

**ADKINS ENERGY LLC  
TRADING SERVICE OPERATIONAL MANUAL  
EFFECTIVE – JANUARY 1, 2018**

**I. Purpose and Overview.**

Pursuant to the Trading Service Agreement, dated May 14, 2012, Adkins Energy LLC (“Adkins Energy”) has engaged the services of FNC Ag Stock, LLC (“FNC”) to provide a trading service for its members and other persons to buy and sell the Company’s Membership Interests, which are denominated in LLC Units. The Company’s trading service is maintained and operated through FNC’s Alternative Trading System, (hereinafter referred to as the “Trading Service”), which is registered with the U.S. Securities and Exchange Commission (“SEC”). FNC is a registered broker-dealer with the SEC, Financial Industry Regulatory Authority (FINRA), and various states.

Adkins Energy has placed restrictions on the trading of its Membership Interests to preserve the company’s favorable pass-through partnership tax status as well as to comply with federal and state securities laws. Members will generally only be allowed to sell their Membership Interests through the Trading Service, although they are allowed to make certain Permitted Transfers, as defined in this Trading Service Operational Manual (“Operational Manual”). Transfers that are not made through the Trading Service will be null and void unless they are approved by the Adkins Energy’s Board of Governors (the “Board”) and comply with Adkins Energy’s Third Amended and Restated Operating Agreement (the “Operating Agreement”). All transfers of Membership Units must be approved by the Board and must meet all of the conditions and requirements of the Operating Agreement.

To begin using the Trading Service, interested sellers are required to sign a Listing Agreement with the Trading Service and to agree to be bound by the terms and conditions of this Operational Manual and any revisions. Sellers are permitted to post non-binding offers to sell at an “ask” price at any time of the year. Purchasers must register with FNC and agree to be bound by the terms and conditions of this Operational manual and any revisions. Each purchaser or seller may post to the Trading Service a non-binding offer to buy or offer to sell a specified number of LLC Units at a price. The bid and ask prices of purchasers and sellers are non-binding and will be matched only in accordance with the rules set forth below. The purchase price will be the bid price of the matching offer to buy. The exchange of funds between a seller and buyer for purposes of transferring ownership of units are handled through an independent escrow agent. There is no charge to buyers or sellers to register or post offers on the Trading Service; however, sellers will be charged a commission for completed transactions. Interested purchasers and sellers are strongly urged to read and follow the procedures of the Trading Service provided below prior to posting any offers.

**II. Miscellaneous Terms and Conditions of Use.**

1. Adkins Energy is not listed on a national securities exchange or other regulated securities market.
2. The securities appearing on the Trading Service are illiquid and inherently risky. Therefore, prospective investors must be able to withstand the total loss of their investment.

3. The securities listed on the Trading Service are not endorsed by any regulatory authority. Any representation to the contrary is a criminal offense.
4. The appearance of securities on the Trading Service does not constitute an offer to sell or solicitation of an offer to buy securities by Adkins Energy.
5. Information about Adkins Energy, including recent financial statements and a copy of Adkins Energy's Operating Agreement, are available from Adkins Energy upon request.
6. Adkins Energy will not participate in any negotiations for the sale or purchase of Membership Interests and all sales and purchases must be based on the seller's and buyer's own independent investigation, knowledge and belief. No information on Adkins Energy's website or information provided by Adkins Energy is provided for the purposes of providing information for any sales or purchases of Membership Interests, so you cannot rely on any information provided by Adkins Energy as a basis for making any decision to sell or buy Membership Interests.
7. Those accessing the Trading Service agree to fully indemnify, defend and hold harmless Adkins Energy and its directors, employees, and agents from all claims arising out of participation in the Trading Service.
8. The information on the Trading Service does not consist of firm quotes. Rather, it lists the names, addresses and telephone numbers of interested sellers and buyers, the number of Membership Interests offered or desired to be purchased, and the price at which the proposed transaction would occur. Adkins Energy will not assure that any particular transaction will occur as to any particular number of Membership Interests or at any particular price. All transactions must be executed independently of Adkins Energy or its affiliates.
9. All applicable state and federal securities laws, including any applicable registration requirements, apply to any offer or sale using the Trading Service. Adkins Energy's Membership Interests may be subject to restrictions on transfer under Rule 144 under the Securities Act of 1933, including certain reporting requirements.
10. "Two-sided quotes," in which a person indicates a bid to buy at one price and an offer to sell at another price, are prohibited.
11. Any person that is a broker-dealer or an associated person of a broker-dealer or who has a state securities license must identify that fact. Brokers and dealers may not use the Trading Service to purchase or sell Membership Interests for the accounts of others.
12. Purchasers of Membership Interests represent and warrant that they are purchasing the Membership Interests for their own account for investment, and without a view to public distribution or resale and that purchaser has no contract, undertaking, agreement, or arrangement to sell or otherwise dispose of any Membership Interests to any other person or entity.

