

FARMOUT AGREEMENT

THIS FARMOUT AGREEMENT is made and entered into the _____ day of November, 2017 by and between _____ whose address is _____ hereinafter known as Farmor and

Four Sevens Operating Co., Ltd, whose address is 777 Taylor Street, Fort Worth, Texas 76102 and Sinclair Oil & Gas Company, a Wyoming corporation, whose address is 550 E. South Temple, Salt Lake City, Utah 8410-2, hereinafter collectively referred to as "Farmee".

Subject to all the terms, conditions, provisions, and limitations of this agreement, Farmor agrees to farmout to Farmee, without warranty of title, express or implied, the Oil, Gas and Mineral Lease(s) described on Exhibit "A" attached hereto ("the Leases") which cover the Farmout Acreage. All headings in this Farmout Agreement are for reference purposes only and have no binding effect on the terms, conditions or provisions of this agreement.

1. INITIAL TEST WELL AND CONTRACT DEPTH:

On or before _____, Farmee shall have the right, but not the obligation, to commence the actual drilling of a well (the "Initial Test Well") at a legal location of its choice within the outline shown on Exhibit "B" attached hereto, and shall drill with due diligence and in a good and workmanlike manner a horizontal well into the _____ Formation until Farmee has reached total depth as proposed by Farmee. In the event the Initial Test Well is drilled and completed as a well capable of producing oil and/or gas in paying quantities (an "Earning Well"), and provided that all of the acreage covered by the Leases is included in the Designated Unit formed for such well by Farmee, then Farmee shall earn 100% of Farmor's leasehold interest in and to the Lease(s). For the purposes of this agreement, the "Designated Unit" for an Earning Well shall be a pooled unit comprising a maximum of _____ acres of land. Farmee shall designate such unit for the Earning Well within ninety (90) days after the completion of same. Such designation shall be made by executing a recordable instrument describing such unit by metes and bounds, and by plat prepared depicting the boundaries of such unit.

Farmee agrees to complete any well(s) drilled pursuant to this Agreement as a producer of oil and/or gas or to plug and abandon such well(s) within one hundred twenty (120) days after the release of the drilling rig from such well.

2. SUBSTITUTE WELL:

If, in conducting any of the drilling operations herein described, permitted or provided for, Farmee encounters any conditions or difficulties, whether natural or mechanical, which make the further drilling and/or completion of any well impossible or impracticable, then Farmee shall have the option to continue its rights under this agreement in full force and effect by commencing actual drilling operations for the drilling of a substitute well(s) within ninety (90) days after cessation of operations on the previous well. Such substitute well(s) shall be drilled at a location within the Designated Unit outline, in the manner and to the depth specified for the well which it replaces.

3. FAILURE TO COMMENCE INITIAL TEST WELL:

In the event Farmee fails to timely commence the actual drilling of the Initial Test Well under the terms of this Agreement, the sole penalty shall be the loss of Farmee's rights under this Farmout Agreement to drill such well and earn any interest in the Farmout Acreage.

4. COSTS AND INDEMNITY INSURANCE

The entire cost, risk and expense of drilling, testing, completing and equipping or plugging and abandoning the Initial Test Well or substitute wells drilled pursuant to the provisions of this Agreement, shall be borne solely by Farmee. FARMEE FURTHER AGREES TO INDEMNIFY AND HOLD FARMOR HARMLESS FROM ANY AND ALL CLAIMS, CAUSES OF ACTION OR DAMAGE TO PERSONS OR PROPERTY CAUSED BY OR RESULTING FROM FARMEE'S OPERATION OF ANY SUCH WELL(S). For any well(s) drilled on the Designated Unite, Farmee agrees to abide by the terms and conditions of the Leases, if applicable,

5. WELL INFORMATION REQUIREMENTS:

After actual drilling has been commenced on the Initial Test Well or any other well drilled hereunder, and as long thereafter as Farmee has any operations on any such well, or on lands pooled therewith, Farmee, upon written request from Farmor, shall furnish Farmor well reports, including but not limited to: complete copies of daily drilling/completion reports, mudlogs,

electric logs, core analysis, formation tests, production reports and any flow tests, pressure tests, gas analysis and G-10 tests. Farmee shall promptly comply with the notices and well data requirements, if any, contained in the applicable leases.

