

MID-CONTINENT ENERGY EXCHANGE

Oil & Gas Asset Auctions



Lot 13 Data Packet

Emberton 1-8

**Partial Working Interest in
Morton County, KS**

In this Document:

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Lot Summary

County/State: Morton County, KS

Legal Description: NE Sec 8-31S-40W

Lease Name: Emberton 1-8

Asset Type: Partial Working Interest

Gross Working Interest: 25%

Net Revenue Interest: 20.715725%

Monthly Income (6 mo): \$1,136.48

API: 15-129-21367

Lease #: 220562

Purchaser: Plains Marketing LP

Operator: Enterra Resources, LLC

Disclaimer: Bidders must conduct their own due diligence prior to bidding at the auction. Bidders shall rely upon their own evaluations of the properties and not upon any representation either oral or written provided here. This is a summary of information provided by the seller to Mid-Continent Energy Exchange.



Income and Expenses

Summary

6 months income info

Gross Income:	\$9,104.74
Gross Expense:	\$2,285.89
 TOTAL:	 \$6,818.85
 Per Month:	 \$1,136.48

May 9, 2005

Mr Clay Shamblin
Chesapeake Operating, Inc.
P. O. Box 18496
Oklahoma City, Oklahoma 73154

Re: Emberton 1.8 – Notice of Payout
Section 8-31 S-40W
Morton County, Kansas

Dear Clay:

Please consider this letter my election to convert my overriding royalty interest to a 25% proportionately reduced working interest, pursuant to the farmout agreement dated December 15th, 1994.

Sincerely,

405-879-8000
870-3000
878-3000



PO Box 18496
Oklahoma City, OK 73154
405-879-9333

MAY 30

April 9, 2005

Re: Emberton 1-8 – Notice of Payout

Section 8-31S-40W
Morton County, Kansas

Dear :

Please be advised the Emberton 1-8 well paid out 100% effective May 1, 2004. Pursuant to that certain farmout agreement dated December 15, 1994, by and between J.M. Huber Corporation ("Huber") and Hugoton Energy Corporation whereby Huber reserved the option to convert their overriding royalty interest into a twenty-five percent (25.0%) proportionately reduced working interest. Chesapeake Operating, Inc. ("Chesapeake") hereby requests that Colonial Royalty Company, L.L.C., as successor to Huber, make their election to either retain their current overriding royalty interest or convert to a 25.0% proportionately reduced working interest. Your written election is required within 45 days of receipt of this letter. Failure to timely elect shall be deemed as an election to not convert your current overriding royalty interest.

Sincerely,

Chesapeake Operating, Inc.


Clay Shamblin

W:\NWMidcon\Operated Wells\Emberton 1-8 (8-31S-40W)\Emberton 1-8 payout.doc

FA+
405-879-9558
9317

J. M. HUBER CORPORATION

OIL AND GAS DIVISION
1900 WEST LOOP SOUTH • SUITE 1600 HOUSTON, TEXAS 77027

(713) 871-4400

October 28, 1994

Hugoton Energy Corporation
301 North Main, Suite 1900
Wichita, Kansas 67202

Re: Farmout Letter Agreement
Williams Prospect
Morton County, Kansas
61-N-345-X

Gentlemen:

This letter will evidence the agreement between HUGOTON ENERGY CORPORATION, hereinafter referred to as "Operator", and J. M. HUBER CORPORATION, hereinafter referred to as "Huber", relative to the acquisition by Operator of an interest in Huber's oil and gas leasehold estates covering the following described land in Morton County, Kansas, to wit:

Township 31 South, Range 40 West
Section 8: All

(said land and the leases thereon being hereinafter sometimes referred to as "lease acreage").

The terms, covenants and conditions of this agreement are as follows:

1. Test Well

On or before February 1, 1995, Operator shall commence or cause to be commenced, the actual drilling of a test well for oil and/or gas at a legal location in the S/2 of Section 8 of the lease acreage (such well being hereinafter called the "test well"), and shall thereafter drill said well without unnecessary delay and in a workmanlike manner to a depth sufficient to test adequately the St. Louis formation, expected to require the drilling of the test well to a depth of five thousand seven hundred feet (5,700') below the surface. Operator shall complete the test well within sixty (60) days from commencement of the actual drilling thereof.

2. Continuous Drilling

In the event the test well is completed either as a dry hole or a producer of oil and/or gas, Operator shall conduct a continuous drilling program on the remaining lease acreage by not allowing more than ninety (90) days to elapse between the date of the completion of one well (the first of which shall be the completion date of the actual drilling of the test well) as a producer or a dry hole and the date of the commencement of the actual drilling of another well until such time as Operator has fully developed the lease acreage (such well or wells being hereinafter called "development well(s)"). The lease acreage shall be considered fully developed when all of the lease acreage has been included in a proration unit or when Operator has earned all of the lease acreage permissible under this agreement. Each development well shall be drilled in a workmanlike manner to the same depth as required in the test well and shall be completed on or before thirty (30) days from commencement of the actual drilling of each development well.

If Operator fails to drill the test well or any development well on the lease acreage in accordance with the time requirements and depth limits herein set out, this agreement shall automatically terminate as to all unearned lease acreage.

3. Substitute Well

If, in the drilling of any well provided for herein, mechanical difficulties arise or practically impenetrable substances are encountered which render further drilling impossible or impracticable, Operator may abandon the well and within ten (10) days commence a substitute well therefor at a mutually agreeable location. Any substitute well so commenced shall be drilled to the same depth and in the same manner as is required for such well provided for hereinabove, and the drilling and completion thereof shall have the same effect hereunder as would the drilling and completing of such well.

4. Drilling and Cost of Well

The entire cost, risk and expense of drilling, testing, completing and/or plugging, if dry, any well drilled hereunder shall be borne exclusively by Operator. Such well shall be drilled and/or plugged and abandoned in compliance with all valid rules, orders, regulations and laws of state, local or federal authorities and in accordance with approved drilling practices.

Operator shall test to the satisfaction of Huber all formations which would appear promising of being productive of oil or gas to a reasonably prudent operator. Huber shall at all times have full and complete access to the derrick floor and to all information obtained in the drilling and testing of any well drilled hereunder.

Operator shall:

- (a) Notify Huber when any well is staked;

- (b) Notify Huber when the actual drilling is commenced;
- (c) Notify Huber when any well has been drilled to contract depth so that Huber shall have the opportunity, if it so desires, to measure the depth of the well;
- (d) Furnish Huber a copy of the geologist's report and a certified copy of all forms filed with proper state authorities;
- (e) Fully comply with all the terms and requirements set out in Exhibit "A", attached hereto and made a part hereof.

