BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of	)	Docket No. 22-CONS-3422-CUNI
Meridian Energy Inc. for an Order	)	
Authorizing the Unitization and Unit	)	CONSERVATION DIVISION
Operation of the Simon Says Unit	)	
to be located in Rawlins County, Kansas	)	License No. 33937

APPLICATION

Meridian Energy, Inc. ("Meridian") files this Application requesting an order from the State Corporation Commission of the State of Kansas ("Commission"), pursuant to K.S.A. 55-1301, *et seq.*, authorizing the unitization and unit operation of the Simon Says Unit to be located in Rawlins County, Kansas. In support of its Application, Meridian states and alleges:

1. Meridian is a trade name for Neal LaFon Realty, Inc., a Colorado corporation that is authorized and in good standing with the Kansas Secretary of State's office to do business in Kansas. Meridian's business address is 1475 Ward Drive, Franktown, CO, 80116. The Commission has issued Meridian oil and gas operator's License No. 33937, which license is in full force and effect through March 30, 2023.

2. Meridian is the owner and operator of oil and gas leases covering the pool sought to be unitized pursuant to this Application.

3. The proposed Simon Says Unit will be situated in Rawlins County, Kansas, and will be comprised of the lands depicted on "Exhibit A" and described as follows ("Unit Area"):

Township 5 South, Range 33 West:
Section 7: N/2 & SE/4
Section 8: N/2 SW/4 (560 acres)

4. Meridian proposes to unitize and operate the oil and gas leases insofar as such leases cover the Unit Area, and limited in depth to the stratigraphic top of the Topeka formation

to the stratigraphic base of the Arbuckle formation, which based upon geophysical data are expected be encountered between the depths of 3,750' and 4,800' measured from surface ("Unitized Formation").

5. Meridian intends to conduct an exploratory and development drilling program within the pool anticipated to be encountered within the Unitized Formation underlying the Unit Area as more specifically described in the Development Plan attached as Exhibit "D" to the Operating Agreement (Exhibit C). The Initial Unit Operations phase of the Development Plan will involve drilling three wells at three locations selected based upon 3D-seismic data to test the Unitized Formation for paying quantities of oil and gas within the pool expected to be encountered therein. If, after completion of the Initial Unit Operation phase, Meridian determines additional wells should be drilled to prevent waste and substantially increase the recovery of oil or gas, then the Subsequent Unit Operations phase of the development plan will be implemented and additional development wells will be drilled into the Unitized Formation.

6. Oil produced from the Simon Says Unit will be allocated across the following-described four tracts located in Township 5 South, Range 33 West, Rawlins County, Kansas:

Tract 1:	NW/4 of Sec. 7
Tract 2:	NE/4 of Sec. 7
Tract 3:	SE/4 of Sec. 7
Tract 4:	N/2 SW/4 of Sec. 8

which tracts are depicted on Exhibit A and in Exhibit 1 to the Unit Agreement (Exhibit B).

8. Oil produced from the Simon Says Unit will be allocated among the various interest owners according to their respective Tract Participations, which are based upon the number of surface acres in each Tract as it bears to the total number of surface acres in the Unit. The tract participation factors and weight afforded to each are described in Section 5.1 of the Unit Agreement (Exhibit B), and the calculation of the Tract Participations for each of the five tracts is

shown on Exhibit 2 to the Unit Agreement (Exhibit B). Exhibit 3 to the Unit Agreement (Exhibit B) and Exhibit A to the Unit Operating Agreement (Exhibit C) describe how produced oil and gas will be allocated and owned among the various interest owners of each tract. Exhibit A to the Unit Operating Agreement (Exhibit C) describes how costs and expenses incurred in the implementation and operation of the Simon Says Unit will be allocated to the working interest owners of the each tract.

9. Meridian will be the initial unit operator of the proposed Simon Says Unit.

10. Meridian's technical staff have determined that the unitized management, operation and further development of the pool or part thereof sought to be unitized is economically feasible and reasonably necessary to prevent waste within the reservoir and thereby increase substantially the ultimate recovery of oil. *See* K.S.A. 55-1304(a)(2).

11. Meridian's technical staff have also determined that the value of the estimated additional oil that can be recovered from the Unitized Formation substantially exceeds the estimated additional costs incident to conducting the drilling operations proposed in this Application. *See* K.S.A. 55-1304(b).

12. The Unit Agreement and Operating Agreement comprising Meridian's Plan for Unit Operations ("Plan") are attached hereto as "Exhibit B" and "Exhibit C," respectively. The Plan is fair, reasonable and equitable to all interest owners. *See* K.S.A. 55-1304(c).

13. The Plan has been approved in writing by at least 63% of the persons required to pay the costs of the unit operation, and by the owners of at least 75% of the production or proceeds that will be credited to royalties, excluding overriding royalties or other like interests which are carved out of the leasehold estate. Specifically, Meridian has obtained approval of the Plan from those persons who will pay 87.18% of the costs of unit operations, and has obtained approval of

the Unit Agreement (Exhibit B) from 87.18% of the owners of the production or proceeds credited to royalties. Unleased mineral owners are "regarded as a working interest owner to the extent of a 7/8 interest in and to such rights and a royalty owner to the extent of the remaining 1/8 interest[.]" *See* K.S.A. 55-1308. Meridian can furnish the written consents from the interest owners upon request.

14. "Exhibit D" attached hereto contains a tabular listing of the names and addresses of all oil and gas lessees and other oil and gas interest owners owning interests in the Unitized Formations beneath the Unit Area whose names and addresses Meridian has been able to determine after diligent search and inquiry, which list includes lessors, mineral owners, overriding royalty interest owners, and mortgagees of oil and gas interests of record. Exhibit D also includes the names and addresses of each operator or lessee and unleased mineral owner of record within a one-half mile radius of the Unit Area.

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

16. Meridian requests that the Commission issue an Order authorizing the unitization and unit operation of the Simon Says Unit pursuant to K.S.A. 55-1301, *et seq*.

WHEREFORE, Meridian prays that the Commission docket this Application and, if no written protest is received within 15 days after Notice of the Application is published and has been

duly provided to all interested parties, administratively grant this Application without incurring the time and expense of conducting a hearing, and issue an order providing for the unitization and unit operation of the Simon Says Unit pursuant to the terms set forth in the Plan. In the event a timely and proper protest is filed, Meridian requests that the Commission set this Application for hearing, and upon such hearing grant the requested order and make such other provisions as it deems necessary and proper.

Respectfully submitted,

MORRIS, LAING, EVANS, BROCK
& KENNEDY, CHARTERED

By: _____

Jonathan A. Schlatter, #24848
300 N. Mead, Suite 200
Wichita, KS 67202-2745
Telephone - (316) 262-2671
Facsimile – (316) 262-6226
Email – jschlatter@morrislaing.com
Attorneys for Meridian Energy, Inc.

VERIFICATION

STATE OF KANSAS)
) ss:
COUNTY OF SEDGWICK)

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

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

Jonathan A. Schlatter

SIGNED AND SWORN to before me this 9th day of May, 2022.

Notary Public

My Appointment expires: 11/05/2024

CAROL A. HANNON
Notary Public - State of Kansas
My Appt. Expires 11/05/2024

EXHIBIT A

to the Application of Meridian Energy, Inc. (#33937) for an order authorizing the unitization and unit operation of the Simon Says Unit

Depiction of the Unit Area

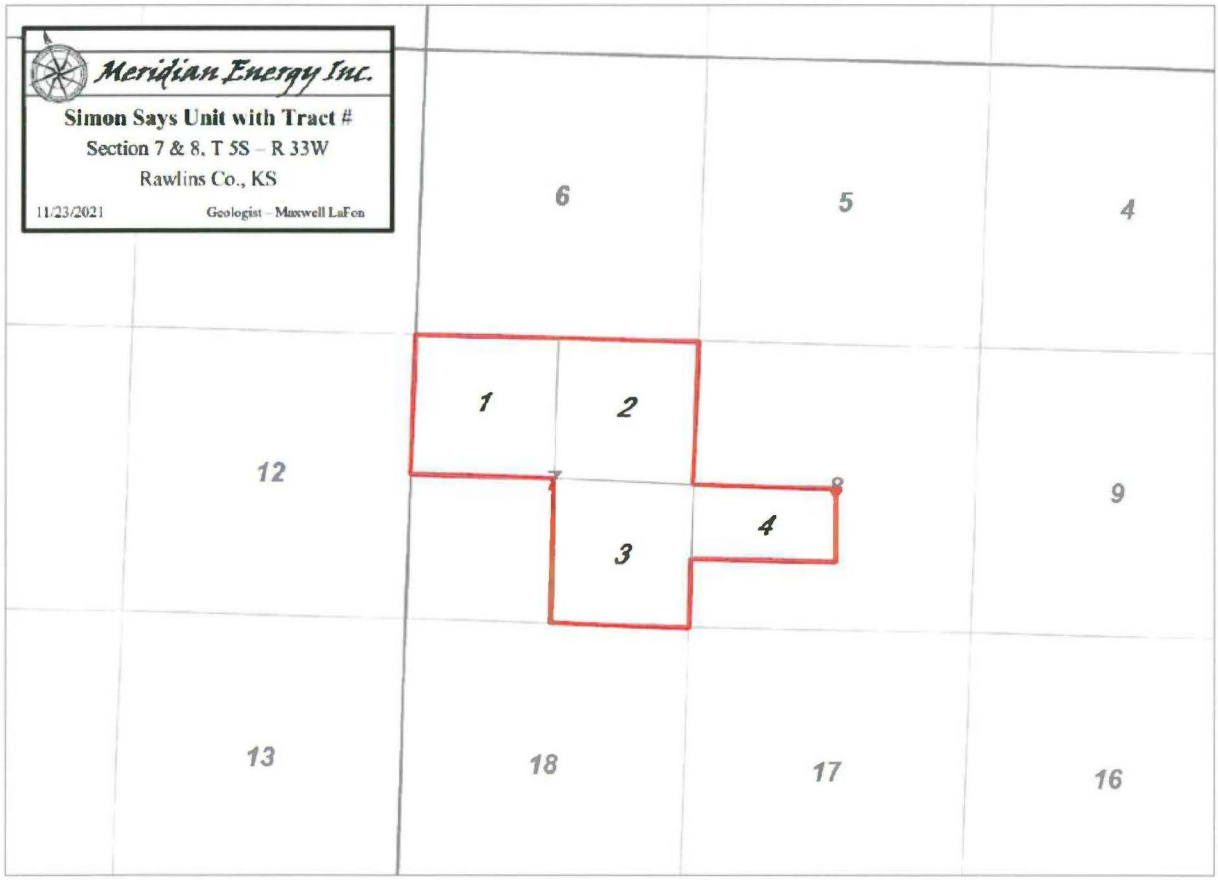


EXHIBIT B

to the Application of Meridian Energy, Inc. (#33937) for an order authorizing the unitization and unit operation of the Simon Says Unit

Unit Agreement

ATTACHED

UNIT AGREEMENT
SIMON SAYS UNIT

Rawlins County, Kansas

Township 5 South, Range 33 West:
Section 7: NW/4; NE/4; SE/4
Section 8: N/2 SW/4

(560 acres, more or less)

EXHIBIT B

UNIT AGREEMENT
SIMON SAYS UNIT
GRANT COUNTY, KANSAS

THIS UNIT AGREEMENT ("**Agreement**") is entered into effective as of the Effective Date (defined below), by the Parties who have signed the original, a counterpart, or other instrument agreeing to become a Party hereto, or who are so bound by Order of the State Corporation Commission of the State of Kansas ("**Commission**") entered pursuant to K.S.A. 55-1301, et seq.

WITNESSETH:

WHEREAS, to substantially increase the ultimate recovery of Unitized Substances, to prevent waste, and to protect the correlative rights of interest owners, the signatory Parties have entered into this Unit Agreement applicable to the Simon Says Unit, Rawlins County, Kansas. The purpose of the Agreement is to unitize the Oil and Gas Rights in and to the Unitized Formation, and to conduct Unit Operations as provided herein.

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 10.3.

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

1.3 **Party** is any individual, person, corporation, company, partnership, limited partnership, association, receiver, trustee, executor, administrator, guardian, 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 Oil and Gas Rights to the Unitized Formation, who enters into this Agreement or otherwise becomes bound by this Agreement.

