

STATE LEASE

MF104780

TERMINATION

DATE 9/1/11
LEASING CH
MAPS ~~MS~~
GIS MC

Rentals:

Lease

Admin:

Mineral

Maps:

CONTROL

BASEFILE

COUNTY

07-105081

121971 -

REEVES

/195

SURVEY : PUBLIC SCHOOL LAND
BLOCK : 58
TOWNSHIP : 00
SECTION/TRACT: 30
PART : N/2 of SW/4
ACRES : 80.00
DEPTH LIMITS : NO

LESSEE : PETRO-HUNT LLC
LEASE DATE : Nov 02 2004
PRIMARY TERM : 4 yrs
BONUS (\$) : 6000.00
RENTAL (\$) : 1.00
ROYALTY : 0.10000000
VAR ROYALTY :

©

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Scanned sm	7/16/15
13. Ltrs. From Concho	2/26/18
Scanned pt	2-28-2018

310 W. WALL • SUITE 1200
MIDLAND, TEXAS 79701

DOUG FERGUSON
OIL & GAS LANDMAN
P.O. BOX 432, MIDLAND, TEXAS 79702

TEL 432 684-4542
FAX 432 683-8450
dwf@oilproperties.com

November 10, 2004

Mr. Drew Reid
General Land Office of the State of Texas
1700 N. Congress Avenue
Austin, TX 78701

Re: N/2 SW/4 of Section 30, Block 58
PSL Survey
Reeves County, Texas 160 - 10050

Dear Mr. Reid:

I have reached an agreement with the owners of the soil to purchase an Oil and Gas Lease on the captioned land.

Terms are as follows:

Bonus: \$150.00 per net mineral acre
Term: 4 years
Royalty: 1/5
Rental: \$1.00 per acre per year for years November 2, 2005 through November 2, 2007 escalating to \$75.00 per acre on third anniversary date of November 2, 2007

My check in the sum of \$100.00 is enclosed to cover your fee for determining if this lease is approved as to form and consideration.

Sincerely,


Doug Ferguson

DWF:som
Enclosure

Contact - 358
Trans. - 4411
Bm [REDACTED]

40.91.11

05011517

121

DOUG FERGUSON ✓
LAND ACCOUNT
P.O. BOX 432
MIDLAND, TX 79702
(432) 684-4542

FIRST NATIONAL BANK OF MIDLAND
MIDLAND, TX 79701
[REDACTED]

24954

11/10/2004

PAY TO THE ORDER OF GENERAL LAND OFFICE STATE OF TEXAS

~~\$~~ **100.00

One Hundred Only DOLLARS

GENERAL LAND OFFICE STATE OF TEXAS
1700 NORTH CONGRESS AVENUE
AUSTIN, TX 78701-1495

MEMO APPROVAL FEE



⑈024954⑈ [REDACTED]

4097.17

File No.

MF 104780

Letter V-See

Date Filed: 11/16/64

Larry E. Patterson, Commissioner

By *[Signature]*

77-70-04

RAL REVIEW SHEET

Transaction # 4411

Geologist: R. Widmayer

Lessor: McCord, B.J.

Lease Date: 11/2/2004

U# ☐

Lessee: Petro-Hunt, LLC

Acres: 80

LEASE DESCRIPTION

County	Base File No	Part	Sec.	Block	Twp	Survey	Abst#	
REEVES		121971	N/2 SW/4	30	58	00	PUBLIC SCHOOL LAND	3762

80 Ac.

TERMS OFFERED

Primary Term:

Bonus/Acre:

Rental/Acre:

Royalty:

TERMS RECOMMENDED

Primary Term:

Bonus/Acre:

Rental/Acre:

Royalty:

COMPARISONS

MF #	Lessee	Date	Term	Bonus/Ac.	Rental/Ac.	Royalty	Distance
MF100264	Clay Johnson	1/15/1999	5 years	\$50.00	\$1.00	3/16	Last Lease

Comments:

Approved: PAR 12.7.04

RELINQUISHMENT ACT LEASE APPLICATION

Texas General Land Office

Jerry Patterson, Commissioner

TO: Jerry Patterson, Commissioner
Larry Laine, Chief Clerk
Bill Warnick, General Counsel
Matt Edling, Deputy Commissioner

DATE: 06-Dec-04

FROM: Robert Hatter, Director of Mineral Leasing
Peter Boone, Chief Geologist

Applicant: Petro-Hunt, LLC

County: REEVES

Prim. Term: 4 years

Bonus/Acre

\$150.00

Royalty: 1/5

Rental/Acre

\$1.00

Consideration

Recommended: PAB

Date: 12.7.04

Not Recommended: _____

Comments: Rentals will be \$75.00 for the 4th year.

Lease Form

Recommended: PJH

Date: 1/3/04

Not Recommended: _____

Comments:

Matt Edling, Deputy Commissioner

Date: 1/21/05

Recommended: me

Not Recommended: _____

Bill Warnick, General Counsel

Date: 2/8/05

Recommended: WFW

Not Recommended: _____

Larry Laine, Chief Clerk

Date: 2/16/05

Approved: LL

Not Approved: _____

Jerry Patterson, Commissioner

Date: 9 FEB 05

Approved: JEP

Not Approved: _____

2.