A well shall be drilled into all known or expected producing horizons only after Huber has been given sufficient time to have a representative present to witness such drilling; and in the event of an unexpected encountering of a prospective producing horizon, Operator shall notify Huber by telephone, telegram or FAX, fully prepaid, in sufficient time for Huber to have a representative present to witness the testing of such formation thus encountered prior to drilling ahead.

Operator shall indemnify, hold harmless and defend Huber against any and all claims, liens, demands, costs, loss, liability or damage suffered by Huber, including attorney fees, litigation and cost of investigation arising out of or associated in any way with Operator's operations or operations by those having a contractual relationship with Operator on the lease acreage, Operator's plugging and abandoning of its wells or any previously plugged well on the lease acreage, Operator's use and disposal of produced water, wastes or substances associated with Operator's operations on the lease acreage, and Operator's generation, processing, handling, transportation, storage, treatment, marketing, use, disposal or release of oil, gas, liquids or other petroleum substances, waste material or any hazardous substance, pollutant or contaminant referred to in CERCLA 42 USCA § 9601 on the lease acreage. Operator's obligations under this paragraph are continuing obligations which shall continue in effect and be enforceable by Huber even after the termination of this agreement or the leases related to this agreement.

5. Titles

Huber does not warrant title to the lease acreage in any manner nor does it make any representation with regard to any presence or lack of federal jurisdiction and/or regulation of the lease acreage or the oil, gas and minerals sold therefrom; but it will, upon request, furnish Operator with a copy of such title papers and other relevant papers as it has in its files. There shall be no obligation on the part of Huber to furnish any new or supplemental abstracts of title nor to do any curative work in connection with title to said acreage or in connection with any previous contracts affecting the lease acreage not reflected in Huber's files. Operator shall furnish Huber a copy of any title opinion covering the lease acreage obtained by Operator.

Operator shall have thirty (30) days after date Operator accepts this agreement within which to accept or reject title, and title shall be deemed to be accepted unless rejected in writing within such time. In the event that Operator rejects title, this agreement shall terminate forthwith and each party shall be released therefrom.

6. Assignments

A. Proration Unit

Upon completion of the test well and/or development well, as a well capable of producing oil and/or gas in paying quantities, upon full compliance with the terms of this agreement, and upon written request, Huber shall execute and deliver for acceptance by Operator, an assignment of all Huber's right, title and interest in and to the oil and gas leases covering the lease acreage within the proration unit for the test well and/or development well.

B. General Provisions

The term "proration unit" as used herein shall mean that portion of the lease acreage allocated by Operator for production purposes to the test well and/or development well. The proration unit for an oil well shall not exceed 160 acres and shall include only acreage within the quarter section where such well is located. The proration unit for a gas well shall not exceed 320 acres unless it is completed in the Permian, then it shall not exceed 640 acres.

The term "paying quantities" as used herein shall mean the production of oil and/or gas from a well in sufficient quantities to pay a profit over operating and marketing expenses after payment of the Lessor's royalty, but excluding drilling, completing, testing and equipping costs of such wells.

Any assignment made hereunder shall be limited to and only assign such lease acreage from the surface to one hundred feet (100') below the total depth drilled in the test well and/or development well. All of the above assignments shall be made without warranty of title, either express or implied, and without representation with regard to any presence or lack of federal jurisdiction and/or regulation of the lease acreage or the oil, gas and minerals sold therefrom. Said assignments shall be made subject to all royalties, overriding royalties, production payments or other burdens against the lease acreage assigned. Said assignments shall further provide that if Operator desires to surrender, let expire, abandon or release all or any part of Operator's rights in the lease acreage, Operator shall notify Huber not less than sixty (60) days in advance of such surrender, expiration, abandonment or release and if requested to do so by Huber, Operator shall immediately reassign such rights in the lease acreage to Huber.

7. Reservations

Huber shall except and reserve in any assignment due Operator hereunder all leasehold rights below the depth so assigned. Huber shall further except and reserve in any assignment of the proration unit an overriding royalty of twenty-three percent of eight-eighths (23% of 8/8) of all oil, gas, condensate, distillate and other gaseous and vaporous hydrocarbon substances produced, save and sold from or attributable to the proration unit pursuant to the provisions of the leases thereon. Said overriding royalty shall bear, absorb and be reduced by all royalties, overriding royalties or other similar outstanding burdens against the proration unit of record as of the date hereof. Said overriding royalty shall be free and clear of all costs of development, production, operations, gathering and marketing but shall bear its proportionate part of all severance, production, gathering, windfall profits and any other like taxes measured by production. Said overriding royalty shall provide for proportionate reduction in the event the leases covering the proration unit or Huber's interest therein covers less than the full oil and gas leasehold interest. Said overriding royalty shall apply to and burden any renewal, extension or subsequent new lease covering all or portions of the lease acreage obtained by Operator or acquired through assignment to Operator. Such renewal, extension or acquired lease shall include only a lease taken within six (6) months after the end of the lease term, and/or any extension, renewal or substitute lease taken or acquired by Operator during the lease term.

8. Conversion Option

Upon payout of each well drilled hereunder, Operator shall immediately notify Huber in writing, and at Huber's option and request, Operator shall promptly assign to Huber, effective as of the date of said payout of such well, an undivided twenty-five percent (25%) of the right, title and interest acquired from Huber hereunder in and to the proration unit, together with a like interest in such well and equipment thereon, at which time Huber will relinquish its overriding royalty interest reserved hereinabove. The term "payout" as used herein shall occur at such time as Operator shall have recovered from the total production from any well drilled hereunder a sum equal to the total cost of drilling, testing, completing, equipping and operating such well while said costs are being recovered (after deducting from said production all royalties, overriding royalties, windfall profit taxes and production taxes). Such assignment shall be made subject to any outstanding burdens on the proration unit created prior to the date hereof, but said assignment shall be made free and clear of any burdens, liens or encumbrances placed upon the proration unit, well or well equipment subsequent to the date hereof. Huber's option shall apply independently to each well when payout of such well occurs. Huber's option shall apply to any replacement or additional wells drilled on the lease acreage or proration unit. Operator shall furnish Huber with quarterly reports of all production from each well drilled hereunder and proceeds derived from the sale thereof, together with a statement of the above mentioned costs relative to each well. —

9. Operating Agreement

All operations by the parties hereto necessary and proper for the development, operation, production and maintenance of the lease acreage or any part thereof, shall be conducted in accordance with the terms and conditions of the Operating Agreement attached as Exhibit "B" hereto and made a part hereof. Said Operating Agreement shall be effective as to the Contract Area described therein when Huber has elected to convert its overriding royalty to a working interest as provided for herein.

However, for the purpose only of computing the wage index adjustment provided for in Paragraph III 1.A(3) of the COPAS Accounting Procedure attached as Exhibit "C" to said Operating Agreement, the effective date of said Operating Agreement shall be the date hereof.