1.4 Royalty Interest is a right to or interest in any portion of the Unitized Substances or proceeds thereof other than a Working Interest, or overriding royalty interest or other like interest carved out of the oil and gas leasehold estate.

1.5 Royalty Owner is a Party hereto who owns a Royalty Interest.

1.6 Tract is the land described as such and given a tract number in "Exhibit 2." Tracts are depicted and identified by number in "Exhibit 1."

1.7 Tract Participations are the percentages shown on "Exhibit 2" for allocating Unitized Substances to a Tract, as described in Article 5.1 and "Exhibit 2."

1.8 Unit Area is the land described by Tracts in "Exhibit 2" and depicted on "Exhibit 1."

1.9 Unit Operations are any and all operations conducted pursuant to this Agreement and the Unit Operating Agreement, regardless of whether such operations constitute enhanced recovery methods.

1.10 Unit Operator is the Party designated as the operator under the Unit Operating Agreement. The initial Unit Operator is identified in Article 4.1.

1.11 Unit Participation is the sum of Tract Participation percentages interest in the Unit Area associated with a particular Royalty Interest Owner as shown on "Exhibit 3."

1.12 Unitized Formation means the stratigraphic top of Topeka formation to the stratigraphic base of Arbuckle formation underlying the Unit Area, which based upon geophysical data are expected to be encountered between the depths of 3,750' and 4,800' measured from surface.

1.13 Unitized Substances are all oil and gas, and their associated and constituent parts, including crude oil, natural gas, casinghead gas, condensate, or any combination thereof, within or produced from the Unitized Formation.

1.14 Working Interest is an interest in Unitized Substances by virtue of a lease, the owner of which is obligated to pay, either in cash or out of production or otherwise, all or a portion of the costs and expense of conducting Unit Operations.

1.15 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 1" consists of a map showing the boundary lines of the Unit Area and the Tracts identified therein.

2.1.2 "Exhibit 2" contains the legal description for each Tract and shows the calculation of Tract Participations for each Tract in the Unit Area.

2.1.3 "Exhibit 3" is a tabulation of the Unit Participations the Royalty Owners broken down by Tract.

ARTICLE 3
CREATION AND EFFECT OF UNIT

3.1 Oil and Gas Rights Unitized. All Oil and Gas Rights of Royalty Owners in and to the Unit Area are hereby unitized as if included in a single lease executed by all Royalty Owners, as lessors, in favor of the Working Interest Owners, as lessees, and as if the lease contained all of the provisions of this Agreement and were limited in depth to the Unitized Formation.

3.2 Amendment of Leases The provisions of the various leases 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.

3.3 Continuation of Leases and Term Interests. Production from any part of the Unitized Formation, or other Unit Operations shall be considered as production from or operations upon all Tracts hereunder, and such production or operations shall continue in effect each lease, term mineral interest 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.

3.4 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.

3.5 Unitized Operation Rights. Royalty Owners hereby grant the Working Interest Owners the right to conduct unitized management, operation and further development of the Unitized Formation as economically feasible and reasonably necessary to prevent the waste of Unitized Substances in the Unitized Formation and thereby substantially increase the ultimate recovery of Unitized Substances, together with the right to drill, use, and maintain injection and disposal wells, and water supply wells on the Unit Area, and to use for injection, disposal or water supply purposes any nonproducing or abandoned wells or dry holes, and any producing wells completed in the Unitized Formation, or which can be recompleted into the Unitized Formation.

ARTICLE 4
PLAN OF OPERATIONS

4.1 Unit Operator. MERIDIAN ENERGY INC. is hereby designated as the initial Unit Operator. The Unit Operator shall have the exclusive right to conduct Unit Operations, which shall conform to the provisions of this Agreement. The Working Interest Owners shall have the right to designate any successor Unit Operator.

4.2 Method of Operation. To the end that the quantity of Unitized Substances ultimately recoverable may be increased and waste prevented, the Unit Operator shall, with diligence and in accordance with good engineering and production practices, engage in the unitized management, operation and further development of the Unitized Formation to efficiently and economically increase the ultimate recovery of Unitized Substances therefrom. The Unit Operator intends to drill an exploratory vertical well to test the Unitized Formation for commercial quantities of Unitized Substances. Based on the results of the exploratory well, additional development wells may be drilled into the Unitized Formation to further development the Unitized Formation for the production of Unitized Substances. The Unit Operator shall have the right to amend, modify or discontinue the method of operation in its sole and exclusive discretion.

4.3 Storage and Separation. Unit Operator may utilize one or more tank batteries for the storage of Unitized Substances and separation of saltwater therefrom.

ARTICLE 5
TRACT PARTICIPATIONS

5.1 Tract Participations. The Tract Participation of each Tract are calculated on Exhibit 2, and are calculated based upon on the number of surface acres comprising each Tract as it bears to the total number of surface acres of all Tracts (i.e., the Unit Area).

5.2 Acceptance of Tract Participations. The Tract Participations calculated on Exhibit 2 are accepted and approved by the signatory Parties hereto as being fair and equitable.

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 Participations. 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 a particular 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 the Oil and Gas Rights beneath any Tract are presently owned or hereafter become owned in severalty as to different parts of the Tract and/or are subject to oil and gas leases covering the Oil and Gas Rights as to different parts of the Tract, then, after the Unitized Substances are allocated to such Tract based according to the Tract Participations, the Unitized Substances shall be allocated among the Parties owning the Oil and Gas Rights within the Tract on a net mineral acreage basis, based upon the net mineral acres of Oil and Gas Rights owned by a Party beneath the Tract as it bears to the total number of mineral acres comprising the Tract as a whole.

ARTICLE 7
TITLES

7.1 Warranty and Indemnity. Each Party who, by acceptance of produced Unitized Substances or the proceeds thereof, may claim to own a 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 Parties in interest from any loss due to failure, in whole or in part, of its title to any such interest.

7.2 Payment of Taxes to Protect Title. If any taxes, mortgages or other liens on any Tract, or part thereof, are not paid by a Royalty Owner when due, Unit Operator may at any time to redeem for such Royalty Owner, by payment of such mortgages, taxes or other liens, and be subrogated to the rights of the holder thereof, and thereafter may withhold such Royalty Owner's share of proceeds from the sale of Unitized Substances as a setoff until any such payment made by Unit Operator is fully recovered.

7.3 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 9:00 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 8
EASEMENTS OR USE OF SURFACE

8.1 Grant of Easements. The Unit Operator 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 production and removal of Unitized Substances from the Unit Area, including the installation of equipment, pipelines and other infrastructure necessary for injection of water and other fluids into the Unitization Formation, or for transporting such water and fluids across, off and onto the Unit Area.

8.2 Use of Water and Other Substances. The Unit Operator shall have and is 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.

ARTICLE 9
TERM

9.1 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 180 consecutive days, or so long as other Unit Operations are conducted without a cessation of more than 180 consecutive days.

9.2 Termination by Unit Operator. This Agreement may be terminated at any time by (i) the affirmative vote of Working Interest Owners who, in the aggregate, are responsible for more than fifty percent (50%) of the Unit Expense, or (ii) for any reason the Unit Operator, in its sole discretion, upon determining that Unit Operations are no longer economic or feasible.

9.3 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. Unit Operator shall gauge or otherwise determine the amount of oil or other liquid hydrocarbons in the unit tanks as of 9:00 a.m. on the date the Unit Operations cease, which oil shall remain the property of the Parties hereto and shall be allocated among the Parties as provided for herein.

ARTICLE 10
MISCELLANEOUS

10.1 Laws and Regulations. This Agreement shall be subject to all applicable federal, state, and municipal laws, rules, regulations, and orders. All matters pertaining hereto, including but not limited to matters of performance, non-performance, breach, remedies, procedures, rights, duties, and interpretation or construction, shall be governed and determined by the laws of the state of Kansas.

10.2 Force Majeure. If any Unit Operator is rendered unable, in whole or in part, by a force beyond its control (a "Force Majeure") to carry out its obligations under this Agreement, Unit Operator shall promptly provide notice of the Force Majeure to Royalty Owners. Thereafter, Unit Operator's obligations under this Agreement shall be suspended during the continuance of the Force Majeure and for a period of time thirty (30) days following the conclusion of the Force Majeure, and neither this Agreement nor any lease or other instrument subject hereto shall be terminated during said time period. The term Force Majeure may include any act of God, labor shortage or strike, industrial disturbance, act of the public enemy, war, public riot, lightning, fire, storm, flood, earthquake, tornado, explosion, pandemic or wide-spread disease, governmental laws, rules, regulations, orders, action, shut-down, delay, restraint or inaction, unavailability of equipment and materials, or inability to secure equipment and materials at a reasonable or economic price, depressed commodity markets, or any other cause, whether or not specifically described above, which is not reasonably within the control of Unit Operator.

10.3 Effective Date. This Agreement shall become effective at 9:00 a.m. on the first day of the calendar month next following: (i) the date the Commission issues an Order approving the this Agreement, or (ii) the date Unit Operator commences Unit Operations should all Royalty Owners enter into this Agreement, whichever occurs first. If the date prescribed hereunder falls on the first day of the month, then that shall be the Effective Date.

10.4 Notice of Unit. Unit Operator is authorized to file this Unit Agreement of record, or a notice or memorandum thereof, in the office of the Register of Deeds in all Counties in which the Unit Area is situated. In the event this Agreement is approved by order of the Kansas Corporation Commission, the Unit Operator may cause the Certificate of Unit provided by the Kansas Corporation Commission to be filed of record.

10.5 Original, Counterpart, or Other Instrument. This Agreement may be entered into by signing the original, a counterpart thereof, or other instrument approving this Agreement. The signing of this Agreement or any such instrument shall have the same effect as if all Parties had signed this Agreement and shall constitute approval of the entire plan for unit operations.

10.6 Severability of Provisions. The provisions of this Agreement are severable and if any article, 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. In the event any provision now or later becomes inconsistent with any law, rule or regulation of the applicable governing body, or is modified by order of the applicable governing body, this Agreement shall be modified to the extent necessary to comply with said law, rule, regulation or order.

10.7 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.

"Unit Operator" and "Working Interest Owner"

MERIDIAN ENERGY INC.

By: _____
Neal LaFon, President

"Royalty Owner" Consent

I (we), the undersigned royalty owner(s), hereby give my (our) consent to Meridian Energy Inc. to form the Simon Says Unit and commence the unitized management, operation and further development of the Unitized Formation pursuant to this Unit Agreement. I (we) understand that production from the Simon Says Unit will be shared equitably among all of the leasehold and mineral interest owners within the Simon Says Unit based on the disclosed Tract Participations. I (we) acknowledge receipt of the Unit Agreement and its three Exhibits, and hereby ratify the same.

Owner Signature: _____ Date: _____
Bradley J. Fikan
President, Fikan Farms, Inc.

