

Conservation Division  
266 N. Main St., Ste. 220  
Wichita, KS 67202-1513



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Pat Apple, Chairman  
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Jay Scott Emler, Commissioner

Sam Brownback, Governor

April 17, 2017

Stanford J. Smith, Jr.  
Martin Pringle et al.  
100 N. Broadway, Suite 500  
Wichita, Kansas 67202  
*Attorney for Coachman Energy Operating Company LLC (KCC License #35300)*

**Re: Your Correspondence of March 8, 2017**  
**K.S.A. 55-1317**  
**Docket Number 17-CONS-3542-CUNI**

Mr. Smith:

This letter acknowledges receipt of the attached documents, which Commission Staff understand are being filed pursuant to K.S.A. 55-1317.

As of today, no proceedings have been instituted with the Commission regarding this matter. Although the Commission does not anticipate any proceedings, this matter has been assigned KCC Docket Number 17-CONS-3542-CUNI for ease of future reference.

You are welcome to contact me if you have any questions.

Sincerely,

Jon Myers  
Litigation Counsel  
Kansas Corporation Commission



MARTIN | PRINGLE  
ATTORNEYS AT LAW

KCC WICHITA

MAR 08 2017

RECEIVED

100 N. Broadway, Suite 500, Wichita, Kansas 67202 | 316-265-9311

STANFORD J. SMITH, JR. | [sjsmith@martinpringle.com](mailto:sjsmith@martinpringle.com)

March 8, 2017

John G. McCannon, Esq.  
Litigation Counsel  
Kansas Corporation Commission  
266 North Main, Suite 220  
Wichita KS 67202

Re: Huslig Waterflood Unit  
Our File No.: 34632

Dear John:

Please find enclosed the Huslig Waterflood Unit Agreement and Operating Agreement for Unit operations in Barton County, Kansas. Coachman Energy Operating Company LLC has obtained approval of these Agreements by all mineral and royalty owners as well as all working interest owners. We are providing these documents to the Commission pursuant to K.S.A. 55-1317 and will notify all working interest owners of the intention to conduct the Unit operations pursuant thereto. A copy of said Notice will be provided to the Commission under separate cover. If, as we anticipate, no working interest owner requests the Commission to institute proceedings after receipt of the Notice, we request that the contract become effective upon expiration of the thirty (30) day period.

If you have any questions or concerns regarding the foregoing, please do not hesitate to contact the undersigned.

Very truly yours,

MARTIN, PRINGLE, OLIVER,  
WALLACE & BAUER, L.L.P.



Stanford J. Smith, Jr.

SJSJ/dj  
Enclosures

Kansas | Missouri

Wichita | Overland Park | Kansas City

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STANFORD J. SMITH, JR. | [sjsmith@martinpringle.com](mailto:sjsmith@martinpringle.com)

March 9, 2017

**NOTICE OF INTENT TO CONDUCT OPERATIONS**

Dear Working Interest Owner:

As you are aware, Coachman Energy Operating Company LLC intends to begin Unit operations of the Huslig Waterflood Unit in Barton County, Kansas. We have filed the Waterflood Unit Agreement and Operating Agreement, which you have previously approved, with the Kansas Corporation Commission. We are required by statute to provide you notice of said filing and to inform you that you have the right to institute proceedings within thirty (30) days after receipt of this notice to have the matter determined by the State Corporation Commission. If you do not do so, then the contract will become effective upon expiration of the thirty (30) day period. If you want to request a hearing, you can contact the Kansas Corporation Commission at 266 North Main, Suite 220, Wichita, KS 67202.

Very truly yours,

MARTIN, PRINGLE, OLIVER,  
WALLACE & BAUER, L.L.P.

Stanford J. Smith, Jr.

SJSJ/dj

cc: John G. McCannon, Esq.

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KANSAS CORPORATION COMMISSION

**MAR 10 2017**

CONSERVATION DIVISION  
WICHITA, KS

**KCC WICHITA**

**MAR 08 2017**

**RECEIVED**

**UNIT AGREEMENT**

**HUSLIG WATERFLOOD UNIT**

**BARTON COUNTY, KANSAS**

UNIT AGREEMENT  
HUSLIG WATERFLOOD UNIT  
BARTON COUNTY, KANSAS

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**UNIT AGREEMENT**  
**HUSLIG WATERFLOOD UNIT**  
**BARTON COUNTY, KANSAS**

THIS AGREEMENT, entered into as of the 1ST day of December, 2016, by the Parties who have signed the original of this instrument, a counterpart thereof, or other instrument agreeing to become a Party hereto,

**WITNESSETH:**

WHEREAS, in the interest of the public welfare and to promote conservation and increase the ultimate recovery of Unitized Substances from the Lansing formation in the Huslig Field in Barton 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 associated gas in and to the Unitized Formation in order to conduct Unit Operations as herein provided, pursuant to Kansas Statutes Annotated, Section 55.1301, et seq., or by unanimous approval of all Royalty Owners and all Working Interest Owners.

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 Article 15.1.

**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 Overriding Royalty Interest** is a right to receive revenue from Unitized Substances, free and clear of any costs and expenses of the development and operation of the Unit Area.

**1.5 Overriding Royalty Owner** is a Party hereto who owns an Overriding Royalty Interest.

1.6 **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.

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

1.8 **Royalty Owner** is a Party hereto who owns a Royalty Interest.

1.9 **Tract** is the land described as such and given a tract number in "Exhibit B".

1.10 **Tract Participation** is the percentage shown on "Exhibit B" for allocating Unitized Substances to a Tract.

1.11 **Unit Area** is the land described by Tracts in "Exhibit B" and shown on "Exhibit A" as to which this Agreement becomes effective or to which it may be extended as herein provided.

1.12 **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.

1.13 **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.

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

1.15 **Unit Operating Agreement** is the agreement entered into by Working Interest Owners, having the same Effective Date as this Agreement, and entitled "Unit Operating Agreement, Huslig Waterflood Unit, Barton County, Kansas", and with this Agreement constitutes the Plan for Unit Operations.

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

1.17 **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.

**1.18 Unitized Formation** is the subsurface portion of the Unit Area described as the common source of supply of oil and gas underlying the Unit Area known as the HUSLIG WATERFLOOD UNIT and more specifically identified as the Lansing Formation as found in the Huslig #1 well, located 1010 feet from the North Line and 1220 feet from the West Line of Section 9, Township 19 South, Range 11 West, Barton County, Kansas, the top being at 3085 feet (-1280 feet subsea) and the bottom being at 3334 feet (-1529 feet subsea) as shown on the Array Compensated Resistivity log dated November 29, 2016.

**1.19 Unitized Substances** are oil and associated gas produced in conjunction with said oil from an oil well, as defined by the Kansas Corporation Commission, and all associated and constituent liquid or liquefiable hydrocarbons other than Outside Substances within or produced from the Unitized Formation. Specifically excluded from the definition of Unitized Substances is any gas and associated liquid hydrocarbons produced with such gas from a gas well, as defined by the Kansas Corporation Commission, producing from the Unitized Formation within the Unit Area.

**1.20 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 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.

**1.21 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 map that shows the boundary lines of the Unit Area and the Tracts therein.

**2.1.2 "Exhibit B"** is a schedule that describes each Tract in the Unit Area and shows its Tract Participation.

**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.** "Exhibit A" and "Exhibit B" shall be considered to be correct until revised as herein provided.

**2.4 Correcting 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, with the approval of Working Interest Owners, 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. on the first day of the calendar month next following the filing for record of the revised exhibit or on such other date as may be determined by Working Interest Owners 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 stating the effective date for the revised exhibit and file the same with the Kansas Corporation Commission.

### **ARTICLE 3**

#### **CREATION AND EFFECT OF UNIT**

**3.1 Oil and Gas Rights Unitized.** All Oil and Gas Rights of Royalty Owners and Overriding Royalty Owners in and to the lands described in "Exhibit B", and all Oil and Gas Rights of 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 lessees, 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 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 Working Interest Owners. The rights and interests therein, as among 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 amended to the extent necessary to make them conform to the provisions of this Agreement, but otherwise shall remain in full force and effect. Royalty Owners agree that any default, forfeiture, or penalty provision in any such oil and gas lease or other contract shall be suspended and of no force or effect during the term of this Agreement.

**3.4 Continuation of Leases and Term Interests.** Production of Unitized Substances 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 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 to any other Party or to Unit Operator.

**3.6 Injection Rights.** Royalty Owners hereby grant Working Interest Owners the right to inject into the Unitized Formation any substances in whatever amounts Working Interest Owners deem expedient for Unit Operations, together with the right to drill, use, and maintain injection wells on the Unit Area, and to use for injection purposes any nonproducing or abandoned wells or dry holes, and any producing oil wells completed in the Unitized Formation.



**3.7 Development Obligation.** Nothing herein shall relieve Working Interest Owners from any obligation to reasonably develop the lands and leases committed hereto, except as the same may conflict with the provisions hereof and Unit Operations which may be conducted hereunder.

**3.8 Cooperative Agreements.** Unit Operator may, after approval by Working Interest Owners, enter into cooperative agreements with respect to lands adjacent to the Unit Area for the purpose of coordinating operations.

## **ARTICLE 4**

### **PLAN OF OPERATIONS**

**4.1 Unit Operator.** Coachman Energy Operating Company LLC, is hereby designated as the initial 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, Working Interest Owners shall, with diligence and in accordance with good engineering and production practices, engage in enhanced recovery operations by injecting into the Unitized Formation, gas, water or other fluids or combinations thereof deemed necessary or desirable to efficiently and economically increase the ultimate recovery of Unitized Substances.

**4.3 Change of Method of Operation.** Nothing herein shall prevent Working Interest Owners 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 Working Interest Owners from time to time if determined by them to be feasible, necessary, or desirable to increase the ultimate recovery of Unitized Substances.

## **ARTICLE 5**

### **TRACT PARTICIPATIONS**

**5.1 Tract Participation.** The Tract Participation of each Tract are shown on "Exhibit B". The Tract Participation as shown in "Exhibit B" are accepted and approved by the signatory Parties hereto as being fair and equitable.

**5.2 Relative Tract Participation.** If the Unit Area is enlarged or reduced, the revised Tract Participation 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.

## **ARTICLE 6**

### **ALLOCATION OF UNITIZED SUBSTANCES**

**6.1 Allocation to Tracts.** All Unitized Substances produced and saved shall be allocated to the several Tracts in accordance with the respective Tract Participation. 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 to, 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 proportion to the surface acreage of their respective parts of the Tract. 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 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. Such Parties shall have the right to construct, maintain, and operate within the Unit Area all necessary facilities for that purpose, provided they are so constructed, maintained, and operated as not to interfere with Unit Operations. 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 such share of 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 revocation at will by the Party owning the share, to purchase or sell to others such share; however, all contracts of 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 one (1) year. 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 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, ten percent (10%) of all Unitized Substances produced and sold after one 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 ten percent (10%) 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 or Overriding 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. 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 merchantable oil or other liquid hydrocarbons that are a part of or attributable to the prior allowable of the wells from which they were produced shall remain the property of the Parties entitled thereto as if this Agreement had not been entered into. 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 contracts. Any oil or liquid hydrocarbons in excess of that attributable to the prior allowable of the wells from which they were produced shall be regarded as Unitized Substances produced after the Effective Date.

