royalties or other like interests which are carved out of the leasehold estate. Specifically, Enterra approves of the Plan and will pay 100% of the costs of unit operations as 100% working interest owner of the leasehold rights being unitized. Enterra has obtained approval of the Unit Agreement (Exhibit B) from 97.4% of the owners of the phase 1 production or proceeds credited to royalties, and 94.5% of the owners of the phase 2 production or proceeds credited to royalties. Enterra can furnish the written approvals from these persons upon request.

15. "Exhibit D" attached hereto contains a tabular listing of the names and addresses of all oil and gas interest owners owning interests in the Unitized Formations beneath the Unit Area whose names and addresses Enterra has been able to determine after diligent search and



inquiry, which list also includes lessors, lessees, mineral owners, overriding royalty interest owners, and mortgagees of oil and gas interests of record. "Exhibit D" also includes a list of each operator or lessee and unleased mineral owner of record within one-half mile of the boundary of the Unit Area.

16. Enterra has sent a copy of this Application and the Notice of Application by regular mail to all persons listed on Exhibit D, and is causing the Notice of Application to be published in the *Wichita Eagle*, and the *Elkhart Tri-State News*, the official newspaper for Morton County, Kansas. As a result, notice complies with the requirements of K.S.A. 55-1310, K.S.A. 55-605, and K.A.R. 82-3-135a, and is lawful and proper in all respects. Each publisher's affidavit will be provided to the Commission upon and after the date of publication of the Notice of Application.

17. Enterra requests that the Commission issue an Order authorizing the unitization and unit operation of the Kinsler Morrow Unit pursuant to K.S.A. 55-1301, *et seq.*

WHEREFORE, Enterra prays that the Commission docket this Application and, if no written protest is received within 15 days after Notice of the Application is published and has been duly provided to all interested parties, administratively grant this Application and issue an order providing for the unitization and unit operation of the Kinsler Morrow Unit pursuant to the terms set forth in the Plan. In the event a timely and proper protest is filed, Enterra requests that the Commission set this Application for hearing, and upon such hearing grant the requested order and make such other provisions as it deems necessary and proper.

Respectfully submitted,

MORRIS LAING LAW FIRM

By: 

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*Attorneys for Enterra Resources, LLC*

**VERIFICATION**

STATE OF KANSAS                     )  
   ) ss:  
COUNTY OF SEDGWICK            )

Jonathan A. Schlatter, being of lawful age and being first duly sworn upon his oath, deposes and says:

That he is the attorney for Enterra Resources, LLC; he has read the above and forgoing Application and is familiar with its contents, and that the statements made therein are true and correct to the best of his knowledge and belief.

  
Jonathan A. Schlatter

SIGNED AND SWORN to before me this 25<sup>th</sup> day of July, 2023.

  
Notary Public

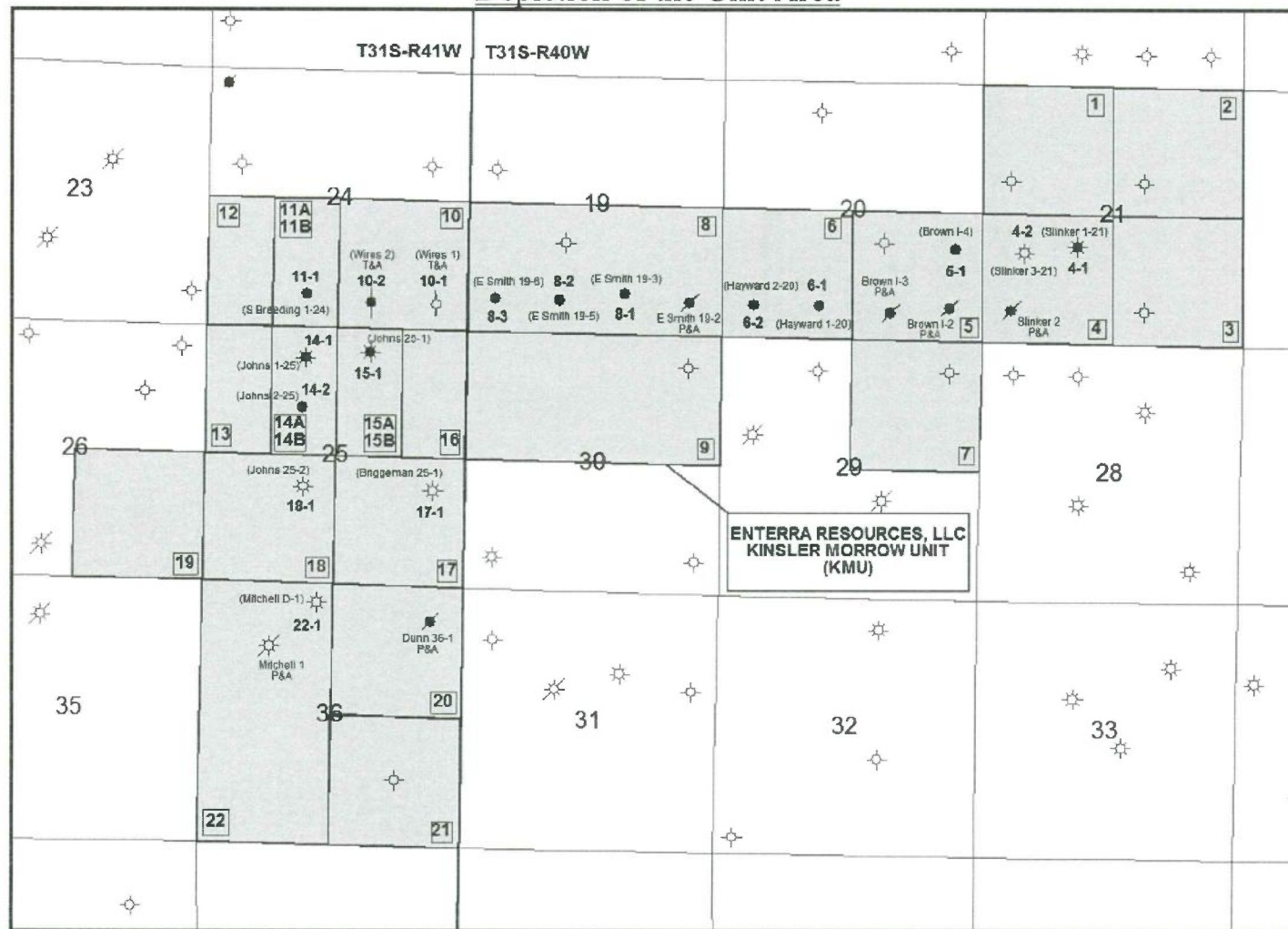
My Appointment expires: 11/05/2024



## EXHIBIT A

To the Application of Enterra Resources, LLC (#35263) for an order authorizing the unitization and unit operation of the Kinsler Morrow Unit

Depiction of the Unit Area



**EXHIBIT B**

To the Application of Enterra Resources, LLC (#35263) for an order  
authorizing the unitization and unit operation of the Kinsler Morrow Unit

Unit Agreement

ATTACHED



**UNIT AGREEMENT  
PLAN OF UNITIZATION  
KINSLER MORROW UNIT  
MORTON COUNTY, KANSAS**

THIS AGREEMENT is entered into as of the 10th day of April, 2023, by the Parties who have signed the original of this instrument, a counterpart thereof, or other instrument agreeing to become a Party hereto, or whose interests are made subject hereto by operation of law.

**WITNESSETH:**

WHEREAS, in the interest of the public welfare and to promote conservation and increase the ultimate recovery of Unitized Substances from the Kinsler (Morrow) Field, situated in Morton County, Kansas, and to protect the rights of the owners of interests therein, it is deemed necessary and desirable to enter into this Agreement to unitize the Oil and Gas Rights in and to the Unitized Formation in order to conduct Unit Operations as herein provided.

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein contained, it is agreed as follows:

**ARTICLE 1  
DEFINITIONS**

As used in this Agreement:

**1.1 Effective Date** is the time and date this Agreement becomes effective, as provided in Section 16.1.

**1.2 Oil and Gas Rights** are the rights to explore, develop, and operate lands within the Unit Area for the production of Unitized Substances, or to share in the production so obtained or the proceeds thereof.

**1.3 Outside Substances** are all substances purchased or otherwise obtained for a consideration by Working Interest Owners and injected into the Unitized Formation.

**1.4 Party** is any individual, corporation, partnership, association, receiver, trustee, curator, executor, administrator, guardian, tutor, fiduciary, or other representative of any kind, any department, agency, or instrumentality of the state, or any governmental subdivision thereof, or any other entity capable of holding an interest in the Unitized Formation.

**1.5 Royalty Interest** is a right to or interest in any portion of the Unitized Substances or proceeds thereof other than a Working Interest.

**1.6 Royalty Owner** is a Party hereto who owns a Royalty Interest. In the event a Royalty Owner owns all or a part of the surface estate covering the Unit Area, the terms and conditions of this Agreement shall cover and include such surface estate, as applicable.

**1.7 Tract** is the land described as such and given a tract number in “Exhibit A” and depicted on “Exhibit B.”

**1.8 Tract Participation** is the percentage shown on “Exhibit A” for allocating Unitized Substances to a Tract.

**1.9 Unit Area** is the land described by Tracts in “Exhibit A” and by the unit boundary and tract plat shown on “Exhibit B” as to which this Agreement becomes effective or to which it may be extended as herein provided.

**1.10 Unit Equipment** is all personal property, lease and well equipment, plants, and other facilities and equipment taken over or otherwise acquired for the joint account for use in Unit Operations.

**1.11 Unit Expense** is all cost, expense, or indebtedness incurred by Working Interest Owners or Unit Operator pursuant to this Agreement and the Unit Operating Agreement for or on account of Unit Operations.

**1.12 Unit Operations** are all operations conducted pursuant to this Agreement and the Unit Operating Agreement.

**1.13 Unit Operating Agreement** is the agreement entered into by Unit Operator and Working Interest Owners, having the same Effective Date as this Agreement, and entitled “Unit Operating Agreement, Kinsler Morrow Unit, Morton County, Kansas”.

**1.14 Unit Operator** is the person designated by Working Interest Owners under the Unit Operating Agreement to conduct Unit Operations, acting as operator and not as a Working Interest Owner.

**1.15 Unit Participation** of a Working Interest Owner is the sum of the percentages obtained by multiplying the Working Interest of such Working Interest Owner in each Tract that qualifies for inclusion within the Unit Area by the Tract Participation of such Tract.

**1.16 Unitized Formation** is the subsurface portion of the Unit Area described as the Upper Morrow (“Primary Unitized Member”) and Lower Morrow (“Secondary Unitized Member”) members of the Morrow Formation, said Upper Morrow and Lower Morrow being defined as and found between the depths of 4,914-5,224’ and 5,224’-5,436’, respectively, on the Dual Induction Log of the J. M. Huber Corporation Johns No. 25-1 well located 4,770’ from the south line and 1,980’ from the east line of Section 25, Township 31 South, Range 41 West, Morton County, Kansas, or the stratigraphic equivalent thereof.

**1.17 Unitized Substances** are all oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate, and all associated and constituent liquid or liquefiable hydrocarbons other than Outside Substances within or produced from the Unitized Formation.

**1.18 Working Interest** is an interest in Unitized Substances by virtue of a lease, operating agreement, fee title, or otherwise, including a carried interest, the owner of which interest is obligated to pay, either in cash or out of production or otherwise, a portion of the Unit Expense; however, Oil and Gas Rights that are free of any lease or other instrument creating a Working Interest shall be regarded as a Working Interest to the extent of seven-eighths (7/8) thereof and a Royalty Interest to the extent of the remaining one-eighth (1/8) thereof. A Royalty Interest created out of a Working Interest subsequent to the execution of this Agreement by the owner of such Working Interest shall continue to be subject to such Working Interest burdens and obligations that are stated in this Agreement and the Unit Operating Agreement.

**1.19 Working Interest Owner** is a Party hereto who owns a Working Interest.

## **ARTICLE 2 EXHIBITS**

**2.1 Exhibits.** The following exhibits, which are attached hereto, are incorporated herein by reference:

**2.1.1 Exhibit "A"** is a schedule that (a) describes the oil, gas and mineral leases covering the Unit Area, (b) describes each Tract in the Unit Area and shows its Tract Participation and (c) provides the participating interests in the Unit Area. The four parts of Exhibit "A" are as follows:

- Exhibit "A" Part 1 – Description of Leases
- Exhibit "A" Part 2 – Description and Ownership of Tracts
- Exhibit "A" Part 3 – Tract Participation (Phase I and Phase II)
- Exhibit "A" Part 4 – Unit Participation Interests (Phase I and Phase II)

**2.1.2 Exhibit "B"** is a map that shows the boundary lines of the Unit Area and the Tracts therein.

**2.1.3 Exhibit "C"** is a schedule showing the well renumbering for the wells in the Unit Area.

**2.2 Reference to Exhibits.** When reference is made to an exhibit, it is to the exhibit as originally attached or, if revised, to the last revision.

**2.3 Exhibits Considered Correct.** Exhibits "A", "B" and "C" shall be considered to be correct until revised as herein provided.

**2.4 Correction of Errors.** The shapes and descriptions of the respective Tracts have been established by using the best information available. If it subsequently appears that any Tract, because of diverse royalty or working interest ownership on the Effective Date, should have been divided into more than one Tract, or that any mechanical miscalculation or clerical error has been made, Unit Operator, and, if required, the Kansas Corporation Commission of the State of Kansas, shall correct the mistake by revising the exhibits to conform to the facts. The revision shall not include any re-evaluation of

engineering or geological interpretations used in determining Tract Participation. Each such revision of an exhibit made prior to thirty (30) days after the Effective Date shall be effective as of the Effective Date. Each such revision thereafter made shall be effective at 7:00 a.m. Central Standard Time, on the first day of the calendar month next following the filing of record of the revised exhibit or on such other date as may be determined by the Unit Operator and set forth in the revised exhibit.

**2.5 Filing Revised Exhibits.** If an exhibit is revised, Unit Operator shall execute an appropriate instrument stating the effective date for the revised exhibit with the revised exhibit attached and promptly file the same with the Kansas Corporation Commission of the State of Kansas, if required, and for record in the county or counties in which notice of this Agreement is filed and furnish the revised exhibit to the Parties hereto and requisite regulatory agencies.

### **ARTICLE 3 CREATION AND EFFECT OF UNIT**

**3.1 Leases Ratified; Oil and Gas Rights Unitized.** Each Royalty Owner, by execution hereof, does hereby adopt, ratify, grant, and confirm the oil, gas and mineral leases described in Exhibit "A" - Part 1 hereof, insofar as said leases cover the Unitized Formation in lands in which said Royalty Owner owns a mineral interest in the Unit Area, in all of their terms and provisions, and does hereby agree and declare that said oil, gas and mineral leases are binding upon them and are valid and subsisting leases, as of the Effective Date hereof. It is agreed that each lease shall remain in full force and effect from the date of execution hereof until the Effective Date, and thereafter in accordance with its terms and this Agreement.

In addition, all Oil and Gas Rights of Royalty Owners in and to the lands described in Exhibit "A", and all Oil and Gas Rights of the Working Interest Owners in and to said lands, are hereby unitized insofar as the respective Oil and Gas Rights pertain to the Unitized Formation, so that Unit Operations may be conducted with respect to the Unitized Formation as if the Unit Area had been included in a single lease executed by all Royalty Owners, as lessors, in favor of all Working Interest Owners, as , and as if the lease contained all of the provisions of this Agreement.

**3.2 Personal Property Excepted.** All lease and well equipment, materials, and other facilities heretofore or hereafter placed by Unit Operator or any of the Working Interest Owners on the lands covered hereby shall be deemed to be, and shall remain personal property belonging to, and may be removed by Unit Operator or Working Interest Owners. The rights and interests therein, as among Unit Operator and Working Interest Owners, are set forth in the Unit Operating Agreement.

**3.3 Amendment of Leases and Other Agreements.** The provisions of the various leases, agreements, division and transfer orders, or other instruments pertaining to the respective Tracts or the production therefrom are hereby amended to the extent necessary to make them conform to the provisions of this Agreement, but otherwise shall remain in full force and effect. If there is any conflict between this Agreement and the oil, gas and mineral leases described in Exhibit "A" – Part 1 hereof, the terms of this Agreement shall govern. The Royalty Owners and Working Interest Owners, as to each particular Tract, represent and confirm to and agree with the other Parties to this Agreement that no further drilling obligations exist under any oil and gas lease or contract affecting such Tract, insofar and only insofar as any such drilling obligations apply to the Unitized Formation. Royalty Owners further

agree that any default, forfeiture, or penalty provision in any such oil and gas lease or other contract that would result in forfeiture or termination of any oil and gas lease subject to this Unit Agreement shall be suspended and of no force or effect during the term of this Agreement.

**3.4 Continuation of Leases and Term Interests.** Production from any part of the Unitized Formation, except for the purpose of determining payments to Royalty Owners, or other Unit Operations, shall be considered as production from, or operations upon, each Tract, and such production or operations shall perpetuate and continue in effect each lease or term mineral or Royalty Interest as to all lands and formations covered thereby, just as if such operations were conducted on, and as if a well were producing from, each Tract.

**3.5 Titles Unaffected by Unitization.** Nothing herein shall be construed to result in the transfer of title to Oil and Gas Rights by any Party hereto to any other Party or to Unit Operator.

**3.6 Source Water Rights.** Royalty Owners hereby grant Unit Operator and Working Interest Owners the right to produce and use salt water from any non-freshwater bearing formation ("source water") for the purposes of injecting such source water into the Unitized Formation, together with the right to drill, use and maintain source water wells on the Unit Area, and to use for such source water production purposes any nonproducing or abandoned oil and gas wells or dry holes drilled under the terms of the oil and gas leases covering the Unit Area, or wells drilled under the terms of this Unit Agreement for source water production purposes. Such source water may be produced from any formation or formations allowed by the Kansas Corporation Commission or other applicable governing body.

**3.7 Injection Rights.** Royalty Owners hereby grant Unit Operator and Working Interest Owners the right to inject into the Unitized Formation any substances, including, but not limited to water, natural gas, liquefied petroleum gas, and/or carbon dioxide, in whatever amounts they deem expedient for Unit Operations, together with the right to drill, use, and maintain injection wells on the Unit Area, and to use for such injection purposes any producing, nonproducing or abandoned oil and gas wells or dry holes drilled under the terms of the oil and gas leases covering the Unit Area or under the terms of this Unit Agreement.

**3.8 Disposal Rights.** Royalty Owners hereby grant Unit Operator and Working Interest Owners the right to dispose of water produced from the Unitized Formation, together with the right to drill, use and maintain water disposal wells on the Unit Area, and to use for such disposal purposes any producing, nonproducing or abandoned oil and gas wells, dry holes, or disposal wells drilled under the terms of the oil and gas leases covering the Unit Area or under the terms of this Unit Agreement. Such water may be disposed of into any formation or formations allowed by the Kansas Corporation Commission.

**3.9 Wellbore Rights.** Royalty Owners hereby grant Unit Operator and Working Interest Owners the right to re-enter, use and maintain any plugged or abandoned oil and gas wells or dry holes drilled under the terms of the oil and gas leases covering the Unit Area or under the terms of this Unit Agreement for any Unit Operations, including, but not limited to exercise of the rights set forth above in Article 3.6, 3.7 and 3.8, as well as the right to produce oil, gas, water and other liquid and gaseous substances from the Unitized Formation.



**3.10 Border Agreements.** Unit Operator, subject to the provisions of the Unit Operating Agreement, as a prudent means in the interest of conservation and to increase the ultimate recovery of Unitized Substances, may execute an agreement or agreements with the working interest owners in lands outside the Unit Area for cooperative development, operation, fluid or gas injection or similar programs. Any such Agreement shall in no way affect or alter percentages of participation established hereunder as to the Parties hereto, nor shall the same provide for the sharing or allocation of production as between the Unit Area, as herein defined, and any outside lands.

#### **ARTICLE 4 PLAN OF UNIT OPERATIONS**

**4.1 Unit Operator.** ENTERRA RESOURCES, LLC is hereby designated as the Unit Operator. Unit Operator shall have the exclusive right to conduct Unit Operations, which shall conform to the provisions of this Agreement and the Unit Operating Agreement. If there is any conflict between such agreements, this Agreement shall govern.

**4.2 Method of Operation.** To the end that the quantity of Unitized Substances ultimately recoverable may be increased and waste prevented, Unit Operator shall, with diligence, and in accordance with good engineering and production practices, engage in secondary recovery operations, including, but not limited to, injection of water, CO<sub>2</sub>, and/or other gaseous or liquid substances into the Unitized Formation, the drilling, workover, deepening, washing down or recompletion of one or more wells on the Unit Area for production of Unitized Substances, the injection or disposal of saltwater, gas or other fluids, and for water source and supply.

**4.3 Change of Method of Operation.** Nothing herein shall prevent Unit Operator from discontinuing or changing in whole or in part any method of operation which, in their opinion, is no longer appropriate or in accord with good engineering or production practices. Other methods of operation may be conducted or changes may be made by Unit Operator from time to time, if determined by them to be feasible, necessary or desirable to increase the ultimate recovery of Unitized Substances, including, without limitation, methods of operation for tertiary recovery and other enhanced recovery operations.

**4.4 Target Pool.** The Parties acknowledge that the Unitized Formation contains underground accumulations of oil and gas in multiple natural reservoirs that have been penetrated by common vertical wellbores, and are commingled through multiple completions within certain of said vertical wellbores. As a result, the several natural reservoirs are in pressure communication with one another so as to constitute a single pressure system or "pool," such that production from one part of the pool affects the pressure throughout its extent. Unit Operations will be primarily conducted within the Primary Unitized Member and it is anticipated that a large majority of Unitized Substances will be recovered from the Primary Unitized Member. To squeeze off the Secondary Unitized Member in order to isolate the Primary Unitized Member would be costly, without benefit to Unit Operations, and would result in the waste of Unitized Substances.

## ARTICLE 5 TRACT PARTICIPATION AND ALLOCATION OF PRODUCTION

**5.1 Tract Participation and Allocation of Production.** Beginning at 7:00 A.M. Central Standard Time, on the Effective Date, the Tract Participation of each Tract shall be based upon the following factors and formula:

### **Phase I:**

50% Current Barrels of Oil Equivalent (BOE)\*. Current BOE is based upon the amount of oil and gas produced from the Unitized Formation in each Tract during the time period from November 1, 2022 through December 31, 2022, as it bears to the total amount of oil and gas produced from all Tracts during said time period.

50% Remaining Primary Reserves. Remaining Primary Reserves is based upon the gross proved producing oil and gas reserves measured in BOE from the Unitized Formation beneath each Tract after December 31, 2022, as it bears to the gross proved producing oil and gas reserves measured in BOE beneath all Tracts after said date.

*\* Barrels of Oil Equivalent (BOE) is calculated based on a ratio of six (6) thousand cubic feet of gas to one (1) Stock Tank Barrel (STB) of oil.*

### **Phase II:**

40% Cumulative Oil Production. Cumulative Oil Production is the cumulative stock tank barrels of oil produced from the Primary Unitized Member beneath each Tract as of December 31, 2022, as it bears to the total cumulative stock tank barrels of oil produced from the Primary Unitized Member beneath all Tracts as of said date.

40% Original Oil in Place. Original Oil in Place is the estimated original oil in place within the Primary Unitized Member beneath each Tract, as it bears to the estimated original oil and place within the Primary Unitized Member beneath all Tracts.

10% Usable Wellbores. Usable Wellbores are the number of wellbores on a Tract that Unit Operator reasonably expects to utilize in Unit Operations, as it bears to all of the wellbores in the Unit Area that Unit Operator reasonably expects to utilize in Unit Operations.

10% Surface Acres. Surface Acres are the total number of surface acres in each Tract, as it bears to the total number of surface acres in the Unit Area.

Conversion from Phase I to Phase II shall occur on the first day of the calendar month following recovery of the estimated remaining primary reserves, i.e., production of 415,726 Barrels of Oil Equivalent (BOE) after December 31, 2022. The Tract Participation of each Tract, as shown in Exhibit "A", Part 3, are accepted and approved by the Parties hereto as being fair and equitable.

**5.2 Relative Tract Participation.** If the Unit Area is enlarged or reduced, the revised Tract Participations of the Tracts remaining in the Unit Area, and which were within the Unit Area prior to the enlargement or reduction, shall remain in the same ratio one to another, unless all Parties otherwise agree to a different allocation, or a different allocation is so ordered by the Kansas Corporation Commission after application and approval by the requisite number of Royalty Owners and Working Interest Owners.

## **ARTICLE 6 ALLOCATION OF UNITIZED SUBSTANCES**

**6.1 Allocation to Tracts.** All Unitized Substances produced and saved, except for such portion thereof as is used, lost or consumed in Unit Operations, shall be allocated to the several Tracts in accordance with the respective Tract Participations effective during the period that the Unitized Substances were produced. The amount of Unitized Substances allocated to each Tract, regardless of whether the amount is more or less than the actual production of Unitized Substances from the well or wells, if any, on such Tract, shall be deemed for all purposes to have been produced from such Tract.

**6.2 Distribution Within Tracts.** The Unitized Substances allocated to each Tract shall be distributed among, or accounted for, the Parties entitled to share in the production from such Tract in the same manner, in the same proportions, and upon the same conditions, as they would have participated and shared in the production from such Tract, or in the proceeds thereof, had this Agreement not been entered into, and with the same legal effect. If any Oil and Gas Rights in a Tract hereafter become divided and owned in severalty as to different parts of the Tract, the owners of the divided interests, in the absence of an agreement providing for a different division, shall share in the Unitized Substances allocated to the Tract, or in the proceeds thereof, in the proportion that the acreage owned by each separate Owner bears to the total acreage included in the Tract so divided. Any royalty or other payment which depends upon per well production or pipeline runs from a well or wells on a Tract shall, after the Effective Date, be determined by dividing the Unitized Substances allocated to the Tract by the number of wells on the Tract capable of producing Unitized Substances on the Effective Date; however, if any Tract has no well thereon capable of producing Unitized Substances on the Effective Date, the Tract shall, for the purpose of this determination, be deemed to have one (1) such well thereon.

**6.3 Taking Unitized Substances in Kind.** The Unitized Substances allocated to each Tract, exclusive of Unitized Substances which may be used in Unit Operations and in preparing and treating oil or gas for marketing purposes and Unitized Substances unavoidably lost, shall be delivered in kind to the respective Parties entitled thereto by virtue of the ownership of Oil and Gas Rights therein or by purchase from such owners. Any extra expenditures incurred by Unit Operator by reason of the delivery in kind of any portion of Unitized Substances shall be borne by the owner of such portion of Unitized Substances. If a Royalty Owner has the right to take in kind a share of Unitized Substances and fails to do so, the Working Interest Owner whose Working Interest is subject to such Royalty Interest shall be entitled to take in kind or otherwise dispose of such share of Unitized Substances. Each Working Interest Owner shall execute such division orders and contracts as may be necessary for the sale of its interest in Unitized Substances from the Unit Area, and except as provided in Section 11.5 of the Unit Operating Agreement shall be entitled to receive payment directly from the purchaser for its share of all Unitized Substances.

**6.4 Failure to Take in Kind.** If any Party fails to take in kind or separately dispose of such Party's share of Unitized Substances, Unit Operator shall have the right, but not the obligation, for the time being and subject to the revocation at will by the Party owning the share, to purchase or sell to others such share; provided, however, all contracts for sale by Unit Operator of any other Party's share of Unitized Substances shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the circumstances, but in no event shall any such contract be for a period in excess of three (3) years. The proceeds of the Unitized Substances so disposed of by Unit Operator shall be paid to the Working Interest Owners of each affected Tract or a party designated by such Working Interest Owners who shall distribute such proceeds to the Parties entitled thereto.

**6.5 Responsibility for Royalty Settlements.** Each Working Interest Owner shall be responsible for the payment of all royalties, overriding royalties, production payments, and all other payments chargeable against or payable out of its share of Unitized Substances, and shall indemnify all Parties hereto, including Unit Operator, against any liability for such payment.

**6.6 Royalty on Outside Substances.** If any Outside Substance consisting of natural gases is injected into the Unitized Formation, one-hundred percent (100%) of any like substance contained in Unitized Substances subsequently produced and sold, or used for other than Unit Operations, shall be deemed to be a part of the Outside Substance so injected until the total volume on a BTU-adjusted basis, deemed to be such Outside Substance, equals the total volume of such Outside Substance so injected. If any Outside Substance, which prior to injection is liquefied petroleum gas or other liquid hydrocarbons, is injected into the Unitized Formation, fifty percent (50%) of all Unitized Substances produced and sold after one (1) year from the time the injection of such Outside Substance was commenced shall be deemed to be a part of the Outside Substance so injected until the total volume of the production on a gravity-adjusted basis deemed to be such Outside Substance equals the total volume on a gravity-adjusted basis of the Outside Substance so injected. Such fifty percent (50%) of the Unitized Substances deemed to be Outside Substances will be in addition to that which is being recovered for natural gases as hereinabove provided, if both liquefied petroleum gas or other liquid hydrocarbons and natural gases are injected. No payment shall be due or payable to Royalty Owners on substances produced from the Unitized Formation that are deemed to be Outside Substances.