Exhibit 1
Depiction of "Unit Area" and individual "Tracts"

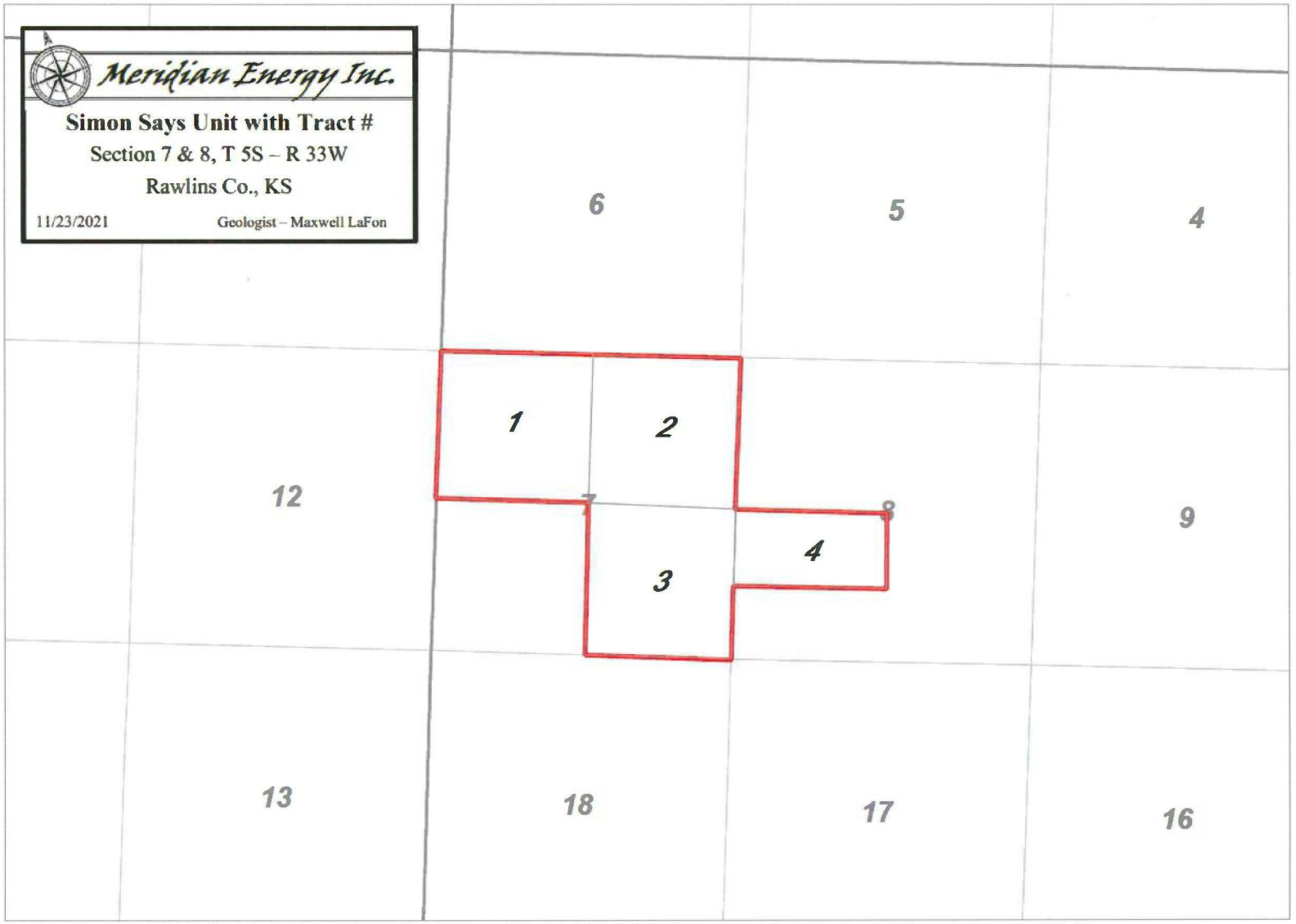


Exhibit 2
Legal Description of each "Tract" and Calculation of "Tract Participations"

Tract #	Legal Description Rawlins County, Kansas T5S-R33W	Gross Acres	Tract Participation
1	Sec. 7: NW/4	160	28.57143%
2	Sec. 7: NE/4	160	28.57143%
3	Sec. 7: SE/4	160	28.57143%
4	Sec. 8: N/2 SW/4	80	14.28571%
		560	100.00000%

Exhibit 3
Tabulation of "Unit Participation" of "Royalty Owners"

ROYALTY OWNERS

Royalty Interest Owners				
Name and Address	Net Mineral Acres	Lease Royalty	Tract Participation	Share of Unit Proceeds
Tract 1	Legal: NW/4 Sec. 7-T5S-R33W (160ac)			
Bradley John and Shannon S. Fikan (husband and wife)	160	1/8	28.57143%	0.0357143
Tract 2	Legal: NE/4 Sec. 7-T5S-R33W (160ac)			
Robert R. and Christa Ratcliff (husband and wife)	40	1/8	7.14286%	0.0089286
James Richard Ratcliff	40	1/8	7.14286%	0.0089286
Kimberly Ann Schalker	26.66667	1/8	4.76191%	0.0059524
Jeffrey Edwin Schalker	26.66667	1/8	4.76191%	0.0059524
Steven David Schalker	26.66667	1/8	4.76191%	0.0059524
Tract 2 Total	160		28.57143%	
Tract 3	Legal: SE/4 Sec. 7-T5S-R33W (160ac)			
Kimberly Ann Schalker	53.33333	1/8	9.52381%	0.0119048
Jeffrey Schalker Trust, Steven W. Hirsch Trustee	53.33333	1/8	9.52381%	0.0119048
Steven David Schalker	53.33333	1/8	9.52381%	0.0119048
Tract 3 Total	160		28.57143%	
Tract 4	Legal: N/2 SW/4 Sec. 8-T5S-R33W (80ac)			
Fikan Farms Inc.	80	1/8	14.28571%	0.0178571

EXHIBIT C
to the Application of Meridian Energy, Inc. (#33937) for an order authorizing the unitization and unit operation of the Simon Says Unit

Operating Agreement

ATTACHED

OPERATING AGREEMENT

DATED 4/13/2022

OPERATOR: MERIDIAN ENERGY INC.

CONTRACT AREA : SIMON SAYS UNIT, See Exhibit A

RAWLINS CO., KANSAS

EXHIBIT C

OPERATING AGREEMENT

THIS AGREEMENT, entered into by Meridian Energy Inc, designated and referred to as "Operator," and the signatory party or parties to this Agreement, other than Operator, sometimes referred to individually as "Non-Operator," and collectively as "Non-Operators."

The parties to this Agreement are owners of oil and gas leases and/or oil and gas interests in the land identified in Exhibit "A," and have reached an agreement to explore and develop these leases and/or oil and gas interests for the production of oil and gas to the extent and as provided for in this Agreement.

ARTICLE I.
DEFINITIONS

As used in this Agreement, the following words and terms shall have the following meanings:

A. The term "Contract Area" shall mean all of the lands, oil and gas leasehold interests and oil and gas interests intended to be developed and operated for oil and gas purposes under this Agreement. These lands, oil and gas leasehold interests, and oil and gas interests are described in Exhibit "A."

B. The terms "Drilling Party" and "Consenting Party" shall mean a party who agrees to join in and pay its share of the cost of any operation conducted under the provisions of this Agreement.

C. The term "Drilling Unit" shall mean the area fixed for the drilling of one well by order or rule of any state or federal body having authority. If a Drilling Unit is not fixed by any rule or order, a Drilling Unit shall be the Drilling Unit as established by the pattern of drilling in the Contract Area or as fixed by express agreement of the Drilling Parties.

D. The term "Drillsite" shall mean the Oil and Gas Lease or interest on which a proposed well is to be located.

E. The terms "Non-Drilling Party" and "Non-Consenting Party" shall mean a party who elects not to participate in a proposed operation.

F. The term "Oil and Gas" shall mean oil, gas, casinghead gas, gas condensate, and all other liquid or gaseous hydrocarbons and other marketable substances produced with them, unless an intent to limit the inclusiveness of this term is specifically stated.

G. The term "Oil and Gas Interests" shall mean unleased fee and mineral interests in tracts of land lying within the Contract Area which are owned by parties to this Agreement.

H. The terms "Oil and Gas Lease," "Lease," and "Leasehold" shall mean the oil and gas leases covering tracts of land lying within the Contract Area which are owned by the parties to this Agreement.

I. The term "effective date" shall be the effective date of the Unit Agreement.

Unless the context otherwise clearly indicates, words used in the singular include the plural, the plural includes the singular, and the neuter gender includes the masculine and the feminine.

ARTICLE II.
EXHIBITS

The following Exhibits, as indicated below are attached to this Agreement, and are incorporated in and made a part of it:

☒ **A. Exhibit "A," shall include the following information:**

(1) Identification of lands subject to this Agreement;

(2) Restrictions – None

(3) Percentages or fractional interests of parties to this Agreement;

(4) Addresses of parties for notice purposes:

☒ **B. Exhibit "B," – Form of Oil and Gas Lease.**

☒ **C. Exhibit "C," Accounting Procedure. – COPAS 1974 revision**

☒ **D. Exhibit "D," Insurance.**

☒ **E. Exhibit "E," Development Plan**

☐ **F. Exhibit "F," Non-Discrimination and Certification of Non-Segregated Facilities. – Not Applicable**

☐ **G. Exhibit "G," Tax Partnership. – Not Applicable**

☒ **H. Exhibit "H," Memorandum of Operating Agreement**

If any provision of any Exhibit, except Exhibits "E" and "G," is inconsistent with any provision contained in the body of this Agreement, the provisions in the body of this Agreement shall prevail.

ARTICLE III.
INTERESTS OF PARTIES

A. Oil and Gas Interests:

If any party owns an oil and gas interest in the Contract Area, that interest shall be treated for all purposes of this Agreement and during the term of it as if it were covered by the form of oil and gas lease attached as Exhibit "B," and the owner shall be deemed to own both the royalty interest reserved in lease and the interest of the lessee in the lease.

B. Interests of Parties in Costs and Production:

Unless changed by other provisions, all costs and liabilities incurred in operations under this Agreement shall be borne and paid, and all equipment and materials acquired in operations on the Contract Area shall be owned by the parties as their interests are set our in Exhibit "A." In the same manner, the parties shall also own all production of oil and gas from the Contract Area subject to the payment of royalties to the extent of 20.0% which shall be borne as provided below.

Regardless of which party has contributed the Lease(s) and/or Oil and Gas Interest(s) on which royalty is due and payable, each party entitled to receive a share of production of Oil and Gas from the Contract Area shall bear and shall pay or deliver, or cause to be paid or delivered, to the extent of its interest in production, the royalty amount stipulated above and shall hold the other parties free from any liability for it. No party shall ever be responsible, however, on a price basis higher than the price received by the party, to any other party's lessor or royalty owner, and if any such other party's lessor or royalty owner should demand and receive settlement on a higher price basis, the party contributing the affected Lease shall bear the additional royalty burden attributable to the higher price.

C. Excess Royalties, Overriding Royalties and Other Payments:

Unless changed by other provisions, if the interest of any party in any Lease covered by this Agreements subject to any royalty, overriding royalty, production payment or other burden on production in excess of the amount stipulated in Article III.B., the party so burdened shall assume

and alone bear all the excess obligations and shall indemnify and hold the other parties harmless from any and all claims and demands for payment asserted by owners of the excess burden.

D. Subsequently Created Interests:

There shall be no subsequently created interests.

ARTICLE IV.
TITLES

A. Title Examination:

Title examination shall be made on the Drillsite of any proposed well prior to commencement of drilling operations or, if the Drilling Parties so request, title examination shall be made on the leases and/or oil and gas interests included, or planned to be included, in the Drilling Unit around a well. The opinion will include the ownership of the working interest, minerals, royalty, overriding royalty and production payments under the applicable leases. At the time a well is proposed, each party contributing leases and/or oil and gas interests to the Drillsite, or to be included in the Drilling Unit, shall furnish Operator all abstracts (including federal lease status reports), title opinions, title papers and curative material in its possession free of charge. All information not in the possession of or made available to Operator by the parties, but necessary for the examination of the title, shall be obtained by Operator. Operator shall cause title to be examined by attorneys on its staff or by outside attorneys. Copies of all title opinions shall be furnished to each party. The cost incurred by Operator in this title program shall be borne as follows:

Option No. 2: Costs incurred by Operator in procuring abstracts and fees paid to attorneys and landmen for title examination (including preliminary, supplemental, shut-in gas royalty opinions and division order title opinions) shall be borne by the Drilling Parties in the proportion that the interest of each Drilling Party bears to the total interest of all Drilling Parties as those interests appear in Exhibit "A." Operator shall make no charge for services rendered by its staff attorneys or other personnel in the performance of the above functions.

Each party shall be responsible for securing curative matter and pooling amendments or agreements required in connection with Leases or Oil and Gas Interests contributed by the party. Operator shall be responsible for the preparation and recording of pooling designations or declarations as well as the conduct of hearings before governmental agencies for the securing of spacing or pooling orders. This shall not prevent any party from appearing on its own behalf at any hearing.

No well shall be drilled on the Contract Area until after (1) the title to the Drillsite or Drilling Unit has been examined as provided above, and (2) the title has been approved by the examining attorney or title has been accepted to the reasonable satisfaction of the Operator.

B. Loss of Title:

3. Other Losses: All losses incurred shall be joint losses and shall be borne by all parties in proportion to their interests. There shall be no readjustment of interests in the remaining portion of the Contract Area.

ARTICLE V.
OPERATOR

A. Designation and Responsibilities of Operator:

Meridian Energy Inc. shall be the Operator of the Contract Area, and shall conduct and direct and have full control of all operations on the Contract Area as permitted and required by, and within the limits of this Agreement. It shall conduct all operations in a good and workmanlike manner, but it shall have no liability as Operator to the other parties for losses sustained or liabilities incurred, except as may result from gross negligence or willful misconduct.