**7.2 Overproduction.** If, as of the Effective Date, any Tract is overproduced with respect to the allowable of the wells on that Tract, and if the amount of overproduction has been sold or otherwise disposed of, such overproduction shall be regarded as a part of the Unitized Substances produced after the Effective Date and shall be charged to such Tract as having been delivered to the Parties entitled to Unitized Substances allocated to such Tract.

## **ARTICLE 8**

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

**8.1 Use of Unitized Substances.** Working Interest Owners may use or consume Unitized Substances for Unit Operations, including but not limited to the injection thereof into the Unitized Formation.

**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 Production Where Title is in Dispute.** If Unit Operator receives notice that 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 may 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 Working Interest Owners, whereupon the proceeds so impounded shall be paid to the Party rightfully entitled thereto.

**9.3 Payment of Taxes to Protect Title.** The owner of surface rights to lands within the Unit Area, or severed mineral interests or Royalty Interests in such lands, or lands outside the Unit Area on which Unit Equipment is located, is responsible for the payment of any ad valorem taxes on all such rights, interests, or property, unless such owner and Working Interest Owners otherwise agree. If any ad valorem taxes are not paid by or for such owner when due, Unit Operator may, with approval of Working Interest Owners, at any time prior to tax sale or expiration of period of redemption after tax sale, 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 cost 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.

**9.4 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. 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.

## **ARTICLE 10**

### **EASEMENTS OR USE OF SURFACE**

**10.1 Grant of Easements.** Working Interest Owners shall have the right to use as much of the surface of the land within the Unit Area as may be reasonably necessary for Unit Operations and the removal of Unitized Substances from the Unit Area; however, nothing herein shall be construed as leasing or otherwise conveying to Working interest Owners a campsite or a plant site for water injection, gas injection, or gas processing.

**10.2 Use of Water.** Working Interest Owners shall have and are hereby granted free use of non-potable water from the Unit Area for Unit Operations, except water from any well, lake, pond, or irrigation ditch of a Royalty Owner. Working Interest Owners may convert dry or abandoned wells in the Unit Area for use as water supply or disposal wells.

**10.3 Surface Damages.** Working Interest Owners shall pay the owner for damages to growing crops, timber, fences, improvements, and structures on the Unit Area that result from Unit Operations.

## **ARTICLE 11**

### **CHANGES AND AMENDMENTS**

**11.1 Changes and Amendments.** Any change of the Unit Area or any amendment to this Agreement or the Unit Operating Agreement shall be in accordance with Kansas Statutes Annotated,

Section 55.1301, et seq., unless such change or amendment is approved in writing by all Royalty Owners, Overriding Royalty Owners and Working Interest Owners.

## **ARTICLE 12**

### **RELATIONSHIP OF PARTIES**

**12.1 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 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.

**12.2 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.

**12.3 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.

## **ARTICLE 13**

### **LAWS AND REGULATIONS**

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

**13.2 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 in which the Unit Area is located.

## **ARTICLE 14**

### **FORCE MAJEURE**

**14.1 Force Majeure.** If any Party is rendered unable, wholly or in part, by reason of force majeure to carry out its obligations under this Agreement, other than the obligation to make money payments, that Party shall give to all other Parties prompt written notice of the force majeure with reasonably

full particulars concerning the force majeure. Thereupon, the obligations of the Party giving the notice, so far as they are affected by the force majeure, shall be suspended during, but no longer than, the continuance of the force majeure. The affected Party shall use all reasonable diligence to remove the force majeure situation as quickly as practicable, but neither this Agreement nor any lease or other instrument subject hereto shall be terminated by reason of the suspension of Unit Operations due to the occurrence of any event(s) of force majeure. The requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or other labor difficulty by the Party involved, contrary to its wishes, and the manner in which all such difficulties shall be handled shall be entirely within the discretion of the Party concerned. The term "force majeure," as here employed, shall mean any act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockage, public riot, lightning, fire, storm, flood, explosion, governmental laws, rules, regulations, orders, action, delay, restraint or inaction, unavailability of equipment, or inability to secure materials, or any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within the control of the Party claiming suspension.

## **ARTICLE 15**

### **EFFECTIVE DATE**

**15.1 Effective Date.** This Agreement shall become effective as December 1, 2016.

**15.2 Ipso Facto Termination.** If this unit is not made effective on or before June 1, 2017, this Agreement shall ipso facto terminate on that date (hereinafter called "termination date") and thereafter be of no further effect, unless prior thereto Working Interest Owners owning a combined Unit Participation of at least sixty-five percent (65%) have become Parties to this Agreement and Working Interest Owners owning sixty-five percent (65%) or more of that percent have decided to extend the termination date for a period not to exceed one (1) year. If the termination date is so extended and this unit is not made effective on or before the extended termination date, this Agreement shall ipso facto terminate on the extended termination date and thereafter be of no further effect. For the purpose of this Section, Unit Participation shall be as calculated on the basis of Tract Participation shown on the original "Exhibit B".

**15.3 Certificate of Effectiveness.** Unit Operator shall promptly file with the Kansas Corporation Commission a certificate stating the Effective Date.

## ARTICLE 16

### TERM

**16.1 Term.** The term of this Agreement, unless sooner terminated in the manner hereinafter provided, shall be for and during the time that Unitized Substances are produced in paying quantities without a cessation of more than ninety (90) consecutive days, or so long as other Unit Operations are conducted without a cessation of more than ninety (90) consecutive days.

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

**16.3 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 agreement covering lands within the Unit Area shall remain in force for sixty (60) days after the date on which this Agreement terminates, and for such further period as is provided by the lease or other agreement.

**16.4 Salvaging Equipment Upon Termination.** if not otherwise granted by the leases or other instruments affecting the separate Tracts, Working Interest Owners shall have a period of six (6) months after the date of termination of this Agreement within which to salvage and remove Unit Equipment.

**16.5 Certificate of Termination.** Upon termination of this Agreement, Unit Operator shall submit to the Kansas Corporation Commission a certificate stating that this Agreement has terminated, stating its termination date.

## ARTICLE 17

### EXECUTION

**17.1 Original, Counterpart, or Other Instrument.** An owner of Oil and Gas Rights may approve this Agreement by signing the original, a counterpart thereof, or other instrument approving this Agreement. The signing of any such instrument shall have the same effect as if all Persons had signed the same instrument and shall constitute approval of the entire Plan composed of this Agreement and the Unit Operating Agreement.

**17.2 Joinder in Dual Capacity.** Execution as herein provided by any Party as either a Working Interest Owner, Royalty Owner, or an Overriding Royalty Owner shall commit all interests owned or controlled by such Party.

## **ARTICLE 18**

### **DETERMINATIONS BY WORKING INTEREST OWNERS**

**18.1 Determinations by Working Interest Owners.** All decisions, determinations, or approvals by Working Interest Owners hereunder shall be made pursuant to the voting procedure of the Unit Operating Agreement, unless otherwise provided herein.

## **ARTICLE 19**

### **GENERAL**

**19.1 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 herein.

**19.2 Action by Working Interest Owners.** Except as otherwise provided in this Agreement, any action or approval required by Working Interest Owners hereunder shall be in accordance with the provisions of the Unit Operating Agreement.

**19.3 Lien and Security Interest of Working Interest Owners.** Each Working Interest Owner shall have a lien upon and a security interest in the interests of the other Working Interest Owners in the Unit Area as provided in the Unit Operating Agreement.

**19.4 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.

**19.5 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 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 on the dates opposite their respective signatures.

**Working Interest Owners**

**COACHMAN ENERGY OPERATING COMPANY LLC**

**Date Signed**

By: 

Frank Canepa, President

01 Dec 2014

**SMITH/DRUMMOND HOLDINGS LLP**

**Date Signed**

By: 

Marlis Smith, Jr., Managing Partner

12/5/16

**ANDERSEN PETROLEUM LLC**

**Date Signed**

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

Glenn Andersen, Manager

\_\_\_\_\_

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the dates opposite their respective signatures.

**Working Interest Owners**

**COACHMAN ENERGY OPERATING COMPANY LLC**

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



Frank Canepa, President

**Date Signed**

01 Dec 2014

**SMITH/DRUMMOND HOLDINGS LLP**

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

Marlis Smith, Jr., Managing Partner

**Date Signed**

\_\_\_\_\_

**ANDERSEN PETROLEUM LLC**

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



Glenn Andersen, Manager

**Date Signed**

12/9/14

Royalty Owners

Name

Date Signed

Attest, if a Corporation, or  
Witness, if an Individual

JANET A. PETERS

By: Janet A Peters

12-20-16

individual

DONALD H. SCHLOCHTERMEIER

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

\_\_\_\_\_

\_\_\_\_\_

ROY J. SCHLOCHTERMEIER

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

\_\_\_\_\_

\_\_\_\_\_

KATHLEEN A. MAI

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

\_\_\_\_\_

\_\_\_\_\_

RITA M. GOSCHA

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

\_\_\_\_\_

\_\_\_\_\_

ROSE M. MEYERS

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

\_\_\_\_\_

\_\_\_\_\_

JANICE M. KLEPPER

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

\_\_\_\_\_

\_\_\_\_\_

JULIE M. MARTIN

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

\_\_\_\_\_

\_\_\_\_\_

JERALD L. HUSLIG

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

\_\_\_\_\_

\_\_\_\_\_

Royalty Owners

Name	Date Signed	Attest, if a Corporation, or Witness, if an Individual
<b>JANET A. PETERS</b>		
By: _____	_____	_____
<b>DONALD H. SCHLOCHTERMEIER</b>		
By: <u>Donald H. Schlochtermeier</u>	<u>12-26-16</u>	<u>Individual</u>
<b>ROY J. SCHLOCHTERMEIER</b>		
By: _____	_____	_____
<b>KATHLEEN A. MAI</b>		
By: _____	_____	_____
<b>RITA M. GOSCHA</b>		
By: _____	_____	_____
<b>ROSE M. MEYERS</b>		
By: _____	_____	_____
<b>JANICE M. KLEPPER</b>		
By: _____	_____	_____
<b>JULIE M. MARTIN</b>		
By: _____	_____	_____
<b>JERALD L. HUSLIG</b>		
By: _____	_____	_____

Royalty Owners

Name	Date Signed	Attest, if a Corporation, or Witness, if an Individual
JANET A. PETERS		
By: _____	_____	_____
DONALD H. SCHLOCHTERMEIER		
By: _____	_____	_____
ROY J. SCHLOCHTERMEIER		
By: <u>Roy J. Schlochtermeier</u>	<u>1-19-17</u>	_____
KATHLEEN A. MAI		
By: _____	_____	_____
RITA M. GOSCHA		
By: _____	_____	_____
ROSE M. MEYERS		
By: _____	_____	_____
JANICE M. KLEPPER		
By: _____	_____	_____
JULIE M. MARTIN		
By: _____	_____	_____
JERALD L. HUSLIG		
By: _____	_____	_____