## **ARTICLE 7 PRODUCTION AS OF THE EFFECTIVE DATE**

**7.1 Oil or Liquid Hydrocarbons in Lease Tanks.** Unit Operator shall gauge or otherwise determine the amount of merchantable oil or other liquid hydrocarbons produced from the Unitized Formation that are in lease tanks as of 7:00 a.m. Central Standard Time on the Effective Date. Oil or other liquid hydrocarbons in treating vessels, separation equipment, and tanks below pipeline connections shall not be considered to be merchantable. Any such merchantable oil or other liquid hydrocarbons not promptly removed may be sold by Unit Operator for the account of the Working Interest Owners entitled thereto, who shall pay all royalty due thereon under the provisions of applicable leases or other contract(s).

## **ARTICLE 8 USE OR LOSS OF UNITIZED SUBSTANCES**

**8.1 Use of Unitized Substances.** Unit Operator may, to the extent provided in the oil and gas leases covering the Unit Area, use or consume at no cost Unitized Substances for Unit Operations, including but not limited to the injection thereof into the Unitized Formation, provided that such use shall not include crude oil.

**8.2 Royalty Payments.** No royalty, overriding royalty, production, or other payments shall be payable on account of Unitized Substances used, lost, or consumed in Unit Operations.

## **ARTICLE 9 TITLES**

**9.1 Warranty and Indemnity.** Each Person who, by acceptance of produced Unitized Substances or the proceeds thereof, may claim to own a Working Interest or Royalty Interest in and to any Tract or in the Unitized Substances allocated thereto, shall be deemed to have warranted its title to such interest, and upon receipt of the Unitized Substances or the proceeds thereof to the credit of such interest, shall indemnify and hold harmless all other Persons in interest from any loss due to failure, in whole or in part, of its title to any such interest.

**9.2 Loss or Failure of Title.** In the event of the loss or failure of the title, in whole or in part, of any Party hereto to any lease, or to any oil and gas mineral estate or any interest therein covered hereby, the interest of such Party in and to Unitized Substances shall be reduced in proportion to such loss or failure of title as of the date such loss or failure of title is finally determined; provided, that such revision of ownership interest shall not be retroactive as to revenues or Unitized Substances obtained prior to such date; provided, further, that each Party hereto whose title has been lost or has failed, as aforesaid, shall indemnify the other Parties hereto against, and shall hold such other Parties harmless from, all loss, cost, damage and expense which may result from, or in any manner arise because of, the delivery to such Party of Unitized Substances or the payment to such Party of proceeds thereof, prior to the date said loss or failure of title is finally determined; however, if title to a Working Interest fails, the rights and obligations of said Working Interest Owner shall be governed by the Unit Operating Agreement.

**9.3 Production Where Title is in Dispute.** If the title or right of any Party claiming the right to receive in kind all or any portion of the Unitized Substances allocated to a Tract is in dispute, Unit Operator shall either:

- (a) require that the Party to whom such Unitized Substances are delivered or to whom the proceeds thereof are paid furnish security for the proper accounting therefor to the rightful owner if the title or right of such Party fails in whole or in part, or
- (b) withhold and market the portion of Unitized Substances with respect to which title or right is in dispute, and impound the proceeds thereof until such time as the title or right thereto is established by a final judgment of a court of competent jurisdiction or otherwise to the satisfaction of the Unit Operator, whereupon the proceeds so impounded shall be paid to the



Party rightfully entitled thereto. No interest shall accrue on any such impounded funds.

**9.4 Payment of Taxes to Protect Title.** The owner of surface rights to lands within the Unit Area, and/or severed mineral interests or Royalty Interests in such lands, and/or in lands outside the Unit Area on which Unit Equipment is located, is responsible for the payment of any ad valorem taxes on all such surface, mineral and royalty rights and interests, or property, unless such owner and Unit Operator otherwise agree. If any ad valorem taxes are not paid by or for such owner when due, Unit Operator may pay the tax, redeem such rights, interests, or property, and discharge the tax lien. Any such payment shall be an item of Unit Expense. Unit Operator shall, if possible, withhold from any proceeds derived from the sale of Unitized Substances otherwise due any delinquent taxpayer an amount sufficient to defray the costs of such payment or redemption, such withholding to be credited to Working Interest Owners. Such withholding shall be without prejudice to any other remedy available to Unit Operator or Working Interest Owners.

## **ARTICLE 10 EASEMENTS OR USE OF SURFACE**

**10.1 Grant of Easements.** Royalty Owners, to the extent of their rights and interests, hereby grant to Unit Operator and the Working Interest Owners the right to use as much of the surface of the land within the Unit Area (including but not limited to, the right to drill and produce wells, install tank batteries and injection facilities, and to lay, maintain, alter, repair, inspect, operate and remove any and all existing and future pipelines) as may be reasonably necessary for Unit Operations and the removal of Unitized Substances from the Unit Area.

**10.2 Use of Water.** Unit Operator and Working Interest Owners shall have and are hereby granted free use of salt water from the Unit Area for Unit Operations. Unit Operator and Working Interest Owners shall not use fresh water from any well, lake, pond, or irrigation ditch of a Royalty Owner and shall not have the right to produce or use for any purpose fresh water from any subsurface source without prior written consent of the Royalty Owner. Unit Operator and Working Interest Owners may convert dry holes or abandoned oil and gas wells drilled under the terms of the oil and gas leases covering the Unit Area or under the terms of this Unit Agreement for use as water supply or injection wells. Unit Operator and Working Interest Owners shall not have the right to utilize water wells or other wells drilled by a Royalty Owner without prior written consent from the Royalty Owner. Unit Operator and Working Interest Owners shall also have the right to bring water from sources outside the Unit Area onto the premises for Unit Operations, including the injection of such off-premises water into the Unitized Formation.

**10.3 Surface Damages.** Unit Operator agrees to compensate any Royalty Owner who owns an interest in the surface for damages caused to the surface resulting from Unit Operations, provided such damages are recoverable at law, and any such compensation paid shall be a Unit Expense. The terms and conditions of any such surface damage compensation shall be addressed under separate agreement between Royalty Owners and Working Interest Owners, as applicable.

## **ARTICLE 11 AMENDMENTS TO UNIT AREA**

**11.1 Enlargements of Unit Area.** The Unit Area may be enlarged to include acreage reasonably proved to be productive upon such terms as may be determined by Unit Operator including, but not limited to, the following:

**11.1.1** The participation to be allocated to the acreage shall be fair and reasonable, considering all available information.

**11.1.2** There shall be no retroactive allocation or adjustment of Unit Expense or of interests in the Unitized Substances produced, or proceeds thereof; however, this limitation shall not prevent an adjustment of investment by reason of the enlargement.

**11.2 Determination of Tract Participation.** Unit Operator, subject to Article 5.2 hereof, shall determine the Tract Participation of each Tract within the Unit Area as enlarged, and shall revise Exhibit "A", Exhibit "B" and Exhibit "C" accordingly.

**11.3 Effective Date of Enlargement.** The effective date of any enlargement of the Unit Area shall be 7:00 a.m. Central Standard Time on the first day of the calendar month following compliance with conditions for enlargement as specified by Unit Operator, and the filing for record of revised Exhibit "A", Exhibit "B" and Exhibit "C" in the county or counties in which this Agreement is recorded or on such other date as may be determined by Unit Operator and set forth in the revised exhibit.

## **ARTICLE 12 TRANSFER OF TITLE – PARTITION**

**12.1 Transfer of Title.** Any conveyance of all or any part of any interest owned by any Party hereto with respect to any Tract shall be made expressly subject to this Agreement. No change of title shall be binding upon Unit Operator, or upon any Party hereto other than the Party so transferring, until 7:00 a.m. Central Standard Time on the first day of the calendar month next succeeding the date of receipt by Unit Operator of a certified copy of the recorded instrument evidencing such change in ownership.

**12.2 Waiver of Rights to Partition.** Each Party hereto agrees that, during the existence of this Agreement, it will not resort to any action to partition the Unitized Formation or the Unit Equipment, and to that extent hereby waives the benefits of all laws authorizing such partition.

## **ARTICLE 13 RELATIONSHIP OF PARTIES**

**13.1 No Partnership.** The duties, obligations, and liabilities of the Parties hereto are intended to be several and not joint or collective. This Agreement is not intended to create, and shall not be construed to create, an association or trust, or to impose a partnership or fiduciary duty, obligation, or liability with regard to any one or more of the Parties hereto. Each Party hereto shall be individually responsible for its own obligations as herein provided.

**13.2 No Joint Refining or Marketing.** This Agreement is not intended to provide, and shall not be construed to provide, directly or indirectly, for any joint refining or marketing of Unitized Substances.

**13.3 Royalty Owners Free of Unit Expense.** This Agreement shall not be construed to impose upon any Royalty Owner any obligation to pay Unit Expense unless such Royalty Owner is otherwise so obligated; provided, however, that any interest created out of a Working Interest shall be subject to the security rights provided by the Unit Operating Agreement. The owner of any such interest shall be subrogated to the security rights available against the Working Interest out of which such interest was created.

## **ARTICLE 14 LAWS AND REGULATIONS**

**14.1 Laws and Regulations.** This Agreement shall be subject to all applicable federal, state, and municipal laws, rules, regulations, and orders.

**14.2 Governing Law.** This Agreement and all matters pertaining hereto, including but not limited to matters of performance, non-performance, breach, remedies, procedures, rights, duties, and interpretation or construction, shall be governed and determined by the laws of the State of Kansas.

## **ARTICLE 15 FORCE MAJEURE**

**15.1 Force Majeure.** All obligations imposed by this Agreement on each Party, except for the payment of money, shall be suspended while compliance is prevented, in whole or in part, by a labor dispute, fire, war, civil disturbance, act of God; by federal, state, or municipal laws; by any rule, regulation, or order of a governmental agency; by inability to secure materials, permits or rights of way; or by any other cause or causes, whether similar or dissimilar, beyond reasonable control of the Party. No Party shall be required against its will to adjust or settle any labor dispute. Neither this Agreement nor any lease or other instrument subject hereto shall be terminated by reason of suspension of Unit Operations due to anyone or more of the causes set forth in this Article.

## **ARTICLE 16 EFFECTIVE DATE**

**16.1 Effective Date.** This Agreement shall become effective at 7:00 a.m. Central Standard Time on the first day of the calendar month next following: (i) the date prescribed by K.S.A. 55-1317 for the contract for the unit operation of a pool or part thereof, should the requisite percentage of Royalty Owners and Working Interest Owners approve this Agreement in writing, (ii) the date of the issuance of the order approving this Unit by the Kansas Corporation Commission, or (iii) the date Unit Operator commences Unit Operations should all Royalty Owners and Working Interest Owners enter into this Agreement; whichever of the foregoing events occurs first. If the date described above in subsections (i), (ii) or (iii) lands on the first day of the month, then that day shall be the Effective Date.

**16.2 Certificate of Effectiveness.** Unit Operator shall file with the Kansas Corporation Commission of the State of Kansas, if required, and for record in Morton County, Kansas, a certificate stating the Effective Date.

## **ARTICLE 17**

### **TERM**

**17.1 Term.** The term of this Agreement, unless sooner terminated in the manner hereinafter provided, shall begin on the Effective Date and continue for and during the period of time that Unit Operations are conducted without a cessation of more than one hundred and eighty (180) consecutive days, unless terminated at an earlier date by Unit Operator in the manner herein provided.

**17.2 Termination by Working Interest Owners.** This Agreement may be terminated by Working Interest Owners owning a combined Phase II Unit Participation of sixty-three percent (63%) or more whenever such Working Interest Owners determine that Unit Operations are no longer economical or feasible.

**17.3 Effect of Termination.** Upon termination of this Agreement, the further development and operation of the Unitized Formation as a unit shall be abandoned, and Unit Operations shall cease. Each oil and gas lease and other agreements covering lands within the Unit Area shall remain in force for one hundred eighty (180) days after the date on which this Agreement terminates, and thereafter for such further period as is provided by the lease or other agreement. The relationships among owners of Oil and Gas Rights shall thereafter be governed by the terms and provisions of the oil and gas leases and other instruments, not including this Agreement, affecting the separate Tracts.

**17.4 Salvaging Equipment Upon Termination.** If not otherwise granted by the leases or other instruments affecting each Tract, Royalty Owners hereby grant Unit Operator and Working Interest Owners a period of one (1) year after the date of termination of this Agreement within which to salvage and remove Unit Equipment.

**17.5 Certificate of Termination.** Upon termination of this Agreement, Unit Operator shall file with the Kansas Corporation Commission of the State of Kansas, if required, and for record in Morton County, Kansas, a certificate that this Agreement has terminated, stating its termination date.

## **ARTICLE 18**

### **GENERAL**

**18.1 Unit Agreement and Unit Operating Agreement.** As provided for in Article 4.1, Unit Operator shall have the right to conduct Unit Operations, which shall conform to the provisions of the Unit Agreement and the Unit Operating Agreement. If there is any conflict between such agreements, the Unit Agreement shall govern.

**18.2 Lien and Security Interest.** Unit Operator shall have a lien and security interest upon the interests of Working Interest Owners, including any interests carved out of a Working Interest, in the Unit Area to the extent provided in the Unit Operating Agreement.

**18.3 Conflicts with Existing Instruments.** This Agreement shall supersede all existing agreements between the parties hereto covering the Unit Area to the extent that the provisions of such existing agreements conflict with the provisions of this Agreement.

**18.4 Amendments Affecting Working Interest Owners.** Amendments hereto relating wholly to Working Interest Owners may be made if signed by all Working Interest Owners unless otherwise provided for herein. Amendments affecting Royalty Owners and Working Interest Owners may be made if signed by all such Parties, unless otherwise provided for herein.

**18.5 Memorandum.** Upon this Agreement taking affect, Unit Operator is authorized to file this Agreement and the Unit Operating Agreement, or a notice or memorandum thereof, of record in all Counties in which the Unit Area is situated to place third persons on notice of the rights and obligations set forth herein.

**18.6 Headings for Convenience.** Except for the headings contained in Article 1, the headings and table of contents used in this Agreement are inserted for convenience only and shall be disregarded in construing this Agreement.

**18.7 Severability of Provisions.** The provisions of this Agreement are severable and if any section, sentence, clause or part thereof is held to be invalid for any reason, such invalidity shall not be construed to affect the validity of the remaining provisions of this Agreement.

## **ARTICLE 19 EXECUTION**

**19.1 Original, Counterpart, or Other Instrument.** This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument in writing specifically referring hereto, and shall be binding upon all those parties who have executed such a counterpart, ratification, or consent hereto with the same force and effect as if all such parties had signed the same document and regardless of whether or not it is executed by all other parties owning or claiming an interest in the land within the above-described Unit Area.

**19.2 Joinder in Dual Capacity.** In the event any of the parties hereto own both Working Interest and Royalty Interests, it shall not be necessary for such party to execute this Agreement in both capacities in order to commit both classes of interest. Execution hereby by any such party in one capacity shall also constitute execution in the other capacity.

## **ARTICLE 20 SUCCESSORS AND ASSIGNS**

**20.1 Successors and Assigns.** This Agreement shall extend to, be binding upon, and inure to the benefit of the Parties hereto and their respective heirs, devisees, legal representatives, successors, and assigns, and shall constitute a covenant running with the lands, leases and interests covered hereby.



IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the dates of their respective acknowledgments set out below.

**WORKING INTEREST OWNER AND  
UNIT OPERATOR:**

ENTERRA RESOURCES, LLC

By: \_\_\_\_\_  
Marion F. Hutchison II  
Land Manager

ACKNOWLEDGMENT

STATE OF OKLAHOMA §

§

COUNTY OF OKLAHOMA §

This instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2023, by Marion F. Hutchison II, Land Manager of Enterra Resources, LLC, an Oklahoma limited liability company, on behalf of said limited liability company.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

My Commission Number: \_\_\_\_\_

[Executions continue on next page]

**ROYALTY OWNERS:**

Elliott Family Partnership, a Utah limited partnership

By: \_\_\_\_\_  
Dudley G. Elliott, General Partner

Johns Enterprises, a Kansas general partnership

By: \_\_\_\_\_  
Norman D. Johns, Managing Partner

ACKNOWLEDGMENTS

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by  
Dudley G. Elliott, General Partner of Elliott Family Partnership, a Utah limited partnership, on behalf of said  
partnership.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_  
My Commission Number: \_\_\_\_\_

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023 by  
Norman D. Johns, Managing Partner of Johns Enterprises, a Kansas general partnership, on behalf of said  
partnership.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_  
My Commission Number: \_\_\_\_\_

[Executions continue on next page]

**ROYALTY OWNERS (continued):**

Frank Albert Wires and Michael Roy Wires, as  
Joint Tenants

By: \_\_\_\_\_  
Frank Albert Wires

By: \_\_\_\_\_  
Michael Roy Wires

**ACKNOWLEDGMENTS**

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by  
Frank Albert Wires.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_  
My Commission Number: \_\_\_\_\_

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023 by  
Michael Roy Wires.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_  
My Commission Number: \_\_\_\_\_

[Executions continue on next page]

**ROYALTY OWNERS (continued):**

Central Plains Farming, LLC, a Kansas limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ACKNOWLEDGMENT

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by \_\_\_\_\_ of Central Plains Farming, LLC, a Kansas limited liability company, on behalf of said limited liability company.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_  
My Commission Number: \_\_\_\_\_

[Executions continue on next page]

**ROYALTY OWNERS (continued):**

\_\_\_\_\_  
Ashley Anderson Holt

\_\_\_\_\_  
Tiffany Anderson Russ

**ACKNOWLEDGMENTS**

STATE OF \_\_\_\_\_ §

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by  
Ashley Anderson Holt.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_  
My Commission Number: \_\_\_\_\_

STATE OF \_\_\_\_\_ §

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023 by  
Tiffany Anderson Russ.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_  
My Commission Number: \_\_\_\_\_

[Executions continue on next page]



**ROYALTY OWNERS (continued):**

\_\_\_\_\_  
Susan L. Rymph, f/k/a Susan Lynne Woods,  
f/k/a Susan Lynne Breeding

\_\_\_\_\_  
Brett Shaffer

ACKNOWLEDGMENTS

STATE OF \_\_\_\_\_ §

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by  
Susan L. Rymph.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_  
My Commission Number: \_\_\_\_\_

STATE OF \_\_\_\_\_ §

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023 by  
Brett Shaffer.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_  
My Commission Number: \_\_\_\_\_

[Executions continue on next page]

**ROYALTY OWNERS (continued):**

\_\_\_\_\_  
Mary Joan Breeding, as Sole Devisee to the Estate of  
Ralph Ernest Breeding, deceased, and as Sole Surviving  
Partner of Security Limited Partnership, an Ohio limited  
partnership

\_\_\_\_\_  
Kristina Cagle, Executor of the Estate of Sheila A.  
Breeding, deceased

**ACKNOWLEDGMENTS**

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by  
Mary Joan Breeding, as Sole Devisee to the Estate of Ralph Ernest Breeding, deceased, and as Sole Surviving  
Partner of Security Limited Partnership, an Ohio limited partnership, on behalf of said limited partnership.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_  
My Commission Number: \_\_\_\_\_

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023 by  
Kristina Cagle, Executor of the Estate of Sheila A. Breeding, deceased.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_  
My Commission Number: \_\_\_\_\_

[Executions continue on next page]

**ROYALTY OWNERS (continued):**

Daniels Hayward Farms, a general partnership

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Paw Paw, LLC, a Kansas limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ACKNOWLEDGMENTS**

STATE OF \_\_\_\_\_ §

§

COUNTY OF \_\_\_\_\_ §

§

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by \_\_\_\_\_, as \_\_\_\_\_ of Daniels Hayward Farms, a general partnership, on behalf of said general partnership.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

My Commission Number: \_\_\_\_\_

STATE OF \_\_\_\_\_ §

§

COUNTY OF \_\_\_\_\_ §

§

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023 by \_\_\_\_\_, as \_\_\_\_\_ of Paw Paw, LLC, a Kansas limited liability company, on behalf of said limited liability company.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

My Commission Number: \_\_\_\_\_

[Executions continue on next page]

**ROYALTY OWNERS (continued):**

Hayward Farms, a general partnership

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

XTO Energy Inc., a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ACKNOWLEDGMENTS**

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by \_\_\_\_\_, as \_\_\_\_\_ of Hayward Farms, a general partnership, on behalf of said general partnership.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_  
My Commission Number: \_\_\_\_\_

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023 by \_\_\_\_\_, as \_\_\_\_\_ of XTO Energy, Inc., a Delaware corporation, on behalf of said corporation.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_  
My Commission Number: \_\_\_\_\_

[Executions continue on next page]

**ROYALTY OWNERS (continued):**

\_\_\_\_\_  
Chesna Hume

\_\_\_\_\_  
Helen Lucile Claridge

ACKNOWLEDGMENTS

STATE OF \_\_\_\_\_ §

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by  
Chesna Hume.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

My Commission Number: \_\_\_\_\_

STATE OF \_\_\_\_\_ §

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023 by  
Helen Lucile Claridge.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

My Commission Number: \_\_\_\_\_

[Executions continue on next page]

**ROYALTY OWNERS (continued):**

\_\_\_\_\_  
Robert S. Mitchell

\_\_\_\_\_  
Martha M. Mitchell, Successor in Interest to the Estate of  
Roy J. Mitchell, Jr.

ACKNOWLEDGMENTS

STATE OF \_\_\_\_\_ §

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by  
Robert S. Mitchell

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_  
My Commission Number: \_\_\_\_\_

STATE OF \_\_\_\_\_ §

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023 by  
Martha M. Mitchell.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_  
My Commission Number: \_\_\_\_\_

[Executions continue on next page]

**ROYALTY OWNERS (continued):**

CoBank, FCB, formerly The Federal Land Bank of Wichita

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Lois K. Dunn

ACKNOWLEDGMENTS

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by \_\_\_\_\_ of CoBank, FCB, formerly The Federal Land Bank of Wichita, said company.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_  
My Commission Number: \_\_\_\_\_

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023 by  
Lois K. Dunn.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_  
My Commission Number: \_\_\_\_\_

[Executions continue on next page]

**ROYALTY OWNERS (continued):**

Briggeman Living Trust dated May 12, 1995

\_\_\_\_\_  
Adalene M. Briggeman, Trustee

\_\_\_\_\_  
Louis Kenton Briggeman

ACKNOWLEDGMENTS

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by  
Adalene M. Briggeman, Trustee of the Briggeman Living Trust dated May 12, 1995.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_  
My Commission Number: \_\_\_\_\_

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023 by  
Louis Kenton Briggeman.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_  
My Commission Number: \_\_\_\_\_

[Executions continue on next page]



**ROYALTY OWNERS (continued):**

\_\_\_\_\_  
Alisa Ann Green

\_\_\_\_\_  
Amy Marie Trowbridge

**ACKNOWLEDGMENTS**

STATE OF \_\_\_\_\_ §

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by  
Alisa Ann Green.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

My Commission Number: \_\_\_\_\_

STATE OF \_\_\_\_\_ §

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023 by  
Amy Marie Trowbridge.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

My Commission Number: \_\_\_\_\_

[Executions continue on next page]

**ROYALTY OWNERS (continued):**

\_\_\_\_\_  
Carla Joy Raglin

\_\_\_\_\_  
Leah Ione Smith

**ACKNOWLEDGMENTS**

STATE OF \_\_\_\_\_ §

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by  
Carla Joy Raglin.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

My Commission Number: \_\_\_\_\_

STATE OF \_\_\_\_\_ §

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023 by  
Leah Ione Smith.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

My Commission Number: \_\_\_\_\_

[Executions continue on next page]

**ROYALTY OWNERS (continued):**

Jay C. Williams and Tony K. Williams, Successor Co-Trustees of the Robert K. Williams Trust dated May 6, 1997 and the Betty J. Williams Trust dated May 6, 1997

\_\_\_\_\_  
Jay C. Williams

\_\_\_\_\_  
Tony K. Williams

ACKNOWLEDGMENTS

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by Jay C. Williams, Co-Trustee of the Robert K. Williams Trust dated May 6, 1997 and the Betty J. Williams Trust dated May 6, 1997.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_  
My Commission Number: \_\_\_\_\_

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by Tony K. Williams, Co-Trustee of the Robert K. Williams Trust dated May 6, 1997 and the Betty J. Williams Trust dated May 6, 1997.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_  
My Commission Number: \_\_\_\_\_

[Executions continue on next page]

**ROYALTY OWNERS (continued):**

303 Adams St Partners, L.L.C., a Kansas limited liability company

\_\_\_\_\_  
Brian H. Williams, Managing Member

ACKNOWLEDGMENTS

STATE OF \_\_\_\_\_ §

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by Brian H. Williams, Managing Member of 303 Adams St Partners, L.L.C., a Kansas limited liability company, on behalf of said limited liability company.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_  
My Commission Number: \_\_\_\_\_

[Executions continue on next page]

**ROYALTY OWNERS (continued):**

\_\_\_\_\_  
Junnae K. Landry, Life Tenant

\_\_\_\_\_  
Charlotte S. Veatch, Life Tenant

**ACKNOWLEDGMENTS**

STATE OF \_\_\_\_\_ §

§

COUNTY OF \_\_\_\_\_ §

§

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by  
Junnae K. Landry, as Life Tenant.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

My Commission Number: \_\_\_\_\_

STATE OF \_\_\_\_\_ §

§

COUNTY OF \_\_\_\_\_ §

§

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023 by  
Charlotte S. Veatch, as Life Tenant.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

My Commission Number: \_\_\_\_\_

[Executions continue on next page]

**ROYALTY OWNERS (continued):**

\_\_\_\_\_  
Aaron Landry, Remainderman

\_\_\_\_\_  
Ryan Landry, Remainderman

**ACKNOWLEDGMENTS**

STATE OF \_\_\_\_\_ §

§

COUNTY OF \_\_\_\_\_ §

§

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by  
Aaron Landry, as Remainderman.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

My Commission Number: \_\_\_\_\_

STATE OF \_\_\_\_\_ §

§

COUNTY OF \_\_\_\_\_ §

§

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023 by  
Ryan Landry, as Remainderman.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

My Commission Number: \_\_\_\_\_

[Executions continue on next page]

**ROYALTY OWNERS (continued):**

Robert C. Fox Administrative Trust dated April 15, 2021,  
a/k/a Robert C. Fox Revocable Trust dated April 15, 2021

\_\_\_\_\_  
Lisa Wilson, Successor Co-Trustee

\_\_\_\_\_  
Eric Fox, Successor Co-Trustee

**ACKNOWLEDGMENTS**

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by  
Lisa Wilson, Successor Co-Trustee of the Robert C. Fox Administrative Trust dated April 15, 2021, a/k/a Robert  
C. Fox Revocable Trust dated April 15, 2021.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_  
My Commission Number: \_\_\_\_\_

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023 by  
Eric Fox, Successor Co-Trustee of the Robert C. Fox Administrative Trust dated April 15, 2021, a/k/a Robert C.  
Fox Revocable Trust dated April 15, 2021.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_  
My Commission Number: \_\_\_\_\_

[Executions continue on next page]

**ROYALTY OWNERS (continued):**

\_\_\_\_\_  
George O. Keesling, Life Tenant

\_\_\_\_\_  
Lisa Fox Wilson, Remainderman

**ACKNOWLEDGMENTS**

STATE OF \_\_\_\_\_ §

§

COUNTY OF \_\_\_\_\_ §

§

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by  
George O. Keesling, as Life Tenant.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

My Commission Number: \_\_\_\_\_

STATE OF \_\_\_\_\_ §

§

COUNTY OF \_\_\_\_\_ §

§

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023 by  
Lisa Fox Wilson, as Remainderman.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

My Commission Number: \_\_\_\_\_

[Executions continue on next page]



**ROYALTY OWNERS (continued):**

\_\_\_\_\_  
Eric R. Fox, Remainderman

**ACKNOWLEDGMENTS**

STATE OF \_\_\_\_\_ §

§

COUNTY OF \_\_\_\_\_ §

§

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by  
Eric R. Fox, as Remainderman.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

My Commission Number: \_\_\_\_\_

[End of executions]