B. Resignation of Operator and Selection of Successor:

1. **Resignation of Operator:** Operator may resign at any time by giving written notice to Non-Operators

2. **Selection of Successor Operator:** On the resignation of Operator, a successor Operator shall be selected by the parties. The successor Operator shall be selected from the parties owning an interest in the Contract Area at the time the successor Operator is selected. The successor Operator shall be selected by the affirmative vote of two (2) or more parties owning a majority interest based on the ownership as shown on Exhibit "A.

C. Employees:

The number of employees used by Operator in conducting operations, their selection, and the hours of labor and the compensation for services performed shall be determined by Operator, and all employees shall be the employees of Operator.

D. Drilling Contracts:

All wells drilled on the Contract Area shall be drilled on a competitive contract basis at the usual rates prevailing in the area. If it so desires, Operator may employ its own tools and equipment in the drilling of wells, but its charges shall not exceed the prevailing rates in the area and the rate of charges shall be agreed on by the parties in writing before drilling operations are commenced, and the work shall be performed by Operator under the same terms and conditions as are customary and usual in the area in contracts of independent contractors who are doing work of a similar nature.

ARTICLE VI.
DRILLING AND DEVELOPMENT

A. Initial Well: See the Development Plan attached as Exhibit "E."

In all wells drilled hereunder operator shall make reasonable tests of all formations encountered during drilling which give indication of containing Oil and Gas in quantities sufficient to test, unless this Agreement shall be limited in its application to a specific formation or formations in which event Operator shall be required to test only the formation or formations to which this Agreement may apply.

If, in Operator's judgment, the well will not produce Oil or Gas in paying quantities, and it wishes to plug and abandon the well as a dry hole, the provisions of Article VI.E.1. shall then apply.

B. Subsequent Operations:

Notwithstanding anything contained in this Article VI to the contrary, only the Operator may propose to drill a well on the Contract Area.

2. **Operations by Less than All Parties:** If any party receiving a notice as provided in Article VI.B.1. or VII.D.1. (Option No. 2) elects not to participate in the proposed operation, then, in order to be entitled to the benefits of this Article, the party or parties giving the notice and the other parties electing to participate in the operation shall, within three hundred sixty (360) days after the expiration of the notice period of fifteen (15) days (or as promptly as possible after the expiration of the three (3) hour period when a drilling rig is on location, as the case may be) actually commence the proposed operation and complete it with due diligence. Operator shall perform all work for the account of the Consenting Parties; provided, however, if no drilling rig or other equipment is on location, and if Operator is a Non-Consenting Party, the Consenting Parties shall either: (a) request Operator to perform the work required by the proposed operation for the account of the Consenting Parties, or (b) designate one (1) of the Consenting Parties as Operator to perform the work. Consenting Parties, when conducting operations on the Contract Area pursuant to this Article VI.B.2., shall comply with all terms and conditions of this Agreement.

If less than all parties approve any proposed operation, the proposing party, immediately after the expiration of the applicable notice period, shall advise the Consenting Parties of the total interest of the parties approving the operation and its recommendation as to whether the Consenting Parties should proceed with the operation as proposed. Each Consenting Party, within three (3) hours after receipt of the notice, shall advise the proposing party of its desire to (a) limit participation to the party's interest as shown on Exhibit "A" or (b) carry its proportionate part of the Non-Consenting Parties' interests, and failure to advise the proposing party shall be deemed an election under (a). In the event a drilling rig is on location, the time permitted for such a response shall not exceed a total of three (3) hours (inclusive of Saturday, Sunday, and legal holidays). The proposing party, at its election, may withdraw the proposal if there is insufficient participation and shall promptly notify all parties of that decision.

The entire cost and risk of conducting the operations shall be borne by the Consenting Parties in the proportions they have elected to bear same under the terms of the preceding paragraph. Consenting Parties shall keep the leasehold estates involved in the operations free and clear of all liens and encumbrances of every kind created by or arising from the operations of the Consenting Parties. If an operation results in a dry hole, the Consenting Parties shall plug and abandon the well and restore the surface location at their sole cost, risk, and expense. If any well drilled, reworked, deepened or plugged back under the provisions of this Article results in a producer of Oil and/or Gas in paying quantities, the Consenting Parties shall complete and equip the well to produce at their sole cost and risk, and the well shall then be turned over to Operator and shall be operated by it at the expense and for the account of the Consenting Parties. On commencement of operations for the drilling, reworking, deepening, or plugging back of any well by Consenting Parties in accordance with the provisions of this Article, each Non-Consenting Party shall be deemed to have relinquished to Consenting Parties, and the Consenting Parties shall own and be entitled to receive, in proportion to their respective interests, all of the Non-Consenting Party's interest in the well and share of production from it until the proceeds of the sale of that share, calculated at the well, or market value of it if the share is not sold, (after deducting production taxes, excise taxes, royalty, overriding royalty, and other interests not excepted by Article III.D. payable out of or measured by the production from the well accruing with respect to the interest until it reverts) shall equal the total of the following:

(a) 100% of each such Non-Consenting Party's share of the cost of any newly acquired surface equipment beyond the wellhead connections (including, but not limited to, stock tanks, separators, treaters, pumping, equipment and piping) plus 100% of each Non-Consenting Party's share of the cost of operation of the well commencing with first production and continuing until each Non-Consenting Party's relinquished interest shall revert to it under other provisions of this Article, it being agreed that each Non-Consenting Party's share of the costs and equipment will be that interest which would have been chargeable to the Non-Consenting Party had it participated in the well from the beginning of the operations; and,

(b) 300% of that portion of the costs and expenses of drilling wells in the unitized area including staking, well site preparation, rigging up, drilling and reworking, deepening, plugging back, testing, and completing, after deducting any cash contributions received under Article VIII.C.

(c) 300% three hundred percent of the unpaid portion of the owner's share of the costs and expenses of underground pipeline systems, expenses for injected substances and any other nonrecoupable expenses incurred. All interest and penalties prescribed under this subsection shall be paid from the nonpaying interest owner's share of production.

An election not to participate in the drilling or the deepening of a well shall be deemed an election not to participate in any reworking or plugging back operation proposed in a well, or portion of it, to which the initial Non-Consent election applied that is conducted at any time prior to full recovery by the Consenting Parties of the Non-Consenting Party's recoupment account. Any reworking or plugging back operation conducted during the recoupment period shall be deemed part of the cost of operation of the well and there shall be added to the sums to be recouped by the Consenting Parties three hundred percent (300%) of that portion of the costs of the reworking or plugging back operation which would have been chargeable to the Non-Consenting Party had it participated. If a reworking or plugging back operation is proposed during the

recoupment period, the provisions of this Article VI.B. shall be applicable as between the Consenting Parties in the well.

During the period of time Consenting Parties are entitled to receive Non-Consenting Party's share of production, or the proceeds from that share, Consenting Parties shall be responsible for the payment of all production, severance, excise, gathering, and other taxes, and all royalty, overriding royalty, and other burdens applicable to Non-Consenting Party's share of production not excepted by Article III.D.

In the case of any reworking, plugging back, or deeper drilling operation, the Consenting Parties shall be permitted to use, free of cost, all casing, tubing, and other equipment in the well, but the ownership of all that equipment shall remain unchanged; and on abandonment of a well after the reworking, plugging back or deeper drilling, the Consenting Parties shall account for all the equipment to the owners of it, with each party receiving its proportionate part in kind or in value, less cost of salvage.

Within ninety (90) days after the completion of any operation under this Article, the party conducting the operations for the Consenting Parties shall furnish each Non-Consenting Party with an inventory of the equipment in and connected to the well, and an itemized statement of the cost of drilling, deepening, plugging back, testing, completing, and equipping the well for production; or, at its option, the operating party, in lieu of an itemized statement of such costs of operation, may submit a detailed statement of monthly billings. Each month thereafter, during the time the Consenting Parties are being reimbursed, as provided above, the party conducting the operations for the Consenting Parties shall furnish the Non-Consenting Parties with an itemized statement of all costs and liabilities incurred in the operation of the well, together with a statement of the quantity of Oil and Gas produced from it and the amount of proceeds realized from the sale of the well's working interest production during the preceding month. In determining the quantity of Oil and Gas produced during any month, Consenting Parties shall use industry accepted methods such as, but not limited to, metering or periodic well tests. Any amount realized from the sale or other disposition of equipment newly acquired in connection with any operation which would have been owned by a Non-Consenting Party had it participated in the operation shall be credited against the total unreturned costs of the work done and of the equipment purchased in determining when the interest of the Non-Consenting Party shall revert to it as provided above; and, if there is a credit balance, it shall be paid to the Non-Consenting Party.

If and when the Consenting Parties recover from a Non-Consenting Party's relinquished interest the amounts provided for above, the relinquished interests of the Non-Consenting Party shall automatically revert to it, and, from and after that reversion, the Non-Consenting Party shall own the same interest in the well, the material and equipment in or pertaining to it, and the production from it as the Non-Consenting Party would have been entitled to had it participated in the drilling, reworking, deepening or plugging back of the well. After that time, the Non-Consenting Party shall be charged with and shall pay its proportionate part of the further costs of the operation of the well in accordance with the terms of this Agreement and the Accounting Procedure attached to this Agreement.

Notwithstanding the provisions of this Article VI.B.2., it is agreed that without the mutual consent of all parties, no wells shall be completed in or produced from a source of supply from which a well located elsewhere on the Contract Area is producing, unless the well conforms to the then-existing well spacing pattern for the source of supply.

The provisions of this Article shall have no application whatsoever to the drilling of the initial well described in Article VI.A. except (a) as to Article VII.D.1. (Option No. 2), if selected, or (b) as to the reworking, deepening and plugging back of the initial well after it has been drilled to the depth specified in Article VI.A. if it shall later prove to be a dry hole or, if initially completed for production, ceases to produce in paying quantities.

3. <u>Stand-By Time</u>: When a well which has been drilled or deepened and has reached its authorized depth and all tests have been completed, and the results furnished to the parties, stand-by costs incurred pending response to a party's notice proposing a reworking, deepening, plugging back, or completing operation in that well shall be charged and borne as part of the drilling or deepening operation just completed. Stand-by costs subsequent to all parties responding, or expiration of the response time permitted, whichever first occurs, and prior to

agreement as to the participating interests of all Consenting Parties pursuant to the terms of the second grammatical paragraph of Article VI.B.2, shall be charged to and borne as part of the proposed operation, but if the proposal is subsequently withdrawn because of insufficient participation, the stand-by costs shall be allocated between the Consenting Parties in the proportion each Consenting Party's interest as shown on Exhibit "A" bears to the total interest as shown on Exhibit "A" of all Consenting Parties.

4. Sidetracking: Except as later provided in this Agreement, the provisions of this Agreement applicable to a "deepening" operation shall also be applicable to any proposal to directionally control and intentionally deviate a well from vertical so as to change the bottom hole location (called "sidetracking"), unless done to straighten the hole or to drill around junk in the hole or because of other mechanical difficulties. Any party having the right to participate in a proposed sidetracking operation that does not own an interest in the affected well bore at the time of the notice shall, on electing to participate, tender to the well bore owners its proportionate share (equal to its interest in the sidetracking operation) of the value of that portion of the existing well bore to be utilized as follows:

(a) If the proposal is for sidetracking an existing dry hole, reimbursement shall be on the basis of the actual costs incurred in the initial drilling of the well down to the depth at which the sidetracking operation is initiated.

(b) If the proposal is for sidetracking a well which has previously produced, reimbursement shall be on the basis of the well's salvable materials and equipment down to the depth at which the sidetracking operation is initiated, determined in accordance with the provisions of Exhibit "C," less the estimated cost of salvaging and the estimated cost of plugging and abandoning.

In the event that notice for a sidetracking operation is given while the drilling rig to be utilized is on location, the response period shall be limited to forty-eight (48) hours, exclusive of Saturday, Sunday, and legal holidays; provided, however, any party may request and receive up to eight (8) additional days after expiration of the forty-eight (48) hours in which to respond by paying for all stand-by time incurred during the extended response period. If more than one party elects to take additional time to respond to the notice, stand-by costs shall be allocated between the parties taking additional time to respond on a day-to-day basis in the proportion each electing party's interest, as shown on Exhibit "A," bears to the total interest, as shown on Exhibit "A," of all the electing parties. In all other instances the response period to a proposal for sidetracking shall be limited to thirty (30) days.