Royalty Owners

Name	Date Signed	Attest, if a Corporation, or Witness, if an Individual
JANET A. PETERS		
By: _____	_____	_____
DONALD H. SCHLOCHTERMEIER		
By: _____	_____	_____
ROY J. SCHLOCHTERMEIER		
By: _____	_____	_____
KATHLEEN A. MAI		
By: <u>Kathleen A. Mai</u>	<u>12-12-16</u>	_____
RITA M. GOSCHA		
By: _____	_____	_____
ROSE M. MEYERS		
By: _____	_____	_____
JANICE M. KLEPPER		
By: _____	_____	_____
JULIE M. MARTIN		
By: _____	_____	_____
JERALD L. HUSLIG		
By: _____	_____	_____

Royalty Owners

Name

Date Signed

Attest, if a Corporation, or  
Witness, if an Individual

JANET A. PETERS

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

\_\_\_\_\_

\_\_\_\_\_

DONALD H. SCHLOCHTERMEIER

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

\_\_\_\_\_

\_\_\_\_\_

ROY J. SCHLOCHTERMEIER

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

\_\_\_\_\_

\_\_\_\_\_

KATHLEEN A. MAI

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

\_\_\_\_\_

\_\_\_\_\_

RITA M. GOSCHA

By: Rita M Goscha

1-3-2017

\_\_\_\_\_

ROSE M. MEYERS

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

\_\_\_\_\_

\_\_\_\_\_

JANICE M. KLEPPER

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

\_\_\_\_\_

\_\_\_\_\_

JULIE M. MARTIN

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

\_\_\_\_\_

\_\_\_\_\_

JERALD L. HUSLIG

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

\_\_\_\_\_

\_\_\_\_\_



**Royalty Owners**

Name	Date Signed	Attest, if a Corporation, or Witness, if an Individual
JANET A. PETERS		
By: _____	_____	_____
DONALD H. SCHLOCHTERMEIER		
By: _____	_____	_____
ROY J. SCHLOCHTERMEIER		
By: _____	_____	_____
KATHLEEN A. MAI		
By: _____	_____	_____
RITA M. GOSCHA		
By: _____	_____	_____
ROSE M. MEYERES		
By: <u>Rose M. Meyeres</u>	<u>12-10-2016</u>	_____
JANICE M. KLEPPER		
By: _____	_____	_____
JULIE M. MARTIN		
By: _____	_____	_____
JERALD L. HUSLIG		
By: _____	_____	_____

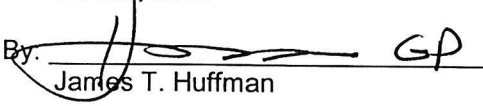
Royalty Owners

Name	Date Signed	Attest, if a Corporation, or Witness, if an Individual
JANET A. PETERS		
By: _____	_____	_____
DONALD H. SCHLOCHTERMEIER		
By: _____	_____	_____
ROY J. SCHLOCHTERMEIER		
By: _____	_____	_____
KATHLEEN A. MAI		
By: _____	_____	_____
RITA M. GOSCHA		
By: _____	_____	_____
ROSE M. MEYERS		
By: _____	_____	_____
JANICE M. KLEPPER		
By: <u>Janice M. Klepper</u>	<u>12-12-16</u>	_____
JULIE M. MARTIN		
By: _____	_____	_____
JERALD L. HUSLIG		
By: _____	_____	_____

Royalty Owners

Name	Date Signed	Attest, if a Corporation, or Witness, if an Individual
JANET A. PETERS		
By: _____	_____	_____
DONALD H. SCHLOCHTERMEIER		
By: _____	_____	_____
ROY J. SCHLOCHTERMEIER		
By: _____	_____	_____
KATHLEEN A. MAI		
By: _____	_____	_____
RITA M. GOSCHA		
By: _____	_____	_____
ROSE M. MEYERES		
By: _____	_____	_____
JANICE M. KLEPPER		
By: _____	_____	_____
JULIE M. MARTIN		
By: <u>Julie M. Martin</u>	<u>2/27/17</u>	_____
JERALD L. HUSLIG		
By: <u>Jerald L. Huslig</u>	<u>2/27/17</u>	_____

Overriding Royalty Owners

Name	Date Signed	Attest, if a Corporation, or Witness, if an Individual
KENNETH J. DEFEHR		
By: _____	_____	_____
HUFFCOM, LTD.		
By:  GP James T. Huffman	12/6/16	_____
TORIE ANN VANDEVEN LIVING TRUST		
By: _____ Torie Ann Vandeven, Trustee	_____	_____
EDWARD J. PUGH, JR. LIVING TRUST		
By: _____ Edward J. Pugh, Jr., Trustee	_____	_____
TEKLA INGLESE		
By: _____	_____	_____

Overriding Royalty Owners

Name	Date Signed	Attest, if a Corporation, or Witness, if an Individual
KENNETH J. DEFEHR		
By: _____	_____	_____
HUFFCOM, LTD.		
By: _____ James T. Huffman	_____	_____
TORIE ANN VANDEVEN LIVING TRUST		
By: <u>Torie Ann Vandeven</u> Torie Ann Vandeven, Trustee	<u>12-20-16</u>	<u>JAS LEROSSO</u>
EDWARD J. PUGH, JR. LIVING TRUST		
By: _____ Edward J. Pugh, Jr., Trustee	_____	_____
TEKLA INGLESE		
By: _____	_____	_____

Overriding Royalty Owners

Name

Date Signed

Attest, if a Corporation, or  
Witness, if an Individual

KENNETH J. DEFEHR

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

\_\_\_\_\_

\_\_\_\_\_

HUFFCOM, LTD.

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

\_\_\_\_\_

\_\_\_\_\_

TORIE ANN VANDEVEN LIVING TRUST

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

\_\_\_\_\_

\_\_\_\_\_

EDWARD E. PUGH, JR. LIVING TRUST

By: Edward E. Pugh

12/12/2014

Harry E. Newman III

TEKLA INGLESE

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

\_\_\_\_\_

\_\_\_\_\_

Overriding Royalty Owners

Name	Date Signed	Attest, if a Corporation, or Witness, if an Individual
KENNETH J. DEFEHR		
By: _____	_____	_____
HUFFCOM, LTD.		
By: _____ James T. Huffman	_____	_____
TORIE ANN VANDEVEN LIVING TRUST		
By: _____ Torie Ann Vandeven, Trustee	_____	_____
EDWARD J. PUGH, JR. LIVING TRUST		
By: _____ Edward J. Pugh, Jr., Trustee	_____	_____
TEKLA INGLESE		
By: <u>Tekla Inglese</u>	<u>12/9/14</u>	<u>[Signature]</u>

STATE OF \_\_\_\_\_ )  
 ) ss:  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Rose M. Meyeres.

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

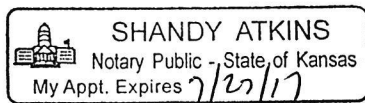
STATE OF \_\_\_\_\_ )  
 ) ss:  
COUNTY OF \_\_\_\_\_ )

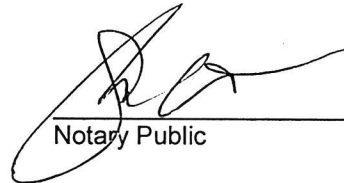
The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Janice M. Klepper.

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

STATE OF Kansas )  
 ) ss:  
COUNTY OF Sedgwick )

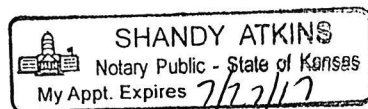
The foregoing instrument was acknowledged before me on this 27 day of Feb. 2017,  
2016, by Julie M. Martin.



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

STATE OF Kansas )  
 ) ss:  
COUNTY OF Sedgwick )

The foregoing instrument was acknowledged before me on this 27<sup>th</sup> day of Feb. 2017,  
2016, by Jerald L. Huslig.



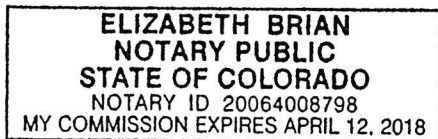
  
\_\_\_\_\_  
Notary Public



ACKNOWLEDGEMENTS

STATE OF COLORADO )  
 ) ss:  
COUNTY OF DENVER )

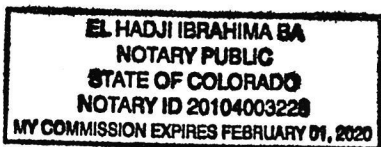
The foregoing instrument was acknowledged before me this 1<sup>st</sup> day of December,  
2016, by Frank Canepa, President of Coachman Energy Operating Company LLC.



[Signature]  
Notary Public

STATE OF Colorado )  
 ) ss:  
COUNTY OF Denver )

The foregoing instrument was acknowledged before me this 5<sup>th</sup> day of December,  
2016, by Marlis Smith, Jr., Managing Partner of Smith/Drummond Holdings LLP.



[Signature]  
Notary Public

STATE OF \_\_\_\_\_ )  
 ) ss:  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Glenn Andersen, Manager of Andersen Petroleum LLC.

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

STATE OF \_\_\_\_\_ )  
 ) ss:  
COUNTY OF \_\_\_\_\_ )

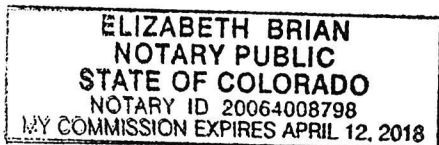
The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Janet A. Peters.

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

ACKNOWLEDGEMENTS

STATE OF COLORADO )  
 ) ss:  
COUNTY OF DENVER )

The foregoing instrument was acknowledged before me this 15<sup>th</sup> day of December,  
2016, by Frank Canepa, President of Coachman Energy Operating Company LLC.



E. Brian  
Notary Public

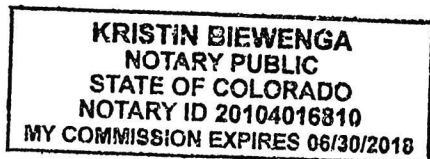
STATE OF \_\_\_\_\_ )  
 ) ss:  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Marlis Smith, Jr., Managing Partner of Smith/Drummond Holdings LLP.

STATE OF Colorado )  
 ) ss:  
COUNTY OF Jefferson )

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

The foregoing instrument was acknowledged before me this 9 day of December,  
2016, by Glenn Andersen, Manager of Andersen Petroleum LLC.



Kristin Biewenga  
Notary Public

STATE OF \_\_\_\_\_ )  
 ) ss:  
COUNTY OF \_\_\_\_\_ )

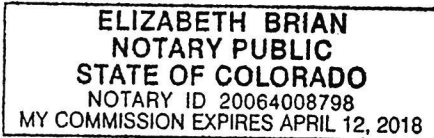
The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Janet A. Peters.