**Exhibit "A"**  
**Part 1 – Description of Leases**  
Attached to and made part of the Kinsler Morrow Unit Agreement

|                         |  |
|-------------------------|--|
| Lease Reference Number: | KS-MOR-19-1  |
| Lease Date:             | March 20, 1953   |
| Recorded:               | Volume: 17 Page: 357   |
| Lessor:                 | Estelle E. Smith and C. W. Smith, her husband, and Card G. Elliott, a single man |
| Lessee:                 | J. D. Long   |
| Legal Description:      | SE/4 of Section 19-T31S-R40W, Morton County, Kansas                              |

|                         |  |
|-------------------------|--|
| Lease Reference Number: | KS-MOR-19-2  |
| Lease Date:             | March 21, 1944   |
| Recorded:               | Volume: 11 Page: 367   |
| Lessor:                 | Estelle Smith and C. W. Smith, husband and wife; Estelle Smith, Executrix of the Estate of Mae M. Elliott, Deceased; and Card G. Elliott, a single man |
| Lessee:                 | Joe E. Denham  |
| Legal Description:      | SW/4 of Section 19-T31S-R40W, Morton County, Kansas  |

|                         |   |
|-------------------------|---|
| Lease Reference Number: | KS-MOR-20-1   |
| Lease Date:             | July 16, 1943                                       |
| Recorded:               | Volume: 11 Page: 64                                 |
| Lessor:                 | Oliver S. Brown and Doris Brown, his wife           |
| Lessee:                 | Panhandle Eastern Pipe Line Company                 |
| Legal Description:      | SE/4 of Section 20-T31S-R40W, Morton County, Kansas |

|                         |   |
|-------------------------|---|
| Lease Reference Number: | KS-MOR-20-2   |
| Lease Date:             | July 12, 1943                                       |
| Recorded:               | Volume: 10 Page: 297                                |
| Lessor:                 | George L. Hayward and Inez Hayward, his wife        |
| Lessee:                 | Joe E. Denham                                       |
| Legal Description:      | SW/4 of Section 20-T31S-R40W, Morton County, Kansas |

|                         |   |
|-------------------------|---|
| Lease Reference Number: | KS-MOR-20-3   |
| Lease Date:             | May 30, 1983  |
| Recorded:               | Volume: 34 Page: 359                                    |
| Lessor:                 | Mobil Oil Corporation                                   |
| Lessee:                 | Amoco Production Company                                |
| Legal Description:      | W/2 SW/4 of Section 20-T31S-R40W, Morton County, Kansas |

|                         |   |
|-------------------------|---|
| Lease Reference Number: | KS-MOR-20-4   |
| Lease Date:             | March 1, 1983   |
| Recorded:               | Volume: 34 Page: 372                                    |
| Lessor:                 | Mobil Oil Corporation                                   |
| Lessee:                 | Amoco Production Company                                |
| Legal Description:      | E/2 SW/4 of Section 20-T31S-R40W, Morton County, Kansas |

|                         |   |
|-------------------------|---|
| Lease Reference Number: | KS-MOR-21-1   |
| Lease Date:             | July 12, 1943                                       |
| Recorded:               | Volume: 10 Page: 159                                |
| Lessor:                 | E. J. Moore, a single man                           |
| Lessee:                 | Joe E. Denham                                       |
| Legal Description:      | NE/4 of Section 21-T31S-R40W, Morton County, Kansas |

|                         |   |
|-------------------------|---|
| Lease Reference Number: | KS-MOR-21-2   |
| Lease Date:             | July 19, 1943                                       |
| Recorded:               | Volume: 10 Page: 299                                |
| Lessor:                 | Roy G. Slinker and Mabel P. Slinker, his wife       |
| Lessee:                 | Joe E. Denham                                       |
| Legal Description:      | SW/4 of Section 21-T31S-R40W, Morton County, Kansas |

|                         |   |
|-------------------------|---|
| Lease Reference Number: | KS-MOR-21-3   |
| Lease Date:             | March 28, 1944                                      |
| Recorded:               | Volume: 11 Page: 320                                |
| Lessor:                 | Otia Cline, nee Hall, and A. F. Cline, her husband  |
| Lessee:                 | Joe E. Denham                                       |
| Legal Description:      | SE/4 of Section 21-T31S-R40W, Morton County, Kansas |

|                         |   |
|-------------------------|---|
| Lease Reference Number: | KS-MOR-21-4   |
| Lease Date:             | May 6, 1944   |
| Recorded:               | Volume: 11 Page: 322                                |
| Lessor:                 | Henry Whitson and Hester G. Whitson, his wife       |
| Lessee:                 | J. D. Long  |
| Legal Description:      | NW/4 of Section 21-T31S-R40W, Morton County, Kansas |

|                         |   |
|-------------------------|---|
| Lease Reference Number: | KS-MOR-29-1   |
| Lease Date:             | February 22, 2022                                   |
| Recorded:               | Volume: 208 Page: 476                               |
| Lessor:                 | George O. Keesling                                  |
| Lessee:                 | Enterra Resources, LLC                              |
| Legal Description:      | NE/4 of Section 29-T31S-R40W, Morton County, Kansas |

|                         |  |
|-------------------------|--|
| Lease Reference Number: | KS-MOR-29-2  |
| Lease Date:             | February 22, 2022  |
| Recorded:               | Volume: 208 Page: 478  |
| Lessor:                 | Robert C. Fox, Trustee of the Robert C. Fox Revocable Trust dated April 15, 2021 |
| Lessee:                 | Enterra Resources, LLC   |
| Legal Description:      | NE/4 of Section 29-T31S-R40W, Morton County, Kansas                              |

|                         |  |
|-------------------------|--|
| Lease Reference Number: | KS-MOR-30-1  |
| Lease Date:             | March 21, 1944   |
| Recorded:               | Volume: 11 Page: 367   |
| Lessor:                 | Estelle Smith and C. W. Smith, husband and wife; Estelle Smith, Executrix of the Estate of Mae M. Elliott, Deceased; and Card G. Elliott, a single man |
| Lessee:                 | Joe E. Denham  |
| Legal Description:      | N/2 of Section 30-T31S-R40W, Morton County, Kansas   |

|                         |  |
|-------------------------|--|
| Lease Reference Number: | KS-MOR-24-1  |
| Lease Date:             | September 15, 2020   |
| Recorded:               | Volume: 202 Page: 177                                      |
| Lessor:                 | Frank Albert Wires and Michael Roy Wires, as Joint Tenants |
| Lessee:                 | Enterra Resources, LLC                                     |
| Legal Description:      | SE/4 of Section 24-T31S-R41W, Morton County, Kansas        |

|                         |   |
|-------------------------|---|
| Lease Reference Number: | KS-MOR-24-2   |
| Lease Date:             | August 31, 1944                                     |
| Recorded:               | Volume: 12 Page: 15                                 |
| Lessor:                 | Eula A. Standish and V. O. Standish, her husband    |
| Lessee:                 | Joe E. Denham                                       |
| Legal Description:      | SW/4 of Section 24-T31S-R41W, Morton County, Kansas |

|                         |   |
|-------------------------|---|
| Lease Reference Number: | KS-MOR-25-1   |
| Lease Date:             | August 8, 1944                                      |
| Recorded:               | Volume: 12 Page: 4                                  |
| Lessor:                 | Minnie B. Doll, a single                            |
| Lessee:                 | Joe E. Denham                                       |
| Legal Description:      | SW/4 of Section 25-T31S-R41W, Morton County, Kansas |

|                         |   |
|-------------------------|---|
| Lease Reference Number: | KS-MOR-25-2   |
| Lease Date:             | August 8, 1944                                      |
| Recorded:               | Volume: 12 Page: 5                                  |
| Lessor:                 | Matilda C. Doll, single; Minnie B. Doll, single     |
| Lessee:                 | Joe E. Denham                                       |
| Legal Description:      | NE/4 of Section 25-T31S-R41W, Morton County, Kansas |

|                         |   |
|-------------------------|---|
| Lease Reference Number: | KS-MOR-25-3   |
| Lease Date:             | August 8, 1944                                      |
| Recorded:               | Volume: 12 Page: 6                                  |
| Lessor:                 | Matilda C. Doll, single                             |
| Lessee:                 | Joe E. Denham                                       |
| Legal Description:      | NW/4 of Section 25-T31S-R41W, Morton County, Kansas |

|                         |   |
|-------------------------|---|
| Lease Reference Number: | KS-MOR-25-4   |
| Lease Date:             | August 25, 1944   |
| Recorded:               | Volume: 12 Page: 14   |
| Lessor:                 | A. R. Swindler, also known as Alva Swindler, and Anna M. Swindler, his wife |
| Lessee:                 | Joe E. Denham   |
| Legal Description:      | SE/4 of Section 25-T31S-R41W, Morton County, Kansas                         |

|                         |   |
|-------------------------|---|
| Lease Reference Number: | KS-MOR-26-1   |
| Lease Date:             | May 15, 1948  |
| Recorded:               | Volume: 14 Page: 300  |
| Lessor:                 | Matilda C. Doll, a single woman, and Minnie B. Doll, a single woman |
| Lessee:                 | Joe E. Denham   |
| Legal Description:      | SE/4 of Section 26-T31S-R41W, Morton County, Kansas                 |

|                         |  |
|-------------------------|--|
| Lease Reference Number: | KS-MOR-36-1  |
| Lease Date:             | April 14, 1944                                     |
| Recorded:               | Volume: 11 Page: 264                               |
| Lessor:                 | The Federal Land Bank of Wichita                   |
| Lessee:                 | Joe E. Denham                                      |
| Legal Description:      | E/2 of Section 36-T31S-R41W, Morton County, Kansas |

|                         |  |
|-------------------------|--|
| Lease Reference Number: | KS-MOR-36-2  |
| Lease Date:             | March 30, 1944                                     |
| Recorded:               | Volume: 11 Page: 304                               |
| Lessor:                 | J. A. Glenn and Toledo Glenn, his wife             |
| Lessee:                 | Joe E. Denham                                      |
| Legal Description:      | E/2 of Section 36-T31S-R41W, Morton County, Kansas |

|                         |   |
|-------------------------|---|
| Lease Reference Number: | KS-MOR-36-3   |
| Lease Date:             | June 26, 1986   |
| Recorded:               | Volume: 41 Page: 188  |
| Lessor:                 | Gracia Mitchell, a widow; Roy J. Mitchell and Lola Mitchell, his wife;<br>Helen Lucille Claridge and Wallace R. Claridge, her husband |
| Lessee:                 | Anadarko Petroleum Corporation  |
| Legal Description:      | W/2 of Section 36-T31S-R41W, Morton County, Kansas  |

**End of Exhibit "A" – Part 1**

## **EXHIBIT “A”**

### **Part 2 – Description and Ownership of Tracts**

Attached to and made part of the Kinsler Morrow Unit Agreement

#### **DESCRIPTION OF TRACTS**

##### **Tracts in Township 30 South, Range 40 West, Morton County, Kansas**

| <b>TRACT NUMBER</b> | <b>DESCRIPTION</b>   |
|---------------------|----------------------|
| 1                   | NW/4 of Section 21 * |
| 2                   | NE/4 of Section 21 * |
| 3                   | SE/4 of Section 21 * |
| 4                   | SW/4 of Section 21 * |
| 5                   | SE/4 of Section 20   |
| 6                   | SW/4 of Section 20   |
| 7                   | NE/4 of Section 29   |
| 8                   | S/2 of Section 19    |
| 9                   | N/2 of Section 30    |
| NOTES:              | * Slinker Gas Unit   |

##### **Tracts in Township 31 South, Range 41 West, Morton County, Kansas**

| <b>TRACT NUMBER</b> | <b>DESCRIPTION</b>                    |
|---------------------|---------------------------------------|
| 10                  | SE/4 of Section 24                    |
| 11A (Phase 1 Only)  | E/2 SW/4 of Section 24 **             |
| 11B                 | E/2 SW/4 of Section 24                |
| 12                  | W/2 SW/4 of Section 24 **             |
| 13                  | W/2 NW/4 of Section 25 **             |
| 14A (Phase 1 Only)  | E/2 NW/4 of Section 25 **             |
| 14B                 | E/2 NW/4 of Section 25                |
| 15A (Phase 1 Only)  | W/2 NE/4 of Section 25 **             |
| 15B                 | W/2 NE/4 of Section 25                |
| 16                  | E/2 NE/4 of Section 25 **             |
| 17                  | SE/4 of Section 25 **                 |
| 18                  | SW/4 of Section 25 ***                |
| 19                  | SE/4 of Section 26 ***                |
| 20                  | NE/4 of Section 36 ***                |
| 21                  | SE/4 of Section 36 ***                |
| 22                  | W/2 of Section 36                     |
| NOTES:              | ** Doll Gas Unit<br>*** Dunn Gas Unit |



### OWNERSHIP OF TRACTS

| TRACT # | OWNER   | INTEREST TYPE | TRACT WORKING INTEREST | TRACT REVENUE INTEREST |
|---------|---|---------------|------------------------|------------------------|
| 1       | Enterra Resources, LLC  | WI            | 100%                   | 84.0000000%            |
| 1       | Chesna Hume   | RI            | 0                      | 12.5000000%            |
| 1       | Coleman Oil & Gas, Inc.   | ORRI          | 0                      | 0.3127410%             |
| 1       | T H McElvain Oil & Gas LLLP   | ORRI          | 0                      | 0.3007125%             |
| 1       | Exemplar Minerals LLC   | ORRI          | 0                      | 0.0962280%             |
| 1       | Kyle Travis Mason and Rachel Beth Mason   | ORRI          | 0                      | 0.0240570%             |
| 1       | Brad King   | ORRI          | 0                      | 0.0481140%             |
| 1       | DARMD LLC (Mike Hamon)  | ORRI          | 0                      | 0.0120285%             |
| 1       | Uniper IRA Investments, LLC (Jon Strickler)   | ORRI          | 0                      | 0.0481140%             |
| 1       | JMJ Resources, LLC  | ORRI          | 0                      | 0.2646270%             |
| 1       | Matthew D. L. Strickler   | ORRI          | 0                      | 0.0962280%             |
| 1       | MAP Holdings, an Oklahoma general partnership   | ORRI          | 0                      | 0.0202500%             |
| 1       | MAP2004-OK, an Oklahoma General Partnership   | ORRI          | 0                      | 0.4393966%             |
| 1       | David Scott Sather, Trustee of the Charles Graham Lowe Marital Trust  | ORRI          | 0                      | 0.3625034%             |
| 1       | The Clarksons Group, an Oklahoma General Partnership  | ORRI          | 0                      | 0.2700000%             |
| 1       | James J. Heutel, Heidi H. Bohn, Carol Burrow and Antonette Gerhauser, Trustees of the J. B. Stoddard Testamentary Trust         | ORRI          | 0                      | 0.1350000%             |
| 1       | James L. Welch, a single man  | ORRI          | 0                      | 0.0540000%             |
| 1       | James J. Heutel and Janet E. Heutel, husband and wife, as joint tenants with right of survivorship and not as tenants in common | ORRI          | 0                      | 0.0405000%             |
| 1       | James J. Heutel   | ORRI          | 0                      | 0.0202500%             |
| 1       | Heidi Heutel Bohn   | ORRI          | 0                      | 0.0202500%             |
| 1       | SALZAU I  | ORRI          | 0                      | 0.1350000%             |
| 1       | Kansas Permian Royalties, LLC   | ORRI          | 0                      | 0.1350000%             |
| 1       | Arkoma Basin Minerals, Inc.   | ORRI          | 0                      | 0.1260000%             |
| 1       | Kansas Royalty Holdings, a Texas Joint-Stock Company  | ORRI          | 0                      | 0.0390000%             |

|   |   |      |      |            |
|---|---|------|------|------------|
| 1 | Marion F. Hutchison II and Anne L. M. Hutchison, Trustees of the Marion F. Hutchison and Anne L. Hutchison Revocable Trust dated the 19th day of December, 2011 | ORRI | 0    | 0.5000000% |
|   | Total   |      | 100% | 100%       |

| TRACT # | OWNER   | INTEREST TYPE | TRACT WORKING INTEREST | TRACT REVENUE INTEREST |
|---------|---|---------------|------------------------|------------------------|
| 2       | Enterra Resources, LLC  | WI            | 100%                   | 84.0000000%            |
| 2       | 303 Adams St Partners, L.L.C., a Kansas limited liability company   | RI            | 0                      | 12.5000000%            |
| 2       | Coleman Oil & Gas, Inc.   | ORRI          | 0                      | 0.3127410%             |
| 2       | T H McElvain Oil & Gas LLLP   | ORRI          | 0                      | 0.3007125%             |
| 2       | Exemplar Minerals LLC   | ORRI          | 0                      | 0.0962280%             |
| 2       | Kyle Travis Mason and Rachel Beth Mason   | ORRI          | 0                      | 0.0240570%             |
| 2       | Brad King   | ORRI          | 0                      | 0.0481140%             |
| 2       | DARMD LLC (Mike Hamon)  | ORRI          | 0                      | 0.0120285%             |
| 2       | Uniper IRA Investments, LLC (Jon Strickler)   | ORRI          | 0                      | 0.0481140%             |
| 2       | JMJ Resources, LLC  | ORRI          | 0                      | 0.2646270%             |
| 2       | Matthew D. L. Strickler   | ORRI          | 0                      | 0.0962280%             |
| 2       | MAP Holdings, an Oklahoma general partnership   | ORRI          | 0                      | 0.0202500%             |
| 2       | MAP2004-OK, an Oklahoma General Partnership   | ORRI          | 0                      | 0.4393966%             |
| 2       | David Scott Sather, Trustee of the Charles Graham Lowe Marital Trust  | ORRI          | 0                      | 0.3625034%             |
| 2       | The Clarksons Group, an Oklahoma General Partnership  | ORRI          | 0                      | 0.2700000%             |
| 2       | James J. Heutel, Heidi H. Bohn, Carol Burrow and Antonette Gerhauser, Trustees of the J. B. Stoddard Testamentary Trust         | ORRI          | 0                      | 0.1350000%             |
| 2       | James L. Welch, a single man  | ORRI          | 0                      | 0.0540000%             |
| 2       | James J. Heutel and Janet E. Heutel, husband and wife, as joint tenants with right of survivorship and not as tenants in common | ORRI          | 0                      | 0.0405000%             |
| 2       | James J. Heutel   | ORRI          | 0                      | 0.0202500%             |
| 2       | Heidi Heutel Bohn   | ORRI          | 0                      | 0.0202500%             |
| 2       | SALZAU I  | ORRI          | 0                      | 0.1350000%             |

|   |   |      |      |            |
|---|---|------|------|------------|
| 2 | Kansas Permian Royalties, LLC   | ORRI | 0    | 0.1350000% |
| 2 | Arkoma Basin Minerals, Inc.   | ORRI | 0    | 0.1260000% |
| 2 | Kansas Royalty Holdings, a Texas Joint-Stock Company  | ORRI | 0    | 0.0390000% |
| 2 | Marion F. Hutchison II and Anne L. M. Hutchison, Trustees of the Marion F. Hutchison and Anne L. Hutchison Revocable Trust dated the 19th day of December, 2011 | ORRI | 0    | 0.5000000% |
|   | Total   |      | 100% | 100%       |

| TRACT # | OWNER   | INTEREST TYPE | TRACT WORKING INTEREST | TRACT REVENUE INTEREST |
|---------|---|---------------|------------------------|------------------------|
| 3       | Enterra Resources, LLC  | WI            | 100%                   | 84.0000000%            |
| 3       | 303 Adams St Partners, L.L.C., a Kansas limited liability company   | RI            | 0                      | 4.1666667%             |
| 3       | Charlotte S. Veatch, Life Estate Aaron Landry and Ryan Landry, Remaindermen as tenants in common              | RI            | 0                      | 2.0833333%             |
| 3       | Junnae K. Landry, Life Estate Aaron Landry and Ryan Landry, Remaindermen as tenants in common                 | RI            | 0                      | 2.0833333%             |
| 3       | Jay C. Williams and Tony K. Williams, Successor Co-Trustees of the Robert K. Williams Trust dated May 6, 1997 | RI            | 0                      | 2.0833334%             |
| 3       | Jay C. Williams and Tony K. Williams, Successor Co-Trustees of the Betty J. Williams Trust dated May 6, 1997  | RI            | 0                      | 2.0833333%             |
| 3       | Coleman Oil & Gas, Inc.   | ORRI          | 0                      | 0.3127410%             |
| 3       | T H McElvain Oil & Gas LLLP   | ORRI          | 0                      | 0.3007125%             |
| 3       | Exemplar Minerals LLC   | ORRI          | 0                      | 0.0962280%             |
| 3       | Kyle Travis Mason and Rachel Beth Mason   | ORRI          | 0                      | 0.0240570%             |
| 3       | Brad King   | ORRI          | 0                      | 0.0481140%             |
| 3       | DARMD LLC (Mike Hamon)  | ORRI          | 0                      | 0.0120285%             |
| 3       | Uniper IRA Investments, LLC (Jon Strickler)   | ORRI          | 0                      | 0.0481140%             |
| 3       | JMJ Resources, LLC  | ORRI          | 0                      | 0.2646270%             |
| 3       | Matthew D. L. Strickler   | ORRI          | 0                      | 0.0962280%             |
| 3       | MAP Holdings, an Oklahoma general partnership   | ORRI          | 0                      | 0.0202500%             |

|   |   |      |      |            |
|---|---|------|------|------------|
| 3 | MAP2004-OK, an Oklahoma General Partnership   | ORRI | 0    | 0.4393966% |
| 3 | David Scott Sather, Trustee of the Charles Graham Lowe Marital Trust  | ORRI | 0    | 0.3625034% |
| 3 | The Clarksons Group, an Oklahoma General Partnership  | ORRI | 0    | 0.2700000% |
| 3 | James J. Heutel, Heidi H. Bohn, Carol Burrow and Antonette Gerhauser, Trustees of the J. B. Stoddard Testamentary Trust   | ORRI | 0    | 0.1350000% |
| 3 | James L. Welch, a single man  | ORRI | 0    | 0.0540000% |
| 3 | James J. Heutel and Janet E. Heutel, husband and wife, as joint tenants with right of survivorship and not as tenants in common                                 | ORRI | 0    | 0.0405000% |
| 3 | James J. Heutel   | ORRI | 0    | 0.0202500% |
| 3 | Heidi Heutel Bohn   | ORRI | 0    | 0.0202500% |
| 3 | SALZAU I  | ORRI | 0    | 0.1350000% |
| 3 | Kansas Permian Royalties, LLC   | ORRI | 0    | 0.1350000% |
| 3 | Arkoma Basin Minerals, Inc.   | ORRI | 0    | 0.1260000% |
| 3 | Kansas Royalty Holdings, a Texas Joint-Stock Company  | ORRI | 0    | 0.0390000% |
| 3 | Marion F. Hutchison II and Anne L. M. Hutchison, Trustees of the Marion F. Hutchison and Anne L. Hutchison Revocable Trust dated the 19th day of December, 2011 | ORRI | 0    | 0.5000000% |
|   | Total   |      | 100% | 100%       |

| TRACT # | OWNER                                       | INTEREST TYPE | TRACT WORKING INTEREST | TRACT REVENUE INTEREST |
|---------|---|---------------|------------------------|------------------------|
| 4       | Enterra Resources, LLC                      | WI            | 100%                   | 84.0000000%            |
| 4       | Tiffany Anderson Russ                       | RI            | 0                      | 6.2500000%             |
| 4       | Ashley Anderson Holt                        | RI            | 0                      | 6.2500000%             |
| 4       | Coleman Oil & Gas, Inc.                     | ORRI          | 0                      | 0.3127410%             |
| 4       | T H McElvain Oil & Gas LLLP                 | ORRI          | 0                      | 0.3007125%             |
| 4       | Exemplar Minerals LLC                       | ORRI          | 0                      | 0.0962280%             |
| 4       | Kyle Travis Mason and Rachel Beth Mason     | ORRI          | 0                      | 0.0240570%             |
| 4       | Brad King                                   | ORRI          | 0                      | 0.0481140%             |
| 4       | DARMD LLC (Mike Hamon)                      | ORRI          | 0                      | 0.0120285%             |
| 4       | Uniper IRA Investments, LLC (Jon Strickler) | ORRI          | 0                      | 0.0481140%             |
| 4       | JMJ Resources, LLC                          | ORRI          | 0                      | 0.2646270%             |

|   |   |      |      |            |
|---|---|------|------|------------|
| 4 | Matthew D. L. Strickler   | ORRI | 0    | 0.0962280% |
| 4 | MAP Holdings, an Oklahoma general partnership   | ORRI | 0    | 0.0202500% |
| 4 | MAP2004-OK, an Oklahoma General Partnership   | ORRI | 0    | 0.4393966% |
| 4 | David Scott Sather, Trustee of the Charles Graham Lowe Marital Trust  | ORRI | 0    | 0.3625034% |
| 4 | The Clarksons Group, an Oklahoma General Partnership  | ORRI | 0    | 0.2700000% |
| 4 | James J. Heutel, Heidi H. Bohn, Carol Burrow and Antonette Gerhauser, Trustees of the J. B. Stoddard Testamentary Trust   | ORRI | 0    | 0.1350000% |
| 4 | James L. Welch, a single man  | ORRI | 0    | 0.0540000% |
| 4 | James J. Heutel and Janet E. Heutel, husband and wife, as joint tenants with right of survivorship and not as tenants in common                                 | ORRI | 0    | 0.0405000% |
| 4 | James J. Heutel   | ORRI | 0    | 0.0202500% |
| 4 | Heidi Heutel Bohn   | ORRI | 0    | 0.0202500% |
| 4 | SALZAU I  | ORRI | 0    | 0.1350000% |
| 4 | Kansas Permian Royalties, LLC   | ORRI | 0    | 0.1350000% |
| 4 | Arkoma Basin Minerals, Inc.   | ORRI | 0    | 0.1260000% |
| 4 | Kansas Royalty Holdings, a Texas Joint-Stock Company  | ORRI | 0    | 0.0390000% |
| 4 | Marion F. Hutchison II and Anne L. M. Hutchison, Trustees of the Marion F. Hutchison and Anne L. Hutchison Revocable Trust dated the 19th day of December, 2011 | ORRI | 0    | 0.5000000% |
|   | Total   |      | 100% | 100%       |

| TRACT # | OWNER   | INTEREST TYPE | TRACT WORKING INTEREST | TRACT REVENUE INTEREST |
|---------|---|---------------|------------------------|------------------------|
| 5       | Enterra Resources, LLC  | WI            | 100%                   | 87.0000000%            |
| 5       | Central Plains Farming, LLC, a Kansas limited liability company   | RI            | 0                      | 12.5000000%            |
| 5       | Marion F. Hutchison II and Anne L. M. Hutchison, Trustees of the Marion F. Hutchison and Anne L. Hutchison Revocable Trust dated the 19th day of December, 2011 | ORRI          | 0                      | 0.5000000%             |
|         | Total   |               | 100%                   | 100%                   |

| TRACT # | OWNER   | INTEREST TYPE | TRACT WORKING INTEREST | TRACT REVENUE INTEREST |
|---------|---|---------------|------------------------|------------------------|
| 6       | Enterra Resources, LLC  | WI            | 100%                   | 84.3750000%            |
| 6       | XTO Energy Inc., a Delaware corporation   | RI            | 0                      | 6.2500000%             |
| 6       | Hayward Farms, a general partnership  | RI            | 0                      | 3.1250000%             |
| 6       | Daniels Hayward Farms, a general partnership  | RI            | 0                      | 1.5625000%             |
| 6       | Paw Paw, LLC, a Kansas limited liability company  | RI            | 0                      | 1.5625000%             |
| 6       | Coleman Oil & Gas, Inc.   | ORRI          | 0                      | 0.2736484%             |
| 6       | T H McElvain Oil & Gas LLLP   | ORRI          | 0                      | 0.2631234%             |
| 6       | Exemplar Minerals LLC   | ORRI          | 0                      | 0.0841995%             |
| 6       | Kyle Travis Mason and Rachel Beth Mason   | ORRI          | 0                      | 0.0210499%             |
| 6       | Brad King   | ORRI          | 0                      | 0.0420998%             |
| 6       | DARMD LLC (Mike Hamon)  | ORRI          | 0                      | 0.0105249%             |
| 6       | Uniper IRA Investments, LLC (Jon Strickler)   | ORRI          | 0                      | 0.0420998%             |
| 6       | JMJ Resources, LLC  | ORRI          | 0                      | 0.2315486%             |
| 6       | Matthew D. L. Strickler   | ORRI          | 0                      | 0.0841995%             |
| 6       | MAP Holdings, an Oklahoma general partnership   | ORRI          | 0                      | 0.0177188%             |
| 6       | MAP2004-OK, an Oklahoma General Partnership   | ORRI          | 0                      | 0.3844721%             |
| 6       | David Scott Sather, Trustee of the Charles Graham Lowe Marital Trust  | ORRI          | 0                      | 0.3171904%             |
| 6       | The Clarksons Group, an Oklahoma General Partnership  | ORRI          | 0                      | 0.2362500%             |
| 6       | James J. Heutel, Heidi H. Bohn, Carol Burrow and Antonette Gerhauser, Trustees of the J. B. Stoddard Testamentary Trust         | ORRI          | 0                      | 0.1181250%             |
| 6       | James L. Welch, a single man  | ORRI          | 0                      | 0.0472500%             |
| 6       | James J. Heutel and Janet E. Heutel, husband and wife, as joint tenants with right of survivorship and not as tenants in common | ORRI          | 0                      | 0.0354375%             |
| 6       | James J. Heutel   | ORRI          | 0                      | 0.0177187%             |
| 6       | Heidi Heutel Bohn   | ORRI          | 0                      | 0.0177187%             |
| 6       | SALZAU I  | ORRI          | 0                      | 0.1181250%             |
| 6       | Kansas Permian Royalties, LLC   | ORRI          | 0                      | 0.1181250%             |