D. Access to Contract Area and Information:

Notwithstanding anything to the contrary, a Non-Operator who is in default under article VII.B. or a party who elects not to participate in a proposed operation in accordance with Article VI.B. shall have no rights under this article VI.D.

Each party shall have access to the Contract Area at all reasonable times, at its sole cost and risk to inspect or observe operations, and shall have access at reasonable times to information pertaining to the development or operations, including Operator's related books and records. Operator, on request, shall furnish each of the other parties with copies of all forms or reports filed with governmental agencies, daily drilling reports, well logs, tank tables, daily gauge, and run tickets, and reports of stock on hand at the first of each month, and shall make available samples of any cores or cuttings taken from any well drilled on the Contract Area. The cost of gathering and furnishing information to Non-Operator, other than that specified above, shall be charged to the Non-Operator that requests the information.

E. Abandonment of Wells:

1. Abandonment of Dry Holes: Except for any well drilled or deepened pursuant to Article VI.B.2., any well which has been drilled or deepened under the terms of this Agreement and is proposed to be completed as a dry hole shall not be plugged and abandoned without the consent of a majority in interest of parties based upon their ownership interest in the well ("Majority in Interest"). Should Operator, after diligent effort, be unable to contact any party, or should any party fail to reply within three (3) hours after receipt of notice of the proposal to plug

and abandon a well, the party shall be deemed to have consented to the proposed abandonment. All wells shall be plugged and abandoned in accordance with applicable regulations and at the cost, risk, and expense of the parties who participated in the cost of drilling or deepening the well.

2. **Abandonment of Wells that have Produced:** Except for any well in which a Non-Consent operation has been conducted under this Agreement, for which the Consenting Parties have not been fully reimbursed as provided for by the terms of this Agreement, any well which has been completed as a producer shall not be plugged and abandoned without the consent of a Majority in Interest. If all parties consent to an abandonment, the well shall be plugged and abandoned in accordance with applicable regulations and at the cost, risk, and expense of all the parties. If, within thirty (30) days after receipt of notice of the proposed abandonment of any well, a Majority in Interest do not agree to the abandonment of the well, those wishing to continue its operation from the interval(s) of the formation(s) then open to production shall tender to each of the other parties its proportionate share of the value of the well's salvable material and equipment, determined in accordance with the provisions of Exhibit "C," less the estimated cost of salvaging and the estimated cost of plugging and abandoning. Each abandoning party shall assign the non-abandoning parties, without warranty, express or implied, as to title or as to quantity, or fitness for use of the equipment and material, all of its interest in the well and related equipment, together with its interest in the leasehold estate as to, but only as to, the interval or intervals of the formation or formations then open to production. If the interest of the abandoning party is or includes an Oil and Gas Interest, such party shall execute and deliver to the non-abandoning party or parties an Oil and Gas Lease, limited to the interval or intervals of the formation or formations then open to production, for a term of one (1) year and so long thereafter as Oil and/or Gas is produced from the interval or intervals of the formation or formations covered, the lease to be on the form attached as Exhibit "B." The assignments or leases so limited shall encompass the "Drilling Unit" on which the well is located. The payments by, and the assignments or leases to, the assignees shall be in a ratio based upon the relationship of their respective percentage of participation in the Contract Area to the aggregate of the percentages of participation in the Contract Area of all assignees. There shall be no readjustment of interests in the remaining portion of the Contract Area.

Thereafter, abandoning parties shall have no further responsibility, liability, or interest in the operation of or production from the well in the interval or intervals then open other than the royalties retained in any lease made under the terms of this Article. On request, Operator shall continue to operate the assigned well for the account of the non-abandoning parties at the rates and charges contemplated by this Agreement, plus any additional cost and charges which may arise as the result of the separate ownership of the assigned well. On proposed abandonment of the producing interval(s) assigned or leased, the assignor or lessor shall then have the option to repurchase its prior interest in the well (using the same valuation formula) and participate in further operations subject to the provisions of this Agreement.

3. **Abandonment of Non-Consent Operations:** The provisions of Article VI.E.1. or VI.E.2. above shall be applicable as between Consenting Parties in the event of the proposed abandonment of any well excepted from those Articles; provided, however, no well shall be permanently plugged and abandoned unless and until a Majority in Interest of the parties having the right to conduct further operations on the well have been notified of the proposed abandonment and afforded the opportunity to elect to take over the well in accordance with the provisions of this Article VI.E.

ARTICLE VII.
EXPENDITURES AND LIABILITY OF PARTIES

A. Liability of Parties:

The liability of the parties shall be several, not joint or collective. Each party shall be responsible only for its obligations, and shall be liable only for its proportionate share of the costs of developing and operating the Contract Area. Accordingly, the liens granted among the parties in Article VII.B. are given to secure only the debts of each severally. It is not the intention of the parties to create, nor shall this Agreement be construed as creating, a mining or other partnership or association, or to render the parties liable as partners.

B. Liens and Payment Defaults:

Each Non-Operator grants to Operator a lien on its Oil and Gas rights in the Contract Area, and a security interest in its share of oil and/or gas when extracted and its interest in all equipment, to secure payment of its share of expense, together with interest at the rate provided in Exhibit "C." To the extent that Operator has a security interest under the Uniform Commercial Code of the state, Operator shall be entitled to exercise the rights and remedies of a secured party under the Code. The bringing of a suit and the obtaining of judgment by Operator for the secured indebtedness shall not be deemed an election of remedies or otherwise affect the lien rights or security interest as security for the payment. In addition, on default by any Non-Operator in the payment of its share of expense, Operator shall have the right, without prejudice to other rights or remedies, to collect from the purchaser the proceeds from the sale of the Non-Operator's share of Oil and/or Gas until the amount owed by the Non-Operator, plus interest, has been paid. Each purchaser shall be entitled to rely on Operator's written statement concerning the amount of any default. Operator grants a like lien and security interest to the Non-Operators to secure payment of Operator's proportionate share of expense.

If any party fails or is unable to pay its share of expense within sixty (60) days after rendition of a statement of expense, by Operator, the non-defaulting parties, including Operator, shall, on request by Operator, pay the unpaid amount in the proportion that the interest of each party bears to the interest of all parties. Each party paying its share of the unpaid amount shall, to obtain reimbursement, be subrogated to the security rights described in the foregoing paragraph.

C. Payments and Accounting:

Except as otherwise specifically provided, Operator shall promptly pay and discharge expenses incurred in the development and operation of the Contract Area pursuant to this Agreement and shall charge each of the parties with their respective proportionate shares on the expense basis provided in Exhibit "C." Operator shall keep an accurate record of the joint account, showing expenses incurred and charges and credits made and received.

Operator, at its election, shall have the right from time to time to demand and receive from the other parties payment in advance of their respective shares of the estimated amount of the expense to be incurred in operations under this Agreement during the next succeeding month, which right may be exercised only by submission to each party of an itemized statement of the estimated expense, together with an invoice for its share of those expenses. Each statement and invoice for the payment in advance of estimated expense shall be submitted on or before the 20th day of the next preceding month. Each party shall pay to Operator its proportionate share of the estimate within fifteen (15) days after the estimate and invoice is received. If any party fails to pay its share of the estimate within the time, the amount due shall bear interest as provided in Exhibit "C" until paid. Proper adjustment shall be made monthly between advances and actual expense to the end that each party shall bear and pay its proportionate share of actual expenses incurred, and no more.

D. Limitation of Expenditures:

1. **Drill or Deepen:** Without the consent of all parties, no well shall be drilled or deepened, except any well drilled or deepened pursuant to the provisions of Article VI.B.2. of this Agreement. Consent to the drilling or deepening shall include:

[X] **Option No. 1:** All necessary expenditures for the drilling or deepening, testing, completing and equipping of the well, including necessary tankage and/or surface facilities.

2. **Rework or Plug Back:** Without the consent of all parties, no well shall be reworked or plugged back except a well reworked or plugged back pursuant to the provisions of Article VI.B.2. of this Agreement. Consent to the reworking or plugging back of a well shall include all necessary expenditures in conducting those operations and completing and equipping of the well, including necessary tankage and/or surface facilities.

3. **Other Operations:** Without the consent of all parties, Operator shall not undertake any single project reasonably estimated to require an expenditure in excess of Twenty- Thousand Dollars ($20,000.00) except in connection with a well, the drilling, reworking, deepening, completing, recompleting, or plugging back of which has been previously authorized by or

pursuant to this Agreement; provided, however, that, in case of explosion, fire, flood, or other sudden emergency, whether of the same or different nature, Operator may take such steps and incur the expenses as in its opinion are required to deal with the emergency to safeguard life and property but Operator, as promptly as possible, shall report the emergency to the other parties. If Operator prepares an authority for expenditure (AFE) for its own use, Operator shall furnish any Non-Operator so requesting an information copy for any single project costing in excess of Twenty-Thousand Dollars ($20,000.00) but less than the specified above in this paragraph.

E. Rentals, Shut-in Well Payments and Minimum Royalties:

Rentals, shut-in well payments, and minimum royalties which may be required under the terms of any Lease shall be paid by the party or parties who subjected the Lease to this Agreement at its or their expense. In the event two or more parties own and have contributed interests in the same Lease to this Agreement, those parties may designate one of the parties to make those payments for and on behalf of all the parties. Any party may request, and shall be entitled to receive, proper evidence of all those payments. In the event of failure to make proper payment of any rental, shut-in well payment, or minimum royalty through mistake or oversight where payment is required to continue the Lease in force, any loss which results from the non-payment shall be borne in accordance with the provisions of Article IV.B.3.

Operator shall notify Non-Operator of the anticipated completion of a shut-in Gas well, or the shutting in or return to production of a producing Gas well, at least five (5) days (excluding Saturday, Sunday, and legal holidays), or at the earliest opportunity permitted by circumstances, prior to taking that action, but assumes no liability for failure to do so. In the event of failure by Operator to notify Non-Operator, the loss of any Lease contributed by Non-Operator for failure to make timely payments of any shut-in well payment shall be borne jointly by the parties under the provisions of Article IV.B.3.

F. Taxes:

Beginning with the first calendar year after the effective date of this Agreement, Operator shall render for ad valorem taxation all property subject to this Agreement which by law should be rendered for the taxes, and it shall pay all those taxes assessed before they become delinquent. Prior to the rendition date, each Non-Operator shall furnish Operator information as to burdens (to include, but not be limited to, royalties, overriding royalties, and production payments) on Leases and Oil and Gas Interests contributed by the Non-Operator. If the assessed valuation of any leasehold estate is reduced by reason of its being subject to outstanding excess royalties, overriding royalties, or production payments, the resulting reduction in ad valorem taxes shall inure to the benefit of the owner or owners of the leasehold estate, and Operator shall adjust the charge to the owner or owners so as to reflect the benefit of that reduction. If the ad valorem taxes are based in whole or in part on separate valuations of each party's working interest, then notwithstanding anything to the contrary, charges to the joint account shall be made and paid by the parties in accordance with the tax value generated by each party's working interest. Operator shall bill the other parties for their proportionate shares of all tax payments in the manner provided in Exhibit "C."

If Operator considers any tax assessment improper, Operator may, at its discretion, protest within the time and manners prescribed by law, and prosecute the protest to a final determination, unless all parties agree to abandon the protest prior to final determination. During the pendency of administrative or judicial proceedings, Operator may elect to pay, under protest, all such taxes and any interest and penalty. When any protested assessment shall have been finally determined, Operator shall pay the tax for the joint account, together with any interest and penalty accrued, and the total cost shall then be assessed against the parties, and be paid by them, as provided in Exhibit "C."

Each party shall pay or cause to be paid all production, severance, excise, gathering, and other taxes imposed upon or with respect to the production or handling of such party's share of oil and/or gas produced under the terms of this agreement.

G. Insurance

At all times while operations are conducted, Operator shall comply with the worker's compensation law of the state where the operations are being conducted; provided, however, Operator may be a self-insurer for liability under those compensation laws in which event the only charge that shall be made to the joint account shall be as provided in Exhibit "C." Operator shall also carry or provide insurance for the benefit of the joint account of the parties as outlined in Exhibit "D." Operator shall require all contractors engaged in work on or for the Contract Area to comply with the worker's compensation law of the state where the operations are being conducted and to maintain such other insurance as Operator may require.