6. **ASSIGNMENT**

If the Initial Test Well or any substitute therefor has been drilled and completed as a well capable of producing oil and/or gas in paying quantities in accordance with the terms and provisions of this Agreement (an "Earning Well"), Farmor will assign to Farmee all of Farmor's right, title and interest in and to the lands situated within the Designated Unit for such Earning Well, as defined in Paragraph 1. The assignment will be in the form attached hereto as Exhibit "C", and shall be subject to the terms and provisions of this Agreement and without warranty of title, express or implied. In such assignment, Farmor shall reserve, as an overriding royalty interest, an undivided percentage interest equal to the difference between all presently existing lease burdens and twenty percent (20%) of all oil, gas and associated hydrocarbons produced and saved from the above described land pursuant to the terms and provisions of the Lease(s) as described on Exhibit "A" attached hereto. Farmor's rights under this Farmout Agreement, including the right to receive the above described overriding royalty and the right at Payout (as defined below) to convert Farmor's retained overriding royalty into a proportionately reduced twenty-five percent (25%) working interest and a proportionate net revenue interest in the Initial Test Well shall extend to any renewal(s), extension(s) of the lease(s) on Exhibit "A: that may be taken or become owned by the Farmee within six (6) months from the expiration of said Lease(s) comprising the Farmout Acreage.

7. **RIGHT TO RECEIVE WORKING INTEREST AT PAYOUT:**

At "Payout", as hereinafter defined, of an Earning Well drilled on the Designated Unit and on a well-by-well basis, Farmor shall have the right and option to either (1) convert Farmor's retained overriding royalty to an undivided twenty-five percent (25.00%) working interest in the well and the production therefrom, subject to proportionate reduction, together with a like interest in all casing, surface equipment and all personal property used in connection therewith OR (2) retain its overriding royalty interest in the Designated Unit for said well specified in Paragraph 6 above. "Payout" is defined as that point in time when Farmee has received out of the net proceeds from the sale of all production of the oil and/or gas produced from said well, a sum equal to 100% of Farmee's cost and expense, both tangible and intangible, of drilling equipping, testing and completing said well for production and of operating said well to the point of payout of 100% of such costs. The net proceeds are to be determined after deducting the severance, production, windfall profits and other taxes payable on production together with all royalties, shut-in gas royalties, overriding royalties and payments out of production, if any, and the overriding royalty interest being reserved by Farmor. The period during which the Farmee receives such production and net proceeds referred to above shall be known as the "Payout Period". All joint operations shall be conducted pursuant to the Joint Operating Agreement attached hereto as Exhibit "D".

8. **ADDITIONAL WELLS:**

Additional wells may be drilled on the Designated Unit and will be subject to the terms and conditions of this Farmout Agreement.

9. **UNASSIGNED RIGHTS:**

Farmor shall have and reserve the right of ingress and egress to the land covered by this Agreement for the enjoyment of any rights reserved or retained by Farmor.

10. **NOTICES:**

All notices and information supplied pursuant to the terms of this Agreement shall be furnished to Farmor and Farmee at their respective addresses as set forth in the first paragraph of this Agreement.

11. **PROTECTION OF LEASES:**

Farmee agrees to preserve and protect the leasehold estate(s) covering the property herein described, as a reasonable and prudent operator. Farmee further agrees to protect and preserve said estate(s) from any and all liens, judgments, and any other claims whatsoever. In the event Farmee fails to comply with any of the terms and provisions thereof, Farmor may demand and receive the right, at its option, to carry out or cause to be carried out, the terms and provisions of the leasehold estate(s) covered hereby and to protect and preserve the same against liens, judgments, and any other claims.

12. **EFFECT OF AGREEMENT:**

The terms, provisions and conditions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; and said

terms, provisions and conditions shall be covenants running with the lands and leases. If Farmee assigns, transfers, conveys or farms out any of the interest acquired by Farmee under the terms of this Agreement to a third party, such assignment, transfer, conveyance or farmout shall be subject to, and governed by, the terms and conditions of this letter agreement.

This Agreement is not intended to create and nothing contained herein shall be construed to create an association, trust, joint venture, mining partnership, or other partnership or entity of any kind, nor to constitute Farmee as the agent for Farmor.