|   |   |      |      |            |
|---|---|------|------|------------|
| 6 | Arkoma Basin Minerals, Inc.   | ORRI | 0    | 0.1102500% |
| 6 | Kansas Royalty Holdings, a Texas Joint-Stock Company  | ORRI | 0    | 0.0341250% |
| 6 | Marion F. Hutchison II and Anne L. M. Hutchison, Trustees of the Marion F. Hutchison and Anne L. Hutchison Revocable Trust dated the 19th day of December, 2011 | ORRI | 0    | 0.5000000% |
|   | Total   |      | 100% | 100%       |

| TRACT # | OWNER   | INTEREST TYPE | TRACT WORKING INTEREST | TRACT REVENUE INTEREST |
|---------|---|---------------|------------------------|------------------------|
| 7       | Enterra Resources, LLC  | WI            | 100%                   | 74.5000000%            |
| 7       | George O. Keesling, Life Tenant, and Lisa Fox Wilson and Eric R. Fox, Remainder Owners  | RI            | 0                      | 12.5000000%            |
| 7       | Lisa Wilson and Eric Fox, Successor Co-Trustees of the Robert C. Fox Revocable Trust dated April 15, 2021   | RI            | 0                      | 12.5000000%            |
| 7       | Marion F. Hutchison II and Anne L. M. Hutchison, Trustees of the Marion F. Hutchison and Anne L. Hutchison Revocable Trust dated the 19th day of December, 2011 | ORRI          | 0                      | 0.5000000%             |
|         | Total   |               | 100%                   | 100%                   |

| TRACT # | OWNER   | INTEREST TYPE | TRACT WORKING INTEREST | TRACT REVENUE INTEREST |
|---------|---|---------------|------------------------|------------------------|
| 8       | Enterra Resources, LLC  | WI            | 100%                   | 81.5312500%            |
| 8       | Elliott Family Partnership  | RI            | 0                      | 12.5000000%            |
| 8       | Merit Hugoton, L.P.   | ORRI          | 0                      | 5.4687500%             |
| 8       | Marion F. Hutchison II and Anne L. M. Hutchison, Trustees of the Marion F. Hutchison and Anne L. Hutchison Revocable Trust dated the 19th day of December, 2011 | ORRI          | 0                      | 0.5000000%             |
|         | Total   |               | 100%                   | 100%                   |

| TRACT # | OWNER                      | INTEREST TYPE | TRACT WORKING INTEREST | TRACT REVENUE INTEREST |
|---------|----------------------------|---------------|------------------------|------------------------|
| 9       | Enterra Resources, LLC     | WI            | 100%                   | 81.5312500%            |
| 9       | Elliott Family Partnership | RI            | 0                      | 12.5000000%            |
| 9       | Merit Hugoton, L.P.        | ORRI          | 0                      | 5.4687500%             |

|       |   |      |      |            |
|-------|---|------|------|------------|
| 9     | Marion F. Hutchison II and Anne L. M. Hutchison, Trustees of the Marion F. Hutchison and Anne L. Hutchison Revocable Trust dated the 19th day of December, 2011 | ORRI | 0    | 0.5000000% |
| Total |   |      | 100% | 100%       |

| TRACT # | OWNER   | INTEREST TYPE | TRACT WORKING INTEREST | TRACT REVENUE INTEREST |
|---------|---|---------------|------------------------|------------------------|
| 10      | Enterra Resources, LLC  | WI            | 100%                   | 80.7500000%            |
| 10      | Frank Albert Wires and Michael Roy Wires, as Joint Tenants  | RI            | 0                      | 18.7500000%            |
| 10      | Marion F. Hutchison II and Anne L. M. Hutchison, Trustees of the Marion F. Hutchison and Anne L. Hutchison Revocable Trust dated the 19th day of December, 2011 | ORRI          | 0                      | 0.5000000%             |
| Total   |   |               | 100%                   | 100%                   |

| TRACT # | OWNER   | INTEREST TYPE | TRACT WORKING INTEREST | TRACT REVENUE INTEREST |
|---------|---|---------------|------------------------|------------------------|
| 11A     | Enterra Resources, LLC  | WI            | 100%                   | 80.7500000%            |
| 11A     | Estate of Sheila A. Breeding, deceased  | RI            | 0                      | 7.0312500%             |
| 11A     | Estate of Ralph Ernest Breeding, deceased, and Security Limited Partnership, an Ohio limited partnership  | RI            | 0                      | 2.3437500%             |
| 11A     | Susan L. Rymph, f/k/a Susan Lynn Woods, f/k/a Susan Lynn Breeding   | RI            | 0                      | 4.6875000%             |
| 11A     | Brett Shaffer   | RI            | 0                      | 4.6875000%             |
| 11A     | Marion F. Hutchison II and Anne L. M. Hutchison, Trustees of the Marion F. Hutchison and Anne L. Hutchison Revocable Trust dated the 19th day of December, 2011 | ORRI          | 0                      | 0.5000000%             |
| Total   |   |               | 100%                   | 100%                   |

| TRACT # | OWNER   | INTEREST TYPE | TRACT WORKING INTEREST | TRACT REVENUE INTEREST |
|---------|---|---------------|------------------------|------------------------|
| 11B     | Enterra Resources, LLC  | WI            | 100%                   | 77.7500000%            |
| 11B     | Estate of Sheila A. Breeding, deceased                          | RI            | 0                      | 7.0312500%             |
| 11B     | Estate of Ralph Ernest Breeding, deceased, and Security Limited | RI            | 0                      | 2.3437500%             |



|     |   |      |   |            |
|-----|---|------|---|------------|
|     | Partnership, an Ohio limited partnership  |      |   |            |
| 11B | Susan L. Rymph, f/k/a Susan Lynn Woods, f/k/a Susan Lynn Breeding   | RI   | 0 | 4.6875000% |
| 11B | Brett Shaffer   | RI   | 0 | 4.6875000% |
| 11B | Coleman Oil & Gas, Inc.   | ORRI | 0 | 0.3127410% |
| 11B | T H McElvain Oil & Gas LLLP   | ORRI | 0 | 0.3007125% |
| 11B | Exemplar Minerals LLC   | ORRI | 0 | 0.0962280% |
| 11B | Kyle Travis Mason and Rachel Beth Mason   | ORRI | 0 | 0.0240570% |
| 11B | Brad King   | ORRI | 0 | 0.0481140% |
| 11B | DARMD LLC (Mike Hamon)  | ORRI | 0 | 0.0120285% |
| 11B | Uniper IRA Investments, LLC (Jon Strickler)   | ORRI | 0 | 0.0481140% |
| 11B | JMJ Resources, LLC  | ORRI | 0 | 0.2646270% |
| 11B | Matthew D. L. Strickler   | ORRI | 0 | 0.0962280% |
| 11B | MAP Holdings, an Oklahoma general partnership   | ORRI | 0 | 0.0202500% |
| 11B | MAP2004-OK, an Oklahoma General Partnership   | ORRI | 0 | 0.4393966% |
| 11B | David Scott Sather, Trustee of the Charles Graham Lowe Marital Trust  | ORRI | 0 | 0.3625034% |
| 11B | The Clarksons Group, an Oklahoma General Partnership  | ORRI | 0 | 0.2700000% |
| 11B | James J. Heutel, Heidi H. Bohn, Carol Burrow and Antonette Gerhauser, Trustees of the J. B. Stoddard Testamentary Trust         | ORRI | 0 | 0.1350000% |
| 11B | James L. Welch, a single man  | ORRI | 0 | 0.0540000% |
| 11B | James J. Heutel and Janet E. Heutel, husband and wife, as joint tenants with right of survivorship and not as tenants in common | ORRI | 0 | 0.0405000% |
| 11B | James J. Heutel   | ORRI | 0 | 0.0202500% |
| 11B | Heidi Heutel Bohn   | ORRI | 0 | 0.0202500% |
| 11B | SALZAU I  | ORRI | 0 | 0.1350000% |
| 11B | Kansas Permian Royalties, LLC   | ORRI | 0 | 0.1350000% |
| 11B | Arkoma Basin Minerals, Inc.   | ORRI | 0 | 0.1260000% |
| 11B | Kansas Royalty Holdings, a Texas Joint-Stock Company  | ORRI | 0 | 0.0390000% |

|     |   |      |      |            |
|-----|---|------|------|------------|
| 11B | Marion F. Hutchison II and Anne L. M. Hutchison, Trustees of the Marion F. Hutchison and Anne L. Hutchison Revocable Trust dated the 19th day of December, 2011 | ORRI | 0    | 0.5000000% |
|     | Total   |      | 100% | 100%       |

| TRACT # | OWNER   | INTEREST TYPE | TRACT WORKING INTEREST | TRACT REVENUE INTEREST |
|---------|---|---------------|------------------------|------------------------|
| 12      | Enterra Resources, LLC  | WI            | 100%                   | 80.7500000%            |
| 12      | Estate of Sheila A. Breeding, deceased  | RI            | 0                      | 7.0312500%             |
| 12      | Estate of Ralph Ernest Breeding, deceased, and Security Limited Partnership, an Ohio limited partnership  | RI            | 0                      | 2.3437500%             |
| 12      | Susan L. Rymph, f/k/a Susan Lynn Woods, f/k/a Susan Lynn Breeding   | RI            | 0                      | 4.6875000%             |
| 12      | Brett Shaffer   | RI            | 0                      | 4.6875000%             |
| 12      | Marion F. Hutchison II and Anne L. M. Hutchison, Trustees of the Marion F. Hutchison and Anne L. Hutchison Revocable Trust dated the 19th day of December, 2011 | ORRI          | 0                      | 0.5000000%             |
|         | Total   |               | 100%                   | 100%                   |

| TRACT # | OWNER   | INTEREST TYPE | TRACT WORKING INTEREST | TRACT REVENUE INTEREST |
|---------|---|---------------|------------------------|------------------------|
| 13      | Enterra Resources, LLC  | WI            | 100%                   | 87.0000000%            |
| 13      | Johns Enterprises, a Kansas general partnership   | RI            | 0                      | 12.5000000%            |
| 13      | Marion F. Hutchison II and Anne L. M. Hutchison, Trustees of the Marion F. Hutchison and Anne L. Hutchison Revocable Trust dated the 19th day of December, 2011 | ORRI          | 0                      | 0.5000000%             |
|         | Total   |               | 100%                   | 100%                   |

| TRACT # | OWNER   | INTEREST TYPE | TRACT WORKING INTEREST | TRACT REVENUE INTEREST |
|---------|---|---------------|------------------------|------------------------|
| 14A     | Enterra Resources, LLC                          | WI            | 100%                   | 87.0000000%            |
| 14A     | Johns Enterprises, a Kansas general partnership | RI            | 0                      | 12.5000000%            |

|     |   |      |      |            |
|-----|---|------|------|------------|
| 14A | Marion F. Hutchison II and Anne L. M. Hutchison, Trustees of the Marion F. Hutchison and Anne L. Hutchison Revocable Trust dated the 19th day of December, 2011 | ORRI | 0    | 0.5000000% |
|     | Total   |      | 100% | 100%       |

| TRACT # | OWNER   | INTEREST TYPE | TRACT WORKING INTEREST | TRACT REVENUE INTEREST |
|---------|---|---------------|------------------------|------------------------|
| 14B     | Enterra Resources, LLC  | WI            | 100%                   | 83.7500000%            |
| 14B     | Johns Enterprises, a Kansas general partnership   | RI            | 0                      | 12.5000000%            |
| 14B     | Coleman Oil & Gas, Inc.   | ORRI          | 0                      | 0.3127410%             |
| 14B     | T H McElvain Oil & Gas LLLP   | ORRI          | 0                      | 0.3007125%             |
| 14B     | Exemplar Minerals LLC   | ORRI          | 0                      | 0.0962280%             |
| 14B     | Kyle Travis Mason and Rachel Beth Mason   | ORRI          | 0                      | 0.0240570%             |
| 14B     | Brad King   | ORRI          | 0                      | 0.0481140%             |
| 14B     | DARMD LLC (Mike Hamon)  | ORRI          | 0                      | 0.0120285%             |
| 14B     | Uniper IRA Investments, LLC (Jon Strickler)   | ORRI          | 0                      | 0.0481140%             |
| 14B     | JMJ Resources, LLC  | ORRI          | 0                      | 0.2646270%             |
| 14B     | Matthew D. L. Strickler   | ORRI          | 0                      | 0.0962280%             |
| 14B     | MAP Holdings, an Oklahoma general partnership   | ORRI          | 0                      | 0.0202500%             |
| 14B     | MAP2004-OK, an Oklahoma General Partnership   | ORRI          | 0                      | 0.4393966%             |
| 14B     | David Scott Sather, Trustee of the Charles Graham Lowe Marital Trust  | ORRI          | 0                      | 0.3625034%             |
| 14B     | The Clarksons Group, an Oklahoma General Partnership  | ORRI          | 0                      | 0.2700000%             |
| 14B     | James J. Heutel, Heidi H. Bohn, Carol Burrow and Antonette Gerhauser, Trustees of the J. B. Stoddard Testamentary Trust         | ORRI          | 0                      | 0.1350000%             |
| 14B     | James L. Welch, a single man  | ORRI          | 0                      | 0.0540000%             |
| 14B     | James J. Heutel and Janet E. Heutel, husband and wife, as joint tenants with right of survivorship and not as tenants in common | ORRI          | 0                      | 0.0405000%             |
| 14B     | James J. Heutel   | ORRI          | 0                      | 0.0202500%             |
| 14B     | Heidi Heutel Bohn   | ORRI          | 0                      | 0.0202500%             |
| 14B     | SALZAU I  | ORRI          | 0                      | 0.1350000%             |
| 14B     | Kansas Permian Royalties, LLC   | ORRI          | 0                      | 0.1350000%             |

|     |   |      |      |            |
|-----|---|------|------|------------|
| 14B | Arkoma Basin Minerals, Inc.   | ORRI | 0    | 0.1260000% |
| 14B | Kansas Royalty Holdings, a Texas Joint-Stock Company  | ORRI | 0    | 0.0390000% |
| 14B | Cannon Field, LLC   | ORRI | 0    | 0.2500000% |
| 14B | Marion F. Hutchison II and Anne L. M. Hutchison, Trustees of the Marion F. Hutchison and Anne L. Hutchison Revocable Trust dated the 19th day of December, 2011 | ORRI | 0    | 0.5000000% |
|     | Total   |      | 100% | 100%       |

| TRACT # | OWNER   | INTEREST TYPE | TRACT WORKING INTEREST | TRACT REVENUE INTEREST |
|---------|---|---------------|------------------------|------------------------|
| 15A     | Enterra Resources, LLC  | WI            | 100%                   | 87.0000000%            |
| 15A     | Johns Enterprises, a Kansas general partnership   | RI            | 0                      | 12.5000000%            |
| 15A     | Marion F. Hutchison II and Anne L. M. Hutchison, Trustees of the Marion F. Hutchison and Anne L. Hutchison Revocable Trust dated the 19th day of December, 2011 | ORRI          | 0                      | 0.5000000%             |
|         | Total   |               | 100%                   | 100%                   |

| TRACT # | OWNER   | INTEREST TYPE | TRACT WORKING INTEREST | TRACT REVENUE INTEREST |
|---------|---|---------------|------------------------|------------------------|
| 15B     | Enterra Resources, LLC  | WI            | 100%                   | 74.5000000%            |
| 15B     | Johns Enterprises, a Kansas general partnership   | RI            | 0                      | 12.5000000%            |
| 15B     | Merit Hugoton, L.P.   | ORRI          | 0                      | 12.5000000%            |
| 15B     | Marion F. Hutchison II and Anne L. M. Hutchison, Trustees of the Marion F. Hutchison and Anne L. Hutchison Revocable Trust dated the 19th day of December, 2011 | ORRI          | 0                      | 0.5000000%             |
|         | Total   |               | 100%                   | 100%                   |

| TRACT # | OWNER   | INTEREST TYPE | TRACT WORKING INTEREST | TRACT REVENUE INTEREST |
|---------|---|---------------|------------------------|------------------------|
| 16      | Enterra Resources, LLC                          | WI            | 100%                   | 87.0000000%            |
| 16      | Johns Enterprises, a Kansas general partnership | RI            | 0                      | 12.5000000%            |

|    |   |      |      |            |
|----|---|------|------|------------|
| 16 | Marion F. Hutchison II and Anne L. M. Hutchison, Trustees of the Marion F. Hutchison and Anne L. Hutchison Revocable Trust dated the 19th day of December, 2011 | ORRI | 0    | 0.5000000% |
|    | Total   |      | 100% | 100%       |

| TRACT # | OWNER   | INTEREST TYPE | TRACT WORKING INTEREST | TRACT REVENUE INTEREST |
|---------|---|---------------|------------------------|------------------------|
| 17      | Enterra Resources, LLC  | WI            | 100%                   | 87.0000000%            |
| 17      | Adalene M. Briggeman, Trustee of the Briggeman Living Trust, dated May 12, 1995   | RI            | 0                      | 2.0833334%             |
| 17      | Louis Kenton Briggeman  | RI            | 0                      | 2.0833334%             |
| 17      | Alisa Ann Green   | RI            | 0                      | 2.0833333%             |
| 17      | Amy Marie Trowbridge  | RI            | 0                      | 2.0833333%             |
| 17      | Carla Joy Raglin  | RI            | 0                      | 2.0833333%             |
| 17      | Leah Ione Smith   | RI            | 0                      | 2.0833333%             |
| 17      | Marion F. Hutchison II and Anne L. M. Hutchison, Trustees of the Marion F. Hutchison and Anne L. Hutchison Revocable Trust dated the 19th day of December, 2011 | ORRI          | 0                      | 0.5000000%             |
|         | Total   |               | 100%                   | 100%                   |

| TRACT # | OWNER   | INTEREST TYPE | TRACT WORKING INTEREST | TRACT REVENUE INTEREST |
|---------|---|---------------|------------------------|------------------------|
| 18      | Enterra Resources, LLC  | WI            | 100%                   | 87.0000000%            |
| 18      | Johns Enterprises, a Kansas general partnership   | RI            | 0                      | 12.5000000%            |
| 18      | Marion F. Hutchison II and Anne L. M. Hutchison, Trustees of the Marion F. Hutchison and Anne L. Hutchison Revocable Trust dated the 19th day of December, 2011 | ORRI          | 0                      | 0.5000000%             |
|         | Total   |               | 100%                   | 100%                   |

| TRACT # | OWNER   | INTEREST TYPE | TRACT WORKING INTEREST | TRACT REVENUE INTEREST |
|---------|---|---------------|------------------------|------------------------|
| 19      | Enterra Resources, LLC                          | WI            | 100%                   | 87.0000000%            |
| 19      | Johns Enterprises, a Kansas general partnership | RI            | 0                      | 12.5000000%            |

|    |   |      |      |            |
|----|---|------|------|------------|
| 19 | Marion F. Hutchison II and Anne L. M. Hutchison, Trustees of the Marion F. Hutchison and Anne L. Hutchison Revocable Trust dated the 19th day of December, 2011 | ORRI | 0    | 0.5000000% |
|    | Total   |      | 100% | 100%       |

| TRACT # | OWNER   | INTEREST TYPE | TRACT WORKING INTEREST | TRACT REVENUE INTEREST |
|---------|---|---------------|------------------------|------------------------|
| 20      | Enterra Resources, LLC  | WI            | 100%                   | 83.8750000%            |
| 20      | CoBank, FCB, formerly The Federal Land Bank of Wichita  | RI            | 0                      | 6.2500000%             |
| 20      | Lois K. Dunn  | RI            | 0                      | 9.3750000%             |
| 20      | Marion F. Hutchison II and Anne L. M. Hutchison, Trustees of the Marion F. Hutchison and Anne L. Hutchison Revocable Trust dated the 19th day of December, 2011 | ORRI          | 0                      | 0.5000000%             |
|         | Total   |               | 100%                   | 100%                   |

| TRACT # | OWNER   | INTEREST TYPE | TRACT WORKING INTEREST | TRACT REVENUE INTEREST |
|---------|---|---------------|------------------------|------------------------|
| 21      | Enterra Resources, LLC  | WI            | 100%                   | 83.8750000%            |
| 21      | CoBank, FCB, formerly The Federal Land Bank of Wichita  | RI            | 0                      | 6.2500000%             |
| 21      | Lois K. Dunn  | RI            | 0                      | 9.3750000%             |
| 21      | Marion F. Hutchison II and Anne L. M. Hutchison, Trustees of the Marion F. Hutchison and Anne L. Hutchison Revocable Trust dated the 19th day of December, 2011 | ORRI          | 0                      | 0.5000000%             |
|         | Total   |               | 100%                   | 100%                   |

| TRACT # | OWNER                                    | INTEREST TYPE | TRACT WORKING INTEREST | TRACT REVENUE INTEREST |
|---------|--|---------------|------------------------|------------------------|
| 22      | Enterra Resources, LLC                   | WI            | 100%                   | 80.7500000%            |
| 22      | Helen Lucile Claridge                    | RI            | 0                      | 9.3750000%             |
| 22      | Robert S. Mitchell                       | RI            | 0                      | 6.2500000%             |
| 22      | Estate of Roy J. Mitchell, Jr., deceased | RI            | 0                      | 3.1250000%             |

|    |   |      |      |            |
|----|---|------|------|------------|
| 22 | Marion F. Hutchison II and Anne L. M. Hutchison, Trustees of the Marion F. Hutchison and Anne L. Hutchison Revocable Trust dated the 19th day of December, 2011 | ORRI | 0    | 0.5000000% |
|    | Total   |      | 100% | 100%       |

**End of Exhibit "A" – Part 2**

## **EXHIBIT “A”**

### **Part 3 – Tract Participation Factors (Phase 1 and 2)**

Attached to and made part of the Kinsler Morrow Unit Agreement

#### **Phase 1**

| <b>TRACT<br/>NUMBER</b> | <b>TRACT DESCRIPTION</b>       | <b>TRACT PARTICIPATION<br/>FACTOR</b> |
|-------------------------|--------------------------------|---------------------------------------|
| 1                       | NW/4 of Section 21-31S-40W     | 2.6687973%                            |
| 2                       | NE/4 of Section 21-31S-40W     | 2.6687973%                            |
| 3                       | SE/4 of Section 21-31S-40W     | 2.6687973%                            |
| 4                       | SW/4 of Section 21-31S-40W     | 2.6687973%                            |
| 5                       | SE/4 of Section 20-31S-40W     | 1.0031009%                            |
| 6                       | SW/4 of Section 20-31S-40W     | 5.6541996%                            |
| 7                       | NE/4 of Section 29-31S-40W     | 0.0000000%                            |
| 8                       | S/2 of Section 19-31S-40W      | 18.6072204%                           |
| 9                       | N/2 of Section 30-31S-40W      | 0.0000000%                            |
| 10                      | SE/4 of Section 24-31S-41W     | 0.0000000%                            |
| 11A                     | E/2 SW/4 of Section 24-31S-41W | 1.6906147%                            |
| 11B                     | E/2 SW/4 of Section 24-31S-41W | 7.6976147%                            |
| 12                      | W/2 SW/4 of Section 24-31S-41W | 1.6906147%                            |
| 13                      | W/2 NW/4 of Section 25-31S-41W | 1.6906147%                            |
| 14A                     | E/2 NW/4 of Section 25-31S-41W | 1.6906147%                            |
| 14B                     | E/2 NW/4 of Section 25-31S-41W | 31.0811646%                           |
| 15A                     | W/2 NE/4 of Section 25-31S-41W | 1.6906147%                            |
| 15B                     | W/2 NE/4 of Section 25-31S-41W | 6.6415566%                            |
| 16                      | E/2 NE/4 of Section 25-31S-41W | 1.6906147%                            |
| 17                      | SE/4 of Section 25-31S-41W     | 3.3812294%                            |
| 18                      | SW/4 of Section 25-31S-41W     | 0.2072841%                            |
| 19                      | SE/4 of Section 26-31S-41W     | 0.2072841%                            |
| 20                      | NE/4 of Section 36-31S-41W     | 0.2072841%                            |
| 21                      | SE/4 of Section 36-31S-41W     | 0.2072841%                            |
| 22                      | W/2 of Section 36-31S-41W      | 4.2859000%                            |
| <b>TOTAL</b>            |                                | <b>100.0000000%</b>                   |



## Phase 2

| TRACT<br>NUMBER | TRACT DESCRIPTION              | TRACT PARTICIPATION<br>FACTOR |
|-----------------|--------------------------------|-------------------------------|
| 1               | NW/4 of Section 21-31S-40W     | 1.0674941%                    |
| 2               | NE/4 of Section 21-31S-40W     | 0.5294600%                    |
| 3               | SE/4 of Section 21-31S-40W     | 0.7033964%                    |
| 4               | SW/4 of Section 21-31S-40W     | 13.6776623%                   |
| 5               | SE/4 of Section 20-31S-40W     | 13.0426244%                   |
| 6               | SW/4 of Section 20-31S-40W     | 12.0478523%                   |
| 7               | NE/4 of Section 29-31S-40W     | 0.7663514%                    |
| 8               | S/2 of Section 19-31S-40W      | 20.9516612%                   |
| 9               | N/2 of Section 30-31S-40W      | 1.9774439%                    |
| 10              | SE/4 of Section 24-31S-41W     | 9.9028485%                    |
| 11A             | E/2 SW/4 of Section 24-31S-41W | 0.0000000%                    |
| 11B             | E/2 SW/4 of Section 24-31S-41W | 7.3196944%                    |
| 12              | W/2 SW/4 of Section 24-31S-41W | 0.3104879%                    |
| 13              | W/2 NW/4 of Section 25-31S-41W | 0.4437367%                    |
| 14A             | E/2 NW/4 of Section 25-31S-41W | 0.0000000%                    |
| 14B             | E/2 NW/4 of Section 25-31S-41W | 8.2845109%                    |
| 15A             | W/2 NE/4 of Section 25-31S-41W | 0.0000000%                    |
| 15B             | W/2 NE/4 of Section 25-31S-41W | 2.4149194%                    |
| 16              | E/2 NE/4 of Section 25-31S-41W | 0.2721002%                    |
| 17              | SE/4 of Section 25-31S-41W     | 1.0427807%                    |
| 18              | SW/4 of Section 25-31S-41W     | 1.0427807%                    |
| 19              | SE/4 of Section 26-31S-41W     | 0.4545455%                    |
| 20              | NE/4 of Section 36-31S-41W     | 1.7957774%                    |
| 21              | SE/4 of Section 36-31S-41W     | 0.4545455%                    |
| 22              | W/2 of Section 36-31S-41W      | 1.4973262%                    |
| <b>TOTAL</b>    |                                | <b>100.0000000%</b>           |