13. Permitted Transfer are transfers by gift or at death, including transfers from an estate or testamentary trust to (a) a trust established by a member of Adkins Energy for the benefit of such member's spouse and lineal descendants and the spouses of the lineal descendants of such member or (b) a member's spouse, former spouse and lineal descendants and the spouses of the lineal descendants of such member.
14. Adkins Energy will act as the Transfer Agent.
15. Purchasers of Membership Units who are not already holders of Membership Interests will have to pay Adkins Energy a New Member Fee in the amount of Two Hundred and Fifty Dollars and no cents (\$250.00) and will have to complete and submit a Joinder Agreement.
16. Sellers of Membership Units will have to pay FNC a commission as specified in this Operational Manual.

### **III. FNC's Interaction with Service Users.**

1. Limitation on FNC Interaction with Service Users. FNC's interaction with the Adkins Energy's members and non-members using the Trading Service ("Service Users"), shall be to provide a medium by which the Service Users sell, purchase and transfer Adkins Energy LLC Units. However, FNC, and its officers, directors, control persons, employees, and agents who operate the Trading Service, shall not engage in any of the following activities associated with the operation of the Trading Service:
  - a. FNC and said persons shall not directly or indirectly provide to Service Users investment, tax, accounting or other advice regarding transactions conducted through the Trading Service unless the Service User is an actual client of FNC as evidenced by the execution of a new account form;
  - b. FNC and said persons shall not arrange financing for any Service Users for the purchase of securities through the Trading Service unless the Service User is an actual client of FNC as evidenced by the execution of a new account form; and
  - c. FNC and said persons shall not receive, transfer, hold or handle any funds paid by or due to Service Users as a result of a sale or exchange of securities through the Trading Service.
2. Sole and Exclusive Agent. FNC as its sole and exclusive agent for the operation and administration of the Trading Service.

### **IV. Trading Service Rules and Procedures.**

1. Communication of Offers to Purchase and Sell. Offers to purchase and sell must be communicated to a registered representative of FNC by telephone or in person no later than 5:00 p.m. (Central Time) of any business day or by 3:30

p.m. when oral bidding will be required per Section 10(c) (matching order roles). Communication to FNC of offers by email, voice mail, or otherwise is prohibited.

2. Non-Firm Offers to Purchase and Sell. No person is required or committed to sell or buy any Membership Interests by reason of any posting on the Trading Service, and any prospective seller or prospective purchaser can reject any offer, for whatever reason, even if the offered price matches the prospective seller's posted sales price or the prospective purchaser's posted offer to buy.
3. Listing Agreement. To be eligible to sell Membership Interests, the seller and FNC must sign a Listing Agreement authorizing FNC to identify a purchaser for the Membership Interests. The Listing Agreement will specify and include the following:
  - a. Name, address, telephone number of the interested seller;
  - b. Number of Membership Interests offered for sale;
  - c. Price at which Membership Interests are offered for sale;
  - d. Expiration date;
  - e. Listing date;
  - f. Responsibilities and obligations of seller and FNC;
  - g. Obligation of FNC to secure 100% of purchase price;
  - h. Sales commission rate and minimum commission.
  - i. An Agreement to be bound by the terms and conditions of this Operational Manual.
4. Placing Offers to Purchase. Persons or entities desiring to place an offer to purchase may contact FNC in person or by telephone and must provide the following:
  - a. identification of Purchasers. Purchasers must furnish FNC with the following information:
    1. Name, address, telephone number of the prospective purchaser; and
    2. Tax Payer Identification Number or FEIN of the prospective purchaser.
  - b. Agreement to Terms and Conditions of the Operational Manual. Prospective purchasers must complete a form agreeing to accept the terms and conditions of this Operational manual.
  - c. Offer to Purchase. An offer to purchase may be made at the lowest listed asking price or any other price.