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

ACKNOWLEDGEMENTS

STATE OF COLORADO )  
 ) ss:  
COUNTY OF DENVER )

The foregoing instrument was acknowledged before me this 15<sup>th</sup> day of December,  
2016, by Frank Canepa, President of Coachman Energy Operating Company LLC.



STATE OF \_\_\_\_\_ )  
 ) ss:  
COUNTY OF \_\_\_\_\_ )

E. Brian  
Notary Public

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Marlis Smith, Jr., Managing Partner of Smith/Drummond Holdings LLP.

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

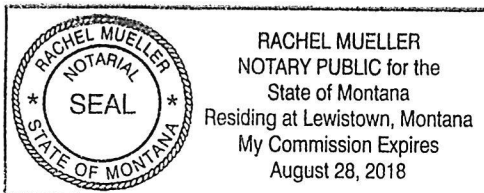
STATE OF \_\_\_\_\_ )  
 ) ss:  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Glenn Andersen, Manager of Andersen Petroleum LLC.

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

STATE OF Montana )  
 ) ss:  
COUNTY OF Fergus )

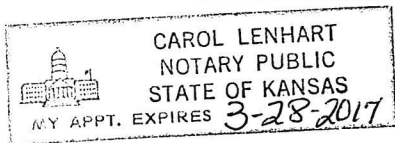
The foregoing instrument was acknowledged before me on this 20<sup>th</sup> day of December,  
2016, by Janet A. Peters.



Rachel Mueller  
Notary Public

STATE OF Kansas )  
COUNTY OF Barton ) ss:

The foregoing instrument was acknowledged before me on this 26th day of December, 2016, by Donald H. Schlochtermeyer.



Carol Lenhart  
Notary Public

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2016, by Roy J. Schlochtermeyer.

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

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2016, by Kathleen A. Mai.

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

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2016, by Rita M. Goscha.

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

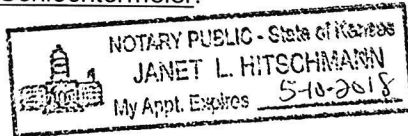
STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Donald H. Schlochtermeyer.

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

STATE OF Kansas )  
COUNTY OF Barton ) ss:

The foregoing instrument was acknowledged before me on this 19<sup>th</sup> day of January 2017,  
2016, by Roy J. Schlochtermeyer.



Janet L. Hitschmann  
Notary Public

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Kathleen A. Mai.

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

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Rita M. Goscha.

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

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Donald H. Schlochtermeyer.

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

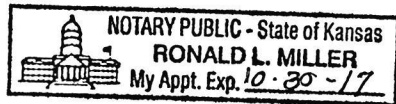
STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Roy J. Schlochtermeyer.

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

STATE OF KANSAS )  
COUNTY OF BARTON ) ss:

The foregoing instrument was acknowledged before me on this 12 day of DECEMBER,  
2016, by Kathleen A. Mai.



Ronald L. Miller  
Notary Public

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Rita M. Goscha.

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

STATE OF \_\_\_\_\_ )  
 ) ss:  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Donald H. Schlochtermeyer.

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

STATE OF \_\_\_\_\_ )  
 ) ss:  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Roy J. Schlochtermeyer.

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

STATE OF \_\_\_\_\_ )  
 ) ss:  
COUNTY OF \_\_\_\_\_ )

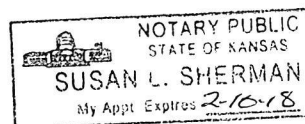
The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Kathleen A. Mai.

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

STATE OF Kansas )  
 ) ss:  
COUNTY OF McPherson )

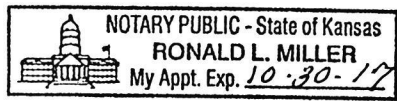
The foregoing instrument was acknowledged before me on this 3 day of January,  
2016, by Rita M. Goscha.  
2017

Susan L. Sherman  
Notary Public



STATE OF Kansas )  
COUNTY OF BARTON ) ss:

The foregoing instrument was acknowledged before me on this 10 day of December, 2016, by Rose M. Meyeres.



Ronald L. Miller  
Notary Public

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2016, by Janice M. Klepper.

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

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2016, by Julie M. Martin.

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

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2016, by Jerald L. Huslig.

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



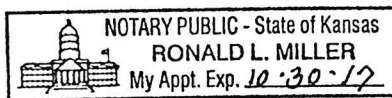
STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Rose M. Meyers.

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

STATE OF KANSAS )  
COUNTY OF BARTON ) ss:

The foregoing instrument was acknowledged before me on this 12 day of December,  
2016, by Janice M. Klepper.



Ronald L. Miller  
Notary Public

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Julie M. Martin.

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

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Jerald L. Huslig.

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

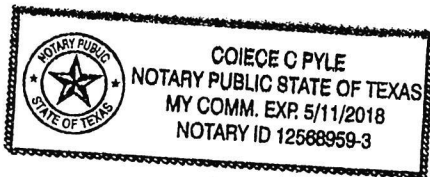
STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Kenneth J. DeFehr.

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

STATE OF Texas )  
COUNTY OF Llano ) ss:

The foregoing instrument was acknowledged before me on this 6th day of December,  
2016, by James T. Huffman<sup>GP</sup> of Huffcom, Ltd.



Coiege C Pyle  
Notary Public

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Torie Ann Vandeven, Trustee of Torie Ann Vandeven Living Trust.

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

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Edward J. Pugh, Jr., Trustee of Edward J. Pugh, Jr. Living Trust.

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

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2016, by Kenneth J. DeFehr.

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


STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2016, by James T. Huffman of Huffcom, Ltd.

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

STATE OF COLORADO )  
COUNTY OF DENVER ) ss:

The foregoing instrument was acknowledged before me on this 20 day of DECEMBER, 2016, by Torie Ann Vandeven, Trustee of Torie Ann Vandeven Living Trust.

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

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

**JAN CRESPO  
NOTARY PUBLIC  
STATE OF COLORADO  
NOTARY ID 20164025583  
MY COMMISSION EXPIRES JULY 06, 2020**

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2016, by Edward J. Pugh, Jr., Trustee of Edward J. Pugh, Jr. Living Trust.

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

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Kenneth J. DeFehr.

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

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by James T. Huffman of Huffcom, Ltd.

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

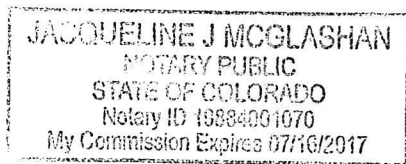
STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Torie Ann Vandeven, Trustee of Torie Ann Vandeven Living Trust.

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

STATE OF Colorado )  
COUNTY OF DENVER ) ss:

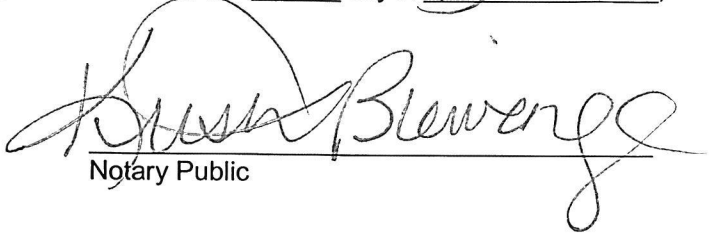
The foregoing instrument was acknowledged before me on this 12th day of December,  
2016, by Edward E. Pugh, Jr., Trustee of Edward E. Pugh, Jr. Living Trust.

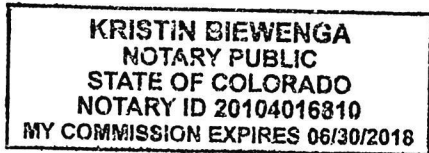


Jacqueline J. McGLashan  
Notary Public

STATE OF Colorado )  
COUNTY OF Jefferson ) ss:

The foregoing instrument was acknowledged before me on this 9 day of December  
2016, by Tekla Inglese.

  
Notary Public



**"EXHIBIT B"**  
**TO**  
**UNIT AGREEMENT**  
**HUSLIG WATERFLOOD UNIT**  
**BARTON COUNTY, KANSAS**

**TRACTS AND TRACT PARTICIPATION**

**All Lands in NW/4 of Section 9, Township 19 South, Range 11 West, Barton County, KS**

<b>Tract No.</b>	<b>Tract Operator</b>	<b>Description</b>	<b>Acres</b>	<b>Tract Participation</b>
1	Coachman Energy Operating Company LLC	9.7 acres in NW/4 NW/4 0.3 acres in SW/4 NW/4	10.000	6.2500%
2	Coachman Energy Operating Company LLC	10 acres in NW/4 NW/4	10.000	6.2500%
3	Coachman Energy Operating Company LLC	6.36 acres in NE/4 NW/4 3.64 acres in SE/4 NW/4	10.000	6.2500%
4	Coachman Energy Operating Company LLC	N/2 NW/4 less and except Tracts No. 1 - 3	53.940	33.7125%
5	Coachman Energy Operating Company LLC	SW/4 NW/4 less and except Tract No. 1	39.700	24.8125%
6	Coachman Energy Operating Company LLC	SE/4 NW/4 less and except Tract No. 3	36.360	22.7250%
<b>TOTALS:</b>			<b>160.000</b>	<b>100.0000%</b>

**APPROVAL OF  
UNIT AGREEMENT OR UNIT OPERATING AGREEMENT,  
OR BOTH  
HUSLIG WATERFLOOD UNIT  
BARTON COUNTY, KANSAS**

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, an Agreement entitled "Unit Agreement, HUSLIG WATERFLOOD Unit, Barton County, Kansas", entered into as of December 1, 2016 ("Unit Agreement"), provides that any owner of a Royalty Interest, Overriding Royalty Interest or Working Interest, or both, in and to any Tract identified therein may approve such Agreement by signing an instrument of approval; and

WHEREAS, a companion Agreement entitled "Unit Operating Agreement, HUSLIG WATERFLOOD Unit, Barton County, Kansas", of like date ("Unit Operating Agreement"), likewise provides that any owner of a Working interest in and to any Tract identified therein may approve such Agreement by signing an instrument of approval; and;

WHEREAS, each of the undersigned represents that it is the owner of a Royalty Interest, Overriding Royalty Interest, Working Interest, in and to one or more of the Tracts identified in said Agreements;

NOW, THEREFORE, the undersigned owners of Royalty Interest and Overriding Royalty Interest hereby approved the Unit Agreement, and the undersigned owners of Working Interest, hereby approve both the Unit Agreement and the Unit Operating Agreement.

The undersigned owners of Royalty Interest and Overriding Royalty Interest hereby acknowledge receipt of a full and true copy of the Unit Agreement and the undersigned owners of Working Interest hereby acknowledge receipt of full and true copies of both the Unit Agreement and the Unit Operating Agreement.

IN WITNESS WHEREOF, each of the undersigned has executed this instrument on the date set forth opposite his or her signature.