Each of the parties hereto elects, under the authority of Section 761 (a) of the Internal Revenue Code of 1986, to be excluded from the application of all of the provisions of Subchapter K of Chapter I of Subtitle A of the Internal Revenue Code of 1986. If the income tax laws of the states in which the property covered hereby is located contain, or may hereafter contain, provisions similar to those contained in the Subchapter of the Internal Revenue Code of 1986 above referred to under which a similar election is permitted, each of the parties agrees that such election shall be exercised. If applicable, Farmee is hereby authorized to execute and file on behalf of both parties hereto such elections with the appropriate governmental agencies.

13. **GOVERNING LAW: THIS AGREEMENT SHALL BE GOVERNED AND DETERMINED BY THE LAW OF THE STATE OF TEXAS.**

14. **EXECUTION OF AGREEMENT:**

This Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes. This Agreement shall extend to and be binding upon the parties hereto, their respective heirs, personal representatives, successors and assigns.

IN WITNESS WHEREOF, this Agreement is executed as of the date of the acknowledgement of the undersigned's signature, but shall be deemed effective for all purposes as of the Effective Date stated above.

FARMOR:

By: _____

FARMEE:

Four Sevens Operating Co., Ltd.

By: _____

Sinclair Oil & Gas Company

By: _____

THE STATE OF TEXAS §
 §
COUNTY OF §

This instrument was acknowledged before me this _____ day of _____, 201__
by

Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF §

This instrument was acknowledged before me this _____ day of _____, 201__, by
_____ as _____ of

Notary Public, State of Texas

THE STATE OF UTAH §
 §
COUNTY OF SALT LAKE §

This instrument was acknowledged before me this _____ day of _____,
201__, by _____ of, on behalf of said corporation.

Notary Public, State of Utah

EXHIBIT “A”

Attached to and made a part of that certain Farmout Agreement
dated , 201__ by and between as Farmor, and Four Sevens Operating Co.,
Ltd., and Sinclair Oil & Gas Company, collectively as Farmee

Leases and Lands covered by Farmout Agreement**

EXHIBIT "B"

Attached to and made a part of that certain Farmout Agreement dated _____ day of _____, 201__ by and between _____, as Farmor, and Four Sevens Operating Co., Ltd. and Sinclair Oil & Gas Company, collectively as Farmee

or of which Assignee has actual or constructive notice, including any matter included or referenced in the materials made available by Assignor to Assignee.

4. The terms, covenants, and conditions hereof shall be binding upon and shall inure to the benefit of Assignor and Assignee and their respective successors and assigns; and such terms, covenants, and conditions shall be covenants running with the Lease and land described therein and with each transfer or assignment of the lands or Lease.

5. This Assignment is being made free and clear of any burdens placed on the Leases by Assignor and is being made without any express or implied warranty whatsoever.

6. Assignor hereby reserves as an overriding royalty interest an undivided percentage interest equal to the difference between all existing lease burdens of record and twenty percent (20%) of all oil, gas and associated hydrocarbons produced and saved from the Leases and land described in Exhibit "A." Said reservation of overriding royalty interest shall extend to any renewal(s), extension(s) or new lease(s) of the Leases described on Exhibit "A" that may be taken or become owned by Farmee prior to or within six (6) months following the expiration of the said Leases insofar as such renewal(s), extension(s) or new lease(s) apply to the lands covered by said Leases.

7. This Agreement is subject to the terms of that certain Farmout Agreement between Assignor and Assignee dated _____, (the "Farmout Agreement") which provides for, among other things, Assignee's reassignment to Assignor, upon the occurrence of certain event(s), as more particularly described in the Farmout Agreement. In the event of a conflict between the terms of this Assignment and the Farmout Agreement, the terms of the Farmout Agreement shall prevail.

IN WITNESS WHEREOF, this assignment is executed this _____ day of _____, 201__

ASSIGNOR:

By: _____

ASSIGNEE:

FOUR SEVENS OPERATING CO., LTD

Y: _____

SINCLAIR OIL & GAS COMPANY

By: _____

ACKNOWLEDGMENTS

THE STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me this _____ day of _____,
_____, by _____.

Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me this _____ day of _____,
_____, by _____, on behalf of said
corporation.

Notary Public, State of Texas

THE STATE OF UTAH §

COUNTY OF SALT LAKE §

This instrument was acknowledged before me this _____ day of _____,
_____, by _____, on behalf of said
corporation.

Notary Public, State of Utah