5. Increments. Offers to sell and offers to purchase Membership Interests must be made for whole Membership Interests and a purchase price per Membership Interest in whole dollars and cents. The minimum sale or purchase of Membership Interests shall be for 50 LLC Units, unless the member offering the Membership Interests for sale is liquidating its entire position.
6. Waiting Period. A seller may not accept an offer to purchase before the 15th calendar day after the offer to sell is posted to the Trading Service.
7. Cancellation of Offers. Sellers may cancel an offer to sell at any time before written acceptance of an offer to purchase by contacting FNC by telephone or in writing.
8. Removal. Offers to sell and offers to purchase may be posted to and listed on the Trading Service for a maximum of 120 days. Any offer to sell or purchase that has not been matched at the end of the 120 days shall be removed from the Trading Service.
9. Eligibility For Future Posting. A seller whose offer to sell has not been matched within 120 days and is consequently removed from the Trading Service will not be eligible to post an offer to sell until 60 calendar days after the date the previous offer was removed. Purchasers may repost any offer to purchase immediately after it is removed.
10. Modification of Offers. The seller may modify an offer to sell at any time. However, an offer to purchase cannot be accepted by a seller before the 15th calendar day after the modified offer is posted to the Trading Service, and modifications do not alter or extend the 120-day maximum period the Membership Interests can be posted for sale by the Trading Service. If FNC communicates to a seller an offer to purchase at a bid price equal to or exceeding the seller's ask price, and if the seller declines to accept the offer to purchase for the bid price, seller shall either set a new ask price (non-firm) or request to cancel the offer to sell. If the seller sets a new ask price (non-firm), the seller's ask price shall not be eligible for acceptance until the 15th day after which the modified offer is communicated to FNC and posted to the Trading Service.
11. Access to Offers to Sell or Purchase. FNC shall provide, orally or in writing, to persons that inquire all offers to sell or purchase posted to the Trading Service as of the day of the inquiry. FNC shall provide such information within a reasonable period following such request.
12. Matching Order Rules. Matching of offers to sell and offers to purchase shall be governed by the following rules:
  - a. An offer to sell is not eligible for matching with an offer to purchase before the 15th calendar day after the offer to sell was posted to the Trading Service.
  - b. For multiple offers to purchase, the offer to purchase with the highest bid price shall have the first opportunity for matching.

- c. For multiple offers to purchase which are at or exceed a posting ask price and which are posted between the 1st and 15th calendar day after an offer to sell has been posted to the Trading Service, FNC shall make reasonable efforts to contact all such bidders at the end of the day of the 15th calendar day, and inform them of the multiple bids, at which time each bidder may submit one final bid.
  - d. For multiple offers to sell, the offer to sell with the lowest asking price posted to the Trading Service shall have the first opportunity for matching.
  - e. For multiple offers to sell at same asking price, the seller who posted the offer to sell Membership Interests first in time has priority. For multiple offers to buy at the same bid price, the purchaser who posted an offer to purchase first in time has priority.
  - f. After price and time, precedence is given to the seller or purchaser with the largest order.
  - g. If priority cannot be established by price, timing or order quantity, a prevailing seller or purchaser is selected at the discretion of FNC.
13. Communication of Offer to Purchase to Seller. Once an offer to purchase is made that equals or exceeds the asking price of one or more listed offers for sale, the eligible offer to purchase is communicated to the seller having the lowest asking price for readily available Membership Interests according to the matching order rules as described above. FNC will use reasonable efforts to contact eligible sellers; however, if FNC cannot make contact with a seller within a reasonable time according to its best judgment, FNC will communicate said offer to the next eligible seller. After communication of an offer to purchase to seller, seller may accept or reject the offer to purchase.
14. Contract for Sale.
- a. Upon verbal agreement for sale between a purchaser and seller, FNC will send to the purchaser a Contract for Sale and for New Members, purchasers who do not hold any Membership Interests and have not signed the Joinder Agreement, the Joinder Agreement which must be signed by the purchaser. Purchasers who already own Membership Interests shall be conclusively deemed to accept the Membership Units subject to and upon the terms and conditions of the Operating Agreement.
  - b. The purchaser must fully execute and return to FNC said Contract for Sale, an earnest money deposit of 100% of the accepted purchase price (check made payable to "Alerus Financial, Escrow Agent") and an executed Joinder Agreement signature page if a new member of ADKINS ENERGY or acknowledgment of a current member, within ten (10) days of receipt of the Contract for Sale.
  - c. Upon receipt of the purchaser's executed Contract for Sale and earnest money, FNC will immediately deposit the earnest money into a non-

interest bearing escrow account at Alerus Financial (“Escrow Agent”) and forward the Contract for Sale to the seller for signature. Contract for Sale may also be executed by counterpart signature.