**Working Interest Owners**

**COACHMAN ENERGY OPERATING COMPANY LLC**

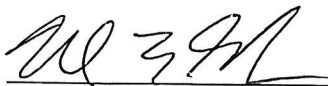
**Date Signed**

By:   
Frank Canepa, President

01 Dec 2016

**SMITH/DRUMMOND HOLDINGS LLP**

**Date Signed**

By:   
Marlis Smith, Jr., Managing Partner

12/5/16

**ANDERSEN PETROLEUM LLC**

**Date Signed**

By: \_\_\_\_\_  
Glenn Andersen, Manager

\_\_\_\_\_

**APPROVAL OF  
UNIT AGREEMENT OR UNIT OPERATING AGREEMENT,  
OR BOTH  
HUSLIG WATERFLOOD UNIT  
BARTON COUNTY, KANSAS**

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, an Agreement entitled "Unit Agreement, HUSLIG WATERFLOOD Unit, Barton County, Kansas", entered into as of December 1, 2016 ("Unit Agreement"), provides that any owner of a Royalty Interest, Overriding Royalty Interest or Working Interest, or both, in and to any Tract identified therein may approve such Agreement by signing an instrument of approval; and

WHEREAS, a companion Agreement entitled "Unit Operating Agreement, HUSLIG WATERFLOOD Unit, Barton County, Kansas", of like date ("Unit Operating Agreement"), likewise provides that any owner of a Working interest in and to any Tract identified therein may approve such Agreement by signing an instrument of approval; and;

WHEREAS, each of the undersigned represents that it is the owner of a Royalty Interest, Overriding Royalty Interest, Working Interest, in and to one or more of the Tracts identified in said Agreements;

NOW, THEREFORE, the undersigned owners of Royalty Interest and Overriding Royalty Interest hereby approved the Unit Agreement, and the undersigned owners of Working Interest, hereby approve both the Unit Agreement and the Unit Operating Agreement.

The undersigned owners of Royalty Interest and Overriding Royalty Interest hereby acknowledge receipt of a full and true copy of the Unit Agreement and the undersigned owners of Working Interest hereby acknowledge receipt of full and true copies of both the Unit Agreement and the Unit Operating Agreement.

IN WITNESS WHEREOF, each of the undersigned has executed this instrument on the date set forth opposite his or her signature.

**Working Interest Owners**

**COACHMAN ENERGY OPERATING COMPANY LLC**

**Date Signed**

By: 

Frank Canepa, President

01 Dec 2016

**SMITH/DRUMMOND HOLDINGS LLP**

**Date Signed**

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

Marlis Smith, Jr., Managing Partner

\_\_\_\_\_

**ANDERSEN PETROLEUM LLC**

**Date Signed**

By: 

Glenn Andersen, Manager

12/9/16



Royalty Owners

Name	Date Signed	Attest, if a Corporation, or Witness, if an Individual
JANET A. PETERS		
By: _____	_____	_____
DONALD H. SCHLOCHTERMEIER		
By: _____	_____	_____
ROY J. SCHLOCHTERMEIER		
By: <u>Roy J. Schlochtermeyer</u>	<u>1-19-17</u>	_____
KATHLEEN A. MAI		
By: _____	_____	_____
RITA M. GOSCHA		
By: _____	_____	_____
ROSE M. MEYERS		
By: _____	_____	_____
JANICE M. KLEPPER		
By: _____	_____	_____
JULIE M. MARTIN		
By: _____	_____	_____
JERALD L. HUSLIG		
By: _____	_____	_____

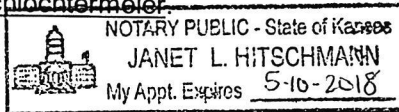
STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Donald H. Schlochtermeyer.

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

STATE OF Kansas )  
COUNTY OF Barton ) ss:

The foregoing instrument was acknowledged before me on this 19<sup>th</sup> day of January 2017,  
2016, by Roy J. Schlochtermeyer.



Janet L. Hitschmann  
Notary Public

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Kathleen A. Mai.

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

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Rita M. Goscha.

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

Royalty Owners

Name	Date Signed	Attest, if a Corporation, or Witness, if an Individual
JANET A. PETERS		
By: _____	_____	_____
DONALD H. SCHLOCHTERMEIER		
By: _____	_____	_____
ROY J. SCHLOCHTERMEIER		
By: _____	_____	_____
KATHLEEN A. MAI		
By: <u>Kathleen A. Mai</u>	<u>12-12-16</u>	_____
RITA M. GOSCHA		
By: _____	_____	_____
ROSE M. MEYERS		
By: _____	_____	_____
JANICE M. KLEPPER		
By: _____	_____	_____
JULIE M. MARTIN		
By: _____	_____	_____
JERALD L. HUSLIG		
By: _____	_____	_____

Royalty Owners

Name

Date Signed

Attest, if a Corporation, or  
Witness, if an Individual

JANET A. PETERS

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

\_\_\_\_\_

\_\_\_\_\_

DONALD H. SCHLOCHTERMEIER

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

\_\_\_\_\_

\_\_\_\_\_

ROY J. SCHLOCHTERMEIER

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

\_\_\_\_\_

\_\_\_\_\_

KATHLEEN A. MAI

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

\_\_\_\_\_

\_\_\_\_\_

RITA M. GOSCHA

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

\_\_\_\_\_

\_\_\_\_\_

ROSE M. MEYERES

By: Rose M. Meyeres

12-10-2012

\_\_\_\_\_

JANICE M. KLEPPER

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

\_\_\_\_\_

\_\_\_\_\_

JULIE M. MARTIN

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

\_\_\_\_\_

\_\_\_\_\_

JERALD L. HUSLIG

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

\_\_\_\_\_

\_\_\_\_\_

**Royalty Owners**

**Name**

**Date Signed**

**Attest, if a Corporation, or  
Witness, if an Individual**

**JANET A. PETERS**

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

\_\_\_\_\_

\_\_\_\_\_

**DONALD H. SCHLOCHTERMEIER**

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

\_\_\_\_\_

\_\_\_\_\_

**ROY J. SCHLOCHTERMEIER**

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

\_\_\_\_\_

\_\_\_\_\_

**KATHLEEN A. MAI**

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

\_\_\_\_\_

\_\_\_\_\_

**RITA M. GOSCHA**

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

\_\_\_\_\_

\_\_\_\_\_

**ROSE M. MEYERS**

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

\_\_\_\_\_

\_\_\_\_\_

**JANICE M. KLEPPER**

By: Janice M. Klepper

12-12-16

\_\_\_\_\_

**JULIE M. MARTIN**

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

\_\_\_\_\_

\_\_\_\_\_

**JERALD L. HUSLIG**

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

\_\_\_\_\_

\_\_\_\_\_

Overriding Royalty Owners

Name

Date Signed

Attest, if a Corporation, or  
Witness, if an Individual

KENNETH J. DEFEHR

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

\_\_\_\_\_

\_\_\_\_\_

HUFFCOM LTD.

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

12/7/16  
\_\_\_\_\_

\_\_\_\_\_

TORIE ANN VANDEVEN LIVING TRUST

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

\_\_\_\_\_

\_\_\_\_\_

EDWARD J. PUGH, JR. LIVING TRUST

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

\_\_\_\_\_

\_\_\_\_\_


TEKLA INGLESE

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

\_\_\_\_\_

\_\_\_\_\_

Overriding Royalty Owners

Name	Date Signed	Attest, if a Corporation, or Witness, if an Individual
KENNETH J. DEFEHR		
By: _____	_____	_____
HUFFCOM, LTD.		
By: _____	_____	_____
TORIE ANN VANDEVEN LIVING TRUST		
By: <u></u>	<u>12-20-16</u>	<u>JAN CRESPO</u>
EDWARD J. PUGH, JR. LIVING TRUST		
By: _____	_____	_____
TEKLA INGLESE		
By: _____	_____	_____

Overriding Royalty Owners

Name	Date Signed	Attest, if a Corporation, or Witness, if an Individual
------	-------------	---

KENNETH J. DEFEHR

By: _____	_____	_____
-----------	-------	-------

HUFFCOM, LTD.

By: _____ James T. Huffman	_____	_____
-------------------------------	-------	-------

TORIE ANN VANDEVEN LIVING TRUST

By: _____ Torie Ann Vandeven, Trustee	_____	_____
--	-------	-------

EDWARD E. PUGH, JR. LIVING TRUST

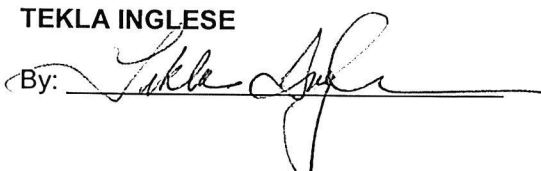

By: <u>Edward E. Pugh, Jr.</u> Edward E. Pugh, Jr., Trustee	<u>12/12/2016</u>	<u>Henry S. Newman III</u>
--	-------------------	----------------------------

TEKLA INGLESE

By: _____	_____	_____
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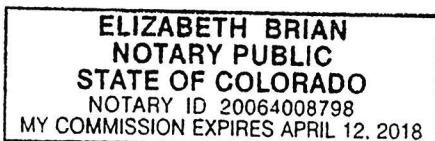
Overriding Royalty Owners

Name	Date Signed	Attest, if a Corporation, or Witness, if an Individual
KENNETH J. DEFEHR		
By: _____	_____	_____
HUFFCOM, LTD.		
By: _____	_____	_____
TORIE ANN VANDEVEN LIVING TRUST		
By: _____	_____	_____
EDWARD J. PUGH, JR. LIVING TRUST		
By: _____	_____	_____
TEKLA INGLESE		
By:  _____	<u>12/9/14</u>	 _____

ACKNOWLEDGEMENTS

STATE OF COLORADO )  
 ) ss:  
COUNTY OF DENVER )

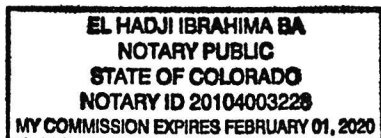
The foregoing instrument was acknowledged before me this 1<sup>st</sup> day of December,  
2016, by Frank Canepa, President of Coachman Energy Operating Company LLC.



E. Brian  
Notary Public

STATE OF Colorado )  
 ) ss:  
COUNTY OF Denver )

The foregoing instrument was acknowledged before me this 5<sup>th</sup> day of December,  
2016, by Marlis Smith, Jr., Managing Partner of Smith/Drummond Holdings LLP.



E. Ibrahima Ba  
Notary Public

STATE OF \_\_\_\_\_ )  
 ) ss:  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Glenn Andersen, Manager of Andersen Petroleum LLC.

STATE OF \_\_\_\_\_ )  
 ) ss:  
COUNTY OF \_\_\_\_\_ )

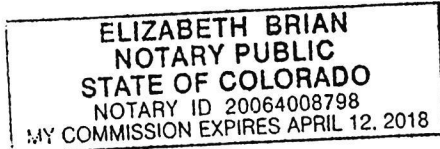
The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Janet A. Peters.