In the event automobile public liability insurance is specified in Exhibit "D," or subsequently receives the approval of the parties, no direct charge shall be made by Operator for premiums paid for the insurance for Operator" automotive equipment.

ARTICLE VIII.
ACQUISITION, MAINTENANCE OR TRANSFER OF INTEREST

A. Surrender of Leases:

The Leases covered by this Agreement, insofar as they embrace acreage in the Contract Area, shall not be surrendered in whole or in part unless a Majority in Interest consent to the abandonment.

However, should any party desire to surrender its interest in any Lease or in any portion of a Lease, and the other parties do not agree or consent to it, the party desiring to surrender shall assign, without express or implied warranty of title, all of its interest in the Lease, or portion of it, and any well, material, and equipment which may be located and any rights in production later secured, to the parties not consenting to the surrender. If the interest of the assigning party is or includes an Oil and Gas Interest, the assigning party shall execute and deliver to the party or parties not consenting to the surrender an Oil and Gas Lease covering the Oil and Gas Interest for a term of one (1) year and so long thereafter as Oil and/or Gas is produced from the land covered by it, the Lease to be on the form attached as Exhibit "B." On the assignment or Lease, the assigning party shall be relieved from all obligations later accruing, but not previously accrued, with respect to the interest assigned or Leased and the operation of any well attributable the Lease or interest, and the assigning party shall have no further interest in the assigned or leased premises and its equipment and production other than the royalties retained in any Lease made under the terms of this Article. The party assignee or lessee shall pay to the party assignor or lessor the reasonable salvage value of the latter's interest in any wells and equipment attributable to the assigned or leased acreage. The value of all material shall be determined in accordance with the provisions of Exhibit "C," less the estimated cost of salvaging and the estimated cost of plugging and abandoning. If the assignment or Lease is in favor of more than one party, the interest shall be shared by the parties in the proportions that the interest of each bears to the total interest of all parties.

Any assignment, Lease or surrender made under this provision shall not reduce or change the assignor's, lessor's, or surrendering party's interest as it was immediately before the assignment, Lease or surrender in the balance of the Contract Area; and the acreage assigned, leased, or surrendered, and subsequent operations on them, shall not later be subject to the terms and provisions of this Agreement.

B. Renewal or Extension of Leases:

If any party secures a renewal of any Oil and Gas Lease subject to this Agreement, all other parties shall be notified promptly, and shall have the right for a period of thirty (30) days following receipt of the notice in which to elect to participate in the ownership of the renewal Lease, insofar as the Lease affects lands within the Contract Area, by paying to the party who acquired it their several proper proportionate shares of the acquisition cost allocated to that part of the Lease within the Contract Area, which shall be in proportion to the interests held at that time by the parties in the Contract Area.

If some, but less than all, of the parties elect to participate in the purchase of a renewal Lease, it shall be owned by the parties who elect to participate in the purchase, in a ratio based on the relationship of their respective percentage of participation in the Contract Area to the aggregate of the percentages of participation in the Contract Area of all parties participating in the purchase of the renewal Lease. Any renewal Lease in which less than all parties elect to participate shall not be subject to this Agreement.

Each party who participates in the purchase of a renewal Lease shall be given an assignment of its proportionate interests in that Lease by the acquiring party.

The provisions of this Article shall apply to renewal Leases whether they are for the entire interest covered by the expiring Lease or cover only a portion of its area or an interest in it. Any renewal Lease taken before the expiration of its predecessor Lease, or taken or contracted for within six (6) months after the expiration of the existing Lease shall be subject to this provision; but any lease taken or contracted for more than six (6) months after the expiration of an existing lease shall not be deemed a renewal lease and shall not be subject to the provisions of this Agreement.

The provisions in this Article shall also be applicable to extensions of Oil and Gas Leases.

C. Acreage or Cash Contributions:

While this Agreement is in force, if any party contracts for a contribution of cash towards the drilling of a well or any other operation on the Contract Area, the contribution shall be paid to the party who conducted the drilling or other operation and shall be applied by it against the cost of the drilling or other operation. If the contribution be in the form of acreage, the party to whom the contribution is made shall promptly tender an assignment of the acreage, without warranty of title, to the Drilling Parties in the proportions the Drilling Parties shared the cost of drilling the well. That acreage shall become a separate Contract Area and, to the extent possible, be governed by provisions identical to this Agreement. Each party shall promptly notify all other parties of any acreage or cash contributions it may obtain in support of any well or any other operation on the Contract Area. The above provisions shall also be applicable to optional rights to earn acreage outside the Contract Area which are in support of a well drilled inside the Contract Area.

If any party contracts for any consideration relating to disposition of the party's share of substances produced under this Agreement, the consideration shall not be deemed a contribution as contemplated in this Article VIII.C.

D. Maintenance of Uniform Interest:

For the purpose of maintaining uniformity of ownership in the Oil and Gas Leasehold interests covered by this Agreement, no party shall sell, encumber, transfer, or make other disposition of its interest in the Leases embraced within the Contract Area and in wells, equipment, and production unless the disposition covers either:

1. the entire interest of the party in all Leases and equipment and production; or,

2. an equal undivided interest in all Leases and equipment and production in the Contract Area.

Every sale, encumbrance, transfer, or other disposition made by any party shall be made expressly subject to this Agreement and shall be made without prejudice to the right of the other parties.

If, at any time the interest of any party is divided among and owned by four or more co-owners, Operator, at its discretion, may require those co-owners to appoint a single trustee or agent with full authority to receive notices, approve expenditures, receive billings for and approve and pay the party's share of the joint expenses, and to deal generally with, and with power to bind, the co-owners of the party's interest within the scope of the operations embraced in this Agreement; however, all the co-owners shall have the right to enter into and execute all contracts or agreements for the disposition of their respective shares of the Oil and Gas produced from the Contract Area

and they shall have the right to receive, separately, payment of the sale proceeds of the Oil and Gas produced.

E. Waiver of Rights to Partition:

If permitted by the laws of the state or states in which the property covered by this Agreement is located, each party owning an undivided interest in the Contract Area waives any and all rights it may have to partition and have set aside to it in severalty its undivided interest in the property.

ARTICLE IX.
INTERNAL REVENUE CODE ELECTION

This Agreement is not intended to create, and shall not be construed to create, a relationship of partnership or an association for profit between or among the parties to this Agreement. Notwithstanding any provision of this Agreement that the rights and liabilities are several and not joint or collective, or that this Agreement and operations shall not constitute a partnership, if, for federal income tax purposes, this Agreement and the operations under it are regarded as a partnership, each party affected elects to be excluded from the application of all of the provisions of Subchapter "K," Chapter 1, Subtitle "A," of the Internal Revenue Code of 1986, as permitted and authorized by Section 761 of the Code and the regulations promulgated under it. Operator is authorized and directed to execute on behalf of each affected party, evidence of this election as may be required by the Secretary of the Treasury of the United States or the Federal Internal Revenue Service, including specifically, but not by way of limitation, all of the returns, statements, and the data required by Federal Regulations §1.761. Should there be any requirement that each affected party give further evidence of this election, each party shall execute documents and furnish any other evidence as may be required by the Federal Internal Revenue Service or as may be necessary to evidence this election. No party shall give any notices or take any other action consistent with the election made in this Article. If any present or future income tax laws of the state or states in which the Contract Area is located or any future income tax laws of the United States contain provisions similar to those in Subchapter "K," Chapter 1, Subtitle "A," of the Internal Revenue Code of 1986, under which an election similar to that provided by Section 761 of the Code is permitted, each affected party shall make an election as may be permitted or required by those laws. In making the foregoing election, each party states that the income derived by the party from operations under this Agreement can be adequately determined without the computation of partnership taxable income.

ARTICLE X.
CLAIMS AND LAWSUITS

Operator may settle any single uninsured third party damage claim or suit arising from operations if the expenditure does not exceed Ten-Thousand Dollars ($50,000.00) and if the payment is in complete settlement of the claim or suit. If the amount required for settlement exceeds the above amount, the parties shall assume and take over the further handling of the claim or suit, unless that authority is delegated to Operator. All costs and expenses of handling, settling, or otherwise discharging the claim or suit shall be at the joint expense of the parties participating in the operation from which the claim or suit arises. If a claim is made against any party or if any party is sued on account of any matter arising from operations under this Agreement over which the individual has no control because of the rights given Operator by this Agreement, the party shall immediately notify all other parties, and the claim or suit shall be treated as any other claim or suit involving operations under this Agreement. All claims or suits involving title to any interest to this agreement shall be treated as a claim or suit against all parties hereto. All claims or suits involving title to any interest to this agreement shall be treated as a claim or suit to all parties hereto.

ARTICLE XI.
FORCE MAJEURE

If any party is rendered unable, wholly or in part, by 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 it; then, 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.

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; how all the difficulties shall be handled shall be entirely within the discretion of the party concerned.

The term "force majeure," as here employed, shall mean an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood, explosion, governmental action, governmental delay, restraint or inaction, unavailability of equipment, and 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 XII.
NOTICES

All notices authorized or required between the parties and required by any of the provisions of this Agreement, unless otherwise specifically provided, shall be given in writing by mail, postage or charges prepaid, or by facsimile or email, and addressed to the parties to whom the notice is given at the addresses listed on Exhibit "A." The originating notice given under any provision of this Agreement shall be deemed given only when received by the party to whom the notice is directed, and the time for the party to give any notice in response shall run from the date the originating notice is received. The second or any responsive notice shall be deemed given when deposited in the mail, with postage or charges prepaid, or sent by facsimile or email. Each party shall have the right to change its address at any time, and from time to time, by giving written notice of the change to all other parties.

ARTICLE XIII.
TERM OF AGREEMENT

This Agreement shall remain in full force and effect as to the Oil and Gas Leases and/or Oil and Gas Interests subject to this Agreement for the period of time selected below; provided, however, no party shall ever be construed as having any right, title, or interest in or to any Lease or Oil and Gas Interest contributed by any other party beyond the term of this Agreement.

[X] **Option No. 1.** So long as any of the Oil and Gas Leases subject to this Agreement remain or are continued in force as to any part of the Contract Area, whether by production, extension, renewal, or otherwise.

It is agreed, however, that the termination of this Agreement shall not relieve any party from any liability which has accrued or attached prior to the date of the termination.

ARTICLE XIV.
COMPLIANCE WITH LAWS AND REGULATIONS

A. Laws, Regulations and Orders:

This Agreement shall be subject to the conservation laws of the state in which the Contract Area is located, to the valid rules, regulations, and orders of any duly constituted regulatory body of that state; and to all other applicable federal, state, and local laws, ordinances, rules, regulations, and orders.

B. Governing Law:

This Agreement and all matters pertaining to it, including, but not limited to, matters of performance, nonperformance, breach, remedies, procedures, rights, duties, and interpretation or construction, shall be governed and determined by the law of the state in which the Contract Area is located. If the Contract Area is in two or more states, the law of the state of Kansas shall govern.

C. Regulatory Agencies:

Nothing contained in this Agreement shall grant, or be construed to grant, Operator the right or authority to waive or release any rights, privileges, or obligations which Non-Operators may have under federal or state laws or under rules, regulations, or orders promulgated under those laws in reference to oil, gas, and mineral operations, including the location, operation, or production of wells, or tracts offsetting or adjacent to the Contract Area.

With respect to operations under this Agreement, Non-Operators agree to release Operator from any and all losses, damages, injuries, claims, and causes of action arising out of, incident to, or resulting directly or indirectly from Operator's interpretation or application of rules, rulings, regulations, or orders of the Department of Energy or predecessor or successor agencies to the extent the interpretation or application was made in good faith. Each Non-Operator further agrees to reimburse Operator for any amounts applicable to the Non-Operator's share of production that Operator may be required to refund, rebate, or pay as a result of an incorrect interpretation or application, together with interest and penalties owing by Operator as a result of an incorrect interpretation or application.

ARTICLE XV.
OTHER PROVISIONS

A. No party shall be allowed to create any type of royalty, overriding royalty or other interest and/or sell (or encumber) an undivided or divided leasehold interest in any tract, herein described. No partner shall sell less than 100% of their rights in any lease. Operator shall have the sole right to propose operations under this agreement and lease, renew, or otherwise acquire leasehold acreage, wells, or other oil and gas interests on the subject lands and any contiguous lands. Any such acquisition shall be offered to the non-operators.