If any provision of said Operating Agreement should be inconsistent with any provision contained in the body of this agreement, the provisions in this agreement shall prevail.

10. Insurance

Operator, its contractors and subcontractors, shall carry insurance hereinafter described with companies satisfactory to Huber to cover the drilling, testing and completing of any well drilled hereunder and all operations in connection therewith; and Operator shall furnish Huber with certificates of insurance showing the following insurance coverage:

- (a) Workman's Compensation and Occupational Disease Insurance as required by the laws of the state or states in which operations will be conducted and Employer's Liability Insurance with a limit of at least \$100,000.
- (b) Comprehensive General Public Liability Insurance, excluding products liability insurance, covering bodily injury and property damage with a combined single limit of at least \$500,000.
- (c) Automobile Public Liability Insurance covering bodily injury and property damage with a combined single limit of at least \$500,000 for all automotive equipment used in the performance of work under this agreement.

11. Rentals and Shut-in Payments

All delay rentals falling due subsequent to the date of this letter agreement and prior to the date of any assignment hereunder, or termination of this agreement, shall be paid

by Huber, and Operator agrees to reimburse Huber for one hundred percent (100%) of the total amount of such rentals paid by Huber within fifteen (15) days after receiving Huber's billing therefor. All delay rentals falling due subsequent to the date any assignment is earned hereunder shall be paid by Operator. Huber shall diligently attempt to make proper payment of all delay rentals but shall not be held liable in damages or otherwise for failure to make such payments provided Huber acts in good faith.

All shut-in well payments which may be due on the lease acreage shall be paid by Operator at its sole expense until the attached Operating Agreement becomes effective, at which time any shut-in payments due will be paid pursuant to the Operating Agreement.

12. Renewals or Extensions

There shall be no duty or liability on Huber to renew or extend any lease subject to this agreement. However, if Operator desires to renew or extend any such lease, Operator shall do so at its sole cost and expense. Such renewal or extension shall be in Huber's name and shall be subject to this agreement. If Operator was not able to acquire such lease in Huber's name, Operator shall promptly upon such acquisition assign to Huber all of Operator's interest in such lease free and clear of any liens, burdens or encumbrances. If such lease is not renewed or extended by or for the benefit of Operator on or before thirty (30) days from the expiration date of such lease, then such lease shall no longer be subject to this agreement; and if Huber thereafter acquires an interest in such lease acreage, Operator shall have no rights therein pursuant to the terms of this agreement.

13. Assignability and Effect of Agreement

This agreement shall not be assigned in whole or in part without the written consent thereto of Huber obtained prior to such assignment. Any such assignment shall make specific reference to this agreement, and the assignee shall agree in writing to be bound by the provisions of the agreement. This agreement shall not create, nor shall it be construed as creating a partnership or joint venture. The terms, covenants and conditions hereof shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, personal representatives, successors and assigns.

14. Notices

All notices, reports, samples, logs or other information required hereunder shall be given, postage and charges fully prepaid, as set forth in Exhibit "A", attached hereto and made a part hereof.

15. Time is of the Essence

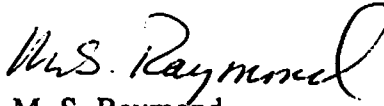
Time is of the essence hereof, and if the operations specified are not commenced by the commencement date and completed by the completion date to the depth and in the

manner herein provided, or if Operator has not timely complied with each and all of the terms and provisions of this agreement, Huber shall be relieved of any and all obligations to make any assignment of the acreage herein specified or any part thereof, and this agreement shall terminate. The completion date of a well drilled hereunder shall be the date the same is permanently plugged and abandoned in accordance with applicable laws, rules and regulations, if a dry hole, or the date of completion of the production test for official potential test purposes, if a producer.

If the above and foregoing is acceptable to you, please indicate your acceptance in the space provided below and return two (2) executed copies to J. M. Huber Corporation, 7120 I-40 West, Suite 232, Amarillo, Texas 79106, to the attention of Corky Sayles.

Yours very truly,


J. M. HUBER CORPORATION
Oil and Gas Division


M. S. Raymond
Vice President
Sg

R/g

AGREED TO AND ACCEPTED this
10th day of November, 1994.

HUGOTON ENERGY CORPORATION*

By: 
Randall K. Click
Manager of Land and Contracts

- * Hugoton Energy Corporation's execution hereof is subject to the terms and conditions of that certain Conditional Letter of Acceptance dated December 15, 1994, and attached hereto.

EXHIBIT "A"

Geological Requirements

1. Allow representative of J. M. Huber Corporation full and free access to the derrick floor, and access to all information including the right to examine samples, cores and observe all tests and producing operations of said well.
2. Furnish daily progress reports of the well either by telephone or telecopier to Huber's Amarillo office (Fax (806) 353-7180). In addition, a copy of the daily report should be mailed to J. M. Huber Corporation, 7120 I-40 West, Suite 100, Amarillo, Texas, 79106.
3. Notify Huber by telephone so that a representative may be present to witness spudding of well, coring, drill-stem tests, running of any electric logs and plugging.
4. Furnish two cuts of ten (10) foot samples from the base of the intermediate casing to total depth. One cut is to be sent to the the pertinent state agency, if that agency requests samples. The other sample cut is to be available at the wellsite for examination by Huber representatives. After a total depth is reached, this cut and a full length slice of any cores taken through the services of a reputable sample service, unless non-operator elects to take such core samples itself, is to be sent to J. M. Huber Corporation, 7120 I-40 West, Suite 232, Amarillo, Texas, 79106.
5. Furnish one (1) copy of the mud log to be mailed daily, plus two (2) final prints of the mud log, if a mud logging unit is used.
6. Furnish two (2) copies of Core Analysis reports and Drill-Stem test charts.
7. Furnish five (5) prints of all electrical or other surveys run on said well. Adequate down hole surveys must be run so that porosity and water saturations of all potential pay horizons can be made for formation evaluation. A sonic log will be run from the base of the surface pipe to total depth. Copies of magnetic tapes of all wireline surveys are required by Huber (tape copies to be furnished at Huber's expense). All tapes must be furnished by farmee regardless of the outcome of the well. Tape copies should be mailed direct, and invoiced for, by logging company to Huber. Logging tapes to be provided in LIS-9 track format at 1600 BPI.
8. Furnish two (2) copies of all fluid analysis secured from formation tests including water samples whether obtained on a drillstem test or by swabbing or other production tests.
9. Furnish one copy of all bottom hole pressure and temperature surveys.