**End of Exhibit "A" – Part 3**

**Exhibit "A"**  
**Part 4 – Unit Participation Interests – Phase I**  
Attached to and made part of the Kinsler Morrow Unit Agreement

| UNIT OWNER  | INTEREST TYPE | UNIT WORKING INTEREST | UNIT REVENUE INTEREST |
|---|---------------|-----------------------|-----------------------|
| Enterra Resources, LLC<br>PO Box 5278<br>Edmond, OK 73083-5278  | WI            | 100.0000000%          | 82.4692265%           |
| Johns Enterprises, a Kansas general partnership<br>2670 Road 16<br>Johnson, KS 67855  | RI            | 0.0000000%            | 5.6124685%            |
| Elliott Family Partnership<br>PO Box 32<br>Teasdale, UT 84773   | RI            | 0.0000000%            | 2.3259025%            |
| Estate of Sheila A. Breeding, deceased<br>3640 Greenside Court<br>Dacula, GA 30019  | RI            | 0.0000000%            | 0.7789812%            |
| Brett Shaffer<br>24654 N. Lake Pleasant Parkway, Suite 103, Box 704<br>Peoria, AZ 85383   | RI            | 0.0000000%            | 0.5193208%            |
| Susan L. Rymph, f/k/a Susan Lynn Woods, f/k/a Susan Lynn Breeding<br>PO Box 141<br>Ellis, KS 67637  | RI            | 0.0000000%            | 0.5193208%            |
| 303 Adams St Partners, L.L.C., a Kansas limited liability company<br>4618 Matador Trail<br>Amarillo, TX 79109   | RI            | 0.0000000%            | 0.4447996%            |
| Helen Lucile Claridge<br>6586 S. Crocker Street<br>Littleton, CO 80120  | RI            | 0.0000000%            | 0.4018031%            |
| XTO Energy Inc., a Delaware corporation<br>PO Box 840780<br>Dallas, TX 75284-0780   | RI            | 0.0000000%            | 0.3533875%            |
| Chesna Hume<br>10600 S. Road V<br>Manter, KS 67862  | RI            | 0.0000000%            | 0.3335997%            |
| Robert S. Mitchell<br>6628 S. Robb Street<br>Littleton, CO 80127  | RI            | 0.0000000%            | 0.2678687%            |
| Estate of Ralph Ernest Breeding, deceased, and Security Limited Partnership, an Ohio limited partnership<br>10431 E. Snokomo Road<br>Hutchinson, KS 67502 | RI            | 0.0000000%            | 0.2596604%            |
| Hayward Farms, a general partnership<br>32902 River Road  | RI            | 0.0000000%            | 0.1766937%            |

|   |    |            |            |
|---|----|------------|------------|
| Parks, NE 69041   |    |            |            |
| Ashley Anderson Holt<br>3115 McMillan Road<br>Franklin, TN 37064  | RI | 0.0000000% | 0.1667998% |
| Tiffany Anderson Russ<br>125 Arrington Drive<br>Madison, MS 39110   | RI | 0.0000000% | 0.1667998% |
| Estate of Roy J. Mitchell, Jr., deceased<br>14601 E. 44 <sup>th</sup> Street S.<br>Independence, MO 64055   | RI | 0.0000000% | 0.1339344% |
| Central Plains Farming, LLC, a Kansas limited liability company<br>PO Box 221<br>Saint Paul, KS 66771   | RI | 0.0000000% | 0.1253876% |
| Daniels Hayward Farms, a general partnership<br>PO Box 1250<br>Choteau, MT 59422  | RI | 0.0000000% | 0.0883469% |
| Paw Paw, LLC, a Kansas limited liability company<br>14603 W. 91 <sup>st</sup> Place<br>Lenexa, KS 66215   | RI | 0.0000000% | 0.0883469% |
| Adalene M. Briggeman, Trustee of the Briggeman Living Trust,<br>dated May 12, 1995<br>3 Summit Avenue<br>Rolla, MO 65401                            | RI | 0.0000000% | 0.0704423% |
| Louis Kenton Briggeman<br>686 Salem Avenue<br>Rolla, MO 65401   | RI | 0.0000000% | 0.0704423% |
| Alisa Ann Green<br>11962 State Route E<br>Rolla, MO 65401   | RI | 0.0000000% | 0.0704423% |
| Amy Marie Trowbridge<br>903 NW Pecan Drive<br>Grain Valley, MO 64029  | RI | 0.0000000% | 0.0704423% |
| Carla Joy Raglin<br>6434 Pine Ridge Road<br>Elkhorn, NE 68022   | RI | 0.0000000% | 0.0704423% |
| Leah Lone Smith<br>1704 W. Main Street<br>Jefferson City, MO 65109  | RI | 0.0000000% | 0.0704423% |
| Jay C. Williams and Tony K. Williams, Successor Co-Trustees of the<br>Robert K. Williams Trust dated May 6, 1997<br>PO Box 993<br>Elkhart, KS 67950 | RI | 0.0000000% | 0.0555999% |
| Jay C. Williams and Tony K. Williams, Successor Co-Trustees of the<br>Betty J. Williams Trust dated May 6, 1997<br>PO Box 993<br>Elkhart, KS 67950  | RI | 0.0000000% | 0.0555999% |

|   |      |            |            |
|---|------|------------|------------|
| Charlotte S. Veatch, Life Estate<br>Aaron Landry and Ryan Landry, Remaindermen as tenants in common<br>620 E. 5th Street<br>Hugoton, KS 67951   | RI   | 0.0000000% | 0.0555999% |
| Junnae K. Landry, Life Estate<br>Aaron Landry and Ryan Landry, Remaindermen as tenants in common<br>PO Box 76<br>Pratt, KS 67124  | RI   | 0.0000000% | 0.0555999% |
| Lois K. Dunn<br>2245 Road 19<br>Richfield, KS 67953   | RI   | 0.0000000% | 0.0388658% |
| CoBank, FCB, formerly The Federal Land Bank of Wichita<br>245 N. Waco Avenue, #130<br>Wichita, KS 67202   | RI   | 0.0000000% | 0.0259105% |
| Frank Albert Wires and Michael Roy Wires, as Joint Tenants<br>PO Box 577<br>North Fork, CA 93643  | RI   | 0.0000000% | 0.0000000% |
| George O. Keesling, Life Estate<br>Lisa Fox Wilson and Eric R. Fox, Remainder Owners<br>5600 Highland Drive<br>Hutchinson, KS 67502   | RI   | 0.0000000% | 0.0000000% |
| Lisa Wilson and Eric Fox, Successor Co-Trustees of the Robert C. Fox Revocable Trust dated April 15, 2021<br>PO Box 125<br>Moscow, KS 67701   | RI   | 0.0000000% | 0.0000000% |
| Merit Hugoton, L.P.<br>PO Box 843727<br>Dallas, TX 75284-3727   | ORRI | 0.0000000% | 1.8477769% |
| Marion F. Hutchison II and Anne L. M. Hutchison, Trustees of the Marion F. Hutchison and Anne L. Hutchison Revocable Trust dated the 19th day of December, 2011<br>5220 Montrose Circle<br>Norman, OK 73072 | ORRI | 0.0000000% | 0.5000000% |
| MAP2004-OK, an Oklahoma General Partnership<br>PO Box 269031<br>Oklahoma City, OK 73126-9031  | ORRI | 0.0000000% | 0.2390379% |
| David Scott Sather, Trustee of the Charles Graham Lowe Marital Trust<br>120 E. Constitution<br>Victoria, TX 77901   | ORRI | 0.0000000% | 0.1972069% |
| Coleman Oil & Gas, Inc.<br>PO Drawer 3337<br>Farmington, NM 87499   | ORRI | 0.0000000% | 0.1701355% |
| T H McElvain Oil & Gas LLLP<br>1600 Stout Street, Suite 500   | ORRI | 0.0000000% | 0.1635918% |

|  |      |            |            |
|--|------|------------|------------|
| Denver, CO 80202   |      |            |            |
| The Clarksons Group, an Oklahoma General Partnership<br>12222 Merit Drive, Suite 360<br>Dallas, TX 75251   | ORRI | 0.0000000% | 0.1468838% |
| JMJ Resources, LLC<br>2204 N. Santiago Avenue<br>Farmington, NM 87401  | ORRI | 0.0000000% | 0.1439608% |
| Cannon Field, LLC<br>1415 S. Voss Street, Suite 110 #144<br>Houston, TX 77057  | ORRI | 0.0000000% | 0.0777029% |
| Kansas Permian Royalties, LLC, a Kansas limited liability company<br>8100 E. 22 <sup>nd</sup> Street N, Building 1900<br>Wichita, KS 67226                               | ORRI | 0.0000000% | 0.0734419% |
| James J. Heutel, Heidi H. Bohn, Carol Burrow and Antonette Gerhauser, Trustees of the J. B. Stoddard Testamentary Trust<br>PO Box 12254<br>Dallas, TX 75225-0254         | ORRI | 0.0000000% | 0.0734419% |
| SALZAU I<br>2633 McKinney Avenue, Suite 130 #310<br>Dallas, TX 75204   | ORRI | 0.0000000% | 0.0734419% |
| Arkoma Basin Minerals, Inc.<br>203 East Interstate 30<br>Rockwall, TX 75087  | ORRI | 0.0000000% | 0.0685458% |
| Exemplar Minerals LLC<br>16240 Muirfield Place<br>Edmond, OK 73013   | ORRI | 0.0000000% | 0.0523494% |
| Matthew D. L. Strickler<br>2005 N. Santiago Avenue<br>Farmington, NM 87401   | ORRI | 0.0000000% | 0.0523494% |
| James L. Welch, a single man<br>12222 Merit Drive, Suite 360<br>Dallas, TX 75251   | ORRI | 0.0000000% | 0.0293767% |
| Brad King<br>4618 100 <sup>th</sup> Street<br>Lubbock, TX 79424  | ORRI | 0.0000000% | 0.0261747% |
| Uniper IRA Investments, LLC (Jon Strickler)<br>2936 E. 57 <sup>th</sup> Place<br>Tulsa, OK 74105   | ORRI | 0.0000000% | 0.0261747% |
| James J. Heutel and Janet E. Heutel, husband and wife, as joint tenants with right of survivorship and not as tenants in common<br>PO Box 12254<br>Dallas, TX 75225-0254 | ORRI | 0.0000000% | 0.0220326% |
| Kansas Royalty Holdings, a Texas Joint-Stock Company<br>705 Sunset Hill Drive<br>Rockwall, TX 75087  | ORRI | 0.0000000% | 0.0212165% |
| Kyle Travis Mason and Rachel Beth Mason<br>812 Shady Lane  | ORRI | 0.0000000% | 0.0130873% |

|  |      |              |              |
|--|------|--------------|--------------|
| Farmington, NM 87401   |      |              |              |
| Heidi Heutel Bohn<br>6 The Landmark<br>Northfield, IL 60093                                    | ORRI | 0.0000000%   | 0.0110163%   |
| James J. Heutel<br>PO Box 12254<br>Dallas, TX 75225-0254                                       | ORRI | 0.0000000%   | 0.0110163%   |
| MAP Holdings, an Oklahoma general partnership<br>PO Box 268947<br>Oklahoma City, OK 73126-8947 | ORRI | 0.0000000%   | 0.0110163%   |
| DARMD LLC (Mike Hamon)<br>4744 Eastwind Avenue<br>Farmington, NM 87401                         | ORRI | 0.0000000%   | 0.0065437%   |
| <b>Total</b>   |      | 100.0000000% | 100.0000000% |

**End of Exhibit “A” – Part 4 – Phase I**

**Exhibit "A"****Part 4 – Unit Participation Interests – Phase II**

Attached to and made part of the Kinsler Morrow Unit Agreement

| <b>UNIT OWNER</b>   | <b>INTEREST TYPE</b> | <b>UNIT WORKING INTEREST</b> | <b>UNIT REVENUE INTEREST</b> |
|---|----------------------|------------------------------|------------------------------|
| Enterra Resources, LLC<br>PO Box 5278<br>Edmond, OK 73083-5278  | WI                   | 100.00000000%                | 82.8042518%                  |
| Elliott Family Partnership<br>PO Box 32<br>Teasdale, UT 84773   | RI                   | 0.00000000%                  | 2.8661381%                   |
| Frank Albert Wires and Michael Roy Wires, as Joint Tenants<br>PO Box 577<br>North Fork, CA 93643      | RI                   | 0.00000000%                  | 1.8567841%                   |
| Central Plains Farming, LLC, a Kansas limited liability company<br>PO Box 221<br>Saint Paul, KS 66771 | RI                   | 0.00000000%                  | 1.6303281%                   |
| Johns Enterprises, a Kansas general partnership<br>2670 Road 16<br>Johnson, KS 67855                  | RI                   | 0.00000000%                  | 1.6140742%                   |
| Ashley Anderson Holt<br>3115 McMillan Road<br>Franklin, TN 37064                                      | RI                   | 0.00000000%                  | 0.8548539%                   |
| Tiffany Anderson Russ<br>125 Arrington Drive<br>Madison, MS 39110                                     | RI                   | 0.00000000%                  | 0.8548539%                   |
| XTO Energy Inc., a Delaware corporation<br>PO Box 840780<br>Dallas, TX 75284-0780                     | RI                   | 0.00000000%                  | 0.7529908%                   |
| Estate of Sheila A. Breeding, deceased<br>3640 Greenside Court<br>Dacula, GA 30019                    | RI                   | 0.00000000%                  | 0.5364972%                   |
| Hayward Farms, a general partnership<br>32902 River Road<br>Parks, NE 69041                           | RI                   | 0.00000000%                  | 0.3764954%                   |
| Brett Shaffer<br>24654 N. Lake Pleasant Parkway, Suite 103, Box 704<br>Peoria, AZ 85383               | RI                   | 0.00000000%                  | 0.3576648%                   |
| Susan L. Rymph, f/k/a Susan Lynn Woods, f/k/a Susan Lynn Breeding<br>PO Box 141<br>Ellis, KS 67637    | RI                   | 0.00000000%                  | 0.3576648%                   |
| Daniels Hayward Farms, a general partnership<br>PO Box 1250<br>Choteau, MT 59422                      | RI                   | 0.00000000%                  | 0.1882477%                   |

|   |    |             |            |
|---|----|-------------|------------|
| Paw Paw, LLC, a Kansas limited liability company<br>14603 W. 91 <sup>st</sup> Place<br>Lenexa, KS 66215   | RI | 0.00000000% | 0.1882477% |
| Estate of Ralph Ernest Breeding, deceased, and Security Limited Partnership, an Ohio limited partnership<br>10431 E. Snokomo Road<br>Hutchinson, KS 67502 | RI | 0.00000000% | 0.1788324% |
| Lois K. Dunn<br>2245 Road 19<br>Richfield, KS 67953   | RI | 0.00000000% | 0.2109678% |
| CoBank, FCB, formerly The Federal Land Bank of Wichita<br>245 N. Waco Avenue, #130<br>Wichita, KS 67202   | RI | 0.00000000% | 0.1406452% |
| Helen Lucile Claridge<br>6586 S. Crocker Street<br>Littleton, CO 80120  | RI | 0.00000000% | 0.1403743% |
| Chesna Hume<br>10600 S. Road V<br>Manter, KS 67862  | RI | 0.00000000% | 0.1334368% |
| George O. Keesling, Life Estate<br>Lisa Fox Wilson and Eric R. Fox, Remainder Owners<br>5600 Highland Drive<br>Hutchinson, KS 67502                       | RI | 0.00000000% | 0.0957939% |
| Lisa Wilson and Eric Fox, Successor Co-Trustees of the Robert C. Fox Revocable Trust dated April 15, 2021<br>PO Box 125<br>Moscow, KS 67701               | RI | 0.00000000% | 0.0957939% |
| 303 Adams St Partners, L.L.C., a Kansas limited liability company<br>4618 Matador Trail<br>Amarillo, TX 79109   | RI | 0.00000000% | 0.0954907% |
| Robert S. Mitchell<br>6628 S. Robb Street<br>Littleton, CO 80127  | RI | 0.00000000% | 0.0935829% |
| Estate of Roy J. Mitchell, Jr., deceased<br>14601 E. 44th Street S.<br>Independence, MO 64055   | RI | 0.00000000% | 0.0467914% |
| Adalene M. Briggeman, Trustee of the Briggeman Living Trust, dated May 12, 1995<br>3 Summit Avenue<br>Rolla, MO 65401                                     | RI | 0.00000000% | 0.0217246% |
| Louis Kenton Briggeman<br>686 Salem Avenue<br>Rolla, MO 65401   | RI | 0.00000000% | 0.0217246% |
| Alisa Ann Green<br>11962 State Route E<br>Rolla, MO 65401   | RI | 0.00000000% | 0.0217246% |
| Amy Marie Trowbridge  | RI | 0.00000000% | 0.0217246% |



|   |      |             |            |
|---|------|-------------|------------|
| 903 NW Pecan Drive<br>Grain Valley, MO 64029  |      |             |            |
| Carla Joy Raglin<br>6434 Pine Ridge Road<br>Elkhorn, NE 68022   | RI   | 0.00000000% | 0.0217246% |
| Leah Lone Smith<br>1704 W. Main Street<br>Jefferson City, MO 65109  | RI   | 0.00000000% | 0.0217246% |
| Jay C. Williams and Tony K. Williams, Successor Co-Trustees of the<br>Robert K. Williams Trust dated May 6, 1997<br>PO Box 993<br>Elkhart, KS 67950   | RI   | 0.00000000% | 0.0146541% |
| Jay C. Williams and Tony K. Williams, Successor Co-Trustees of the<br>Betty J. Williams Trust dated May 6, 1997<br>PO Box 993<br>Elkhart, KS 67950  | RI   | 0.00000000% | 0.0146541% |
| Charlotte S. Veatch, Life Estate<br>Aaron Landry and Ryan Landry, Remaindermen as tenants in<br>common<br>620 E. 5th Street<br>Hugoton, KS 67951  | RI   | 0.00000000% | 0.0146541% |
| Junnae K. Landry, Life Estate<br>Aaron Landry and Ryan Landry, Remaindermen as tenants in<br>common<br>PO Box 76<br>Pratt, KS 67124   | RI   | 0.00000000% | 0.0146541% |
| Merit Hugoton, L.P.<br>PO Box 843727<br>Dallas, TX 75284-3727   | ORRI | 0.00000000% | 1.5558004% |
| Marion F. Hutchison II and Anne L. M. Hutchison, Trustees of the<br>Marion F. Hutchison and Anne L. Hutchison Revocable Trust dated<br>the 19th day of December, 2011<br>5220 Montrose Circle<br>Norman, OK 73072 | ORRI | 0.00000000% | 0.5000000% |
| MAP2004-OK, an Oklahoma General Partnership<br>PO Box 269031<br>Oklahoma City, OK 73126-9031  | ORRI | 0.00000000% | 0.1850918% |
| David Scott Sather, Trustee of the Charles Graham Lowe Marital<br>Trust<br>120 E. Constitution<br>Victoria, TX 77901  | ORRI | 0.00000000% | 0.1527012% |
| Coleman Oil & Gas, Inc.<br>PO Drawer 3337<br>Farmington, NM 87499   | ORRI | 0.00000000% | 0.1317393% |
| T H McElvain Oil & Gas LLLP<br>1600 Stout Street, Suite 500<br>Denver, CO 80202   | ORRI | 0.00000000% | 0.1266724% |

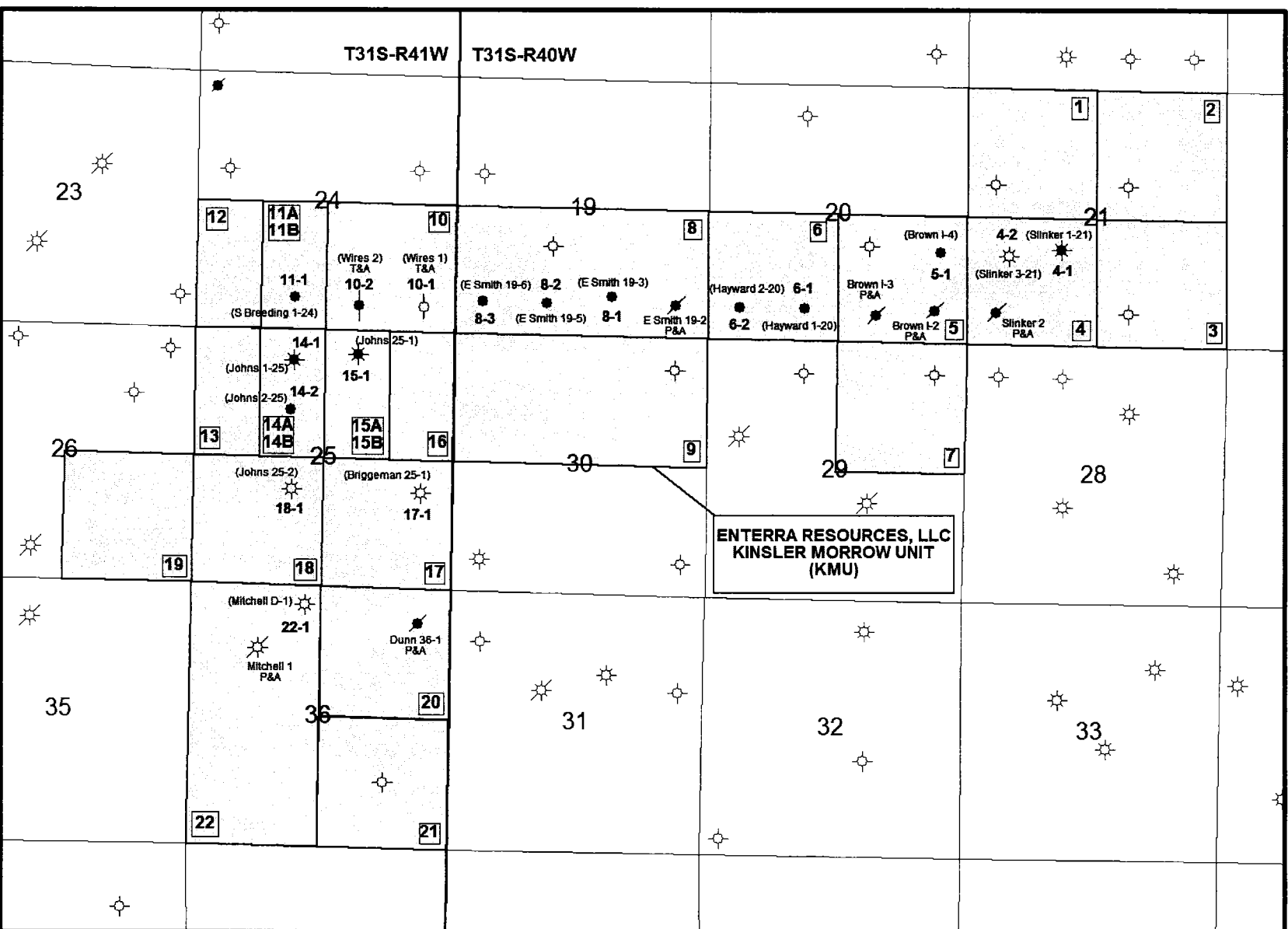
|  |      |            |            |
|--|------|------------|------------|
| The Clarksons Group, an Oklahoma General Partnership<br>12222 Merit Drive, Suite 360<br>Dallas, TX 75251   | ORRI | 0.0000000% | 0.1137350% |
| JMJ Resources, LLC<br>2204 N. Santiago Avenue<br>Farmington, NM 87401  | ORRI | 0.0000000% | 0.1114717% |
| Kansas Permian Royalties, LLC, a Kansas limited liability company<br>8100 E. 22 <sup>nd</sup> Street N, Building 1900<br>Wichita, KS 67226                               | ORRI | 0.0000000% | 0.0568675% |
| James J. Heutel, Heidi H. Bohn, Carol Burrow and Antonette Gerhauser, Trustees of the J. B. Stoddard Testamentary Trust<br>PO Box 12254<br>Dallas, TX 75225-0254         | ORRI | 0.0000000% | 0.0568675% |
| SALZAU I<br>2633 McKinney Avenue, Suite 130 #310<br>Dallas, TX 75204   | ORRI | 0.0000000% | 0.0568675% |
| Arkoma Basin Minerals, Inc.<br>203 East Interstate 30<br>Rockwall, TX 75087  | ORRI | 0.0000000% | 0.0530763% |
| Exemplar Minerals LLC<br>16240 Muirfield Place<br>Edmond, OK 73013   | ORRI | 0.0000000% | 0.0405352% |
| Matthew D. L. Strickler<br>2005 N. Santiago Avenue<br>Farmington, NM 87401   | ORRI | 0.0000000% | 0.0405352% |
| James L. Welch, a single man<br>12222 Merit Drive, Suite 360<br>Dallas, TX 75251   | ORRI | 0.0000000% | 0.0227470% |
| Cannon Field, LLC<br>1415 S. Voss Street, Suite 110 #144<br>Houston, TX 77057  | ORRI | 0.0000000% | 0.0207113% |
| Brad King<br>4618 100 <sup>th</sup> Street<br>Lubbock, TX 79424  | ORRI | 0.0000000% | 0.0202676% |
| Uniper IRA Investments, LLC (Jon Strickler)<br>2936 E. 57 <sup>th</sup> Place<br>Tulsa, OK 74105   | ORRI | 0.0000000% | 0.0202676% |
| James J. Heutel and Janet E. Heutel, husband and wife, as joint tenants with right of survivorship and not as tenants in common<br>PO Box 12254<br>Dallas, TX 75225-0254 | ORRI | 0.0000000% | 0.0170603% |
| Kansas Royalty Holdings, a Texas Joint-Stock Company<br>705 Sunset Hill Drive<br>Rockwall, TX 75087  | ORRI | 0.0000000% | 0.0164284% |
| Kyle Travis Mason and Rachel Beth Mason<br>812 Shady Lane<br>Farmington, NM 87401  | ORRI | 0.0000000% | 0.0101338% |

|  |      |              |              |
|--|------|--------------|--------------|
| Heidi Heutel Bohn<br>6 The Landmark<br>Northfield, IL 60093                                    | ORRI | 0.0000000%   | 0.0085301%   |
| James J. Heutel<br>PO Box 12254<br>Dallas, TX 75225-0254                                       | ORRI | 0.0000000%   | 0.0085301%   |
| MAP Holdings, an Oklahoma general partnership<br>PO Box 268947<br>Oklahoma City, OK 73126-8947 | ORRI | 0.0000000%   | 0.0085301%   |
| DARMD LLC (Mike Hamon)<br>4744 Eastwind Avenue<br>Farmington, NM 87401                         | ORRI | 0.0000000%   | 0.0050669%   |
| <b>Total</b>   |      | 100.0000000% | 100.0000000% |

**End of Exhibit “A” – Part 4 – Phase II**

# **Exhibit "B"** **Unit Boundary and Tract Plat**

Attached to and made part of the Kinsler Morrow Unit Agreement



**Exhibit "C"**  
**Well Renumbering**

Attached to and made part of the Kinsler Morrow Unit Agreement

| <b>CURRENT WELL NAME</b> | <b>NEW UNIT WELL NAME</b> |
|--------------------------|---------------------------|
| Slinker 1-21             | KMU 4-1                   |
| Slinker 3-21             | KMU 4-2                   |
| Brown I-4                | KMU 5-1                   |
| Hayward 1-20             | KMU 6-1                   |
| Hayward 2-20             | KMU 6-2                   |
| E Smith 19-3             | KMU 8-1                   |
| E Smith 19-5             | KMU 8-2                   |
| E Smith 19-6             | KMU 8-3                   |
| Wires 1                  | KMU 10-1                  |
| Wires 2                  | KMU 10-2                  |
| S Breeding 1-24          | KMU 11-1                  |
| Johns 1-25               | KMU 14-1                  |
| Johns 2-25               | KMU 14-2                  |
| Johns 25-1               | KMU 15-1                  |
| Briggeman 25-1           | KMU 17-1                  |
| Johns 25-2               | KMU 18-1                  |
| Mitchell D-1             | KMU 22-1                  |

**End of Exhibit "C"**

**EXHIBIT C**

To the Application of Enterra Resources, LLC (#35263) for an order  
authorizing the unitization and unit operation of the Kinsler Morrow Unit

Operating Agreement

ATTACHED

**UNIT OPERATING AGREEMENT  
KINSLER MORROW UNIT  
MORTON COUNTY, KANSAS**

THIS AGREEMENT is entered into effective as of the date set forth in Article 19.1, by the parties who have signed the original of this instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions hereof.

**WITNESSETH:**

WHEREAS, the parties hereto as Working Interest Owners have joined an agreement entitled, "Unit Agreement, Plan of Unitization, Kinsler Morrow Unit, Morton County, Kansas," herein referred to as "Unit Agreement," which, among other things provides for a separate agreement to be entered into by Working Interest Owners to provide for the development and operation of the Unit Area as therein defined.

NOW, THEREFORE, in consideration of the mutual agreements herein set forth, it is agreed as follows:

**ARTICLE 1  
CONFIRMATION OF UNIT AGREEMENT**

**1.1 Confirmation of Unit Agreement.** The Unit Agreement is hereby confirmed and by reference made a part of this Agreement. The definitions in the Unit Agreement are adopted for all purposes of this Agreement. If there is any conflict between the Unit Agreement and this Agreement, the Unit Agreement shall govern. This Agreement shall supersede all existing agreements by and among the parties hereto (other than the Unit Agreement) covering the Unit Area to the extent that the provisions of such existing agreements conflict with the provisions of this Agreement.

**ARTICLE 2  
EXHIBITS**

**2.1 Exhibits.** The following exhibits are incorporated herein by reference or attachment:

**2.1.1 Exhibits "A", "B" and "C" of the Unit Agreement.**

Exhibit "A" Part 1 – Description of Leases  
Exhibit "A" Part 2 – Description and Ownership of Tracts  
Exhibit "A" Part 3 – Tract Participation (Phase I and Phase II)  
Exhibit "A" Part 4 – Unit Participation Interests (Phase I and Phase II)  
Exhibit "B" – Unit Boundary and Tract Plat  
Exhibit "C" – Well Renumbering Schedule

**2.1.2 Exhibit "D"-Working Interest Owner Representatives and Contact Information.**

**2.1.3 Exhibit "E"-Accounting Procedure,** attached hereto, which is the Accounting Procedure applicable to Unit Operations. If there is any conflict between this Agreement and Exhibit "E", this Agreement shall govern.

**2.1.4 Exhibit "F" - Insurance,** attached hereto, which contains insurance provisions applicable to Unit Operations.

**2.1.5 Exhibit "G"-Memorandum of Unit Operating Agreement.**

**2.1.6 Exhibit "H" - Development Plan.**

**2.2 Revision of Exhibits.** Whenever any portion of Exhibits "A" Parts 1, 2 and 3 are revised, Exhibit "A" Part 4 shall be revised accordingly, and the effective date for revision shall be the same for each part of the exhibit. Unit Operator is authorized to correct any typographical or clerical error that may be discovered on any Exhibit.

**2.3 Interests of Working Interest Owners in Costs and Production.** Exhibit "A" Part 4, is the same Exhibit "A" Part 4 schedule from the Unit Agreement, less the non-working interest owners, showing the total Unit Participation of each Working Interest Owner. Exhibit "A" Part 4, or a revision thereof, shall not be solely conclusive as to the information therein, but it may be used as showing the Unit Participation of each Working Interest Owner for purposes of this Agreement until shown to be in error, or is revised as herein authorized.

**2.4 Reference to Exhibits.** Whenever reference is made herein to an exhibit, it is to the exhibit as originally attached or, if revised, to the last revision.

### **ARTICLE 3 SUPERVISION OF OPERATIONS BY WORKING INTEREST OWNERS**

**3.1 Overall Supervision.** Working Interest Owners shall exercise overall supervision and control of all matters pertaining to Unit Operations pursuant to this Agreement and the Unit Agreement. In the exercise of such authority, each Working Interest Owner shall act solely in its own behalf in the capacity of an individual owner and not on behalf of the owners as an entirety.