- d. Seller must execute and return to FNC said Contract for Sale and Membership Interest certificate(s), if issued, (or a satisfactory lost certificate affidavit) within ten (10) days of the date of receipt of the Contract for Sale.
  - e. If the seller has granted a lender a security interest in the Membership Interests, seller must provide proof of the lender’s consent and any transfer instructions with the Contract for Sale. At the time of closing, the securities must be free and clear of any lien, encumbrance, pledge or security interest, excluding securities laws.
15. Notification. Upon receiving the fully executed documents from the seller and funds from the purchaser, FNC shall forward to the Transfer Agent the Contract for Sale, membership interest certificate, and Joinder agreement signature page.
16. Trading Periods. The Board will consider transfers once per quarter. Approved transfers will be effected on the first day of the following quarter, except when an offer to sell is posted on the Trading Service during the last 45 days of a quarter and matched with an offer to buy, in which case the transfer is approved the next following quarter. Quarters begin on March 1, June 1, September 1 and December 1.
17. Approval. The Transfer Agent shall subsequently confirm with FNC the Board’s approval of the completed transaction. The Board may reject any transfer that does not comply with the Operating Agreement. The Board may elect in its sole discretion not to recognize any transfer unless and until (a) Adkins Energy has received an opinion of counsel satisfactory in form and substance to the Board that the transfer may be lawfully made under applicable state and federal securities laws and that such transfer will not cause Adkins Energy to be treated as a publicly-traded partnership and (b) all documents of conveyance are executed and delivered to Adkins Energy, including the transferor’s membership interest certificate, if issued.
18. Completion of Sale. Upon FNC’s receipt of notice from the Transfer Agent that a membership interest certificate is being issued to the purchaser, FNC shall direct the Escrow Agent to transfer the sale proceeds (purchase price minus commission) to the seller on the effective date (see below). On or shortly following the effective date, the Transfer Agent will send the new certificate to the purchaser unless the Membership Interest is to be recorded in Book Entry form. If any liens or restrictions on the Membership Interests that are known to the Transfer Agent prevent the Transfer Agent from processing the sale, FNC shall direct the Escrow Agent to refund the entire amount deposited to the purchaser within 10 business days of receiving notification of such determination.
19. Closing Date; Purchase Price. Closing of the sale, at which time the net proceeds will be forwarded to the seller, shall not take place before 45 days after the offer

to sell is posted to the Trading Service. The purchase price for each sale shall be the bid price stated in the offer to purchase that is matched with the offer to sell.

20. FNC's Commission . Before the Escrow Agent transfers the sale proceeds to the seller, the Escrow Agent shall deduct an amount representing the sales commission and transfer such commission to FNC. The commission will be the greater of (a) three percent (3%) of the purchase price, or (b) two hundred fifty dollars (\$250.00).
21. Trade Effective Date. All sales and transfers shall be effective upon the first day of the quarter following a match if 45 days has expired since the offer to sell was posted. If the offer to sell is posted during the last 45 days of the quarter, the sale will be effective on the first day of the next following quarter. For example, if an offer to sell is submitted between February 1 and April 17, the trade will be effective on June 1 if the buyer and seller meet the above delivery deadlines. On the other hand, if the offer to sell is posted after April 17, the trade will not be effective until September 1 even if all delivery deadlines are met.
22. Tax Allocations. Adkins Energy is a pass-through partnership for tax purposes and any income or loss is accordingly allocated to its members. Income or loss is allocated on an annual basis following the end of Adkins Energy's fiscal year, which ends on August 31. For any membership interest transferred during a fiscal year, the income (or loss) allocated with respect to such membership interest will be divided between the seller and buyer in proportion to the period in which each held the membership interest. For example, if a membership interest is transferred effective as of June 1 (i.e., the first day of the fourth quarter), the income associated with the transferred interest will be allocated 75% to the seller and 25% to the purchaser.
23. Tax Distributions. Because the taxable income of Adkins Energy is allocated to its members whether or not any distributions are paid by Adkins Energy to its members, the Operating Agreement provides for cash distributions to be made to the members to at least cover the approximate tax liability incurred by the members. Under this provision, the Board has generally made cash distributions of forty percent of taxable income to members. The Board has the authority to make such tax distributions on a quarterly basis, but has generally made these tax distributions on an annual basis. In the event of any membership interest transferred during a fiscal year, the tax distribution (but no other distribution, see Item 24 below) will be split between the seller and buyer in proportion to the period in which each held the membership interest (after accounting for any quarterly payments made during the year). For example, if a membership interest is allocated \$100 of taxable income for a fiscal year (resulting in a \$40 tax distribution at year end) and that interest is transferred effective as of June 1 (resulting in the seller being allocated \$75 of taxable income and the purchaser allocated \$25 of taxable income), the \$40 tax distribution will be paid by Adkins Energy \$30 directly to the seller and \$10 directly to the buyer.
24. Other Distributions. The tax distributions described in Item 23 above are required by the operating agreement as the minimum cash distribution each fiscal year to the members (subject to qualifications relating to sufficient cash flow and servicing obligations to creditors). The Board often elects to distribute additional