10. Furnish one copy of all government permits and forms filed with appropriate state commission.
11. Furnish a weekly recap of daily production information, oil, gas and water for four (4) weeks after completion of the well as producer, thereafter, copies of monthly production reports filed with the State.
12. Secure Huber's approval to plug and abandon said well. Clearance to plug and abandon will not be granted until the objective depth or formation has been reached, unless otherwise authorized, nor until open hole logs have been reviewed. Authorization to plug will be obtained from Mr. R. R. Glenn, or his designated representative.
13. In the event that a "Check Shot Survey" is run by you or anyone other than Huber, you agree to permit Huber to participate in the survey by paying a proportionate share to be determined on the basis of the number of parties participating in the survey. Trading and sales rights to the survey shall be owned jointly by all parties participating in the survey. The sonic log referred to in paragraph number seven (7) above is a separate log and is not to be confused with the Check Shot Survey referred to in this paragraph. The sonic log is required to be run on each and every well, where as the Check Shot Survey is not a mandatory requirement.

Huber shall have the option to conduct a Check Shot Survey upon written request in any well in which you decline to do so. You agree to give Huber adequate notice (a minimum of 48 hours) of your intention not to run such a survey so that Huber will have ample time to get the necessary personnel and equipment on the rig location and exercise its option to run the survey. Any such survey conducted by Huber will be run at its sole risk and expense and Huber agrees to pay all standby rig time attributable to the running of such survey. Huber will retain all trading and sales rights to any survey run at its expense and shall not be obligated to furnish you any information or data concerning such a survey, except to furnish you with a copy of the survey by a normal trade or sale agreement.

In complying with an item listed above, by telephone call the Geological Department, Amarillo, Texas, 806/353-9837. After hours or on Saturday, Sunday, or holidays, notify one of the following persons in Amarillo, Texas:

Jerel W. Pierce, Dist. Expl. Mgr.	(806) 352-5232
Robert R. Glenn, Dist. Prod. Mgr.	(806) 352-4885
	(Fax) (806) 353-7180
Jim Price , Geologist	(806) 359-5506
Dave Beech, Geologist	(806) 358-9080



HUGOTON ENERGY CORPORATION

December 15, 1994

J. M. Huber Corporation
7120 I-40 West, Suite 100
Amarillo, Texas 79106

Attention: Mr. Lloyd A. Sayles

Re: Conditional Letter of Acceptance to
Farmout Letter Agreement dated
October 28, 1994 covering Section 8-31S-40W,
Morton County, Kansas, Williams Prospect
Huber Lease No. 61-N-345-X

Gentlemen:

This Conditional Letter of Acceptance when executed by Hugoton Energy Corporation ("Operator") and J. M. Huber Corporation ("Huber"), shall serve to amend that certain Farmout Letter Agreement dated October 28, 1994 by and between Operator and Huber, as stipulated below:

- 1) Page 1, Article I., line 2, delete "S/2" and insert "NE/4".
- ~~2) Page 2, Article II., first paragraph, line 1, delete the words "either" and "or a producer of oil".~~
- ~~3) Page 2, Article II., first paragraph, line 2, delete the words "and/or gas".~~
- ~~4) Page 2, Article II., first paragraph, line 5, delete the words "producer or a".~~
- ~~5) Page 2, Article II., first paragraph, line 7, after the words "development well(s)", insert the following sentence: "In the event the test well is completed as a producer of oil and/or gas, Operator shall conduct a continuous drilling program on the remaining lease acreage by not allowing more than one hundred and twenty (120) days to elapse between the date of the completion of one well (the first of which shall be the completion date of the actual drilling of the test well) as a producer and the date of the commencement of the actual drilling of another well until such time as Operator has fully developed the lease acreage (such well or wells being hereinafter called "development well(s))."~~
- 6) Page 2, Article IV., second paragraph, line 3, after the word "times", insert "and at its sole risk and liability,".

WAP


- 7) Page 3, Article IV., last paragraph, line 13, after the word "agreement", add the following sentence: "Nothing herein shall be construed in such a manner so as to obligate or require Operator to assume any liability whatsoever in connection with wells on the lease acreage, or acreage unitized therewith, which were drilled prior to October 28, 1994."
- 8) Page 5, Article VIII., line 6, after the word "hereinabove", add the following sentence: "Upon Huber's receipt of payout notification from Operator as noted above, Huber shall have forty-five (45) days in which to elect to convert its overriding royalty interest to its proportionate part of an undivided twenty-five percent (25%) working interest. Failure by Huber to respond within said forty-five (45) day period shall constitute an election not to so convert its overriding royalty interest. ~~Any such conversion shall become effective as of 7:00 A.M. on the first day of the month following the month in which payout occurred.~~"
- ~~9) Exhibit "B", Operating Agreement, Page No. 2, line 15, do not delete "to the extent of" and insert "one eighth (1/8th) royalty" in the blank.~~

Except for the amendments hereinabove described, all other terms and provisions of said Farmout Letter Agreement shall remain the same.

If this amendment is acceptable, please return one (1) executed copy of this letter to the attention of the undersigned at the above address.

Very truly yours,

HUGOTON ENERGY CORPORATION


Randall K. Click
Manager of Land and Contracts

AGREED TO AND ACCEPTED THIS 23rd **DAY OF JANUARY 1995.**

J. M. HUBER CORPORATION

By: 
M. S. Raymond
Name: Vice President, Oil & Gas Division



Production





EMBERTON 1-8 220562

Lease #: 220562

Lease and Production Information

State	County	Operator			
KS	MORTON	ENTERRA RESOURCES, LLC			
Location	Meridan	Quarter Call	Formation	Horizontal	Production Months
8-31S-40W	6th (west -96.28)		UPPER KEARNY MEMBER	No	309
			Oil	Gas	
First Prod Date			1995-08-01		
Last Sale			2021-04-01		
Daily Rate			18.71		
MoM Change			-27		
YoY Change			606		
Cumulative			436110		

Production Snapshot

Month	BOPM	MCFCPM
05-2020		632
06-2020		595
07-2020		615
08-2020		594
09-2020		619
10-2020		594
11-2020		499
12-2020		469
01-2021		559
02-2021		501
03-2021		607
04-2021		580
Average		572

Annual Averages

Year	Avg BOPM	Avg MCFCPM
2017		763
2018		759
2019		467
2020		580
2021		562



EMBERTON 1-8 220562 - Production Plot





EMBERTON 1-8 220562

Associated Wells

Total Well Count: 1

Well Name		API		Operator		Type	Status
EMBERTON 1-8		15129213670000		ENTERRA RESOURCES, LLC		O&G	Producing
Location	Spot	Foot-NS	Foot-EW	Foot-ref	Zone		
8-31S-40W	SE NE	3300	-660	SE	MRW L		
Spud	Completion		First Production				
1995-01-30	1995-04-05						
Elevation	MD	TV-TD	Cmpl-Top	Cmpl-Btm	PBTD	Drill-Dir	Lateral
3322 KB		5700					