**3.2 Specific Authorities and Duties.** The matters with respect to which the Working Interest Owners shall decide and take action shall include, but not be limited to, the following:

**3.2.1 Drilling of Wells.** The drilling of any well, whether for production of Unitized Substances, for use as an injection well, water supply wells, or for other purposes.

**3.2.2 Well Recompletions and Change of Status.** The recompletion, abandonment, or change of status of any well, or the use of any well for injection or other purposes.

**3.2.3 Unit Operator's Tools and Equipment.** The use by Unit Operator of its own tools and equipment in the drilling, reworking or recompletion, or abandonment of a well or in any other operation in which such equipment is required. The charges by Unit Operator, for use of tools, equipment or crews which are owned, fully or partially by Unit Operator or a related party thereof, shall not unreasonably exceed the prevailing rates in the area, and any such work shall be performed under the same general terms and conditions as are customary and usual in the area under contracts of independent contractors who are doing work of a similar nature.

**3.2.4 Expenditures.** The making of any single expenditure in excess of Fifty Thousand Dollars (\$50,000.00); provided that approval by Working Interest Owners of the drilling, reworking, deepening or plugging back of any well shall include approval of all necessary expenditures required therefore, and for completing, testing and equipping the same, including necessary flow lines, separators, and lease tankage, pumps for injection and any related equipment needed for injection wells; provided further that approval by the Working Interest Owners of a project for securing and delivering water for injection purposes, including filtering, treating and pressuring systems, or a project for construction and installation of a produced water gathering system shall include approval of all necessary expenditures required for the complete construction, installation and efficient operation of all of the foregoing. Where, in connection with any expenditure of more than Fifty Thousand Dollars (\$50,000.00), Unit Operator submits an Authority for Expenditure (A.F.E.) which is approved by at least one (1) Working Interest Owner having a Unit Participation percentage, as set out in Exhibit "A" Part 4, of Sixty percent (60%) or more, such approval shall be binding upon all Working Interest Owners in the same manner as though a formal meeting had been held and a formal vote had been taken, as hereinafter provided in Article 4, and any commitments or expenditures thereafter made by Unit Operator on the basis of such approval shall be for the joint account.



**3.2.5 Disposition of Unit Equipment.** The selling or otherwise disposing of any major item of surplus Unit equipment, if the current list price of new equipment similar thereto is in excess of Fifty Thousand Dollars (\$50,000.00).

**3.2.6 Appearance Before a Court or Regulatory Agency.** The designating of a representative to appear before any court or regulatory agency in matters pertaining to Unit Operations; however, such designation shall not prevent any Working Interest Owner, at its own expense, from appearing in person or from designating another representative in its own behalf.

**3.2.7 Audits.** The auditing of the accounts of Unit Operator hereunder, as provided for in Exhibit "E", and the settlement of unresolved audit exceptions.

**3.2.8 Inventories.** The taking of periodic inventories as provided by Exhibit "E".

**3.2.9 Technical Services.** The authorizing of charges to the Joint Account for services by consultants or Unit Operator's technical personnel not covered by the charges provided by Exhibit "E".

**3.2.10 Assignments to Committees.** The appointment of committees to study any problems in connection with Unit Operations.

**3.2.11 Changes and Amendments.** The amendment of this Agreement, or as provided for in Article 11 of the Unit Agreement, the amending of the Unit Area.

**3.2.12 Investment Adjustments.** The adjustment and readjustment of investments.

**3.2.13 Termination of Unit Agreement.** The termination of the Unit Agreement, as provided therein.

#### **ARTICLE 4 MANNER OF EXERCISING SUPERVISION**

**4.1 Designation of Representatives.** Each Working Interest Owner shall inform Unit Operator in writing of the names, phone, fax, e-mail and addresses of the representative and alternate who are authorized to represent and bind such Working Interest Owner with respect to any matter or vote regarding Unit Operations. The representative or alternate may be changed from time to time by written notice to Unit Operator.

**4.2 Meetings.** All meetings of Working Interest Owners shall be called by Unit Operator upon its own motion or at the request of one or more Working Interest Owners having a total Phase II Unit Participation of not less than ten percent (10%). No meeting shall be called on less than fourteen (14) days advance written notice, with agenda for the meeting attached, provided, however, that any such meeting may be requested by Unit Operator or such Working Interest Owners upon 48-hours notice where an emergency situation exists. Working Interest Owners who attend the meeting may amend items included in the agenda and may act upon an amended item or other items presented at the meeting. The representative of Unit Operator shall be chairman of each meeting.

**4.3 Voting Procedure.** Working Interest Owners shall decide all matters coming before them as follows:

**4.3.1 Voting Interest.** Each Working Interest Owner shall have a voting interest equal to its Phase II Unit Participation interest.

**4.3.2 Vote Required.** Unless otherwise provided herein or in the Unit Agreement, Working Interest Owners shall act upon and determine all matters coming before them by the affirmative vote of one (1) or more Working Interest Owners having a combined voting interest of more than sixty percent (60%) of the total Phase II Unit Participation interest.

**4.3.3 Vote at Meeting by Non-attending Working Interest Owner.** Any Working Interest Owner who is not represented at a meeting may vote on any agenda item by letter or facsimile addressed to the representative of Unit Operator if its vote is received prior to the vote on the item at the meeting. Such vote shall not be counted with respect to any item on the agenda which is amended at the meeting.

**4.3.4 Poll Votes.** Working Interest Owners may vote by letter or facsimile on any matter submitted in writing to all Working Interest Owners. If a meeting is not called, as provided in Article 4.2, within seven (7) days after a written proposal is sent to Working Interest Owners, the vote taken by letter or facsimile shall control. Failure by a Working Interest Owner to vote on any matter submitted in writing to the Working Interest Owners within twenty (20) days from receipt of such proposal, shall be deemed a vote approving the matter. Unit Operator shall give prompt notice of the results of such voting to each Working Interest Owner.

**4.3.5 Approved Action Binding Upon All Parties.** Any action, determination or decision which has been approved by the Working Interest Owners pursuant to this Article 4 shall be binding upon each and every Working Interest Owner, even though any such owner has not voted, or has voted to the contrary.

## **ARTICLE 5 INDIVIDUAL RIGHTS OF WORKING INTEREST OWNERS**

**5.1 Reservation of Rights.** Working Interest Owners reserve and retain unto themselves all their rights, except as otherwise provided in this Agreement or the Unit Agreement.

**5.2 Specific Rights.** Each Working Interest Owner shall have, among others, the following specific rights:

**5.2.1 Access to Unit Area.** Access to the Unit Area at all reasonable times to inspect Unit Operations, all wells, and the records and data pertaining thereto.

**5.2.2 Reports.** The right to receive from Unit Operator, upon written request, copies of all reports to any governmental agency, reports of crude oil runs and stocks, inventory reports, and all other information pertaining to Unit Operations. The cost of gathering and furnishing information not ordinarily furnished by Unit Operator to all Working Interest Owners shall be charged to the Working Interest Owner that requests the information.

**5.2.3 Audits.** The right to audit the accounts of Unit Operator pertaining to Unit Operations according to the provisions of Exhibit "E".

**5.3 Reversionary Interests.** If a Tract ownership changes due to payout of a reversionary interest (or due to successive or multiple payouts) based on production from a well within the unit, balance remaining to be recovered will be calculated on an allocated Tract basis after the effective date of the unit. Payout will be deemed to be effective, as between the parties subject to the agreement controlling the payout and the remaining working interest owners, on the first day of the month following the time that the payout balance becomes zero or that payout occurs.

## **ARTICLE 6 UNIT OPERATOR**

**6.1 Unit Operator.** ENTERRA RESOURCES, LLC is hereby designated as Unit Operator.

**6.2 Resignation.** Unit Operator may resign at any time by giving written notice to the Working Interest Owners. Such resignation shall not become effective until 7:00AM Central Standard Time on the first of the month following the expiration of ninety (90) days after giving notice of resignation, unless a successor Unit Operator has taken over Unit Operations prior to the expiration of such period. If Unit Operator terminates its legal existence (other than a change in name, transfer to an affiliate or merger), becomes insolvent, bankrupt, or is placed in receivership, or is no longer capable of serving as Unit Operator, Unit Operator shall be

deemed to have resigned without any action except the selection of a successor Unit Operator in the manner set forth in Article 6.3 below.

**6.3 Selection of Successor.** Upon the resignation of Unit Operator, a successor Unit Operator shall be selected by the affirmative vote of one (1) or more Working Interest Owner or Owners having a combined voting interest of more than sixty percent (60%) of the Phase II Unit Participation interest.

## **ARTICLE 7 AUTHORITIES AND DUTIES OF UNIT OPERATOR**

**7.1 Exclusive Right to Operate Unit.** Subject to the provisions of this Agreement, Unit Operator shall have the exclusive right and be obligated to conduct Unit Operations.

Unit Operator shall implement the Enhanced Oil Recovery ("EOR") operations described in the Development Plan attached hereto as Exhibit "H". All parties hereby acknowledge and agree that Unit Operator shall have, in its sole discretion, the authority to implement all or a portion of the Development Plan as hereinafter provided.

If Unit Operator determines that the production of oil and gas resulting from the ongoing EOR operations is inadequate to economically continue implementation of the Development Plan, or that the production of oil and gas resulting from further implementation of the Development Plan is no longer necessary or advisable, then Operator shall not be required to continue implementation of the Development Plan and may suspend or terminate the Development Plan.

All parties hereby further acknowledge and agree that Unit Operator may revise, modify, amend, replace, in whole or in part, or otherwise change the Development Plan at any time while this Agreement is in force and effect, provided such changes are consistent with the purpose and objective of the EOR operations contemplated thereby, when in Unit Operator's sole discretion it is necessary or advisable to do so in order to maximize the efficient and economic recovery of oil and gas from the unitized formation, and any such revised, modified, amended, replaced or otherwise changed Development Plan shall thereafter be treated as if it were the original Development Plan adopted pursuant to this Agreement.

**7.2 Workmanlike Conduct.** Unit Operator shall conduct Unit Operations in a good and workmanlike manner as would a prudent operator under the same or similar circumstances. Unit Operator shall freely consult with Working Interest Owners and keep them informed of all matters which Unit Operator, in the exercise of its judgment, considers important. Unit Operator shall not be liable to Working Interest Owners for damages arising from its acts, activities and/or omissions, unless such damages result from its willful misconduct.

**7.3 Liens and Encumbrances.** Unit Operator shall endeavor to keep the lands and leases in the Unit Area and the Unit Equipment free from all liens and encumbrances occasioned by Unit Operations, except for any liens arising as a result of defaulting Working Interest Owners, due to unpaid Unit Expenses, as provided for in Article 11 herein.

**7.4 Employees.** The number of employees used by Unit Operator in conducting Unit Operations, their selection, hours of labor, and compensation shall be determined by Unit operator. Such employees shall be the employees of Unit Operator.

**7.5 Records.** Unit Operator shall keep correct books, accounts, and records of Unit Operations.

**7.6 Reports to Governmental Authorities.** Unit Operator shall make all reports to governmental authorities that it has the duty to make as Unit Operator.

**7.7 Appearance Before a Court or Regulatory Agency.** Unit Operator shall designate one or more representatives to appear before any court or regulatory agency on behalf of the Working Interest Owners in matters pertaining to Unit Operations; provided that, such designation shall not prevent any Working Interest Owner, at its own expense, from appearing in person or from designating another representative in its own behalf.

**7.8 Engineering and Geological Information.** Unit Operator shall furnish to a Working Interest Owner, upon written request, a copy of all logs and other engineering and

geological data obtained by Operator and pertaining to wells drilled as a result of Unit Operations, except for Working Interest Owners who are delinquent or are in default with respect to paying their share of Unit Expenses. As soon as the defaulting or delinquent Working Interest Owner has reimbursed or satisfied the Joint Account with respect to the amounts in default or has otherwise made arrangements for the payment of such amounts to the satisfaction of Unit Operator, then such Working Interest Owner will be entitled to the information to be provided pursuant to this Article.

**7.9 Expenditures.** Unit Operator is authorized to make single expenditures not in excess of Fifty Thousand Dollars (\$50,000.00) without prior approval of Working Interest Owners. In the event of an emergency, Unit Operator may immediately make or incur such expenditures as in its opinion are required to deal with the emergency. Unit Operator shall report to Working Interest Owners, as promptly as possible, the nature of the emergency and the action taken.

**7.10 Border Agreements.** Unit Operator may, after approval by Working Interest Owners, enter into border agreements with respect to land adjacent to the Unit Area for the purpose of coordinating operations.

## **ARTICLE 8 TAXES**

**8.1 Property and Ad Valorem Taxes.** Unit Operator shall, beginning in the first calendar year next following the effective date of this Agreement, make and file for property and ad valorem tax purposes all necessary renditions and returns with the proper taxing authorities or governmental subdivisions covering all real and personal property of each Working Interest Owner within the Unit Area and used in connection with the development and operation of the Unit Area. Any Working Interest Owner dissatisfied with any assessment of its interest in real or personal property shall have the right, at its own expense, to protest and resist the same. All such property taxes shall be paid by Unit Operator and charged to the joint account. However, if the interest of a Working Interest Owner is subject to any separately assessed tax and said Working Interest Owner pays such separately assessed tax, then said Working Interest Owner shall be given a credit equal to the reduction in taxes to be paid by the Joint Account resulting from such payment.

**8.2 Other Taxes.** Each Working Interest Owner shall pay or cause to be paid all production, severance, gathering and other taxes imposed upon or with respect to the production or handling of its share of Unitized Substances.

**8.3 Income Tax Election.** Notwithstanding any provisions herein that the rights and liabilities hereunder are several and not joint or collective, or that this Agreement and operations hereunder shall not constitute a partnership, if for Federal income tax purposes this Agreement and the operations hereunder are regarded as a partnership, then each Person hereby affected elects to be excluded from the application of all of the provisions of Subchapter K, Chapter 1, Subtitle A, of the Internal Revenue Code of 1986, as permitted and authorized by Section 761 of the Code and the regulations promulgated thereunder. Unit Operator is authorized and directed to execute on behalf of each Person hereby affected such evidence of this election as may be required by the Secretary of the Treasury of the United States or the Federal Internal Revenue Service, including specifically, but not by way of limitation, all, of the returns, statements and the data required by Federal Regulations 1.761-1(a). Should there be any requirement that each Person hereby affected give further evidence of this election, each such Person shall execute such documents and furnish such other evidence as may be required by the Federal Internal Revenue Service or as may be necessary to evidence this election. No such Person shall give any notices or take any other action inconsistent with the election made hereby. If any present or future income tax laws of the state or states in which the Unit Area is located or any future income tax law of the United States contain provisions similar to those in Subchapter K, Chapter 1, Subtitle A, of the Internal Revenue Code of 1986, under which an election similar to that provided by Section 761 of the Code is permitted, each Person hereby affected shall make such election as may be permitted or required by such laws, and giving the equivalent effect as specified herein. In making the foregoing election, each such Person states that the income derived by such person from Unit Operations can be adequately determined without the computation of partnership taxable income.

## **ARTICLE 9 INSURANCE**

**9.1 Insurance.** Unit Operator, with respect to Unit Operations, shall:

- (a) comply with the Worker's Compensation Laws of the state of Kansas,
- (b) comply with the Employer's Liability and other insurance requirements of the laws of the state of Kansas, and
- (c) provide insurance or other protection as set forth in Exhibit "E", subject to the provisions thereof.

## **ARTICLE 10 ADJUSTMENT OF INVESTMENTS**

**10.1 Property Taken Over.** Upon the effective date hereof, Working Interest Owners shall deliver to Unit Operator the following:

**10.1.1 Wells.** All wells completed in the Unitized Formation (whether or not now producing).

**10.1.2 Equipment.** The casing and tubing in each such well, including casing fittings through the casinghead, the wellhead connections thereon, and all other lease and operating equipment that is used in the operation of such wells which Unit Operator determines is necessary or desirable for conducting Unit Operations. Unit Operator shall have up to one hundred twenty (120) days subsequent to the commencement date of injection within which to make all such determinations. Upon Unit Operator determining that any equipment is surplus, such equipment shall be returned to the operator for the Working Interest Owners who delivered same to Unit Operator, and such equipment shall not be considered to have been taken over under this Article.

**10.1.3 Records.** A copy of all production and well records that pertain to such wells, and any other pertinent information and records requested by Unit Operator.

**10.2 Inventory and Evaluation of Personal Property.** Working Interest Owners shall inventory and evaluate in accordance with the provisions of Exhibit "E" the personal property taken over by Unit Operator.

**10.2.1 Equipment and Materials.** The inventory and evaluation shall include, but shall not be limited to, those items of equipment and material normally considered controllable by operators of oil and gas properties, excluding casing, as indicated in the latest revision of the Material Classification Manual by the Council of Petroleum Accountants Societies of North America.

**10.2.2 Non-Usable and Junk Equipment.** Non-usable and junk equipment and material will not be taken over by Unit Operator, but such items will remain the property of the Working Interest Owner(s) owning same prior to the Effective Date. Such Working Interest Owner(s) shall be responsible for the disposal of such non-usable and junk equipment and other materials within thirty (30) days of written request by Unit Operator. In the event such Working Interest Owner(s) does/do not dispose of such equipment within the aforescribed time period, Unit Operator shall dispose of such equipment and invoice the individual Working Interest Owner(s) owning same for the cost of disposal, which invoice shall, as to such Working Interest Owner(s), be considered an item of Unit Expense.

**10.2.3 Loaned Equipment Provision.** Unit Operator shall have the use of such items of equipment not needed in the conduct of Unit Operations under this Agreement, but necessary to continue operating practices employed prior to the Effective Date. All lease and well equipment not required for Unit Operations, and which will not be evaluated as provided herein, including that equipment retained by Unit Operator, shall be returned within one hundred twenty (120) days subsequent to the commencement date

of injection to the Working Interest Owner(s) who owned same prior to the Effective Date.

**10.2.4 Inventory Expense.** The cost of performing and compiling the physical inventory shall be an item of Unit Expense. The costs incurred by employees of the individual Working Interest Owners in witnessing the physical inventory or participating on the Inventory Committee shall be borne by such Working Interest Owners.

**10.3 Investment Adjustment.** Upon approval of the Working Interest Owners of the inventory and evaluation, each Working Interest Owner shall be credited with the value of its interest in all wells, equipment, materials and other personal property taken over under Article 10.1, and shall be charged with an amount equal to that obtained by multiplying the total value of all wells, equipment, materials and other personal property taken over under Article 10.1 by such Working Interest Owner's Phase II Unit Participation Interest. If the charge against any Working Interest Owner is greater than the amount credited to such Working Interest Owner, the resulting net charge shall be an item of Unit Expense chargeable against such Working Interest Owner. If the credit to any Working Interest Owner is greater than the amount charged against such Working Interest Owner, the resulting net credit shall be paid to such Working Interest Owner by Unit Operator out of funds received by it in settlement of the net charges described above.

**10.4 General Facilities.** The acquisition of warehouses, warehouse stocks, lease houses, camps, facility systems and office buildings necessary for Unit Operations shall be negotiated by the Unit Operator.

**10.5 Ownership of Personal Property and Facilities.** Each Working Interest Owner, individually, shall by virtue hereof own an undivided interest, equal to its Phase II Unit Participation Interest, in all personal property and facilities taken over or otherwise acquired by Unit Operator pursuant to this Agreement. All other equipment, materials and other personal property not required for Unit Operations and not taken over by Unit Operator as herein provided shall remain the property of the Working Interest Owners that owned such equipment prior to the establishment of the Unit.

## **ARTICLE 11 UNIT EXPENSE**

**11.1 Basis of Charge to Working Interest Owners.** Unit Operator initially shall pay all Unit Expense. Each Working Interest Owner shall reimburse Unit Operator for its share of Unit Expense in proportion to its respective Unit Participation. All charges, credits and accounting for Unit Expense shall be in accordance with Exhibit "E" and shall be apportioned among and assessed against the Working Interest Owners in proportion to their respective Phase II Unit Participation Interests as reflected on Exhibit "A" Part 4 hereto, except for Unit operating expenses which shall be limited to all costs and expenses incurred in the daily operation and routine maintenance of the Unit Area (including the monthly producing well overhead charges set out in Exhibit "C") and determined on the basis of the Tract Participation then in effect. Unit Operator shall be responsible for preparing monthly statements of Unit Expense to be submitted to the Working Interest Owners for payment, in accordance with Exhibit "E".

**11.2 Advance Billings.** Unit Operator shall have the right to require Working Interest Owners to advance their respective shares of estimated Unit Expense by submitting to Working Interest Owners an itemized estimate thereof, with a request for payment in advance. Within thirty (30) days thereafter, each Working Interest Owner shall pay to Unit Operator its share of such estimate. Adjustments between estimated and actual Unit Expense shall be made by Unit Operator at the close of each calendar month, and the accounts of Working Interest Owners shall be adjusted accordingly.

**11.3 Commingling of Funds.** No funds received by Unit Operator under this Agreement need be segregated or maintained by it as a separate fund, but may be commingled with its own funds.

**11.4 Unpaid Unit Expense.** If any Working Interest Owner fails or is unable to pay its share of Unit Expense within sixty (60) days after rendition of a statement therefor by Unit Operator, the unpaid balance shall, if Unit Operator so elects, be paid to Unit Operator by the

non-defaulting Working Interest Owners as if it were Unit Expense, in the proportion that the Unit Working Interest of each such non-defaulting Working Interest Owner bears to the total Unit Working Interest owned by all such non-defaulting Working Interest Owners. Such unpaid amount shall bear interest at the maximum rate permitted by applicable usury laws. Working Interest Owners so paying the same shall be reimbursed therefor, together with interest thereon, when the amount so carried and the interest thereon are collected from the Working Interest Owner primarily chargeable therewith. The amount carried shall be due and payable out of the proceeds from the defaulting Working Interest Owner's share of Unit sales. During the time that any Working Interest Owner fails to pay its share of Unit Expense, the Unit Operator shall be entitled to collect and receive from the purchaser the proceeds from such Working Interest Owner's share of the Unit sales and any such purchaser shall be entitled to rely, without liability, upon Articles 11.4 and 11.5 hereof as full and complete authorization to release such funds to Unit Operator, and, further, to rely, without liability, upon Unit Operator's statement of any and all amounts due from such Working Interest Owner. All credits to any such defaulting Working Interest Owner on account of the sale or disposal of Unit Equipment, or otherwise, shall also be applied against the unpaid share of Unit Expense charged against such Working Interest Owner.

**11.5 Security Rights.** In addition to any other security rights and remedies provided for by the laws of the State of Kansas with respect to services rendered, or materials and equipment furnished under this Agreement, each Working Interest Owner grants to Unit Operator a first and prior lien upon each Working Interest Owner, including its Oil and Gas Rights in the Unit Area, and a security interest in its share of oil and/or gas when extracted, its interest in all equipment, and the proceeds from the sale of the foregoing, to secure payment of its share of Unit Expense, together with interest thereon at the rate provided in Exhibit "E". To the extent that Unit Operator has a security interest under the Uniform Commercial Code of the State, Unit Operator shall be entitled to exercise the rights and remedies of a secured party under the Code. The bringing of a suit and obtaining of a judgment by Unit Operator for the secured indebtedness shall not be deemed an election of remedies or otherwise affect the lien rights or security for the payment thereof. In addition, upon default by any Working Interest Owner in the payment of its share of Unit Expense, Unit Operator shall have the right, without prejudice to other rights or remedies, to collect from the purchaser the proceeds from the sale of such Working Interest Owner's share of oil and gas until the amount owed by such Working Interest Owner, plus interest, has been paid. This paragraph shall serve as legal notice to any purchaser of oil and/or gas of Unit Operator's right to collect proceeds when accompanied by Unit Operator's written statement concerning the amount of any default.

If any Working Interest Owner fails or is unable to pay its share of Unit Expense within sixty (60) days after rendition of a statement therefor by Unit Operator, the non-defaulting Working Interest Owners shall, upon request by Unit Operator, pay the unpaid amount in the proportion that the interest of each such Working Interest Owner bears to the interest of all such non-defaulting Working Interest Owners. Each Working Interest Owner so paying its share of the unpaid amount shall, to obtain reimbursement thereof, be subrogated to the security rights described in the foregoing paragraph.

**11.6 Default.** In addition to the foregoing, in the event a Working Interest Owner fails to pay any billing within sixty (60) days of its receipt of invoice, Unit Operator shall have the option at any time thereafter while such billing remains unpaid to notify said Working Interest Owner of Unit Operator's intention to deem said Working Interest Owner as a Non-Consenting Working Interest Owner under the provisions of Article 20.1 below in the event payment of such billing is not made. Any such notice by Unit Operator shall be sent by certified mail, return receipt requested, and shall provide the notified Working Interest Owner fifteen (15) days from receipt of the notice in which to make payment. Upon failure of said Working Interest Owner to pay in full within the fifteen (15) day period, Unit Operator shall notify said Working Interest Owner that it has been deemed a Non-Consenting Working Interest Owner under the provisions of Article 20.1.

**11.7 Subsequently Created and Carved-Out Interests.** If any Working Interest Owner should create an overriding royalty, production payment, net proceeds interest, carried interest or any other burden attributable to its working interest hereunder ("Carved-Out Interest") after the Effective Date of this Agreement, then such Carved-Out Interest shall be subject to this Agreement. If a Working Interest Owner does not pay its share of Unit Expense and the proceeds from the sale of Unitized Substances under this Article 11 are insufficient for that purpose, the security rights provided for therein may be applied against the Carved-Out Interest

with which such Working Interest is burdened. In such event, the owner of such Carved-Out Interest shall be subrogated to the security rights granted by Article 11.5. Further, if the burdened party is required to assign or relinquish to any other Owner all or a portion of its Unit Participation interest, including but not limited to such party withdrawing as a Working Interest Owner under Article 17 or being deemed a Non-Consenting Working Interest Owner under Article 20, the receiving Owner shall receive said interest free and clear of such Carved-Out Interest, and the burdened party shall indemnify and save said other Owner harmless from any and all claims and demands for payment asserted by owners of the Carved-Out Interest.

## **ARTICLE 12 NON-UNITIZED FORMATIONS**

**12.1 Right to Operate.** Any Working Interest Owner that now has or hereafter acquires the right to drill for and produce oil, gas or other minerals, from a formation underlying the Unit Area other than the Unitized Formation, shall have the right to do so notwithstanding this Agreement or the Unit Agreement. In exercising the right, however, such Working Interest Owner shall exercise reasonable care and precaution to prevent unreasonable interference with Unit Operations. No Working Interest Owner other than Unit Operator shall produce Unitized Substances through any well drilled or operated by it. If any Working Interest Owner drills any well into or through the Unitized Formation, the Unitized Formation shall be protected in a manner satisfactory to Unit Operator and the Working Interest Owners so that the production of Unitized Substances will not adversely be affected.

## **ARTICLE 13 TITLES**

**13.1 Warranty and Indemnity.** Each Working Interest Owner represents and warrants that it is the owner of the respective Working Interest set forth opposite its name in Exhibit "A" Part 4, and agrees to indemnify and hold harmless the other Working Interest Owners from any loss due to failure, in whole or in part, of its title to any such interest, except failure of title arising because of Unit Operations; however, such indemnity and any liability for breach of warranty shall be limited to an amount equal to the net value that has been received from the sale or receipt of Unitized Substances attributed to the interest as to which title failed. Each failure of title will be deemed to be effective, insofar as this Agreement is concerned, as of 7:00 A.M. on the first day of the calendar month in which such failure is finally determined, and there shall be no retroactive adjustment of Unit Expense, or retroactive allocation of Unitized Substances or the proceeds therefrom, as a result of title failure.

**13.2 Failure because of Unit Operations.** The failure of title of any Working Interest in any Tract by reason of Unit Operations, including non-production from such Tract, shall not change the Unit Working Interest of the Working Interest Owner whose title failed in relation to the Unit Working Interest of the other Working Interest Owners at the time of the title failure.

**13.3 Individual Loss.** Any Working Interest Owner whose title fails shall alone bear the loss, and hereby expressly agrees to indemnify all other Working Interest Owners, against any claim for damages arising from such failure which may be asserted against them. Unit Operator, as such, is relieved from any responsibility for any defect or failure of any title hereunder, except failure that may be caused by or results from the gross negligence or willful misconduct of Unit Operator.

## **ARTICLE 14 LIABILITY, CLAIMS AND SUITS**

**14.1 Individual Liability.** The duties, obligations, and liabilities of Working Interest Owners shall be several and not joint or collective; and nothing herein shall ever be construed as creating a partnership of any kind, joint venture, association, or trust among Working Interest Owners.

**14.2 Settlements.** Unit Operator may settle any single damage claim or suit involving Unit Operations if the expenditure does not exceed Fifty Thousand Dollars (\$50,000.00), provided the payment is in complete settlement of such claim or suit. If the amount required for settlement exceeds the above specified amount, Working Interest Owners shall assume and take over the further handling of the claim or suit, unless such



authority is expressly delegated to Unit Operator. All costs and expense of handling, settling, or otherwise discharging such claim or suit shall be an item of Unit Expense. If a claim is made against any Working Interest Owner or if any Working Interest Owner is sued on account of any matter arising from Unit Operations and over which such Working Interest Owner individually has no control because of the rights given Working Interest Owners and Unit Operator by this Agreement and the Unit Agreement, the Working Interest Owner shall immediately notify the Unit Operator, and the claim or suit shall be treated as any other claim or suit involving Unit Operations.