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

ACKNOWLEDGEMENTS

STATE OF COLORADO )  
 ) ss:  
COUNTY OF DENVER )

The foregoing instrument was acknowledged before me this 1<sup>st</sup> day of December,  
2016, by Frank Canepa, President of Coachman Energy Operating Company LLC.



E. Brian  
Notary Public

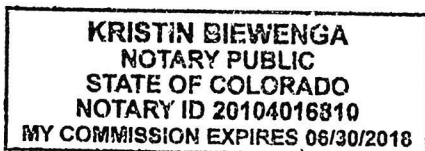
STATE OF \_\_\_\_\_ )  
 ) ss:  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Marlis Smith, Jr., Managing Partner of Smith/Drummond Holdings LLP.

STATE OF Colorado )  
 ) ss:  
COUNTY OF Jefferson )

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

The foregoing instrument was acknowledged before me this 9 day of December,  
2016, by Glenn Andersen, Manager of Andersen Petroleum LLC.



Kristin Biewenga

STATE OF \_\_\_\_\_ )  
 ) ss:  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Janet A. Peters.

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

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Donald H. Schlochtermeier.

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

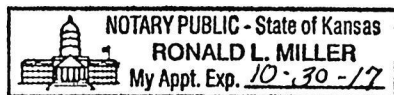
STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Roy J. Schlochtermeier.

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

STATE OF KANSAS )  
COUNTY OF BARTON ) ss:

The foregoing instrument was acknowledged before me on this 12 day of DECEMBER,  
2016, by Kathleen A. Mai.



Ronald L. Miller  
Notary Public

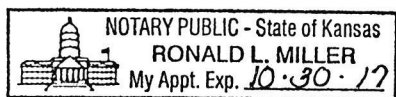
STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Rita M. Goscha.

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

STATE OF KANSAS )  
COUNTY OF BARTON ) ss:

The foregoing instrument was acknowledged before me on this 10 day of December,  
2016, by Rose M. Meyeres.



Ronald L. Miller  
Notary Public

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Janice M. Klepper.

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

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Julie M. Martin.

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

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Jerald L. Huslig.

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

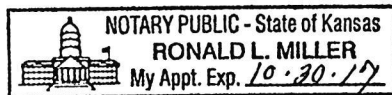
STATE OF \_\_\_\_\_ )  
 ) ss:  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Rose M. Meyers.

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

STATE OF Kansas )  
 ) ss:  
COUNTY OF Barton )

The foregoing instrument was acknowledged before me on this 12 day of December,  
2016, by Janice M. Klepper.



Ronald L. Miller  
Notary Public

STATE OF \_\_\_\_\_ )  
 ) ss:  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Julie M. Martin.

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

STATE OF \_\_\_\_\_ )  
 ) ss:  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Jerald L. Huslig.

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

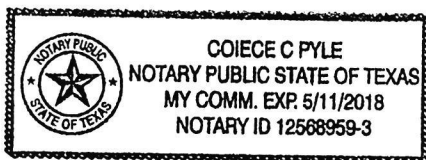
STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Kenneth J. DeFehr.

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

STATE OF Texas )  
COUNTY OF Llano ) ss:

The foregoing instrument was acknowledged before me on this 6th day of December,  
<sup>GP</sup>  
2016, by James T. Huffman of Huffcom, Ltd.



Coiece C Pyle  
Notary Public

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Torie Ann Vandeven, Trustee of Torie Ann Vandeven Living Trust.

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

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Edward J. Pugh, Jr., Trustee of Edward J. Pugh, Jr. Living Trust.

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

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Kenneth J. DeFehr.

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

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by James T. Huffman of Huffcom, Ltd.

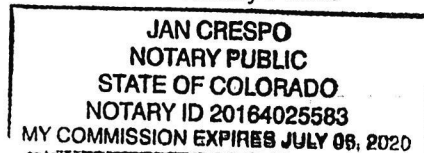
\_\_\_\_\_  
Notary Public

STATE OF COLORADO )  
COUNTY OF DENVER ) ss:

The foregoing instrument was acknowledged before me on this 20 day of DECEMBER,  
2016, by Torie Ann Vandeven, Trustee of Torie Ann Vandeven Living Trust.

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

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:



The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Edward J. Pugh, Jr., Trustee of Edward J. Pugh, Jr. Living Trust.

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



STATE OF \_\_\_\_\_ )  
 ) ss:  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Kenneth J. DeFehr.

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

STATE OF \_\_\_\_\_ )  
 ) ss:  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by James T. Huffman of Huffcom, Ltd.

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

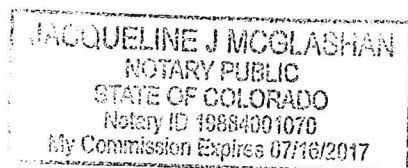
STATE OF \_\_\_\_\_ )  
 ) ss:  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2016, by Torie Ann Vandeven, Trustee of Torie Ann Vandeven Living Trust.

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

STATE OF Colorado )  
 ) ss:  
COUNTY OF Denver )

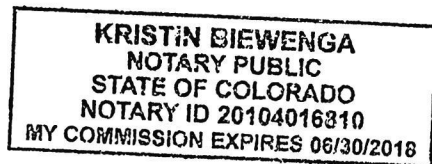
The foregoing instrument was acknowledged before me on this 12th day of December,  
2016, by Edward E. Pugh, Jr., Trustee of Edward E. Pugh, Jr. Living Trust.



Jacqueline J. McGlashan  
Notary Public

STATE OF Colorado )  
COUNTY OF Jefferson ) ss:

The foregoing instrument was acknowledged before me on this 9 day of December,  
2016, by Tekla Inglese.



Kristin Biewenga  
Notary Public

KCC WICHITA

MAR 08 2017

RECEIVED

UNIT OPERATING AGREEMENT

HUSLIG WATERFLOOD UNIT

BARTON COUNTY, KANSAS

THIS AGREEMENT, entered into as of November 1, 2016 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 executed, as of November 1, 2016, an agreement entitled, "Unit Agreement, Huslig Waterflood Unit, Barton 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.

ARTICLE 2

EXHIBITS

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

2.1.01 Exhibits A and B, of the Unit Agreement.

2.1.02 Exhibit C, attached hereto, which is a schedule showing the Working Interest of each Working Interest Owner in each tract, the percentage of total Unit Participation attributable to each such interest, and the total Unit Participation of each Working Interest Owner. Exhibit C, or a revision thereof, shall not be conclusive as to the information therein, except it may be used as showing the Unit Participations of the Working Interest Owners for purposes of this Agreement until shown to be in error or is revised as herein authorized.

2.1.03 Exhibit D, attached hereto, which is the Accounting Procedure applicable to Unit Operations. If there is any conflict between this Agreement and Exhibit D, this Agreement shall govern.

2.1.04 Exhibit E, attached hereto, which contains insurance provisions applicable to Unit Operations.

2.2 Revisions of Exhibits. Whenever Exhibits A and B are revised, Exhibit C shall be revised accordingly and be effective as of the same date.

### 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.

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:

3.2.01 Method of Operation. The method of operation, including any type of pressure maintenance, secondary recovery, or other recovery program to be employed.

3.2.02 Drilling of Wells. The drilling of any well whether for production of Unitized Substances, for use as an injection well, or for other purposes.

3.2.03 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.

3.2.04 Expenditures. The making of any single expenditure in excess of Twenty-Five Thousand Dollars (\$25,000.00); 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 therefor, and for completing, testing, and equipping the same, including necessary flow lines, separators, and lease tankage; provided further that approval by the Working Interest Owners of a project involving the securing of a water supply system or the construction and installation of a filtering, treating and pressuring system or the construction and installation of a water distribution system or the construction and installation of a produced water gathering system shall include approval of all necessary expenditures required for the complete construction and installation and efficient operation of such particular system. Where, in connection with any expenditure of more than Twenty-Five Thousand Dollars (\$25,000.00), Unit Operator submits an Authority for Expenditure (A.F.E.) which is approved by at least two (2) Working Interest Owner or their representative or alternate representatives having a combined percentage of Unit Participation, as set out in Exhibit C, of Sixty-Five percent (65%) 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 section 4.3.02, and any commitments or expenditures

thereafter made by Unit Operator on the basis of such approval shall be for the joint account.

3.2.05 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 Ten Thousand Dollars (\$10,000.00) or more.

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

3.2.07 Audits. The auditing of the accounts of Unit Operator pertaining to Unit Operations hereunder; provided that, the audits shall:

(a) not be conducted more than once each year except upon the resignation or removal of Unit Operator.

(b) be made at the expense of those Working Interest Owners, other than the Working Interest Owner designated as Unit Operator, requesting an audit.

(c) be made upon not less than thirty days (30) written notice to Unit Operator.

3.2.08 Inventories. The taking of periodic inventories under the terms of Exhibit D.

3.2.09 Technical Services. The authorizing of charges to the joint account for services by consultants or Unit Operator's technical personnel not covered by the overhead charges provided in Exhibit D.

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

3.2.11 The removal of Unit Operator and the selection of a successor.

3.2.12 The enlargement of the Unit Area.

3.2.13 The adjustment and readjustment of investments.

3.2.14 The termination of the Unit Agreement.

#### ARTICLE 4

##### MANNER OF EXERCISING SUPERVISION

4.1 Designation of Representatives. Each Working Interest Owner shall in writing inform Unit Operator of the names and addresses of the representative and alternate who are authorized to represent and bind such Working Interest Owner with respect to 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 Unit Participation of not less than Sixty-Five percent (65%). No meeting shall be called on less than Seven days (7) advance written notice, with agenda for the meeting attached. Working Interest Owners who attend the meeting shall not be prevented from amending items included in the agenda or from deciding the 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:

4.3.01 Voting Interest. Each Working Interest Owner shall have a voting interest equal to its Unit Participation as set out in Exhibit C.

4.3.02 Vote Required -Generally. Except as may otherwise be 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 two (2) or more Working Interest Owners owning sixty-five percent (65%) or more voting interest, provided that, if one Working Interest Owner has a voting interest in excess of thirty-five percent (35%) and such Owner fails to vote or votes against any matter, then the affirmative vote of working Interest Owners having ninety percent (85%) or more of the remaining voting interest shall decide the matter; provided, however, in no event shall such an affirmative vote be by less than fifty-one percent (51%) of the total voting interest of all Working Interest Owners.

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

4.3.04 Poll Votes. Working Interest Owners may vote on and decide, by letter or telegram, any matter submitted in writing to Working Interest Owners, if no meeting is requested, as provided in section 4.2, within Seven days (7) after the proposal is received by all Working Interest Owners. Unit Operator will give prompt notice of the results of the voting to all Working Interest Owners.

## ARTICLE 5

### INDIVIDUAL RIGHTS OF WORKING INTEREST OWNERS

5.1 Reservation of Rights. Working Interest Owners severally reserve to themselves all their rights, except as otherwise provided in this agreement and the Unit Agreement.

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

5.2.01 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.