Maps

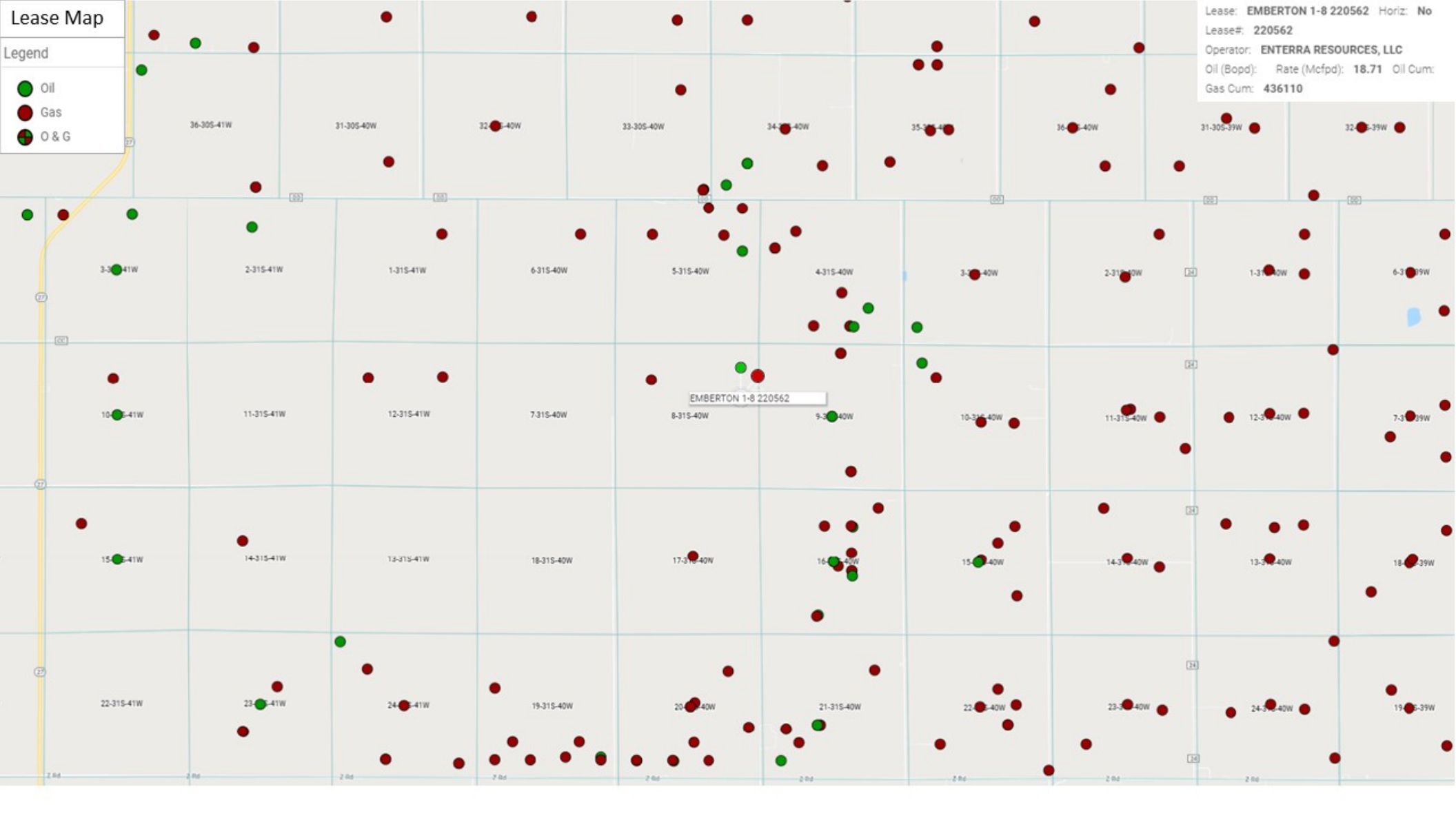


Lease Map

Legend

- Oil
- Gas
- O & G

Lease: **EMBERTON 1-8 220562** Horiz: **No**
Lease#: **220562**
Operator: **ENTERRA RESOURCES, LLC**
Oil (Bopd): Rate (Mcfpd): **18.71** Oil Cum:
Gas Cum: **436110**





Misc.





DIVISION ORDER

To: Plains Marketing L.P.
P.O. Box 4648
Houston, TX 77210-4648

Property Name: EMBERTON 1-8
Operator: ENTERRA RESOURCES LLC
County and State: MORTON, KS
Production: OIL / CONDENSATE (GAS)

Date: 11/05/2019
Property Descr: SEE EXHIBIT 'A'
Effective 7 A.M.: 10/01/2019

Decimal Interest: 0.20715725
Type of Interest: WI
WORKING INTEREST

Owner Number

0535051

Property Number:

01 222917

Owner Name
and Address:

[Correspondence Address]

[Remittance Address]

The undersigned severally and not jointly certifies the ownership of their decimal interest in production or proceeds as described above payable by Plains Marketing, L.P. (hereinafter called "Payor").

Payor shall be notified, in writing, of any change in ownership, decimal interest, or payment address. All such changes shall be effective the first day of the month following receipt of such notice.

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned. The undersigned agrees to reimburse Payor any amount attributable to an interest to which the undersigned is not entitled. Unless otherwise required by law, Payor shall not be required to pay interest on payments withheld due to a title dispute or adverse claim.

Payments of less than \$25.00 may be accrued before disbursement until the total amount equals \$25.00 or more, or until December 31 of each year, whichever occurs first.

This Division Order does not amend any lease or operating agreement between the undersigned and the lessee or operator or any other contracts for the purchase of oil or gas.

The undersigned will be paid in accordance with the division of interests set out above. As to oil and/or condensate, the Payor shall pay all parties at the price agreed to by the operator for oil and/or condensate to be sold pursuant to this division order. Payor shall compute quantity and make corrections for gravity and temperature and make deductions for impurities. As to gas, the undersigned will be paid in accordance with the division of interest set forth herein. The Payor will pay all parties for their respective interest in the gas proceeds paid to Payor by the operator for disbursement at the price and upon the terms agreed to by the operator for the gas marketed by the operator. Payor is a disbursement service provider only and does not purchase the gas nor take title to the gas. The operator is responsible for marketing gas produced from the property described in the attached property description. Payor does not assume any obligations of the lessee or operator under any oil and gas lease, gas sales contract or other agreement to which Payor is not a party.

In addition to the terms and conditions of this Division Order, the undersigned and Payor may have certain statutory rights under the laws of the state in which the property is located.


Special Clauses/Requirements: If applicable, see Exhibit 'A'.