**14.3 Notice of Loss.** Unit Operator shall make its best efforts to report to Working Interest Owners as soon as practicable after each occurrence, damage or loss to Unit Equipment, and each accident, occurrence, claim, or suit involving third party bodily injury or property damage exceeding Fifty Thousand Dollars (\$50,000.00), but shall have no liability for failure to do so.

**14.4 Force Majeure.** Any obligation imposed by this Agreement on each Person, except for the payment of money, shall be suspended while compliance therewith is prevented, in whole or in part, by a strike, fire, war, civil disturbance, act of God; by Federal, state or municipal laws; by any rule, regulation or order of a governmental agency; by inability to secure material or by any other cause beyond the reasonable control of such Person. No Person shall be required against its will to adjust or settle any labor dispute. Neither this Agreement nor any lease or other instrument subject thereto shall be terminated by reason of suspension of Unit Operations due to any of the causes set forth in this Article.

## **ARTICLE 15 NONDISCRIMINATION**

**15.1 Nondiscrimination.** During the performance of work under this Agreement, Unit Operator agrees to comply with all of the provisions of subsections (1) through (7) of Section 202, Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, and as subsequently amended, which are hereby incorporated by reference in this Agreement.

## **ARTICLE 16 NOTICES**

**16.1 Notices.** All notices required hereunder shall be in writing and shall be deemed to have been properly served when sent by mail or facsimile transmission to the address/fax number of the representative of each Working Interest Owner furnished to Unit Operator in accordance with Article 4.

**16.2 Notice of Transfer of Title.** A Working Interest Owner transferring, assigning or conveying all or any part of its interest in and to its Oil and Gas Rights shall notify Unit Operator of such transfer, assignment or conveyance within fifteen (15) days of the effective date of such transfer, assignment or conveyance. No change of title shall be binding upon the Unit or Unit Operator until the first day of the calendar month following the month of receipt by Unit Operator of evidence, satisfactory to Unit Operator, of such change of ownership. Each such transfer, assignment or conveyance, whether so stating or not, shall operate to impose upon the party or parties acquiring such interest the obligations of the predecessor in interest with respect to the interest so transferred and shall likewise operate to give and grant the party or parties acquiring such interest all benefits attributable hereunder to such interest.

## **ARTICLE 17 WITHDRAWAL OF WORKING INTEREST OWNER**

**17.1 Withdrawal.** A Working Interest Owner may withdraw from this Agreement by transferring, without warranty of title, either express or implied, to the other Working Interest Owners who do not desire to withdraw, all of its Oil and Gas Rights, exclusive of Royalty Interests, together with its interest in all Unit Equipment and in all wells used in Unit Operations, provided that such transfer shall not relieve such Working Interest Owner from any obligation, lien, encumbrance or liability incurred prior to the first day of the month following receipt by Unit Operator of such transfer, including, but not limited to any and all environmental liability or remedial obligations. The delivery of the transfer shall be made to Unit Operator for the transferees. The transferred interest shall be owned by the transferees in

proportion to their respective Phase II Unit Participation Interest. The transferees, in proportion to the respective interests so acquired, shall pay the transferor for its interest in Unit Equipment, the fair salvage value thereof as estimated and fixed by Working Interest Owners, less its share of the estimated cost of salvaging same, the estimated cost of plugging and abandoning all wells then being used or held for Unit Operations hereunder, the estimated environmental liability, if any, and the estimated cost of all environmental remediation in the Unit Area (net salvage value), as determined by Working Interest Owners. In the event such withdrawing Working Interest Owner's interest in the aforesaid net salvage value is negative, then as a condition precedent to withdraw, said Working Interest Owner shall pay in cash to the persons succeeding to its interest a sum equal to the deficiency. Within sixty (60) days after receiving delivery of the transfer, Unit Operator shall render a final statement to the withdrawing owner for its share of Unit Expense, including any deficiency in salvage value, as determined by Working Interest Owners, incurred as of the first day of the month following the date of receipt of the transfer. Provided that all Unit Expense, including any deficiency hereunder, due from the withdrawing owner has been paid in full within thirty (30) days after the rendering of such final statement by the Unit Operator, the transfer shall be effective the first day of the month following its receipt by Unit Operator and, as of such effective date, the withdrawing owner shall be relieved from all further obligations and liabilities hereunder and under the Unit Agreement, and the rights of the withdrawing Working Interest Owner hereunder and under the Unit Agreement shall cease insofar as they existed by virtue of the interest transferred.

**17.2 Limitation on Withdrawal.** Notwithstanding anything set forth in Article 17.1 above, Working Interest Owners may refuse to permit the withdrawal of a Working Interest Owner if its Working Interest is burdened by any royalties, overriding royalties, production payments, net proceeds interest, carried interest, carved-out interest or any other interest created out of the Working Interest in excess of the applicable lessor's royalty interest as specified in the original oil and gas lease between the withdrawing Working Interest Owner and such lessor(s). If less than all the remaining Working Interest Owners refuse to permit a withdrawal, the Working Interest Owners agreeing to the withdrawal shall have the option to accept the transfer and assignment and agree to accept the Working Interest subject to such burdens, and the parties electing to accept such withdrawn interest shall, provided that any deficiency referred to in Article 17.1 has been paid in full, share same proportionately as to their respective Unit Working Interests.

## **ARTICLE 18 ABANDONMENT OF WELLS**

**18.1 Rights of Former Owners.** If Working Interest Owners determine to permanently abandon any well within the Unit Area prior to termination of the Unit Agreement, the Unit Operator shall give written notice thereof to the Working Interest Owners of the Tract on which the well is located, and they shall have the option for a period of sixty (60) days after the sending of such notice to notify the Unit Operator in writing of their election to take over and own the well. Within ten (10) days after the Working Interest Owners of the Tract have notified Unit Operator of their election to take over the well, they shall pay Unit Operator, for credit to the Joint Account, the amount determined by the Working Interest Owners to be the net salvage value of the casing and equipment, through the wellhead, in and on the well. The Working Interest Owners of the Tract, by taking over the well, agree to seal off the Unitized Formation, and upon abandonment to plug the well in compliance with applicable laws and regulations and complete all environmental remediation relative to the well and the surface utilized in conjunction therewith in compliance with applicable laws and regulations. A failure to respond to notice within the sixty (60) day period set forth hereunder shall be deemed an election by the Working Interest Owners of said Tract not to take over the said well.

**18.2 Plugging.** If the Working Interest Owners of the applicable Tract do not elect to take over a well located within the Unit Area that is proposed for abandonment as provided in Article 18.1 above, then Unit Operator shall plug and abandon such well in compliance with applicable laws and regulations.

## **ARTICLE 19 EFFECTIVE DATE AND TERM**

**19.1 Effective Date.** This Agreement shall become effective on the date and at the

time that the Unit Agreement becomes effective. Unit Operator shall cause Unit Operations to commence within 365 days after the date this Agreement becomes effective.

**19.2 Term.** This Agreement shall continue in effect so long as the Unit Agreement remains in effect, and thereafter until (a) all Unit wells have been plugged and abandoned or turned over to Working Interest Owners in accordance with Article 18 above and 21 below; (b) all Unit Equipment and real property acquired for the Joint Account have been disposed of by Unit Operator in accordance with instructions of Working Interest Owners; and (c) all amounts owed to Unit Operator by any Person have been fully paid including accrued interest; and (d) there has been a final accounting.

## **ARTICLE 20**

### **NON-CONSENTING WORKING INTEREST OWNERS**

**20.1 Non-Consent.** Any Working Interest Owner who does not execute this Unit Operating Agreement prior to the Effective Date, or who elects not to participate in any drilling, deepening, or reworking operation, shall be deemed to have elected not to participate in Unit Operations. Each such Working Interest Owner (hereinafter referred to as "Non-Consenting Working Interest Owner"), shall be deemed to have relinquished to the Working Interest Owners who have executed this Unit Operating Agreement (hereinafter referred to as "Committed Working Interest Owners"), as of the Effective Date, and the Committed Working Interest Owners shall own and be entitled to receive, in proportions as hereinafter set forth, all of each such Non-Consenting Working Interest Owner's share of the Oil and Gas Rights in the Unit and share of production therefrom until the proceeds of sale of such share, calculated at the well (after deducting production taxes, excise taxes, royalty, overriding royalty and other interest payable out of or measured by the production from the Unit accruing with respect to such interest until it reverts) shall equal the total of the following:

- (a) 100% of each Non-Consenting Working Interest Owner's share of the cost and expense of any acquired surface equipment beyond the wellhead connections (including but not limited to stock tanks, separators, treaters, pumping equipment, surface injection equipment and piping), plus 100% of each such Non-Consenting Working Interest Owner's share of the cost of Unit Operations, together with interest thereon at the rate set forth in Exhibit "E", and;
- (b) 300% of each such Non-Consenting Working Interest Owner's share of the costs and expenses of staking, wellsite preparation, drilling (production and/or injection wells), reworking, deepening, plugging back, testing, completing, converting existing wells to injection wells, and 300% of that portion of the cost of newly acquired equipment in the well (to and including the wellhead connections), together with interest thereon at the rate set forth in Exhibit "E", and;
- (c) 300% of each such Non-Consenting Working Interest Owner's share of the costs and expenses of underground pipeline systems, expenses for injected substances and any other non-recoupable expenses incurred, together with interest thereon at the rate set forth in Exhibit "E".

Each month, the Unit Operator shall be reimbursed by the Committed Working Interest Owners for the share of Unit Expense chargeable to a Non-Consenting Working Interest Owner. Each Committed Working Interest Owner's share of the carried interest shall be treated as any other Unit Expense chargeable to such Committed Working Interest Owner and shall be in the ratio that such Committed Working Interest Owner's interest bears to the total interest of the Committed Working Interest Owners.

Recovery by the Committed Working Interest Owners of the monies advanced on behalf of a Non-Consenting Working Interest Owner, plus penalty as aforesaid, shall be recoverable from such Non-Consenting Working Interest Owner's share of production.

Any Working Interest Owner deemed non-consent under the provisions of Article 11.6 shall be deemed to have elected not to participate in Unit Operations from and after the date from which said Working Interest Owner has failed to pay its share of Unit Expense. Such Working Interest Owner shall thereafter be subject to the penalties and interest charges as set forth above on all unpaid Unit Expense.

Notwithstanding the foregoing, Unit Operator shall have the option, but not the obligation, to elect to assume the interest of any Non-Consenting Working Interest Owners(s) in lieu of having all Committed Working Interest Owners participate. Unit Operator upon such election shall be entitled to recovery of the money advanced on behalf of any Non-Consenting Working Interest Owner(s), plus penalty and interest as provided herein.

## **ARTICLE 21 ABANDONMENT OF OPERATIONS**

**21.1 Termination.** Upon termination of the Unit Agreement, the following will occur:

**21.1.1 Oil and Gas Rights.** Oil and Gas Rights in and to each separate Tract shall no longer be affected by this Agreement, and thereafter the parties shall be governed by the terms and provisions of the leases, contracts, and other instruments affecting the separate Tracts.

**21.1.2 Right to Operate.** Working Interest Owners of any Tract that desire to take over and continue to operate wells located thereon may do so by paying Unit Operator, for credit to the Joint Account, the net salvage value, as determined by Working Interest Owners, of the casing and equipment, through the wellhead, in and on the wells taken over and by agreeing upon abandonment to plug and abandon each well and to assess all environmental liability and complete all environmental remediation relative to the Tract in compliance with applicable laws and regulations.

**21.1.3 Salvaging Wells.** Unit Operator shall salvage as much of the casing and equipment in or on wells not taken over by Working Interest Owners of separate Tracts as can economically and reasonably be salvaged, and shall cause the wells to be plugged and abandoned and all environmental remediation to be completed in compliance with applicable laws and regulations.

**21.1.4 Cost of Abandonment.** Working Interest Owners shall share the cost of salvaging, liquidation or other distribution of assets and properties used in Unit Operations in the proportions to their respective Phase II Unit Working Interest, and the benefit of such salvage operations shall be credited to the Joint Account.

**21.1.5 Distribution of Assets.** Working Interest Owners shall share in the distribution of Unit Equipment, or the proceeds thereof, in proportion to their Phase II Unit Working Interest.

## **ARTICLE 22 APPROVAL**

**22.1 Original, Counterpart, or Other Instrument.** An owner of a Working Interest may approve this Agreement by signing the original, a counterpart thereof, or a ratification agreeing to be bound by the terms hereof, or any other written instrument approving this Agreement. The signing of any such instrument shall have the same effect as if all Working Interest Owners had signed the same instrument.

## **ARTICLE 23 SUCCESSORS AND ASSIGNS**

**23.1 Successors and Assigns.** This Agreement shall extend to, be binding upon, and inure to the benefit of the Persons hereto and their respective heirs, devisees, legal representatives, successors, and assigns, and shall constitute a covenant running with the lands, leases, and interests covered hereby.

## **ARTICLE 24 ASSIGNABILITY**

**24.1 Maintenance of Uniform Interest.** For the purpose of maintaining uniformity of ownership as to the Unit, no Working Interest Owner shall sell, encumber, transfer or make other disposition of its interest hereunder unless such disposition covers either the entire interest of the Working Interest Owner in the Unit, or an equal undivided interest in the Unit.

**24.2 Limitation on Assignment.** If the interest of any Working Interest Owner is divided among and owned by two (2) or more co-owners, Unit Operator, at its discretion, may require such co-owners to appoint a single trustee or agent with full authority to receive notices, vote, approve expenditures, receive billings for and approve and pay such party's share of Unit Expense, and to deal generally with, and with the power to bind the co-owners of such party's interest within the scope of the operations embraced in this Agreement; however, all such co-owners shall have the right to enter into and execute all contracts or agreements for the disposition of their respective shares of the Unitized Substances produced from the Unit Area.

## **ARTICLE 25 PRE-UNITIZATION EXPENSES**

**25.1 Pre-Unitization Expenses.** Unit Operator anticipates incurring direct and indirect pre-unitization costs of at least Fifty Thousand Dollars (\$50,000.00) for land, legal, geological, engineering and other necessary unitization expenses. Such costs and expenses shall be treated as a Unit Expense of each Working Interest Owner and shall be borne solely by each such Working Interest Owner as to such Working Interest Owner's Phase II Unit Working Interest based on the actual costs incurred by Unit Operator.

## **ARTICLE 26 UNLEASED INTERESTS**

**26.1 Treated as Leased.** If a Working Interest Owner owns in fee all or a part of the Oil and Gas Rights in any Tract within the Unit Area which are not subject to any oil and gas lease, or other contract in the nature thereof, such Working Interest Owner shall be deemed to own a Working Interest in such Tract to the extent of seven-eighths (7/8ths) of its interest therein and a Royalty Interest with respect to the remaining one-eighth (1/8th) interest therein.

## **ARTICLE 27 JOINDER IN DUAL CAPACITY**

**27.1 Joinder in Dual Capacity.** In the event that the parties hereto own both Working Interest and Royalty Interest, it shall not be necessary for such party to execute this Agreement in both capacities in order to commit both classes of interests. Execution hereby by any such party in one capacity shall also constitute execution in the other capacity.

IN WITNESS WHEREOF, this Agreement is approved on the dates of execution by the Working Interest Owners and the Unit Operator.

**WORKING INTEREST OWNER AND  
UNIT OPERATOR:**

**ENTERRA RESOURCES, LLC**

By: \_\_\_\_\_  
Marion F. Hutchison II  
Land Manager

Dated: \_\_\_\_\_

**WORKING INTEREST OWNERS  
(NON-OPERATORS):**

**EXHIBIT "D"**

Attached to and made a part of the Kinsler Morrow Unit Operating Agreement

**WORKING INTEREST OWNER REPRESENTATIVES AND CONTACT INFORMATION**

|                         |                                      |
|-------------------------|--------------------------------------|
| Working Interest Owner: | Enterra Resources, LLC               |
| Representative:         | Marion F. Hutchison II, Land Manager |
| Mailing Address         | PO Box 5278                          |
|                         | Edmond, OK 73083-5278                |
| Physical Address:       | 1001 Medical Park Boulevard          |
|                         | Edmond, OK 73013                     |
| Phone:                  | (405) 341-0005                       |
| Fax:                    | (405) 341-8464                       |
| Email:                  | mhutchison@energygroupok.com         |

## EXHIBIT "-E"

Attached to and made a part of the **Kinsler Morrow Unit Operating Agreement**

# ACCOUNTING PROCEDURE JOINT OPERATIONS

## /I. GENERAL PROVISIONS

### 1. Definitions

"Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure is attached.

"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.

"Joint Account" shall mean the account showing the charges paid and credits received in the conduct of the Joint Operations and which are to be shared by the Parties.

"Operator" shall mean the party designated to conduct the Joint Operations.

"Non-Operators" shall mean the Parties to this agreement other than the Operator.

"Parties" shall mean Operator and Non-Operators.

"First Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision of other employees and/or contract labor directly employed on the Joint Property in a field operating capacity.

"Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problems for the benefit of the Joint Property.

"Personal Expenses" shall mean travel and other reasonable reimbursable expenses of Operator's employees.

"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.

"Controllable Material" shall mean Material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council or Petroleum Accountants Societies.

### 2. Statement and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure, lease or facility, and all charges and credits summarized by appropriate classifications of investment and expense except that items of Controllable Material and unusual charges and credits shall be separately identified and fully described in detail.

### 3. Advances and Payments by Non-Operators

A. Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding month's operation within fifteen (15) days after receipt of the billing or by the first day of the month for which the advance is required, whichever is later. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.

B. Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the prime rate in effect at Bank of America - Wichita, Kansas on the first day of the month in which delinquency occurs plus 1% or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

### 4. Adjustments

Payment of any such bills shall not prejudice the right of any Non-Operator to protest or question the correctness thereof; provided, however, all bills and statements rendered to Non-Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controllable Material as provided for in Section V.

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5. **Audits**

A. A Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the Joint Account for any calendar year within the twenty-four (24) month period following the end of such calendar year; provided, however, the making of an audit shall not extend the time for the taking of written exception to and the adjustments of accounts as provided for in Paragraph 4 of this Section I. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct a joint audit in a manner which will result in a minimum of inconvenience to the Operator. Operator shall bear no portion of the Non-Operators' audit cost incurred under this paragraph unless agreed to by the Operator. The audits shall not be conducted more than once each year without prior approval of Operator, except upon the resignation or removal of the Operator, and shall be made at the expense of those Non-Operators approving such audit.

B. The Operator shall reply in writing to an audit report within 180 days after receipt of such report.

6. **Approval By Non-Operators**

Where an approval or other agreement of the Parties or Non-Operators is expressly required under other sections of this Accounting Procedure and if the agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, Operator shall notify all Non-Operators of the Operator's proposal, and the agreement or approval of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.

**II. DIRECT CHARGES**

Operator shall charge the Joint Account with the following items:

1. **Ecological and Environmental**

Costs incurred for the benefit of the Joint Property as a result of governmental or regulatory requirements to satisfy environmental considerations applicable to the Joint Operations. Such costs may include surveys of an ecological or archaeological nature and pollution control procedures as required by applicable laws and regulations.

2. **Rentals and Royalties**

Lease rentals and royalties paid by Operator for the Joint Operations.

3. **Labor**

A. (1) Salaries and wages of Operator's field employees directly employed on the Joint Property in the conduct of Joint Operations.

(2) Salaries of First level Supervisors in the field.

(3) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are excluded from the overhead rates.

(4) Salaries and wages of Technical Employees either temporarily or permanently assigned to and directly employed in the operation of the Joint Property if such charges are excluded from the overhead rates.

B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Paragraph 3A of this Section II. Such costs under this Paragraph 3B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Paragraph 3A of this Section II. If percentage assessment is used, the rate shall be based on the Operator's cost experience.

C. Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's costs chargeable to the Joint Account under Paragraphs 3A and 3B of this Section II.

D. Personal Expenses of those employees whose salaries and wages are chargeable to the Joint Account under Paragraphs 3A and 3B of this Section II.

4. **Employee Benefits**

Operator's current costs or established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost chargeable to the Joint Account under Paragraphs 3A and 3B of this Section II shall be Operator's actual cost not to exceed the percent most recently recommended by the Council of Petroleum Accountants Societies.

5. **Material**

Material purchased or furnished by Operator for use on the Joint Property as provided under Section IV. Only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use and is reasonably practical and consistent with efficient and economical operations. The accumulation of surplus stocks shall be avoided.

6. **Transportation**

Transportation of employees and Material necessary for the Joint Operations, ~~but subject to the following limitations:~~

~~A. If Material is moved to the Joint Property from the Operator's warehouse or other properties, no charge shall be made to the Joint Account for a distance greater than the distance from the nearest reliable supply store where like material is normally available or railway receiving point nearest the Joint Property unless agreed to by the Parties.~~

~~B. If surplus Material is moved to Operator's warehouse or other storage point, no charge shall be made to the Joint Account for a distance greater than the distance to the nearest reliable supply store where like material is normally available, or railway receiving point nearest the Joint Property unless agreed to by the Parties. No charge shall be made to the Joint Account for moving Material to other properties belonging to Operator, unless agreed to by the Parties.~~

~~C. In the application of subparagraphs A and B above, the option to equalize or charge actual trucking cost is available when the actual charge is \$400 or less excluding accessorial charges. The \$400 will be adjusted to the amount most recently recommended by the Council of Petroleum Accountants Societies.~~

7. **Services**

The cost of contract services, equipment and utilities provided by outside sources, except services excluded by Paragraph 10 of Section II and Paragraph i, ii, and iii, of Section III. The cost of professional consultant services and contract services of technical personnel directly engaged on the Joint Property if such charges are excluded from the overhead rates. The cost of professional consultant services or contract services of technical personnel not directly engaged on the Joint Property shall not be charged to the Joint Account unless previously agreed to by the Parties.

8. **Equipment and Facilities Furnished By Operator**

A. Operator shall charge the Joint Account for use of Operator owned equipment and facilities at rates commensurate with costs of ownership and operation ~~as determined by Operator~~. ~~Such rates shall include costs of maintenance, repairs, other operating expense, insurance, taxes, depreciation, and interest on gross investment less accumulated depreciation not to exceed \_\_\_\_\_ percent (\_\_\_\_%) per annum. Such rates shall not exceed average commercial rates currently prevailing in the immediate area of the Joint Property.~~

B. In lieu of charges in Paragraph 8A above, Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property less 20%. For automotive equipment, Operator may elect to use rates published by the Petroleum Motor Transport Association.

9. **Damages and Losses to Joint Property**

All costs or expenses necessary for the repair or replacement of Joint Property made necessary because of damages or losses incurred by fire, flood, storm, theft, accident, or other cause, except those resulting from Operator's gross negligence or willful misconduct. Operator shall furnish Non-Operator written notice of damages or losses incurred as soon as practicable after a report thereof has been received by Operator.

10. **Legal Expense**

Expense of ~~handling, investigating and settling litigation or claims, discharging of liens, payment of judgments and amounts paid for settlement of claims incurred in or resulting from operations under the agreement or necessary to protect or recover the Joint Property, except that no charge for services of Operator's legal staff or fees or expense of outside attorneys shall be made unless previously agreed to by the Parties. All other legal expense is considered to be covered by the overhead provisions of Section III unless otherwise agreed to by the Parties, except as provided in Section I, Paragraph 3.~~ <sup>regulatory proceedings</sup>

11. **Taxes**

All taxes of every kind and nature assessed or levied upon or in connection with the Joint Property, the operation thereof, or the production therefrom, and which taxes have been paid by the Operator for the benefit of the Parties. If the ad valorem taxes are based in whole or in part upon separate valuations of each party's working interest, then notwithstanding anything to the contrary herein, charges to the Joint Account shall be made and paid by the Parties hereto in accordance with the tax value generated by each party's working interest.

12. Insurance

Net premiums paid for insurance required to be carried for the Joint Operations for the protection of the Parties. In the event Joint Operations are conducted in a state in which Operator may act as self-insurer for Worker's Compensation and/or Employers Liability under the respective state's laws, Operator may, at its election, include the risk under its self-insurance program and in that event, Operator shall include a charge at Operator's cost not to exceed manual rates.

13. Abandonment and Reclamation

Costs incurred for abandonment of the Joint Property, including costs required by governmental or other regulatory authority.

14. Communications

Cost of acquiring, leasing, installing, operating, repairing and maintaining communication systems, including radio and microwave facilities directly serving the Joint Property. In the event communication facilities/systems serving the Joint Property are Operator owned, charges to the Joint Account shall be made as provided in Paragraph 8 of this Section II.

15. Other Expenditures

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III and which is of direct benefit to the Joint Property and is incurred by the Operator in the necessary and proper conduct of the Joint Operations.

III. OVERHEAD

1. Overhead - Drilling and Producing Operations

i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either:

- ( ☒ ) Fixed Rate Basis, Paragraph IA, or  
(     ) Percentage Basis, Paragraph IB

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 3A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the overhead rates provided for in the above selected Paragraph of this Section III unless ~~such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.~~ <sup>directly attributable</sup>

ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property:

- (     ) shall be covered by the overhead rates, or  
( ☒ ) shall not be covered by the overhead rates.

iii. The salaries, wages and Personal Expenses of Technical Employees and/or costs of professional consultant services and contract services of technical personnel either temporarily or permanently assigned to and directly employed in the operation of the Joint Property:

- (     ) shall be covered by the overhead rates, or  
( ☒ ) shall not be covered by the overhead rates.

A. Overhead - Fixed Rate Basis

(1) Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate \$10,000  
(Prorated for less than a full month)

Producing Well Rate \$1,000

(2) Application of Overhead - Fixed Rate Basis shall be as follows:

(a) Drilling Well Rate

(1) Charges for drilling wells shall begin on the date the well is spudded and terminate on the date the drilling rig, completion rig, or other units used in completion of the well is released, whichever

is later, except that no charge shall be made during suspension of drilling or completion operations for fifteen (15) or more consecutive calendar days.

- (2) Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive work days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig or other units used in workover, commence through date of rig or other unit release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive calendar days.

(b) Producing Well Rates

- (1) An active well either produced or injected into for any portion of the month shall be considered as a one-well charge for the entire month.
- (2) Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.
- (3) An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.
- (4) A one-well charge shall be made for the month in which plugging and abandonment operations are completed on any well. This one-well charge shall be made whether or not the well has produced except when drilling well rate applies.
- (5) All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.

- (3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease ~~in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the calendar year preceding as shown by the index of average weekly earnings of Crude Petroleum and Gas Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian index as published by Statistics Canada, as applicable.~~ <sup>recommended by COPAS</sup> The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

**B. Overhead - Percentage Basis**

- (1) Operator shall charge the Joint Account at the following rates:

(a) Development

Percent ( ) of the cost of development of the Joint Property exclusive of costs provided under Paragraph 10 of Section II and all salvage credits.

(b) Operating

Percent ( ) of the cost of operating the Joint Property exclusive of costs provided under Paragraphs 2 and 10 of Section II, all salvage credits, the value of injected substances purchased for secondary recovery and all taxes and assessments which are levied, assessed and paid upon the mineral interest in and to the Joint Property.

- (2) Application of Overhead - Percentage Basis shall be as follows:

For the purpose of determining charges on a percentage basis under Paragraph 1B of this Section III, development shall include all costs in connection with drilling, redrilling, deepening, or any remedial operations on any or all wells involving the use of drilling rig and crew capable of drilling to the producing interval on the Joint Property; also, preliminary expenditures necessary in preparation for drilling and expenditures incurred in abandoning when the well is not completed as a producer, and original cost of construction or installation of fixed assets, the expansion of fixed assets and any other project clearly discernible as a fixed asset, except Major Construction as defined in Paragraph 2 of this Section III. All other costs shall be considered as operating.

**2. Overhead - Major Construction**

To compensate Operator for overhead costs incurred in the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Joint Property, Operator shall ~~either negotiate a rate prior to the beginning of construction, or shall charge the Joint~~



Account for overhead based on the following rates for any Major Construction project in excess of \$100,000.00:

- A. 5% of first \$100,000 or total cost if less, plus
- B. 3% of costs in excess of \$100,000 but less than \$1,000,000, plus
- C. 2% of costs in excess of \$1,000,000.

Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single project shall not be treated separately and the cost of drilling and workover wells and artificial lift equipment shall be excluded.

### 3. Catastrophe Overhead

To compensate Operator for overhead costs incurred in the event of expenditures resulting from a single occurrence due to oil spill, blowout, explosion, fire, storm, hurricane, or other catastrophes as agreed to by the Parties, which are necessary to restore the Joint Property to the equivalent condition that existed prior to the event causing the expenditures, Operator shall either negotiate a rate prior to charging the Joint Account or shall charge the Joint Account for overhead based on the following rates:

- A. 5% of total costs through \$100,000; plus
- B. 3% of total costs in excess of \$100,000 but less than \$1,000,000; plus
- C. 2% of total costs in excess of \$1,000,000.