ARTICLE XVI.
MISCELLANEOUS

This Agreement shall be binding on and inure to the benefit of the parties to this Agreement, and to their respective heirs, devisees, legal representatives, successors, and assigns.

This Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

Any dryholes, producing wells, and salt water disposal wells will be chargeable to the parties hereto as operating expenses to the unit. Any future exploratory expenditures, including but not limited to, seismic acquisition, seismic reworking, processing, interpretation, etc. will be chargeable to the joint account parties hereto as operating expenses.

A. Consent to Initial Unit Operations and Subsequent Unit Operations. Each Non-Operator who has entered into this agreement, or who has become bound by this agreement by order of the KCC, operation of law, or by order or ruling from any other administrative of judicial body, shall have twenty (20) days after the Effective Date to notify Operator in writing as to whether it elects to participate in the cost of the Initial Unit Operations as described in Article VI.A and the Development Plan. The failure of any Non-Operator to provide its written election within said time period shall constitute an election NOT to participate in Initial Unit Operations. Additionally, any party who consents to the Initial Unit Operations, but who does not tender and pay its proportionate share of the AFE within 20 days shall be deemed to have elected NOT to participate in the Initial Unit Operations.

Each Non-Operator shall have twenty (20) days after the date Subsequent Unit Operations are proposed by Operator hereunder to notify Operator in writing as to whether it elects to participate in the cost of the Subsequent Unit Operations as described in Article VI.B and the Development Plan. The failure of any Non-Operator to provide its written election within said time period shall constitute an election NOT to participate in Subsequent Unit Operations. Additionally, any party who consents to the Subsequent Unit Operations, but who does not tender and pay its proportionate share of the AFE within 20 days shall be deemed to have elected NOT to participate in the Subsequent Unit Operations.

If any Non-Operator elects (or is deemed to elect) NOT to participate in the Initial Unit Operations phase or the Subsequent Unit Operations phase, then the provisions set forth in Article VI.B.2 concerning operations by less than all parties and the provisions of Article VI.E governing abandonment of non-consent operations shall apply as to the rights and obligations of the Consenting Parties and Non-Consenting Parties in and to such phase, as a whole, including, without limitation, the provisions governing the Consenting Parties' continued participation in such phase, the elections and allocations of the Non-Consenting Parties' in such phase and its share of production therefrom, and the percentage carry calculations as to the Non-Consenting Parties' interest in such phase. In this regard, each Non-Consenting Party shall be deemed to have relinquished to the Consenting Parties, and the Consenting Parties shall own and be entitled to receive, in proportion to their respective interests in the applicable phase (after elections and participations have been made with respect to the Non-Consenting Party's proportionate share) all of the Non-Consenting Parties' interest in the phase and share of production therefrom as more specifically provided for in Article VI.B.2.

B. Default. If in the course of conducting unit operations, including drilling, reworking, deepening, testing, completing, converting, or plugging back operations upon any well on the Contract Area, any Non-Operator fails or is unable to pay for its proportionate share of the costs of such operation, Operator shall have, in addition to the rights provided for in this agreement, the right, which may be exercised before or after completion of said operation, upon thirty (30) days prior written notice, to treat such defaulting party as having made a non-consent election and being subject to the non-consent provisions of Article VI.B.2 and XVI.A, effective as of the date such party defaulted in its payment obligations, unless the defaulting party cures in full within said thirty (30) day time period. If Operator elects to treat the defaulting party as having made a non-consent election, Operator may not enforce the lien rights provided for in Article VII.B herein.

Moreover, while any Non-Operator is in default, it shall have no further access to the Contract Area or information obtained in connection with operations hereunder and shall not be entitled to vote on any matter hereunder. As to any proposed operation in which it would otherwise have the right to participate, such party shall have the right to be a Consenting Party herein only if it cures the default in full (including the payment of interest and costs of collection, including attorneys' fees) before the operation is commenced; otherwise, such Non-Operator in default shall automatically be deemed a Non-Consenting Party to that operation.

C. Memorandum of Operating Agreement. Operator is authorized to file a Memorandum of Operating Agreement and Notice of Security Interest in form substantially similar to that attached as Exhibit "H" to secure the lien and security interest provided by Article VII.B and to place third-parties on notice of this agreement. The Memorandum of Operating Agreement and Notice of Security Agreement may be filed of record to perfect the lien and security interest after this agreement becomes effective. A form of Memorandum of Operating Agreement and Notice of Security Interest is attached as Exhibit "H".

In witness whereof, Operator and Non-Operators have entered into this agreement as of the Effective Date.

OPERATOR

_____

NON-OPERATORS

_____

_____

_____

_____

Exhibit A:

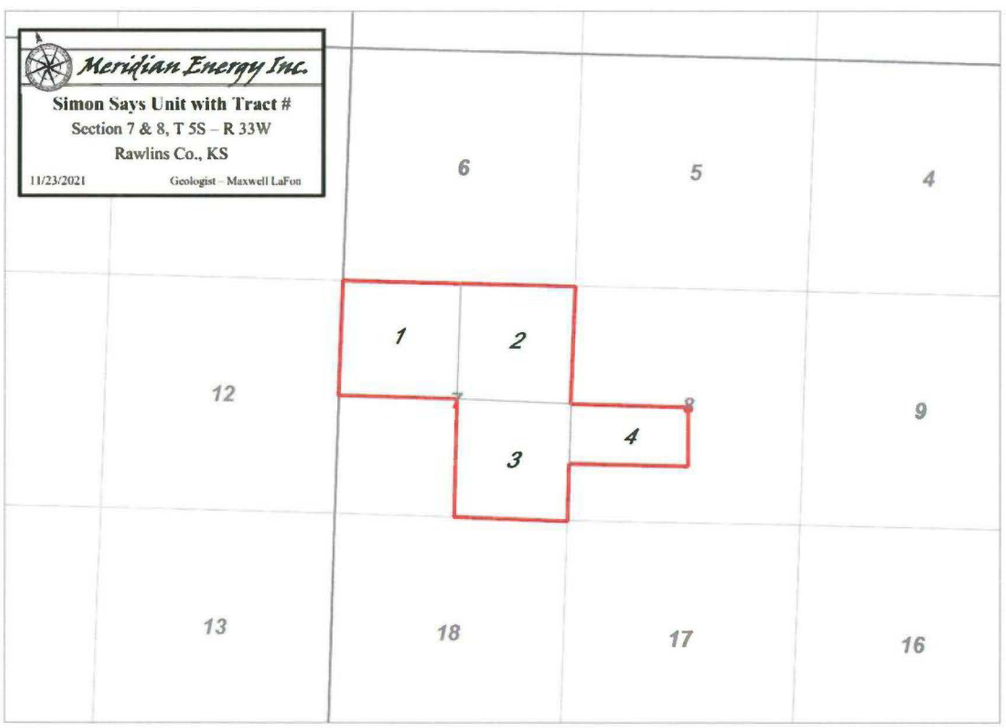
(1) Legal Description of Subject Lands:

Rawlins County, Kansas
Township 5 South, Range 33 West:
Section 7: NW/4; NE/4; SE/4
Section 8: N/2 SW/4
(560 acres, more or less)

Subject Land Tract Division:

Tract #	Legal Description Rawlins County, Kansas T5S-R33W	Gross Acres	Tract Participation
1	Sec. 7: NW/4	160	28.57143%
2	Sec. 7: NE/4	160	28.57143%
3	Sec. 7: SE/4	160	28.57143%
4	Sec. 8: N/2 SW/4	80	14.28571%
		560	100.00000%

Map of Subject Lands:



(2) Description of the Target Pool:

Stratigraphic top of Topeka formation to the stratigraphic base of the Arbuckle formation which based upon geophysical data are expected to be encountered between the depths of 3,750' and 4,800' measured from surface.

(3) Percentages or fractional interests of parties to this Agreement:

All costs and liabilities incurred in operations under this Agreement shall be borne and paid, and all equipment and materials acquired in operations on the Contract Area shall be owned by the parties according to the following table. The parties shall also own all production of oil and gas attributable to the working interest on the same allocation.

Working Interest Owners

Name and Address	Net Mineral Acres	Lease NRI	Tract Participation	Share of Unit Proceeds	Share of Unit Expenses
Tract 1	Legal: NW/4 Sec. 7-T5S-R33W (160ac)				
Meridian Energy Inc.	160	7/8	30.77%	0.2692375	0.3077000
Tract 2	Legal: NE/4 Sec. 7-T5S-R33W (160ac)				
Meridian Energy Inc.	133.3333	7/8	30.77%	0.2243646	0.2564167
Steven David Schalker	26.6667	7/8	30.77%	0.0448729	0.0512833
	160				
Tract 3	Legal: N/2 SE/4 & N/2 S/2 SE/4 Sec. 7-T5S-R33W (120ac)				
Meridian Energy Inc.	80	7/8	23.08%	0.1346333	0.1538667
Steven David Schalker	40	7/8	23.08%	0.0673167	0.0769333
	120				
Tract 4	Legal: N/2 SE/4 & N/2 S/2 SE/4 Sec. 8-T5S-R33W (80ac)				
Meridian Energy Inc.	80	7/8	15.38%	0.1345750	0.1538000

(4) **Addresses of Parties for notice purposes:**

Meridian Energy Inc.
1475 Ward Cir.
Franktown, CO 80116

Steven David Schalker
PO Box 19482
Albuquerque, NM 87119

Exhibit B:
OIL AND GAS LEASE

AGREEMENT, Made and entered into the _____ day of _____, 2022

by and between _____

_____

whose mailing address is _____

hereinafter called Lessor (whether one or more), and **MERIDIAN ENERGY INC., 1475 Ward Cir., Franktown, CO 80116**, hereinafter called Lessee:

Lessor, in consideration of Ten and more Dollars ($10) 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 manufacture therefrom, and housing and otherwise caring for its employees, the following described land, together with and reversionary rights and after-acquired interest therein situated in:

County of _____State of _____
described as follows to-wit:

and containing _____ acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of _____ years from this date (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 or land with which said land is pooled.

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 even 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 and water produced on said land for lessee's operation thereon, except water from the wells of lessor.

When requested by lessor, lessee shall bury lessee'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 damages caused by lessee's operations to growing crops 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 of 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, 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, 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 160 acres each in the event of an oil well, or into a unit or units not exceeding 640 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.

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

_____ _____

Lessor Lessor

ACKNOWLEDGEMENT FOR INDIVIDUAL

STATE OF: _____

COUNTY OF: _____

The foregoing instrument was acknowledged before me this _____ day of _____, 2022

By:

My commission expires: _____ _____

Notary Public

ACKNOWLEDGEMENT FOR CORPORATION

STATE OF: _____

COUNTY OF: _____

The foregoing instrument was acknowledged before me this _____ day of _____, 2022

By:

of

My commission expires: _____ _____

Notary Public

COPAS

EXHIBIT " C "

Attached to and made a part of The Simon Says Unit – Operating Agreement

ACCOUNTING PROCEDURE
JOINT OPERATIONS

I. GENERAL PROVISIONS

1. Definitions

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

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

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

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

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

"Parties" shall mean Operator and Non-Operators.

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

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

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

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

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

2. Statement and Billings

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

3. Advances and Payments by Non-Operators

Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding month's operation. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.

Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the rate of twelve percent (12%) per annum or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

4. Adjustments

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

5. Audits

A. Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the Joint Account for any calendar year within the twenty-four (24) month period following the end of such calendar year; provided, however, the making of an audit shall not extend the time for the taking of written exception to and the adjustments of accounts as provided for in Paragraph 4 of this Section I. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to the Operator. Operator shall bear no portion of the Non-Operators' audit cost incurred under this paragraph unless agreed to by the Operator.

6. Approval by Non-Operators

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

II. DIRECT CHARGES

Operator shall charge the Joint Account with the following items:

1. Rentals and Royalties

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

2. Labor

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

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

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

B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II. Such costs under this Paragraph 2B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Paragraph 2A of this Section II. If percentage assessment is used, the rate shall be based on the Operator's cost experience.

C. Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's costs chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II.

D. Personal Expenses of those employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II.

3. Employee Benefits

Operator's current costs of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II shall be Operator's actual cost most recently recommended by the Council of Petroleum Accounts Society.

4. Material

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

5. Transportation

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

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

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

C. In the application of Subparagraphs A and B above, there shall be no equalization of actual gross trucking cost of $200 or less excluding accessorial charges.