Owner Social Security #
or Taxpayer ID #:

Owner Daytime Telephone #:

Owner FAX #:

Email Address:

Owner BY
Signature: 

TITLE 

FEDERAL LAW REQUIRES YOU TO FURNISH YOUR SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER.
FAILURE TO COMPLY WILL RESULT IN 24% TAX WITHHOLDING AND WILL NOT BE REFUNDABLE BY PAYOR.

(DO NOT DETACH FROM PAGE ONE OF DIVISION ORDER)

EXHIBIT 'A'

PROPERTY NUMBER: 01 222917

OWNER: 0535051

<u>OWNER</u>	<u>NAME/ADDRESS</u>	<u>SSN/TIN</u>	<u>INTEREST</u>	<u>TYPE</u>	<u>PAY ST</u>	<u>EFFECTIVE</u>	<u>CLAUSES</u>	<u>REQUIREMENTS</u>
0535051			0.20715725	WI	53	10/01/2019	1	N/A

CLAUSES

- 1 EFFECTIVE 10/01/2019 PRODUCTION, PLAINS MARKETING, L.P. WAS DESIGNATED AS OIL PURCHASER FOR THE EMBERTON 1-8 LEASE BY THE OPERATOR, ENTERRA RESOURCES LLC. THIS DIVISION ORDER WAS PREPARED BASED ON A PAYSHEET PROVIDED BY ENTERRA RESOURCES LLC.

LEGAL DESCRIPTION

08-31S-40W, MORTON COUNTY, KANSAS.

OWNER NUMBER: 0535051

INSTRUCTIONS TO ALL INTEREST OWNERS
READ CAREFULLY BEFORE SIGNING DIVISION ORDER.

FAILURE TO COMPLY WITH THESE INSTRUCTIONS WILL DELAY PAYMENT. THE ATTACHED DIVISION ORDER SHOULD NOT BE ALTERED IN ANY WAY UNLESS ACCOMPANIED BY DOCUMENTARY EVIDENCE TO SUPPORT THE CHANGE.

Signature:

Individuals

Sign name as shown on the instrument. Have the signature witnessed by at least one person not related to the party signing.

Corporations

If signing for a corporation, signature must be attested, corporate seal affixed, and title of signatory party shown. If not previously furnished, a certified copy of authority of executing officer must be submitted.

Partnerships

If signing for a partnership, all partners must sign unless signed by an authorized partner and a certified copy of his authority furnished.

Signature by Second Party

If the instrument is signed by an agent, attorney-in-fact, guardian, estate representative, trustee or any party other than the named interest owner, evidence of the rights vested in the signatory party must be provided.

Taxpayer ID or Social Security Number

Insert your number in the space provided. Failure to provide this information may result in backup withholding at the rate of 24%. This information must be shown on this Division Order even if it has been previously provided.

State Tax Exempt

Please advise immediately if the interest is owned by a tax-free entity and provide our office with a copy of the applicable state form. State taxes will be deducted if you fail to enclose documentation supporting your tax-exempt status.

Correspondence Address

Indicate in the space provided the address to which correspondence is to be mailed. Print or type. Do not abbreviate.

Remittance Address

Indicate in the space provided the address to which royalty checks are to be mailed. If you are already receiving checks from Plains Marketing, L.P., be sure to use the same address to which we are now mailing checks. For information about electronic deposit of your check, please call our Customer Relations Department toll free at 1-800-772-7589.

Change of Address

You should notify us promptly of any change in your mailing address. For your protection, please submit your address change to us in writing at the address below. If you should have any questions, please call our toll free Customer Relations line for assistance at 1-800-772-7589 or in the Houston area at 713-646-4460.

RETURN THE EXECUTED DIVISION ORDER AND EXHIBIT 'A' PROVIDED TO THE ADDRESS BELOW.
KEEP ONE COPY FOR YOUR RECORDS.

Plains Marketing L.P.
Attention: Division Order
P.O. Box 4648
Houston, TX 77210-4648

PLEASE NOTE THAT AN IMPROPERLY EXECUTED DIVISION ORDER WILL NOT BE PROCESSED FOR PAYMENT AND WILL BE RETURNED FOR PROPER EXECUTION.

Edison Operating Company, LLC
8100 E. 22nd St. N.
Bldg 1900
Wichita, KS 67226
(316)201-1744

Division Order

Date: 06/28/2018
Owner #: 645760

THIS AGREEMENT DOES NOT AMEND ANY LEASE OR OPERATING AGREEMENT BETWEEN THE INTEREST OWNERS AND THE LESSEE OR OPERATOR OR ANY OTHER CONTRACTS FOR THE PURCHASE OF OIL OR GAS.

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above.

TERMS OF SALE: The undersigned will be paid in accordance with the division of interests as set above. The payor shall pay all parties at the price agreed to by the operator for oil and gas to be sold pursuant to this division order. Purchaser shall compute quantity and make corrections for gravity and temperature and make deductions for impurities.

PAYMENTS: From the effective date, payments are to be made by checks of payor, its successors or assigns, based on this division of interest, less taxes required by law to be deducted and remitted by payor as purchaser. Payments of less than \$100 will be accrued before disbursement until the total amount equals \$100 or more, or once a year, whichever occurs first. Owner agrees to refund payor any amounts attributable to an interest or part of an interest that owner does not own.

INDEMNITY: The owner agrees to indemnify and hold payor, its successors and assigns, and its agents, servants and employees harmless from all liability resulting from payments made to the owner in accordance with said division of interest, including but not limited to, attorney fees or judgments in connection with any suit that affects the owner's interest in which payor is made a party.

DISPUTES-WITHHOLDING OF FUNDS: If a suit is filed that affects the interest of the owner, written notice shall be given to payor by the owner together with a copy of the complaint or petition filed. In the event of a claim or dispute that affects title to the division of interest credited herein, payor is authorized to withhold payments accruing to such interest, without interest unless otherwise required by applicable statute until the claim or dispute is settled.

TERMINATION: Termination of this agreement is effective on the first day of the month that begins after the 30th day after the date written notice of termination is received by either party.

NOTICES: The owner agrees to notify payor in writing of any change in the division of interest, including changes of interest contingent on payment of money or expiration of time. No change of interest is binding on payor until the recorded copy of the instrument of change or documents satisfactorily evidencing such change are furnished to payor at the time the change occurs. Any change of interest shall be made effective on the first day of the month following receipt of such notice by payor. Any correspondence regarding this agreement shall be furnished to the addresses listed unless otherwise advised by either party.

DEFAULT: If a working interest owner is in default in the payment of its share of the lease expenses, operator of the above lease, may withhold payment of any monies due the undersigned until operator has recovered all monies it is due for lease expenses.

In addition to the terms and conditions of this Division Order, the undersigned and Payor may have certain statutory rights under the laws of the state in which the property is located.

