BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Darrah Oil Company, L.L.C. for a well location exception for its Drummond #1 well, to be located in the S/2 SE/4 of Section 26, Township 33 South, Range 5 East, Cowley County, Kansas.	))))))	Docket No. 25-CONS-3342-CWLE CONSERVATION DIVISION License No. 35615

NOTICE OF FILING

An Evidentiary Hearing was held in the captioned docket on Thursday, October, 16, 2025, beginning at 9:00 a.m. During said hearing the instrument attached hereto as Exhibit B was displayed during the examination of Mike Atterbury. Said instrument was subsequently offered and accepted into evidence without objection; however, no marked exhibit was available at that time. Consistent with the instructions of the Commission, Darrah Oil Company, LLC, hereby submits a true and correct of said instrument marked as Exhibit B in supplement of the record.

Submitted by:

MORRIS LAING LAW FIRM

By: /s/ Jonathan A. Schlatter
Jonathan A. Schlatter, #24848
300 N. Mead, Suite 200
Wichita, KS 67202-2745
Office (316) 262-2671
Attorneys for Darrah Oil Company, LLC

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the Notice of Filing has been served to the following persons pursuant to K.A.R. 82-3-135 by means of electronic service on October 20, 2025:

Kelcey Marsh, Litigation Counsel
Kansas Corporation Commission
Central Office
266 N. Main ST., Ste 220
Wichita, KS 67202-1513
Kelcey.marsh@ks.gov

Jonathan R. Myers, Assistant General Counsel
Kansas Corporation Commission
266 N. Main St., Ste. 220
Wichita, KS 67202-1513
Jon.myers@ks.gov

Thomas Rhoads, Attorney
Law Office of Thomas M. Rhoads LC
200 E. 1st Street
Suite 301
Wichita, KS 67202
tmrhoads@sbcglobal.net

/s/ Jonathan A. Schlatter
Jonathan A. Schlatter

Cowley County, KS
Register of Deeds
Toni A. Long
Book: 1115 Page: 746-750
Receipt #: 77231
Total Fees: $89.00
Pages Recorded: 5
Date Recorded: 2/8/2023 10:09:07 AM

VAL ENERGY, INC
125 N MARKET, STE 1110
WICHITA, KS 67202
② $87.00 Env

REGISTER OF DEEDS SEAL COWLEY COUNTY, KANSAS

Direct ✓
Index ✓
Compared ✓

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 2nd day of February, 2023

by and between R & J Resources, LLC

whose mailing address is 11923 252nd Road, Winfield, Kansas 67156 hereinafter called Lessor (whether one or more),

and VAL Energy Inc., 125 N. Market, Suite 1110 Wichita, Kansas 67202 hereinafter called Lessee:

Lessor, in consideration of Ten and More Dollars ($ 10.00 and more) in hand paid, receipt of which is here acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring by geophysical and other means, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described Land, together with any reversionary rights and after-acquired interest, therein situated in County of Cowley State of Kansas described as follows to-wit:

Township 34 South, Range 5 East;
Section 3: The Southeast Quarter (SE/4)
Insofar as the herein described tract covers rights below the base of the Mississippian Chert formation.

of Section XXXX Township XXXXX Range XXXXX and containing 160 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of Five (5) years (called "primary term") and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land.

In consideration of the premises the said lessee covenants and agrees:

1st. To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd. To pay lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8), at the market price at the well, (but, as to gas sold by lessee, in no event more than one-eighth (1/8) of the proceeds received by lessee from such sales), for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly. Where gas from a well producing gas only is not sold or used, lessee may pay or tender as royalty One Dollar ($1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided for shall be paid the said lessor only in the proportion which lessor's interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil produced on said land for lessee's operation thereon, except water from the wells of lessor.

Lessee shall bury lessor's pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of lessor.

Lessee shall pay for all damages caused by lessee's operations on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a true copy thereof. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

Lessee may at any time execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

Lessor hereby warrants and agrees to defend the title to the lands herein described, from the date said land was acquired, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

Lessee or its assigns, agrees to pay for any and all damages caused by its operations on the above-described land and Lessee further agrees to consult with Lessor as to routes of ingress and egress and in the event, production is established under the terms and conditions of this lease, Lessee shall consult with Lessor as to the location of any production equipment associated with the production thereon

~~Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 320 acres each in the event of a gas well Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.~~

SEE ATTACHED ADDEMDUM TO OIL AND GAS LEASE JOB

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written. Witnesses:

R & J Resources, LLC

By: James O. Brown
James O. Brown, Managing Member

EXHIBIT B

STATE OF Kansas

COUNTY OF Cowley

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

The foregoing instrument was acknowledged before me this 2nd day of February, 2023 by

James O. Brown, Managing Member

My commission expires: November 12, 2026

PETER J. COAKLEY
NOTARY PUBLIC
STATE OF KANSAS
MY APPT. EXPIRES 11-12-2026

Peter J. Coakley
Peter J. Coakley Notary Public

STATE OF __________

COUNTY OF __________

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

The foregoing instrument was acknowledged before me this _____ day of __________ 20 _____

By __________ and __________

My commission expires: __________

Notary Public

STATE OF __________

COUNTY OF __________

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

The foregoing instrument was acknowledged before me this _____ day of __________ 20 _____

By __________ and __________

My commission expires: __________

Notary Public

OIL AND GAS LEASE

o

STATE OF

This instrument was filed for

o

and duly recorded

the record of this off

Register of Deeds

When recorded, return to

STATE OF __________

COUNTY OF __________

ACKNOWLEDGMENT FOR CORPORATION (KsOkCoNe)

The foregoing instrument was acknowledged before me this _____ day of __________ 20 _____

by __________ of __________, a corporation, on behalf of the corporation.