Expenditures subject to the overheads above will not be reduced by insurance recoveries, and no other overhead provisions of this Section III shall apply.

### 4. Amendment of Rates

The overhead rates provided for in this Section III may be amended from time to time only by mutual agreement between the Parties hereto if, in practice, the rates are found to be insufficient or excessive.

## IV. PRICING OF JOINT ACCOUNT MATERIAL PURCHASES, TRANSFERS AND DISPOSITIONS

Operator is responsible for Joint Account Material and shall make proper and timely charges and credits for all Material movements affecting the Joint Property. Operator shall provide all Material for use on the Joint Property; however, at Operator's option, such Material may be supplied by the Non-Operator. Operator shall make timely disposition of idle and/or surplus Material, such disposal being made either through sale to Operator or Non-Operator, division in kind, or sale to outsiders. Operator may purchase, but shall be under no obligation to purchase, interest of Non-Operators in surplus condition A or B Material. ~~The disposal of surplus Controllable Material not purchased by the Operator shall be agreed to by the Parties.~~

### 1. Purchases

Material purchased shall be charged at the price paid by Operator after deduction of all discounts received. In case of Material found to be defective or returned to vendor for any other reasons, credit shall be passed to the Joint Account when adjustment has been received by the Operator.

### 2. Transfers and Dispositions

Material furnished to the Joint Property and Material transferred from the Joint Property or disposed of by the Operator, unless otherwise agreed to by the Parties, shall be priced on the following basis exclusive of cash discounts:

#### A. New Material (Condition A)

~~All new material shall be priced at the current new price in effect on the date of movement, as listed by a reliable supply store near the Joint Property, or point of manufacture, plus transportation costs.~~

#### (1) Tubular Goods-Other than Line Pipe

~~(a) Tubular goods, sized 2 3/8 inches OD and larger, except line pipe, shall be priced at Eastern mill published carload base prices effective as of date of movement plus transportation cost using the 80,000 pound carload weight basis to the railway receiving point nearest the Joint Property for which published rail rates for tubular goods exist. If the 80,000 pound rail rate is not offered, the 70,000 pound or 90,000 pound rail rate may be used. Freight charges for tubing will be calculated from Lorain, Ohio and casing from Youngstown, Ohio.~~

~~(b) For grades which are special to one mill only, prices shall be computed at the mill base of that mill plus transportation cost from that mill to the railway receiving point nearest the Joint Property as provided above in Paragraph 2.A.(1)(a). For transportation cost from points other than Eastern mills, the 30,000~~

1 pound Oil Field Haulers Association interstate truck rate shall be used.

2  
3 (c) Special end finish tubular goods shall be priced at the lowest published out of stock price, f.o.b. Houston,  
4 Texas, plus transportation cost, using Oil Field Haulers Association interstate 30,000 pound truck rate,  
5 to the railway receiving point nearest the Joint Property.

6  
7 (d) Macaroni tubing (size less than 2 3/8 inch OD) shall be priced at the lowest published out of stock prices  
8 f.o.b. the supplier plus transportation costs, using the Oil Field Haulers Association interstate truck rate  
9 per weight of tubing transferred, to the railway receiving point nearest the Joint Property.

10  
11 (2) Line Pipe

12  
13 (a) Line pipe movements (except size 24 inch OD and larger with walls 3/4 inch and over) 30,000 pounds or  
14 more shall be priced under provisions of tubular goods pricing in Paragraph A.(1)(a) as provided above.  
15 Freight charges shall be calculated from Lorain, Ohio.

16  
17 (b) Line Pipe movements (except size 24 inch OD and larger with walls 3/4 inch and over) less than 30,000  
18 pounds shall be priced at Eastern mill published carload base prices effective as of date of shipment,  
19 plus 20 percent, plus transportation costs based on freight rates as set forth under provisions of tubular  
20 goods pricing in Paragraph A.(1)(a) as provided above. Freight charges shall be calculated from Lorain,  
21 Ohio.

22  
23 (c) Line pipe 24 inch OD and over and 3/4 inch wall and larger shall be priced f.o.b. the point of  
24 manufacture at current new published prices plus transportation cost to the railway receiving point  
25 nearest the Joint Property.

26  
27 (d) Line pipe, including fabricated line pipe, drive pipe and conduit not listed on published price lists shall  
28 be priced at quoted prices plus freight to the railway receiving point nearest the Joint Property or at  
29 prices agreed to by the Parties.

30  
31 (3) Other Material shall be priced at the current new price, in effect at date of movement, as listed by a reliable  
32 supply store nearest the Joint Property, or point of manufacture, plus transportation costs, if applicable, to the  
33 railway receiving point nearest the Joint Property.

34  
35 (4) Unused new Material, except tubular goods, moved from the Joint Property shall be priced at the current  
36 new price, in effect on date of movement, as listed by a reliable supply store nearest the Joint Property, or  
37 point of manufacture, plus transportation costs, if applicable, to the railway receiving point nearest the Joint  
38 Property. Unused new tubulars will be priced as provided above in Paragraph 2.A.(1) and (2).

39  
40 B. Good Used Material (Condition B)

41  
42 Material in sound and serviceable condition and suitable for reuse without reconditioning shall be priced at current market  
43 price as determined by Operator. :

44  
45 (1) Material moved to the Joint Property

46  
47 At seventy-five percent (75%) of current new price, as determined by Paragraph A.

48  
49 (2) Material used on and moved from the Joint Property

50  
51 (a) At seventy-five percent (75%) of current new price, as determined by Paragraph A, if Material was  
52 originally charged to the Joint Account as new Material or

53  
54 (b) At sixty-five percent (65%) of current new price, as determined by Paragraph A, if Material was  
55 originally charged to the Joint Account as used Material

56  
57 (3) Material not used on and moved from the Joint Property

58  
59 At seventy-five percent (75%) of current new price as determined by Paragraph A.

60  
61 The cost of reconditioning, if any, shall be absorbed by the transferring property.

62  
63 C. Other Used Material

64  
65 (1) Condition C

66  
67 Material which is not in sound and serviceable condition and not suitable for its original function until  
68 after reconditioning shall be priced at / current market price as determined by Operator / fifty percent (50%) of current new price as determined by  
69 Paragraph A. The cost of reconditioning shall be charged to the receiving property, provided Condition  
70 C value plus cost of reconditioning does not exceed Condition B value.

(2) Condition D

Material, excluding junk, no longer suitable for its original purpose, but usable for some other purpose shall be priced on a basis commensurate with its use. Operator may dispose of Condition D Material under procedures normally used by Operator without prior approval of Non-Operators.

~~(a) Casing, tubing, or drill pipe used as line pipe shall be priced as Grade A and B seamless line pipe of comparable size and weight. Used casing, tubing or drill pipe utilized as line pipe shall be priced at used line pipe prices.~~

~~(b) Casing, tubing or drill pipe used as higher pressure service lines than standard line pipe, e.g. power oil lines, shall be priced under normal pricing procedures for casing, tubing, or drill pipe. Upset tubular goods shall be priced on a non-upset basis.~~

(3) Condition E

Junk shall be priced at prevailing prices. Operator may dispose of Condition E Material under procedures normally utilized by Operator without prior approval of Non-Operators.

D. Obsolete Material

Material which is serviceable and usable for its original function but condition and/or value of such Material is not equivalent to that which would justify a price as provided above may be specially priced as <sup>determined by Operator</sup> / agreed to by the Parties. ~~Such price should result in the Joint Account being charged with the value of the service rendered by such Material.~~

E. Pricing Conditions

(1) Loading or unloading costs may be charged to the Joint Account at the rate of twenty-five cents (25¢) per hundred weight on all tubular goods movements, in lieu of actual loading or unloading costs sustained at the stocking point. The above rate shall be adjusted as of the first day of April each year following January 1, 1985 by the same percentage increase or decrease used to adjust overhead rates in Section III, Paragraph 1.A.(3). Each year, the rate calculated shall be rounded to the nearest cent and shall be the rate in effect until the first day of April next year. Such rate shall be published each year by the Council of Petroleum Accountants Societies.

(2) Material involving erection costs shall be charged at applicable percentage of the current knocked-down price of new Material.

3. Premium Prices

Whenever Material is not readily obtainable at published or listed prices because of national emergencies, strikes or other unusual causes over which the Operator has no control, the Operator may charge the Joint Account for the required Material at the Operator's actual cost incurred in providing such Material, in making it suitable for use, and in moving it to the Joint Property; provided notice in writing is furnished to Non-Operators of the proposed charge prior to billing Non-Operators for such Material. Each Non-Operator shall have the right, by so electing and notifying Operator within ten days after receiving notice from Operator, to furnish in kind all or part of his share of such Material suitable for use and acceptable to Operator.

4. Warranty of Material Furnished By Operator

Operator does not warrant the Material furnished. In case of defective Material, credit shall not be passed to the Joint Account until adjustment has been received by Operator from the manufacturers or their agents.

V. INVENTORIES

The Operator shall maintain detailed records of Controllable Material.

1. Periodic Inventories, Notice and Representation

At reasonable intervals, inventories shall be taken by Operator of the Joint Account Controllable Material. Written notice of intention to take inventory shall be given by Operator at least thirty (30) days before any inventory is to begin so that Non-Operators may be represented when any inventory is taken. Failure of Non-Operators to be represented at an inventory shall bind Non-Operators to accept the inventory taken by Operator.

2. Reconciliation and Adjustment of Inventories

Adjustments to the Joint Account resulting from the reconciliation of a physical inventory shall be made within six months following the taking of the inventory. Inventory adjustments shall be made by Operator to the Joint Account for

overages and shortages, but, Operator shall be held accountable only for shortages due to lack of reasonable diligence.

**3. Special Inventories**

Special inventories may be taken whenever there is any sale, change of interest, or change of Operator in the Joint Property. It shall be the duty of the party selling to notify all other Parties as quickly as possible after the transfer of interest takes place. In such cases, both the seller and the purchaser shall be governed by such inventory. In cases involving a change of Operator, all Parties shall be governed by such inventory.

**4. Expense of Conducting Inventories**

A. The expense of conducting periodic inventories shall not be charged to the Joint Account unless agreed to by the Parties.

B. The expense of conducting special inventories shall be charged to the Parties requesting such inventories, except inventories required due to change of Operator shall be charged to the Joint Account.

End of Exhibit "E"



## **EXHIBIT "F"**

Attached to and made a part of the Kinsler Morrow Unit Operating Agreement

### **INSURANCE**

1. At all times while operations are conducted hereunder, Operator shall carry for the benefit of all parties hereto Workers' Compensation and Employer's Liability Insurance as required by applicable laws of the state in which operations are conducted hereunder. Operator, at its option, may self-insure in accordance with state Workers' Compensation Laws, in which event the Operator will charge the state manual insurance rates.
2. No other insurance shall be provided by Operator for the benefit of the joint Account.
3. Any Party hereto may procure and maintain at its own expense such other insurance as it shall determine and any such insurance shall be solely for the benefit of such Party procuring the insurance.
4. Operator shall require all contractors engaged in operations under this Agreement to comply with all applicable Workers' Compensation laws and to maintain such other insurance in such amounts as is deemed necessary by Operator
5. Non-Operator shall carry and provide Operator evidence of its own insurance policy providing Cost of Well Control and Operators Extra Expense (OEE) coverage, including Care, Custody and Control, in the following minimum limits:
  - a) \$2,000,000.00 OEE & Well Control
  - b) \$500,000.00 Care, Custody & Control

The said insurance policies shall cover only the ownership interest and share of expenses attributable to the party procuring such insurance.

At the time of execution of this Unit Operating Agreement, each party hereto will provide all other parties with a certificate of insurance setting forth such coverage.

**End of Exhibit "F"**

**EXHIBIT "G"**

Attached to and made a part of the Kinsler Morrow Unit Operating Agreement

**MEMORANDUM OF UNIT OPERATING AGREEMENT  
AND FINANCING STATEMENT**

This Memorandum of Unit Operating Agreement and Financing Statement is executed by Enterra Resources, LLC, as Operator, to be effective on the effective date of the Operating Agreement described herein.

Operator hereby gives notice to all interested parties, that Operator has entered into that certain Unit Operating Agreement, Kinsler Morrow Unit, Morton County, Kansas ("Operating Agreement"), by and between Operator and other owners of working interests in and to the Oil and Gas Leases described on Exhibit "A" attached hereto, as Non-Operators, governing unit operations under such Leases insofar as they cover the lands and depths described on Exhibit "A", and that Non-Operators' interests in the Oil and Gas Leases described on Exhibit "A" hereto are subject to the terms and provisions of the Operating Agreement. The names and addresses of Non-Operators are set forth on Exhibit "A" attached hereto.

Operator further gives notice that the Operating Agreement includes a provision wherein each Non-Operator grants to Operator a lien upon its oil and gas rights in the Contract Area, and a security interest in its share of oil and/or gas when extracted and its interest in all equipment and personal property, to secure payment of its obligations under the Operating Agreement.

This instrument is to be recorded in the land records, and is intended as a Financing Statement covering as-extracted collateral, and equipment and personal property acquired in unit operations.

IN WITNESS WHEREOF, Operator has executed this Notice the date of the acknowledgement below.

Enterra Resources, LLC

By: \_\_\_\_\_  
Name: Marion F. Hutchison II  
Title: Land Manager

**ACKNOWLEDGMENT**

STATE OF OKLAHOMA                   §  
  §  
COUNTY OF OKLAHOMA           §

This instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2023, by Marion F. Hutchison II, Land Manager of Enterra Resources, LLC, an Oklahoma limited liability company, on behalf of said company.

\_\_\_\_\_  
Notary Public Signature

\_\_\_\_\_  
Notary Public Printed Name

My Commission Expires: \_\_\_\_\_

My Commission Number: \_\_\_\_\_

**EXHIBIT "A"**

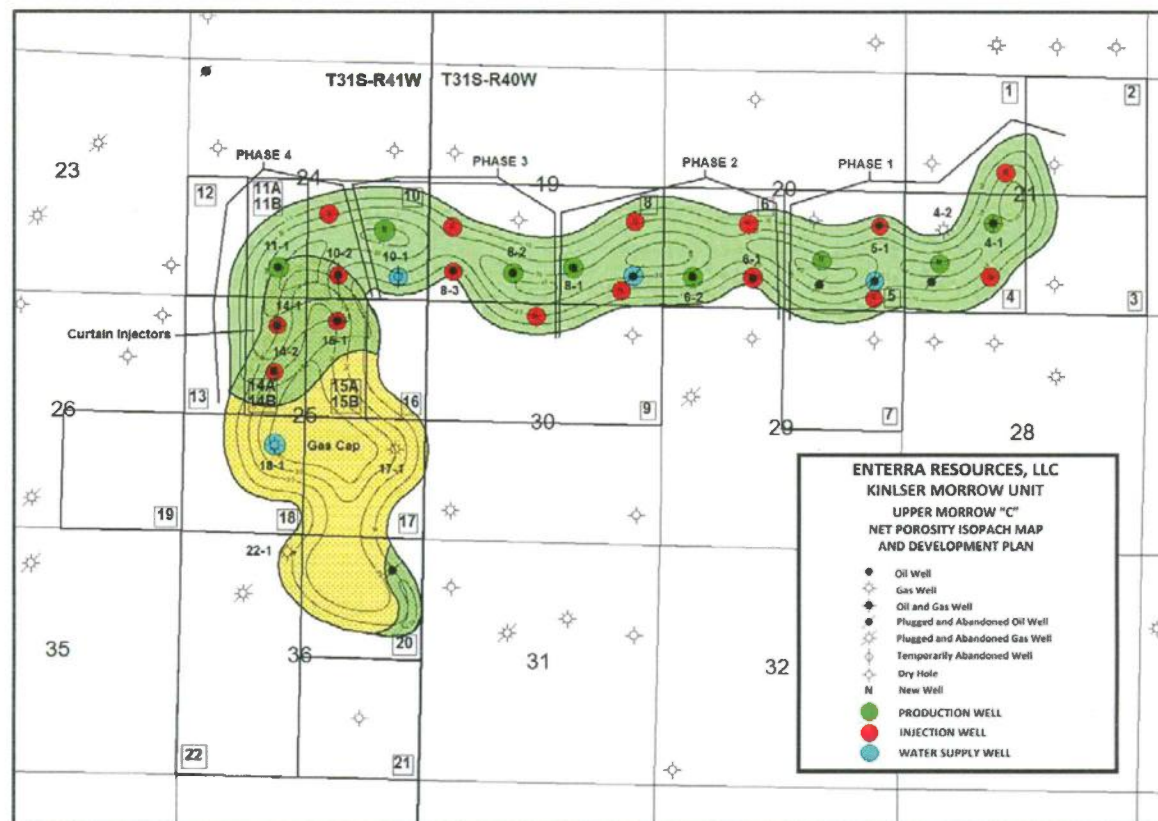
**NON-OPERATORS**

## EXHIBIT "H"

Attached to and made a part of the Kinsler Morrow Unit Operating Agreement

### DEVELOPMENT PLAN

The Kinsler Morrow Unit is an Enhanced Oil Recovery project that will involve conducting waterflood operations within the Upper Morrow formation beneath the Unit Area. The planned development of the unit will take place in four phases, beginning on the eastern end of the unit and progressing to the west. A five-spot injection pattern will be utilized as much as practicable across the unit. A curtain flood injection pattern will be utilized at the gas-oil interface of the gas cap area on the up-dip, western end of the unit to contain the waterflood operation within the oil column portion of the reservoir. As depicted below, implementation of the development plan will require the drilling of several new producing and injection wells, and converting several producing wells for injection. The Glorieta sand will be utilized as a source for make-up injection water for unit waterflood operations. Operator anticipates washing down or converting an existing wellbore for water supply during each of the four phases.



**EXHIBIT D**

To the Application of Enterra Resources, LLC (#35263) for an order  
authorizing the unitization and unit operation of the Kinsler Morrow Unit

ATTACHED

## **KINSLER MORROW UNIT APPLICATION**

### **Parties Entitled to Notification**

#### **Unit Royalty Interest Owners:**

Elliott Family Partnership  
PO Box 32  
Teasdale, UT 84773

Frank Albert Wires and Michael Roy Wires  
PO Box 577  
North Fork, CA 93643

Central Plains Farming, LLC  
PO Box 221  
Saint Paul, KS 66771

Johns Enterprises  
2670 Road 16  
Johnson, KS 67855

Ashley Anderson Holt  
3115 McMillan Road  
Franklin, TN 37064

Tiffany Anderson Russ  
125 Arrington Drive  
Madison, MS 39110

XTO Energy Inc.  
PO Box 840780  
Dallas, TX 75284-0780

Estate of Sheila A. Breeding  
3640 Greenside Court  
Dacula, GA 30019

Hayward Farms  
32902 River Road  
Parks, NE 69041

Brett Shaffer  
24654 N. Lake Pleasant Parkway  
Suite 103, Box 704  
Peoria, AZ 85383

Susan L. Rymph  
PO Box 141  
Ellis, KS 67637

Daniels Hayward Farms  
PO Box 1250  
Choteau, MT 59422

Paw Paw, LLC  
14603 W. 91st Place  
Lenexa, KS 66215

Estate of Ralph Ernest Breeding  
10431 E. Snokomo Road  
Hutchinson, KS 67502

Security Limited Partnership  
10431 E. Snokomo Road  
Hutchinson, KS 67502

CoBank, FCB  
245 N. Waco Avenue, #130  
Wichita, KS 67202

Lois K. Dunn  
2245 Road 19  
Richfield, KS 67953

Helen Lucile Claridge  
6586 S. Crocker Street  
Littleton, CO 80120

Chesna Hume  
10600 S. Road V  
Manter, KS 67862

George O. Keesling  
5600 Highland Drive  
Hutchinson, KS 67502

Lisa Fox Wilson  
1110 Terrace Drive  
Colby, Kansas 67701

Eric R. Fox  
372 Equestrian Drive  
Rockwall, Texas 75032

Robert C. Fox Revocable Trust  
PO Box 125  
Moscow, KS 67701

303 Adams St Partners, L.L.C.  
4618 Matador Trail  
Amarillo, TX 79109

Robert S. Mitchell  
6628 S. Robb Street  
Littleton, CO 80127

Estate of Roy J. Mitchell, Jr.  
14601 E. 44th Street S.  
Independence, MO 64055

Briggeman Living Trust  
3 Summit Avenue  
Rolla, MO 65401

Louis Kenton Briggeman  
686 Salem Avenue  
Rolla, MO 65401

Alisa Ann Green  
11962 State Route E  
Rolla, MO 65401

Amy Marie Trowbridge  
903 NW Pecan Drive  
Grain Valley, MO 64029

Carla Joy Raglin  
6434 Pine Ridge Road  
Elkhorn, NE 68022

Leah Ione Smith  
1704 W. Main Street  
Jefferson City, MO 65109



Robert K. Williams Trust  
PO Box 993  
Elkhart, KS 67950

Betty J. Williams Trust  
PO Box 993  
Elkhart, KS 67950

Charlotte S. Veatch  
620 E. 5th Street  
Hugoton, KS 67951

Junnae K. Landry  
PO Box 76  
Pratt, KS 67124

Aaron Landry  
PO Box 76  
Pratt, KS 67124

Ryan Landry  
PO Box 76  
Pratt, KS 67124

**Unit Overriding Royalty Interest Owners:**

Merit Hugoton, L.P.  
PO Box 843727  
Dallas, TX 75284-3727

Marion F. Hutchison and  
Anne L. Hutchison Revocable Trust  
5220 Montrose Circle  
Norman, OK 73072

MAP2004-OK  
PO Box 269031  
Oklahoma City, OK 73126-9031

Charles Graham Lowe Marital Trust  
120 E. Constitution  
Victoria, TX 77901

Coleman Oil & Gas, Inc.  
PO Drawer 3337  
Farmington, NM 87499

T H McElvain Oil & Gas LLLP  
1600 Stout Street, Suite 500  
Denver, CO 80202

The Clarksons Group  
12222 Merit Drive, Suite 360  
Dallas, TX 75251

JMJ Resources, LLC  
2204 N. Santiago Avenue  
Farmington, NM 87401

Kansas Permian Royalties, LLC  
8100 E. 22nd Street N, Building 1900  
Wichita, KS 67226

J. B. Stoddard Testamentary Trust  
PO Box 12254  
Dallas, TX 75225-0254

SALZAU I  
2633 McKinney Avenue, Suite 130 #310  
Dallas, TX 75204

Arkoma Basin Minerals, Inc.  
203 East Interstate 30  
Rockwall, TX 75087

Exemplar Minerals LLC  
16240 Muirfield Place  
Edmond, OK 73013

Matthew D. L. Strickler  
2005 N. Santiago Avenue  
Farmington, NM 87401

James L. Welch  
12222 Merit Drive, Suite 360  
Dallas, TX 75251

Cannon Field, LLC  
1415 S. Voss Street  
Suite 110, #144  
Houston, TX 77057

Brad King  
4618 100th Street  
Lubbock, TX 79424

Uniper IRA Investments, LLC  
2936 E. 57th Place  
Tulsa, OK 74105

James J. Heutel and Janet E. Heutel  
PO Box 12254  
Dallas, TX 75225-0254

Kansas Royalty Holdings  
705 Sunset Hill Drive  
Rockwall, TX 75087

Kyle Travis Mason and Rachel Beth Mason  
812 Shady Lane  
Farmington, NM 87401

Heidi Heutel Bohn  
6 The Landmark  
Northfield, IL 60093

James J. Heutel  
PO Box 12254  
Dallas, TX 75225-0254

MAP Holdings  
PO Box 268947  
Oklahoma City, OK 73126-8947

DARMD LLC  
4744 Eastwind Avenue  
Farmington, NM 87401

**Operators or Lessees and Unleased Mineral Interest  
Owners Within One-Half Mile of Unit Boundary:**

Scout Energy Management LLC  
13800 Montfort Drive, Suite 100  
Dallas, TX 75240

Kansas Natural Gas Operating, LC  
1200 Main  
Hays, KS 67601

Spess Oil Company  
200 S. Broadway Street  
Cleveland, OK 74020

R9 Resources, LLC  
Box 197  
Waynoka, OK 73860

Nancy Eileen Goddard  
3937 SW Barons Lane  
Topeka, KS 66610

Hanke Properties, LLC  
2132 Brookwood Road  
Charlotte, NC 28211

XTO Energy Inc.  
PO Box 840780  
Dallas, TX 75284-0780

The Baughman Foundation, Inc.  
PO Box 1356  
Liberal, KS 67905

Davis Ehram Farms, LLC  
PO Box 1089  
Hugoton, KS 67951

William Mike Axtell and Richelle Axtell  
607 Naughton Street  
Meade, KS 67864

Karen Bordewick Irrevocable Trust  
1702 Labrador Boulevard  
Garden City, KS 67846

Lauren Nicole Torline  
PO Box 95  
Bucklin, KS 67834

Ashley Brooke Torline Sherman  
5205 Carson Drive  
Lawrence, KS 66049

The Kansas University Endowment Association  
PO Box 928  
Lawrence, KS 66044

M. P. Moore Trust  
305 S. May Street  
Guymon, OK 73942

PanHugoton Partners LLC  
817 S. Polk Street, Suite 201  
Amarillo, TX 79101

BP America Production Company  
501 Westlake Park Boulevard  
Houston, TX 77079

Estate of George and Charlene Hall  
PO Box 996  
Elkhart, TX 75248

Amy K. Ratzlaff  
7305 McKamy Boulevard  
Dallas, TX 75248

Estate of Wade D. Ratzlaff and Brenda L. Ratzlaff  
PO Box 996  
Elkhart, KS 67954

Linda D. Fink and Phillip J. Fink  
PO Box 996  
Elkhart, KS 67950

**BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

|   |                              |
|---|------------------------------|
| In the Matter of the Application of Enterra ) | Docket No. 24-CONS-3015-CUNI |
| Resources, LLC, for an Order Authorizing )    |                              |
| the Unitization and Unit Operation of the )   | CONSERVATION DIVISION        |
| Kinsler Morrow Unit to be located in )        |                              |
| <u>Morton County, Kansas</u> )                | License No. 35263            |

**NOTICE OF APPLICATION**

TO: ALL OIL AND GAS OPERATORS, PRODUCERS AND LESSEES, OIL AND GAS LESSORS AND ROYALTY OWNERS, MINERAL INTEREST OWNERS, LANDOWNERS, OVERRIDING ROYALTY INTEREST OWNERS, OTHER OWNERS OF OIL AND GAS INTERESTS, MORTGAGEES OF OIL AND GAS INTERESTS, AND ALL OTHER PERSONS CONCERNED:

You and each of you are hereby notified that Enterra Resources, LLC ("Enterra") has filed an Application with the Kansas Corporation Commission ("Commission") pursuant to K.S.A. 55-1301, et seq., seeking an order authorizing the unitization and unit operation of the Kinsler Morrow Unit ("Unit"). The area of the proposed Unit, which will be operated by Enterra, includes the following lands situated in Morton County, Kansas:

Township 31S, Range 40W

Section 19: S/2  
Section 20: S/2  
Section 21: All  
Section 29: NE/4  
Section 30: N/2

Township 31S, Range 41W

Section 24: S/2  
Section 25: All  
Section 26: SE/4  
Section 36: All

Enterra proposes to unitize the oil and gas rights to a pool within the Upper and Lower Morrow formations beneath the area of the Unit found between the measured depths of 4,914' to 5,436' as shown on the Dual Induction Log of the Johns 25-1 well (API No. 15-129-20776) located approximately 4,770' FSL and 1,980' FEL of Section 25-T31S-R41W. Enterra intends to conduct a secondary recovery waterflood operation within said pool in order to increase the recovery of oil and gas reserves, and will allocate such production from the Unit in two phases on a weighted basis across twenty-two tracts on a fair, reasonable and equitable basis.

The Application is pending with the Commission. Any persons who object or protest to the granting of the Application shall be required to file their objections or protests in writing with the Commission within 15 days after the date of this publication. If a written protest is not timely filed, the Application may be determined administratively by the Commission and may thereby be granted without hearing or further notice to any interested party. All objections and protests shall clearly state the reasons why granting the Application will violate correlative rights, cause waste, or pollute water resources. Objections or protests shall be mailed to the Kansas Corporation Commission, Conservation Division, 266 N. Main St., Ste. 220, Wichita, KS 67202, with a copy

to Enterra's attorneys listed below. All parties in any way interested or concerned shall take notice of the foregoing and govern themselves accordingly.

Jonathan A. Schlatter, #24848  
MORRIS LAING LAW FIRM  
300 N. Mead, Suite 200  
Wichita, KS 67202-2745  
Office (316) 262-2671  
Fax (316) 262-6226  
*Attorneys for Enterra Resources, LLC*

**CERTIFICATE OF SERVICE**

I, Jonathan A. Schlatter, hereby certify that on this 25<sup>th</sup> day of July, 2023, I caused the original of the foregoing Application with its attached Exhibits A, B, C, and D, and the Notice of Application to be electronically filed with the Conservation Division of the State Corporation Commission of the State of Kansas, and caused true and correct copies of the same to be deposited in the United States Mail, first class, postage prepaid, and properly addressed to the parties listed on Exhibit D to the Application.



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Jonathan A. Schlatter