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in 30.5% tax withholding and will not be refundable by Payor.

Property #	Property Name	Interest	Type	County	Operator
218528	MILBURN 1C-16	0.20898438	W	MORTON, KS	EDISON OPERATING COMPANY, LL
218615	EMBERTON 1-8	0.20715725	W	MORTON, KS	EDISON OPERATING COMPANY, LL

Edison Operating Company, LLC
8100 E. 22nd St. N.
Bldg 1900
Wichita, KS 67226

06/28/2018

Re: **Division Order-**
Oil & Gas properties operated by Edison Operating Co.

Dear Interest Owner,

We are currently updating our records and you are receiving the enclosed division order as you are either a working interest owner or a royalty owner in an oil and gas well(s) that Edison Operating Co. distributes the revenue on.

Please review and complete the enclosed division order by signing, getting 1 witnessed signature, providing a tax id, and filling out the contact information. Return the fully executed division order labeled "Sign and return this copy" located at the bottom of the page to us at the address listed above. Keep the other division order labeled "keep record for your files" for your own records.

Thank you for your attention to this matter. Should you have any questions, please visit our website at www.edisonopco.com.

Respectfully,

Edison Operating Company
enclosures

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Bitte füllen Sie das Feld mit dem Namen des Empfängers aus. Der Name muss mit dem Namen des Auftraggebers übereinstimmen. Der Name des Auftraggebers ist auf der ersten Seite des Formulars angegeben.

with high confidence. The following are the most likely causes of the observed results:
1. The data is not representative of the population.
2. The data is not representative of the population.
3. The data is not representative of the population.
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HUGOTON ENERGY CORPORATION

TO <u>Judy Lindemann</u>	<u>12/20/95</u>
	DATE
COMPANY <u>G. M. Huber</u>	
	FAX NUMBER
FROM <u>Jo Rhone</u>	<u>8</u>
	PAGES TRANSMITTED

PLEASE CALL (316) 262-1522 IF THE COMPLETE DOCUMENT IS NOT RECEIVED

Following is the DOTO on the Emberton.
 Note page 6, paragraph FIFTH. I believe
 this will answer your question on the
 DRII. Will be in and out today, in
 all day tomorrow then vacation beginning
 12/22 till Jan 3. Let me know if you
 need anything else.

Jo

$$\begin{aligned} 5/32 \times 51.6\% &= .080625 \\ 3/16 \times 48.4\% &= .09075 \\ \hline &= .171375 \end{aligned}$$

$$23\% - .171375 = .058625\%$$

KAHRS, NELSON, FANNING, HITE & KELLOGG

ATTORNEYS AT LAW

SUITE 600 • 200 WEST DOUGLAS AVENUE
WICHITA, KANSAS 67202-3089

TELEPHONE (316) 265-7761

FAX (316) 267-7803

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ARTHUR B. CHALMERS
MARC A. POWELL
KIM R. MARTENS
LINDA S. PARKS
F. JAMES ROBINSON JR.
DON D. GRIBBLE, II
JOHN G. PIKE
VINCE P. WHEELER
ALAN R. PFAFF
DENNIS V. LACEY
DONALD N. PETERSON, II

DANA D. FREHEIM
TODD M. CONNELL
J. SCOTT POHL
LISA A. MCPHERSON
JEFFREY R. EMERSON
MARY E. GIOVANNI

OF COUNSEL:
H. W. FANNING
ROBERT HALL

W. A. KAHRS
(1904-1989)
ROBERT H. NELSON
(1904-1977)
DARRELL D. KELLOGG
(1931-1992)

LAND DEPT.
OCT 27 1995
RECEIVED

October 26, 1995

DIVISION ORDER TITLE OPINION

(Coover Lease)

RE: East Half (E/2) of Section Eight (8), Township Thirty-one (31)
South, Range Forty (40) West of the Sixth Principal Meridian,
Morton County, Kansas

FOR: HUGOTON ENERGY CO.
301 North Main, Suite 1900
Wichita, Kansas 67202

PRIOR OPINION(S):

1. Drilling Opinion dated April 13, 1995, covering the SE/4 of said Section Eight, prepared by the undersigned from abstracts certified through March 23, 1995, at 8:00 a.m.
2. Drilling Opinion dated January 6, 1995, covering the NE/4 of said Section Eight, prepared by the undersigned from abstracts certified through December 23, 1994, at 8:00 a.m.

We have examined the records pertaining to the above-captioned property as they appear from the numerical index maintained by the Register of Deeds of Morton County, Kansas, together with the records pertaining to said lands located in the offices of the Clerk of the District Court and the County Treasurer of said county, for the period from the last examination dates shown above to June 5, 1995, at 5:00 p.m. In addition thereto, we have examined:

ABSTRACTS:

None.

OTHER INSTRUMENTS:

None.

FEE SIMPLE TITLE:

1. **SURFACE RIGHTS:** The surface rights with respect to the above-captioned property appear to be vested as follows:

TRACT 1 (NE/4, Section 8-T31S-R40W)

MONZELLE EMBERTON	1/3
VON CEIL EMBERTON	1/3
MICHELLE EMBERTON	1/3

TRACT 2 (SE/4, Section 8-T31S-R40W)

LESLIE COOVER	ALL
---------------	-----

2. **MINERAL RIGHTS:**

- A. The royalty under the above-captioned property appears to be vested as follows:

TRACT 1 (NE/4, Section 8-T31S-R40W) (1/7 oil; 5/32 gas)

(61-4497)

MONZELLE EMBERTON	1/3
VON CEIL EMBERTON	1/3
MICHELLE EMBERTON	1/3

TRACT 2 (SE/4, Section 8-T31S-R40W)

(61-5037)

LESLIE COOVER (3/16 royalty)	15/16
EDWARD A. LITTLE (unleased)	1/16

- B. The leasehold estate under the above-captioned property appears to be vested as follows:

TRACT 1 (NE/4, Section 8-T31S-R40W) (6/7 oil; 27/32 gas)

J. M. HUBER CORPORATION 23%, less lease burdens, ORRI
HUGOTON ENERGY CORPORATION ALL WI

TRACT 2 (SE/4, Section 8-T31S-R40W)

J. M. HUBER CORPORATION 23%, less lease burdens
x 15/16 ORRI
HUGOTON ENERGY CORPORATION ALL WI X 15/16 WI
UNLEASED 1/16

- C. **PROCEEDS DISTRIBUTION:** Proceeds of production from the Emberton #8-1 well located in the NE/4 of said Section 34, pursuant to unitization in the case of gas production, should be distributed as follows:

Oil and casinghead gas

MONZELLE EMBERTON	.047619047
VON CEIL EMBERTON	.047619047
MICHELLE EMBERTON	.047619047
J. M. HUBER CORPORATION	.087142858
HUGOTON ENERGY CORPORATION	.770000000

Gas and condensate from gas wells

MONZELLE EMBERTON	.026875000
VON CEIL EMBERTON	.026875000
MICHELLE EMBERTON	.026875000
LESLIE COOVER	.090750000
EDWARD A. LITTLE	-0-
J. M. HUBER CORPORATION	.058625000
HUGOTON ENERGY CORPORATION	.770000000

TAXES:

Taxes for 1994 and all prior years are shown as paid in full.