cash proceeds from operations after each fiscal year end to the members. These discretionary distributions may be less than the remaining taxable income for the year (for example, if the Board determines cash reserves are needed for future operations) or more than the remaining taxable income for the year (for example, if the Board determines that cash reserves from prior periods should no longer be retained by the business). Unlike tax distributions, any additional cash distributions made to the members will be paid only to then-current members. To the extent that buyer and seller negotiate sale terms which entitle the seller to receive any share of any distribution other than a tax distribution, the buyer and seller will need to incorporate such terms in their Contract for Sale and handle any transfer of cash among themselves (i.e., Adkins Energy will not pay any such amounts directly to the seller, but only to the buyer as the new owner of the membership interest). In the example set forth in Item 23 above, if the Board elects to make a year-end distribution (whether \$60 or any other amount), in addition to the \$40 tax distribution referenced above, the entire additional distribution would be paid to the buyer.

**V. Contact Information.**

1. Access To Trading System and Questions About The Trading Service. Interested buyers and sellers may contact FNC for purposes of buying and selling Membership Interests, and for purposes of any questions regarding registration, buying and selling on the Trading Service, as follows:

Toll-Free Telephone: (855) 827-7391  
Telephone: (701) 780-2828  
Fax: (701) 757-0889  
Website: [www.FNCagstock.com](http://www.FNCagstock.com)  
Physical Address: FNC Ag Stock, LLC  
4050 Garden View Drive, Suite 103  
Grand Forks, ND 58201

2. Questions About ADKINS ENERGY and Member Information. Questions regarding ADKINS ENERGY should be directed to ADKINS ENERGY as follows:

Telephone: (815) 369-9173 x223  
Fax: (815) 369-2043  
E-mail: [rbaker@adkinsenergy.com](mailto:rbaker@adkinsenergy.com)  
Main Contact: Ray Baker – General Manager

This Trading Service Manual may be revised in the discretion of Adkins Energy and in coordination with FNC. The most current version is available on Adkins Energy's website, upon request to Adkins Energy or by link on [www.FNCagstock.com](http://www.FNCagstock.com). Buyers and sellers should confirm that they are referring to the most current version of this Operating Manual when using the Trading Service.

<b>Activity</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
<b>First day of quarter</b>	9/1	12/1	3/1	6/1
<b>Deadline to submit offers to sell that can be approved during quarter if matched *</b>	45 Days Prior to 12/1 10/17	45 Days Prior to 3/1 1/15	45 Days Prior to 6/1 4/17	45 Days Prior to 9/1 7/18
<b>Deadline to submit offers to purchase for match to be approved during quarter**</b>	30 Days Prior to 12/1 11/1	30 Days Prior to 3/1 1/30	30 Days Prior to 6/1 5/2	30 Days Prior to 9/1 8/2
<b>Deadline for FNC to submit required documentation to transfer agent for authorization</b>	15 Days Prior to 12/1 11/16	15 Days Prior to 3/1 2/14	15 Days Prior to 6/1 5/17	15 Days Prior to 9/1 8/17
<b>Effective date of trades authorized by transfer agent</b>	12/1	3/1	6/1	9/1

\* Dates are provided only for guidance and therefore may vary. The actual deadline to submit is 45 days before the end of each quarter.

\*\* May be waived at FNC's discretion if other conditions are met.