5.2.02 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. Unit Operator shall furnish non-operating Working Interest Owners each month, reasonably detailed information regarding the nature and amount of various items of cost and expenses, including capital investments, chargeable against the interest of the nonoperating Working Interest Owners. 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 who requests the information.

## ARTICLE 6

### UNIT OPERATOR

6.1 Initial Unit Operator. Coachman Energy Operating Company LLC is hereby designated as Unit Operator.

6.2 Resignation or Removal. Unit Operator may resign at any time. Working Interest Owners may remove Unit Operator for gross negligence or willful misconduct by the affirmative vote of at least Fifteen percent (15%) of the voting interest remaining after excluding the voting interest of Unit Operator. A Unit Operator that resigns or is removed shall not be released from its obligations hereunder for a period of three (3) months after resignation or discharge, unless a successor Unit Operator has taken over Unit Operations prior to the expiration of such period.

6.3 Selection of Successor. Upon the resignation or removal of a Unit Operator, a successor Unit Operator shall be selected by Working Interest Owners. If the Unit Operator that is removed fails to vote or votes only to succeed itself, the successor Unit Operator may be selected by the affirmative vote of at least Fifteen percent (15%) of the voting interest remaining after excluding the voting interest of the Unit Operator that was removed.

## ARTICLE 7

### AUTHORITIES AND DUTIES OF UNIT OPERATOR

7.1 Exclusive Right to Operate Unit. Subject to the provisions of this agreement and to instructions from Working Interest Owners, Unit Operator shall have the exclusive right and be obligated to conduct

## Unit Operations.

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 best judgment, considers important. Unit Operator shall not be liable to Working Interest Owners for damages, unless such damages result from its gross negligence or willful misconduct.

7.3 Liens and Encumbrances. Unit Operator shall endeavor to keep the lands and leases in the Unit Area free from all liens and encumbrances occasioned by Unit Operations, except the lien of Unit Operator granted hereunder.

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 Working Interest owners. Unit Operator shall furnish to working Interest Owners periodic reports of Unit Operations, as directed by Working Interest Owners.

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

7.8 Engineering and Geological Information. Unit Operator shall furnish to a Working Interest Owner, upon written request, a copy of the log and other engineering and geological data pertaining to wells drilled for Unit Operations.

7.9 Expenditures. Unit operator is authorized to make single expenditures not in excess of Twenty-Five Thousand Dollars (\$25,000.00 ) without prior approval of Working Interest Owners except as limited by the provisions of Article 13. If an emergency occurs, 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 Wells Drilled by Unit Operator. All wells drilled by Unit Operator shall be at the rates prevailing in the area. Unit Operator may employ its own tools and equipment, but the charge therefor shall not exceed the prevailing rate in the area, and the work shall be performed by Unit Operator under the same terms and conditions as are usual in the area in contracts of independent contractors doing work of a similar nature.



## ARTICLE 8

### TAXES

8.1 Ad Valorem Taxes. Unit Operator shall, beginning in the first calendar year, next following the effective date of this agreement, make and file for 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 ad valorem taxes due and payable on account of real and personal property of each Working Interest Owner located within the Unit Area and used in connection with Unit operations shall be paid by Unit Operator for the joint account in the same manner as other costs and expenses of Unit operations; providing, however, any Working Interest Owner having an overriding royalty, oil payment or similar burden on his interest in excess of the basic 1/8th royalty in any tract shall be given credit on his assessment for the amount of assessment chargeable to such overriding royalty, oil payment or similar burden. In order to comply with the foregoing provision, each Working Interest Owner shall notify Unit Operator of such overriding royalty, oil payment or similar burden.

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

## ARTICLE 9

### INSURANCE

9.1 Insurance. Unit Operator, with respect to Unit Operations, shall do the following:

9.1.01 Comply with the Workmen's Compensation Law of the State of Kansas.

9.1.02 Carry Employer's Liability and other insurance as required by the laws of the State of Kansas.

9.1.03 Carry other insurance as set forth in Exhibit E.

## ARTICLE 10

### UNIT EXPENSE

10.1 Basis of Charge to Working Interest Owners. Unit Operator initially shall pay all Unit Expense. All charges, credits, and accounting for Unit Expenses shall be in accordance with Exhibit D. Unit Expense shall be apportioned among and assessed against the Working Interest Owners in proportion to their

appropriate respective Cost Participations as shown in Exhibit C. Except as otherwise provided herein, the Lessees obligated or responsible for the cost and expenses of operating a Tract in the absence of Unitization, in the same proportion and to the same extent, shall be chargeable with and responsible for the payment of Unit Expense charged against such Tract. However, Unit Operator shall be responsible for billing each Working Interest Owner.

10.2 Budgets. Before or as soon as practical after the effective date hereof, Unit Operator shall prepare a budget of estimated Unit Expense for the remainder of the calendar year, and, on or before the first day of each October thereafter, shall prepare such a budget for the ensuing calendar year. A budget shall set forth the estimated Unit Expense by quarterly periods. Budgets shall be estimates only, and shall be adjusted or corrected by Working Interest Owners and Unit Operator whenever an adjustment or correction is proper. A copy of each budget and adjusted budget shall promptly be furnished to each Working Interest Owner.

10.3 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, on or before the 15th day of any month, an itemized estimate thereof for the succeeding month, with a request for payment in advance within Fifteen days (15) 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.

10.4 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.

10.5 Unpaid Unit Expense. If any Working Interest Owner fails or is unable to pay its share of Unit Expense within Thirty days (30) after rendition of a statement therefor by Unit Operator, or if any Working Interest Owner elects to be carried or otherwise financed, the non-defaulting Working Interest Owners shall, upon request by Unit Operator, pay the unpaid amount as if it were Unit Expense in the proportion that the Unit participation of each such Working Interest Owner bears to the Unit Participation of all such 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 section 10.6 of this Agreement.

10.6 Lien of Unit Operator. Each Working Interest Owner grants to Unit Operator a lien upon its Oil and Gas Rights in each Tract, its share of Unitized Substances when produced, and its interest in all Unit Equipment, as security for payment of its share of Unit Expense, together with interest thereon at the rate of

the current posted Wall Street Journal prime rate. Unit Operator shall have the right to bring suit to enforce collection of such indebtedness with or without seeking foreclosure of the lien. In addition, upon default by any Working Interest Owner in the payment of its share of Unit Expense, Unit Operator shall have the right to collect from the purchaser the proceeds from the sale of such Working Interest Owner's share of Unitized Substances until the amount owed by such Working Interest Owner, plus interest as aforesaid, has been paid. Each purchaser shall be entitled to rely upon Unit Operator's written statement concerning the amount of any default.

10.7 Burden of Excess Royalty and Other Interests. If any interest contributed by a Working Interest Owner is burdened with a royalty in excess of the customary one-eighth (1/8th) or by an overriding royalty, production payment or similar obligation, such excess burden shall be borne solely by the Working Interest Owner contributing such interest.

10.8 Non-Consent Provisions. In the event two or more Working Interest Owners owning a combined voting interest (pursuant to the provisions of Article 4), of more than Sixty-Five percent (65%) but less than one hundred percent (100%), desire to proceed with a project or projects which under Article 4 require an affirmative vote of at least Sixty-Five percent (65%) or more of the voting interests, then the following shall apply. Said Working Interest Owners shall cause written notice to be given to all Working Interest Owners of the proposed project or projects, including specific data as to the proposed operation and the estimated cost thereof. The Working Interest Owners failing to agree to the proposed operations shall have a period of thirty days (30) after receipt of such notice in which to elect to join and pay their proportionate share of the costs of such proposed operations. After the expiration of said thirty day (30) period, the Working Interest Owners electing to proceed may so proceed at their sole cost and expense. Provided, however, the parties paying the cost of such additional operations shall be entitled to recover from Unit production attributable to the interest of the non-paying Working Interest Owners an amount equivalent to Three Hundred percent (300%) of all costs and expenses advanced by them and attributable to the interest of the non-paying Working Interest Owners. Any non-paying Working Interest Owners shall relinquish all rights in such Unit production until the parties paying the cost of such additional operations shall have recovered Three Hundred percent (300%) of costs expended attributable to the interest of the non-paying Working Interest Owners.

## ARTICLE 11

### ADJUSTMENT OF INVESTMENTS

11.1 Personal Property Taken Over. Upon the effective date hereof, Working Interest Owners shall

deliver to Unit Operator the following:

11.1.01 Wells and Casing. All wells completed in the Unitized Formation (whether or not now producing).

11.1.02 Well and Lease Equipment. The casing and tubing in each such well including casing fittings through the casinghead, the well head, connections thereon, and all other lease and operating equipment that is used in the operation of such wells which Working Interest Owners determine is necessary or desirable for conducting Unit Operations.

11.1.03 Records. A copy of all production and well records that pertain to such wells.

11.2 Inventory and Evaluation of Personal Property. Working Interest Owners shall at Unit expense inventory and evaluate in accordance with the provisions of Exhibit D the personal property so taken over. such inventories shall include and be limited to those items of equipment normally considered controllable by operators of oil and gas properties as indicated in the "Materials Classification Manual" prepared by the Petroleum Accounts Society of Oklahoma, except those certain items normally considered noncontrollable, such as sucker rods, Kobe tubing of sizes less than two inches (2" ) and other items as agreed upon by the Working Interest Owners may be included on the inventories in order to insure a more equitable adjustment of investments. All other noncontrollable items of lease and well equipment installed within the Unit Area and required in Unit Operations, although excluded from the inventories, shall nevertheless be taken over by the Unit Operator. Immediately following completion, such inventories shall be priced in accordance with the provisions of Exhibit D, Accounting Procedure, attached hereto and made a part hereof, or at an appraised value as determined by the Working Interest Owners; such pricing shall be performed under the supervision of, by the personnel of, and in the offices of the Unit Operator, with other Working Interest Owners furnishing such additional pricing help as may be available and necessary.

11.3 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 personal property, except well casing, taken over under section 11.1.02, and shall be charged with an amount equal to that obtained by multiplying the total value of all personal property, except well casing, taken over under section 11.1.02 by such Working Interest Owner's Unit Participation. 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.

11.4 General Facilities. The acquisition of warehouses, warehouse stocks, lease houses, camps, facility systems, and office buildings necessary for Unit Operations shall be by negotiation by the owners thereof and Unit Operator, subject to the approval of Working Interest Owners.

11.5 Ownership of Personal Property and Facilities. Each Working Interest Owner, individually, shall by virtue hereof own an undivided interest, equal to its Unit Participation, in all personal property and facilities taken over or otherwise acquired by Unit Operator pursuant to this Agreement. All lease and well equipment and other personal property within the Unit Area not required for Unit Operations and not taken over by the Unit Operator as hereinabove provided, shall remain the property of the original Working Interest Owner.

## 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 other than the Unitized Formation, shall have the right to do so notwithstanding this Agreement or the Unit Agreement. In exercising the right, however, the Working Interest Owner shall exercise reasonable precaution to prevent unreasonable interference with Unit Operations. No Working Interest Owner 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 Working Interest Owners so that the production of Unitized Substances will not adversely be affected.