ENCUMBRANCES:

None.

RIGHTS-OF-WAY:

None.

BASIC OIL AND GAS LEASE:**Lease No. 1:**

Date: June 2, 1988
Recorded: Book 44 at Page 344
Lessors: Evelyn Emberton, attorney-in-fact for
Von Ceil E. Bleess, Michelle E. Dorsey
and Monzelle E. McFaddin
Lessee: J. M. Huber Corporation
Description: NE/4, Section 8-T31S-R40W,
Morton County, Kansas
Royalty: Oil-1/7th
Gas-5/32nds
Unitization Clause: 640 acres as to gas.
Lesser Interest Clause: Yes.
Delay Rentals and Depository: Yes.
Shut-In Royalty Clause: Yes.
Special Clauses: Minimum damages; in-kind royalty;
termination at certain depths; royalty
1/7th oil, 5/32nds gas.
Extensions: Executed May 25, 1993, by Evelyn Emberton
as attorney-in-fact for the original lessors,
extending the primary term 3 years from
June 2, 1993, satisfying rentals through
June 2, 1994, recorded in Book 71 at
Page 21.
Ratification: 1. Executed September 14, 1989, by Kim
McFaddin, husband of Monzelle E.
McFaddin, recorded in Book 46 at Page
192.

61-4497

2. Executed January 24, 1995, by Mozelle E. McFaddin and Kim McFaddin, wife and husband, ratifying said lease as extended, recorded in Book 82 at Page 452.

Unitization: None.
Affidavit of Production: None.

Lease No. 2:

Date: June 24, 1993
Recorded: Book 71 at Page 437
Lessors: D. Allen Frame, Executor of the Estate of Marguerite Coover, Deceased
Lessee: J. M. Huber Corporation
Description: SE/4, Section 8-T31S-R40W
Morton County, Kansas
Royalty: Oil-3/16ths
Gas-3/16ths
Unitization Clause: 640 acres as to gas.
Lesser Interest Clause: Yes.
Delay Rentals and Depository: Yes.
Shut-In Royalty Clause: Yes.
Unitization: None.
Affidavit of Production: None.

61-5037

COMMENTS AND REQUIREMENTS:

FIRST: The Drilling Opinion dated January 6, 1995, covering the NE/4 of said Section 8, contained **COMMENTS AND REQUIREMENTS FIRST** through **FOURTH**. In that regard, we note the following:

FIRST: No change.

SECOND: No change.

THIRD: No change. Also, delay rentals would have become due on June 2, 1994 and June 2, 1995, in the absence of drilling or production.

FOURTH: Satisfied as to the marital status of Monzelle and Kim McFaddin, and as to their ratification of the lease extension. Otherwise, no change.

REQUIREMENT: Satisfy all prior **REQUIREMENTS**. Determine that any additional rentals that have become due have been timely paid.

SECOND: The Drilling Opinion dated April 13, 1995, covering the SE/4 of said Section 8, contained **COMMENTS AND REQUIREMENTS FIRST** through **SIXTH**. All remain unsatisfied. With regard to **REQUIREMENT THIRD**, additional delay rentals would have become due on June 24, 1995, in the absence of drilling or production.

REQUIREMENT: Satisfy all prior **REQUIREMENTS**. Determine that any additional rentals that have become due have been timely paid.

THIRD: The showing of title to the leasehold above, assumes assignment of the two leases from J. M. Huber Corporation to Hugoton Energy Company, with reservation of an overriding royalty as set out in the farmout agreement with Huber. No such assignment appears of record or has been furnished for examination.

✓ **REQUIREMENT:** Such assignment should be recorded and a copy furnished for examination. You should further determine that no instruments or proceedings have been recorded since our last examination that would affect title to said property or leases.

FOURTH: The showing of Proceeds Distribution above, assumes unitization of the two leases above for gas. No unitization has been recorded or furnished for examination.

REQUIREMENT: A Declaration of Unitization sufficient under the lease terms to unitize the two leases, should be recorded and furnished for examination. You should further determine that no instruments or proceedings have been recorded since our last examination that would affect title to said property or leases.

FIFTH: It is assumed that no lease will be obtained covering the mineral interest of Edward A. Little in the SE/4 of said Section 8. We assume for this opinion that the NE/4 and the SE/4 of said Section 8 each contains 160 acres. Therefore, unitization of the two present leases will create a gas unit comprised of 160 acres of the NE/4

and 150 acres (15/16ths) of the SE/4. The NE/4 will comprise 51.6% of the unit and the SE/4 will comprise 48.4% thereof. We have calculated the interests accordingly. Under this scenario, neither gas nor oil royalty will be owed to the Little interest as long as the well is located in the NE/4 of said Section 8. Do not rely upon this opinion for distribution of production from a well located in the SE/4.

Please also note that in the event Leslie Coover should obtain title to the outstanding mineral interest in the SE/4 of said Section 8, that interest would automatically be leased under Lease No. 2 under the doctrine of after-acquired title. In that event, the distribution of royalty and overriding royalty would be altered from that shown above.

COMMENT: Advisory only.

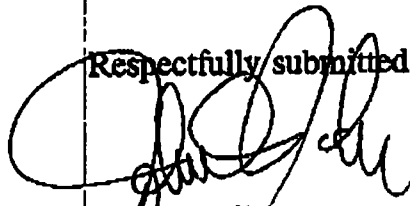
SIXTH: Title has been examined only as shown above. We have performed no additional examination by record check or by abstract. This opinion is subject to what would be shown by examination of title since the closing dates shown above.

COMMENT: Advisory only.

SEVENTH: No Affidavit of Production appears of record for the above leases, although we have been advised that production has been obtained.

✓ **REQUIREMENT:** Record an Affidavit of Production in compliance with K.S.A. 55-205, describing all lands held by production, prior to the expiration of the primary terms of your leases. Failure to timely record said affidavit may result in loss of the producing leases to a third party acquiring an interest in these lands without actual notice of your rights.

Respectfully submitted,



John G. Pike

**KAHRS, NELSON, FANNING, HITE &
KELLOGG**

JGP/dgb

5/32

15625 X 51.6% X =

080625 ÷ 3 = .026875

.1875 X 48.4% =

.09075 -

17375

171375