6. Services

The cost of contract services, equipment and utilities provided by outside sources, except services excluded by Paragraph 9 of Section II and Paragraph 1. ii of Section III. The cost of professional consultant services and contract services of technical personnel directly engaged on the Joint Property if such charges are excluded from the Overhead rates. The cost of professional consultant services or contract services of technical personnel not directly engaged on the Joint Property shall not be charged to the Joint Account unless previously agreed to by the Parties.

7. Equipment and Facilities Furnished by Operator

A. Operator shall charge the Joint Account for use of Operator owned equipment and facilities at rates commensurate with costs of ownership and operation. Such rates shall include costs of maintenance, repairs, other operating expense, insurance, taxes, depreciation, and interest on investment not to exceed eight per cent (8%) per annum. Such rates shall not exceed average commercial rates currently prevailing in the immediate area of the Joint Property.

B.. In lieu of charges in Paragraph 7A above, Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property . For automotive equipment, Operator may elect to use rates published by the Petroleum Motor Transport Association.

8. Damages and Losses to Joint Property

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

9. Legal Expense

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

10. Taxes

All taxes of every kind and nature assessed or levied upon or in connection with the Joint Property, the operation thereof, or the production therefrom, and which taxes have been paid by the Operator for the benefit of the Parties.

11. Insurance

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

12. Other Expenditures

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

III. OVERHEAD

1. Overhead - Drilling and Producing Operations

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

(X) Fixed Rate Basis, Paragraph 1A, or
( ) Percentage Basis, Paragraph 1B.

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 2A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the Overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property shall ( ) shall not ( ) be covered by the Overhead rates.

A. Overhead - Fixed Rate Basis

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

Drilling Well Rate $ 5,000.00 / well
Producing Well Rate $ 750.00 / well per month

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

(a) Drilling Well Rate

[1] Charges for onshore drilling wells shall begin on the date the well is spudded and terminate on the date the drilling or completion rig is released, whichever is later, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days.

[2] Charges for offshore drilling wells shall begin on the date when drilling or completion equipment arrives on location and terminate on the date the drilling or completion equipment moves off location or rig is released, whichever occurs first, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days

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

(b) Producing Well Rates

[1] An active well either produced or injected into for any portion of the month shall be considered as a one-well charge for the entire month.

[2] Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.

[3] An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.

[4] A one-well charge may be made for the month in which plugging and abandonment operations are completed on any well.

[5] All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.

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

B.

(2) Application of Overhead - Percentage Basis shall be as follows:
For the purpose of determining charges on a percentage basis under Paragraph 1B of this Section III, development shall include all costs in connection with drilling, redrilling, deepening or any remedial operations on any or all wells involving the use of drilling crew and equipment; also, preliminary expenditures necessary in preparation for drilling and expenditures incurred in abandoning when the well is not completed as a producer, and original cost of construction or installation of fixed assets, the expansion of fixed assets and any other project clearly discernible as a fixed asset, except Major Construction as defined in Paragraph 2 of this Section III. All other costs shall be considered as Operating.

2. Overhead - Major Construction

To compensate Operator for overhead costs incurred in the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Joint Property, Operator shall either negotiate a rate prior to the beginning of construction, or shall charge the Joint Account for Overhead based on the following rates for any Major Construction project in excess of $ 1 :

A. 5 % of total costs if such costs are more than $ 1 but less than $ 300,000 ; plus

B. 5 % of total costs in excess of $ 300,000 but less than $1,000,000; plus

C. 5 % of total costs in excess of $1,000,000.

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

3. Amendment of Rates

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

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

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

1. Purchases

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

2. Transfers and Dispositions

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

A. New Material (Condition A)

(1) Tubular goods, except line pipe, shall be priced at the current new price in effect on date of movement on a maximum carload or barge load weight basis, regardless of quantity transferred, equalized to the lowest published price f.o.b. railway receiving point or recognized barge terminal nearest the Joint Property where such Material is normally available.

(2) Line Pipe

(a) Movement of less than 30,000 pounds shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store nearest the Joint Property where such Material is normally available.

(b) Movement of 30,000 pounds or more shall be priced under provisions of tubular goods pricing in Paragraph 2A (1) of this Section IV.

(3) Other Material shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store or f.o.b. railway receiving point nearest the Joint Property where such Material is normally available.

B. Good Used Material (Condition B)

Material in sound and serviceable condition and suitable for reuse without reconditioning:

(1) Material moved to the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV.

(2) Material moved from the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged to the Joint Account as new Material, or

(b) at sixty-five percent (65%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged to the Joint Account as good used Material at seventy-five percent (75%) of current new price.

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

C. Other Used Material (Condition C and D)

(1) Condition C

Material which is not in sound and serviceable condition and not suitable for its original function until after reconditioning shall be priced at fifty percent (50%) of current new price as determined by Paragraph 2A of this Section IV. The cost of reconditioning shall be charged to the receiving property, provided Condition C value plus cost of reconditioning does not exceed Condition B value.

(2) Condition D

All other Material, including junk, shall be priced at a value commensurate with its use or at prevailing prices. Material no longer suitable for its original purpose but usable for some other purpose, shall be priced on a basis comparable with that of items normally used for such other purpose. Operator may dispose of Condition D Material under procedures normally utilized by the Operator without prior approval of Non-Operators.

D. Obsolete Material

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

E. Pricing Conditions

(1) Loading and unloading costs may be charged to the Joint Account at the rate of fifteen cents (15¢) per hundred weight on all tubular goods movements, in lieu of loading and unloading costs sustained, when actual hauling cost of such tubular goods are equalized under provisions of Paragraph 5 of Section II.

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

3. Premium Prices

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

4. Warranty of Material Furnished by Operator

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

V. INVENTORIES

The Operator shall maintain detailed records of Controllable Material.

1. Periodic Inventories, Notice and Representation

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

2. Reconciliation and Adjustment of Inventories

Reconciliation of a physical inventory with the Joint Account shall be made, and a list of overages and shortages shall be furnished to the Non-Operators within six months following the taking of the inventory. Inventory adjustments shall be made by Operator with the Joint Account for overages and shortages, but Operator shall be held accountable only for shortages due to lack of reasonable diligence.

3. Special Inventories

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

4. Expense of Conducting Periodic Inventories

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

Exhibit D:

Insurance Coverages

Minimum Coverage as follows: General Liability $1,000,000 each occurrence

Damage to rented premises $ 100,000 Med expenses $5,000

Personal and adv injury $1,000,000

General aggregate $2,000,000

Products $2,000,000

Exhibit E:

Simon Says Unit Development Plan

Summary: ***Initial Unit Operations Phase***

An initial exploratory well will be drilled at the location identified below as #1 in the SE/4 of Section 7, T5S–R33W. If this well is deemed commercial and is completed, production will be evaluated for a period of time to assess well economics. If Operator determines that the economics are satisfactory such that the estimated recovery of oil and gas substantially exceeds the cost of conducting such operation, and geologic conditions suggest additional wells should be drilled upon said lands to prevent waste and efficiently and economically drain said lands, then well locations #2 and then #3 will be drilled, which three wells together shall be the "Initial Unit Operations" phase of the Development Plan.

In the event the initial well is a dry hole, operator shall evaluate whether drilling of additional test well(s) in the unit is economically viable, within the time period as dictated by lease expiration within the unit.

These locations are approximate locations and may be changed due to geologic, topographic, and other considerations.

Summary: Subsequent Unit Operations Phase

If after the Initial Unit Operations phase Operator determines that geologic conditions suggest further development is necessary to fully develop the pool and substantially increase the ultimate recovery of oil in order to prevent waste, and the estimated recovery of oil and gas would substantially exceed the cost of conducting such operation, then Operator may propose to drill additional wells on unit lands herein referend to as the "Subsequent Unit Operations" phase (black stars on map).

Exhibit H:

to that certain Operating Agreement – Simon Says Unit

MEMORANDUM OF OPERATING AGREEMENT
AND NOTICE OF SECURITY INTEREST

This Memorandum of Operating Agreement and Notice of Security Interest is executed by Meridian Energy Inc., 1475 Ward Cir., Franktown, CO 80116, as Operator, to be effective on the Effective Date (as defined in the Operating Agreement).

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

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

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

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

Meridian Energy Inc.

By_____
Name:
Title:

ACKNOWLEDGMENT

STATE OF COLORADO)
) ss.
COUNTY OF ELBERT)

This instrument was acknowledged before me on this _____ day of _____, 20___, by _____, as _____ of Meridian Energy, Inc., a Colorado corporation, on behalf of said corporation.

_____
Notary Public

My commission expires:

Exhibit A

Leases and Lands

Exhibit B

Non-Operators

EXHIBIT D
to the Application of Meridian Energy, Inc. (#33937) for an order
authorizing the unitization and unit operation of the Simon Says Unit

Interest Owners, Mortgagees, and Offset Operator and Unleased Mineral Owners

Bradley John Fikan 600 S. Adams Ave Colby, KS 67701	Nathan A. and Amanda K. Franklin 22074 Rd. 23 Atwood, KS 67730
James Richard Ratcliff 8706 Magnetic St. El Paso, TX 79904	The Gay Zide Trust dated 12/6/12, POA H. Scott Beims 509 Main St. Atwood, KS 67730
Robert R. and Christa Ratcliff 9412 Savanna Ridge Dr. Austin, TX 78726	K & D Franklin Land LLC 21455 Rd. E Atwood, KS 67730
Jeffery Edwin Schalker 1507 East 41st Street Hibbing, MN 55746	Larry A. and Brigida Y. Aldrich PO Box 325 Atwood, KS 67730
Kimberly Ann Schalker 313 14th Ave. SE, Apt #4 St. Cloud, MN 56304	Lance and Brenda Leebrick 16801 Rd. H Atwood, KS 67730
Steven David Schalker PO Box 19482 Albuquerque, NM 87119	Katherine A. and Thomas Patrick Hayden 446 Feedlot Rd. Ellis, KS 67637
Fikan Farms Inc. 600 S. Adams Ave Colby, KS 67701	Phelps Family Trust 18222 Heaton Dr. Houston, TX 77084
Bertha M. Fikan 340 E Walnut St. Colby, KS 67701	Donn J. Miller 385 W. 6th St. Colby, KS 67701
	Montague Family Trust dated 12/18/2008, Pamela Jenks Montague, trustee 26505 Sierra Vista Mission Viejo, CA 92692

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of	)	Docket No. 22-CONS-3422-CUNI
Meridian Energy Inc. for an Order	)	
Authorizing the Unitization and Unit	)	CONSERVATION DIVISION
Operation of the Simon Says Unit	)	
to be located in Rawlins County, Kansas	)	License No. 33937

NOTICE OF APPLICATION

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

You and each of you are hereby notified that Meridian Energy, Inc. ("Meridian") has filed an Application with the Kansas Corporation Commission ("Commission") pursuant to K.S.A. 55-1301, et seq., seeking an order authorizing the unitization and unit operation of the Simon Says Unit ("Unit"). The area of the proposed Unit, which will be operated by Meridian, includes the N/2 and SE/4 of Section 7 and the N/2 SW/4 of Section 8, all in Township 5 South, Range 33 West, Rawlins County, Kansas.

Meridian proposes to unitize the oil and gas rights as to those depths from the stratigraphic top of the Topeka formation to the stratigraphic base of the Arbuckle formation, which based upon geophysical data are expected be encountered between the depths of 3,750' and 4,800' measured from surface. Meridian intends to conduct an exploratory and development drilling program to substantially increase the recovery of oil and gas and prevent waste, and will allocate oil and gas production from the Unit across four separate tracts on a fair, reasonable and equitable basis.

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

Jonathan A. Schlatter, #24848
MORRIS LAING EVANS BROCK
& KENNEDY, CHTD.
300 N. Mead, Suite 200
Wichita, KS 67202-2745
Office (316) 262-2671
Fax (316) 262-6226
Attorney for Meridian Energy, Inc.

CERTIFICATE OF SERVICE

I, Jonathan A. Schlatter, hereby certify that on this 9th day of May, 2022, I caused the original of the foregoing Application with its attached Exhibits A, B, C, and D, and the Notice of Application to be electronically filed with the Conservation Division of the State Corporation Commission of the State of Kansas, and caused true and correct copies of the same to be deposited in the United States Mail, first class, postage prepaid, and properly addressed to the parties listed on Exhibit D to the Application.

Jonathan A. Schlatter