My commission expires: __________

Notary Public

ADDENDUM TO OIL AND GAS LEASE

Addendum attached to and made a part of the Oil and Gas Lease from one or more of the following persons, as Lessor:

Thomas Ronnie Brown, a single person;
James O. Brown and T. Ronnie Brown, Trustees of the T. Ronnie Brown Revocable Trust;
Donna Elaine Fleming, a single person;
T. Ronnie Brown and James O. Brown, Trustees of the George D. Brown Revocable Trust; and
James O. Brown and Pattie A. Brown, Trustees of the James O. Brown Revocable Trust

to VAL Energy, Inc., as Lessee

The Oil and Gas Lease to which this Addendum is attached or made a part (the Lease) shall be subject to and include the following terms and provisions which shall prevail in the event conflicting provisions are contained in the Lease:

1. This Lease is one of a group or series of Oil and Gas Leases from one or more of the Lessors above-named to Lessee, collectively covering land and oil, gas and mineral rights below the base of the Mississippian Chert formation situated in Cowley County, Kansas described as follows:

Sections 34, 35 and the West Half of the West Half (W/2 W/2) and the Southeast Quarter of the Southwest Quarter (SE/4 SW/4) of Section 36, in Township 33 South, Range 5 East

Lots 2, 3, 4 and the Southwest Quarter of the Northwest Quarter (SW/4 NW/4) of Section1, Lots 1, 2, 3 and 4, and the South Half of the North Half (S/2 N/2), also described as the North Half (N/2) of Section 2, and the Lots 1, 2, 3 and 4 and the South Half of the North Half (S/2 N/2), also described as the North Half (N/2), the Southeast Quarter (SE/4) and the East Half of the Southwest Quarter (E/2 SW/4) of Section 3, in Township 34 South, Range 5 East.

(The Subject Land). Each Oil and Gas Lease, including the Lease to which this Addendum is attached and made a part, shall be subject to the additional terms and provisions set forth herein.

2. Lessee shall have the right, to drill or cause to be drilled test wells for the exploration and production of oil, gas and other minerals at locations of its choice upon the Subject Land, and for each well drilled, Lessee shall have the right to conduct additional test well drilling and development operations.

3. Lessee shall initially be required to drill four (4) test wells on the Subject Land during the first year following its acquisition of all oil, gas and mineral rights for the leases to be drilled and its approval of title to the same. Thereafter, Lessee shall be required to drill no fewer than two (2) wells per year upon the Subject Land, subject to its ability to lease all oil, gas and mineral rights and its approval of title to the same. Each subsequent test well drilled by Lessee upon the Subject Land, whether completed as a producer of oil, gas or other minerals, plugged and abandoned as a dry hole, or completed for salt water injection and disposal, shall, at a minimum, extend the terms of each of the subject Oil and Gas Leases for a period of one (1) year from and after its completion, regardless of the location of the well or actual amount of time that transpires between the drilling of wells. Any well drilled which is capable of producing oil, gas and other minerals in commercial quantities shall further extend the term of the Oil and Gas Lease on which such well is drilled for so long thereafter as production continues, or the premises are being developed or operated, as to a maximum one hundred sixty (160) acre drilling and production unit surrounding such well to be designated by Lessee. Wells completed for salt water injection and disposal shall be authorized to inject and dispose of salt water produced from any well drilled and operated by Lessee upon any Oil and Gas Lease of the Subject Land at no charge to Lessee.

4. As each test well is drilled by Lessee and completed as a producer of oil, gas and other minerals, completed for salt water injection and disposal, or plugged or abandoned as a dry hole, Lessee shall record an affidavit pursuant to K.S.A. 55-205 attesting to Lessee's fulfillment of its drilling and development obligations under all Oil and Gas Leases and its right to continue exploration and development of the same, and/or attesting to production of oil, gas or other minerals from the Oil and Gas Lease on which such well was drilled and designating the drilling and production unit to be held thereby, if such be the case.

5. Lessee shall pay for the loss of all crops, grasses, and other damage of any nature whatsoever to the land caused by its production operations hereunder. Prior to the commencement of any well, Lessee shall pay Lessor or Lessor's designee minimum damages in the amount of $1,000.00 for pasture and $1,500.00 for crop land per well drilled for one well site of not more than three (3) acres including new lease access road. Lessee shall further pay the sum of $500.00 per acre or fraction thereof for the use of more than three (3) acres in connection with its well drilling operations. All drilling materials, other than those left by other operators of leases of the Subject Land, shall be removed immediately following the completion of drilling operations.

6. Pipe crossing oilfield/pasture or existing roads shall be buried or covered to a suitable depth. Only steel pipe shall be used and laid on the surface of the ground.

7. All pumping units and tank batteries shall be fenced for the protection of cattle. Lessor will have input on location of wells and tank batteries.

8. All roads used by Lessee for its operations shall be properly maintained by Lessee.

9. Tanks shall be used for reserve or circulation during drilling operations by the drilling contractor, and no pits shall be dug, subject to Lessor's approval by the Kansas Corporation Commission.

10. Lessor and/or Tenant shall not be held liable for damage to Lessee's production equipment caused by burning of pastures.

11. Lessee shall be prohibited from injecting salt water from sources other than the Subject Land into any well upon the Subject Land for disposal or repressuring without first entering into a separate written agreement with Lessor which provides for the grant of such authority and the payment of additional consideration to Lessor therefor.