## ARTICLE 13

### LIABILITY. CLAIMS. AND SUITS

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

13.2 Settlements. Unit Operator may settle any single damage claim or suit involving Unit Operations but not involving an expenditure in excess of Ten Thousand Dollars (\$10,000.00) 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.

13.3 Notices of Damages. Claims and Suits by Unit Operator to Working Interest Owners. Unit Operator shall report to Working Interest Owners as soon as practicable after each occurrence, any damages or losses to Unit Equipment exceeding Ten Thousand Dollars (\$10,000.00) and each accident, occurrence, claim or suit involving third party bodily injury or property damage not covered by insurance carried for benefit of Working Interest Owners.

#### ARTICLE 14

##### INTERNAL REVENUE PROVISION

14.1 Internal Revenue Provision. Each Working Interest Owner hereby elects that it and the operations covered by this Agreement be excluded from the application of Subchapter K of Chapter 1 of Sub-title A of the Internal Revenue Code of 1986, as amended, or such portion thereof as the Secretary of the Treasury of the United states or his delegate shall permit by election to be excluded therefrom. Unit Operator is hereby authorized and directed to execute on behalf of each Working Interest Owner such additional or further evidence of the election as may be required by regulations issued under said Subchapter K. Should the regulations require each party to execute such further evidence, each Working Interest Owner agrees to execute or join in the execution thereof. The election hereby made and the other provisions of this paragraph shall apply in like manner to applicable state laws, regulations, and rulings now in effect or hereafter enacted that have an effect similar to the federal provisions referred to herein.

#### ARTICLE 15

##### WITHDRAWAL OF WORKING INTEREST OWNER

15.1 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 its oil and Gas Rights together with its interest in all Unit Equipment and in all wells used in Unit Operations. Such transfer shall not relieve said Working Interest Owner from any obligation, lien, encumbrance or liability incurred prior to the date of the delivery of the transfer, which delivery may be made to Unit Operator for the transferees. The interest transferred shall be owned by the transferees in proportion to their respective Unit participations. The transferees, in proportion to the respective interests so



acquired, shall pay transferor, for its interest in Unit Equipment, the fair salvage value thereof as estimated and fixed by Working Interest Owners. After the date of delivery of the transfer, the withdrawing Working Interest Owner shall be relieved from all further obligations and liability hereunder and under the Unit Agreement, and rights of such Working Interest Owner hereunder and under the Unit Agreement shall cease insofar as they existed by virtue of the interest transferred.

15.2 Carved-out Interest Subject to this Agreement. In the event any Working Interest Owner shall, after executing this Agreement, create an overriding royalty, production payment, net profits, or carried interest, or any other interest out of its interest then subject to this Agreement, such carved-out interest shall be subject to the terms and provisions of this Agreement. In the event the Working Interest Owner owning the interest out of which the carved-out interest was created withdraws from this Agreement under the terms and provisions of section 15.1 hereof, or fails to pay any costs or expenses chargeable to such Working Interest Owner under this Agreement and the production to the credit of such Working Interest Owner is insufficient for that purpose, the owner of the carved-out interest will be liable for its pro rata portion of all costs and expenses for which the Working Interest Owner that created such carved-out interest would have been liable hereunder by virtue of such Working Interest Owner's entire original interest, just as though such carved-out interest had not been created. In this event, the lien provided in Section 10.5 hereof may be enforced against such carved-out interest in the same manner as the lien was enforceable against the original interest out of which the carved-out interest was created.

#### 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 telegram to the address of the representative of each Working Interest Owner as furnished to Unit Operator in accordance with Article 4.

16.2 Notice of Transfer of Title. No change of title shall be binding on the Unit or Unit Operator until the first day of the calendar month next succeeding the date of receipt by Unit Operator of evidence satisfactory to it of change of ownership.

#### ARTICLE 17

##### ABANDONMENT OF WELLS

17.1 Rights of Former Owners. If Working Interest Owners decide to abandon permanently any well within the Unit Area prior to termination of the Unit Agreement, Unit Operator shall give written notice thereof to the Working Interest Owners of Tract on which the well is located, and they shall have the option for a period of ninety (90) days after the sending of such notice to notify 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 for their election to take over the well, they shall pay Unit Operator, for credit to the joint account, the amount estimated by Working Interest Owners to be the net salvage value of the equipment in and on the well. The Working Interest Owners of the Tract, by taking over the well, agree to seal off effectively and protect the Unitized Formation, and upon abandonment to plug the well in compliance with applicable laws and regulations.

17.2 Plugging. If the Working Interest Owners of a Tract do not elect to take over a well located thereon which is proposed for abandonment, Unit operator shall plug and abandon the well in compliance with applicable laws and regulations.

## ARTICLE 18

### EFFECTIVE DATE AND TERM

18.1 Effective Date. This Agreement shall become effective on the date and at the time that the Unit Agreement becomes effective.

18.2 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 abandoned and plugged or turned over to Working Interest Owners in accordance with Article 19, (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) there has been a final accounting.

## ARTICLE 19

### ABANDONMENT OF OPERATIONS

19.1 Termination. Upon Termination of the Unit Agreement, the following will occur:

19.1.01 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.

19.1.02 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 of the equipment in and on the wells taken over, as estimated by Working Interest Owners, and by agreeing to plug properly each well at such time as it is abandoned.

19.1.03 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 properly.



19.1.04 Cost of Salvaging. Working Interest Owners shall share the cost of salvaging, liquidation or other distribution of assets and properties used in Unit Operation in proportion to their respective Unit Participations. force and effect.

ARTICLE 20

EXECUTION

21.1 Original, Counterpart, or Other Instrument. A person may become a party to this Agreement by signing the original of this instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions hereof. The signing of any such instrument shall have the same effect as if all the parties had signed the same instrument.

ARTICLE 21

SUCCESSORS AND ASSIGNS

22.1 Successors and Assigns. The provisions hereof shall be covenants running with the lands, leases, and interests covered hereby, and shall be binding upon and inure to the benefit of the respective heirs, devisees, legal representatives, successors, and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement before a Notary Public by executing instruments attached hereto on the dates set out therein.

UNIT OPERATOR

Date Signed

ATTEST:

[Signature]

By: [Signature]  
Coachman Energy Operating Company LLC

Deborah Smith, on behalf of Frank K Canepa

NON-OPERATOR/WORKING INTEREST OWNERS

ATTEST:

[Signature]

By: [Signature]

Smith Drummond Holdings LLP

MARUS SMITH, Managing General Partner

ATTEST:

\_\_\_\_\_

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

Andersen Petroleum LLC

\_\_\_\_\_

19.1.04 Cost of Salvaging. Working Interest Owners shall share the cost of salvaging, liquidation or other distribution of assets and properties used in Unit Operation in proportion to their respective Unit Participations. force and effect.

ARTICLE 20

EXECUTION

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ARTICLE 21

SUCCESSORS AND ASSIGNS

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement before a Notary Public by executing instruments attached hereto on the dates set out therein.

UNIT OPERATOR

Date Signed

ATTEST:

*[Signature]*

By: *Alvin S. R. on behalf of Frank Canepa*  
Coachman Energy Operating Company LLC

*Debra Smith, on behalf of Frank Canepa*

NON-OPERATOR/WORKING INTEREST OWNERS

ATTEST:

\_\_\_\_\_

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

Smith Drummond Holdings LLP

\_\_\_\_\_

ATTEST:

*Lekla Inglesse*

By: *[Signature]*

Andersen Petroleum LLC

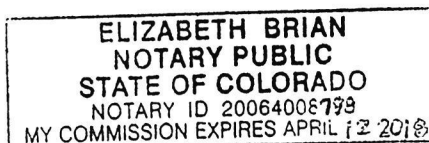
*Glenn E Andersen, Manager*

STATE OF COLORADO )  
)  
ss. )  
)  
COUNTY OF Denver )

The foregoing instrument was acknowledged before me this 17th day of November, 2016,  
by Deborah Smith in the capacity of attorney in fact for at Coachman  
Energy Operating Company LLC. Frank Canepa

Elizabeth Brian  
Notary Public

My Appointment Expires: April 12, 2018

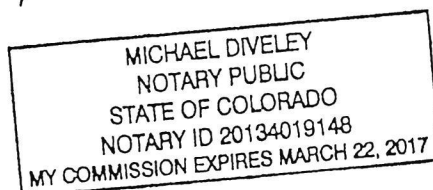


STATE OF COLORADO )  
)  
ss. )  
)  
COUNTY OF Denver )

The foregoing instrument was acknowledged before me this 21 day of November, 2016,  
by Marlis Earl Smith Jr. in the capacity of Managing general partner at Smith  
Drummond Holdings LLP.

Michael K O'Leary  
Notary Public

My Appointment Expires: March 22, 2017



STATE OF COLORADO )  
)  
ss. )  
)  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2016,  
by \_\_\_\_\_ in the capacity of \_\_\_\_\_ at Andersen  
Petroleum LLC.

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

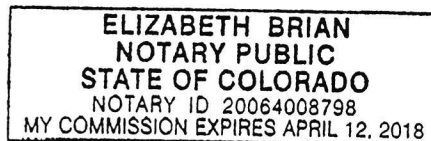
My Appointment Expires: \_\_\_\_\_

STATE OF COLORADO )  
 )  
ss. )  
COUNTY OF Denver )

The foregoing instrument was acknowledged before me this 17th day of November, 2016,  
by Debra Smith in the capacity of attorney in fact for at Coachman  
Energy Operating Company LLC.

Frank Canepa  
E. Brian  
Notary Public

My Appointment Expires: \_\_\_\_\_



STATE OF COLORADO )  
 )  
ss. )  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2016,  
by \_\_\_\_\_ in the capacity of \_\_\_\_\_ at Smith  
Drummond Holdings LLP.

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

My Appointment Expires: \_\_\_\_\_

STATE OF COLORADO )  
 )  
ss. )  
COUNTY OF Jefferson )

The foregoing instrument was acknowledged before me this 9 day of Dec, 2016,  
by Glenn Anderson in the capacity of Manager at Andersen  
Petroleum LLC. (45)

Kristin Biewenga  
Notary Public

My Appointment Expires: 11/30/2018

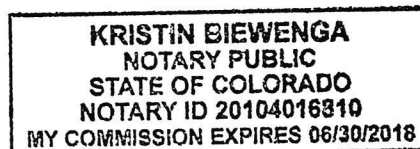


EXHIBIT A

Attached to and made a part of the Unit Operating Agreement dated November 1, 2016 for the Huslig  
Waterflood Unit located in Barton County, Kansas

Intentionally left blank

EXHIBIT C

Attached to and made a part of the Unit Operating Agreement dated November 1, 2016 for the Huslig  
Waterflood Unit located in Barton County, Kansas

Working Interest Schedule

<u>Owner</u>	<u>Working Interest</u>
Coachman Energy VII, LLC	85%
Smith Drummond Holdings, LLP	10%
Andersen Petroleum LLC	5%