File No. MF 704780
BH Review
Date Filed: 12/6/04
Jerry E. Patterson, Commissioner
By al

PETRO-HUNT, L.L.C.
 1601 Elm Street, Suite 3400
 Dallas, Texas 75201
 (214) 880-8400

Bank One, N.A.
 Jefferson County
 8200 Hwy 69
 Port Arthur, Texas 77640

OWNER NAME	OWNER NO.	DATE	CHECK NUMBER	AMOUNT
TEXAS GENERAL LAND OFFICE	58207	Mar-16-2005	4077654	\$6,025.00

03AP362	031405A	03/14/05	6,025.00	0.00	6,025.00
					6,025.00
NW TOYAH PROSPECT					
TOTAL INVOICES PAID					

121

attn: Drew Reid

05030344

RECEIVED
 05 MAR 18 PM 1:41

50.87.2

File No. MF104780
Bonus Payment
Date Filed: 3/18/05
Jerry E. Patterson, Commissioner
By [Signature]

3.

2.78.02

674826



True and Correct
copy of
Original filed in
Reeves County
Clerks Office

FILE# 676

General Land Office
Relinquishment Act Lease Form
Revised, September 1997

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 2nd day of November, 2004, between the State of Texas, acting by and through its agent, B. J. McCord
of 111 Lower Turtle Creek Rd., Kerrville, TX 78028
(Give Permanent Address)
said agent herein referred to as the owner of the soil (whether one or more), and Petro-Hunt, LLC
of 1601 Elm Street, Suite 3400, Dallas, TX 75201-7201 hereinafter called Lessee
(Give Permanent Address)

1. GRANTING CLAUSE. For and in consideration of the amounts stated below and of the covenants and agreements to be paid, kept and performed by Lessee under this lease, the State of Texas acting by and through the owner of the soil, hereby grants, leases and lets unto Lessee, for the sole and only purpose of prospecting and drilling for and producing oil and gas, laying pipe lines, building tanks, storing oil and building power stations, telephone lines and other structures thereon, to produce, save, take care of, treat and transport said products of the lease, the following lands situated in Reeves County, State of Texas, to-wit:

North Half (N/2) Southwest Quarter (SW/4) of Section 30, Block 58, Public School Land Survey

containing 80 acres, more or less. The bonus consideration paid for this lease is as follows

To the State of Texas: Six Thousand and No/100
Dollars (\$6,000.00)

To the owner of the soil: Six Thousand and No/100
Dollars (\$6,000.00)

Total bonus consideration: Twelve Thousand and No/100
Dollars (\$12,000.00)

The total bonus consideration paid represents a bonus of One Hundred Fifty and No/100
Dollars (\$150.00) per acre, on 80 net acres.

2. TERM. Subject to the other provisions in this lease, this lease shall be for a term of Four (4) years from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land. As used in this lease, the term "produced in paying quantities" means that the receipts from the sale or other authorized commercial use of the substance(s) covered exceed out of pocket operational expenses for the six months last past.

60912



3. **DELAY RENTALS.** If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the _____

Bank, at _____ or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:

To the owner of the soil: Forty Dollars No/100 _____
Dollars (\$40 _____)
To the State of Texas: Forty Dollars No/100 _____
Dollars (\$40 _____)
Total Delay Rental: Eighty Dollars No/100 _____
Dollars (\$80 _____)

SEE EXHIBIT "A" FOR ESCALATING RENTALS

In a like manner and upon like payments or tenders annually, the commencement of a well may be further deferred for successive periods of one (1) year each during the primary term. All payments or tenders of rental to the owner of the soil may be made by check or sight draft of Lessee, or any assignee of this lease, and may be delivered on or before the rental paying date. If the bank designated in this paragraph (or its successor bank) should cease to exist, suspend business, liquidate, fail or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payments or tenders of rental until thirty (30) days after the owner of the soil shall deliver to Lessee a proper recordable instrument naming another bank as agent to receive such payments or tenders.

4. **PRODUCTION ROYALTIES.** Upon production of oil and/or gas, Lessee agrees to pay or cause to be paid one-half (1/2) of the royalty provided for in this lease to the Commissioner of the General Land Office of the State of Texas, at Austin, Texas, and one-half (1/2) of such royalty to the owner of the soil:

(A) **OIL.** Royalty payable on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also as all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, shall be 1/5 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity in the general area where produced and when run, or 2) the highest market price thereof offered or paid in the general area where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is the greater. Lessee agrees that before any gas produced from the leased premises is sold, used or processed in a plant, it will be run free of cost to the royalty owners through an adequate oil and gas separator of conventional type, or other equipment at least as efficient, so that all liquid hydrocarbons recoverable from the gas by such means will be recovered. The requirement that such gas be run through a separator or other equipment may be waived, in writing, by the royalty owners upon such terms and conditions as they prescribe.

(B) **NON PROCESSED GAS.** Royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (A) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons or other products) shall be 1/5 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is the greater; provided that the maximum pressure base in measuring the gas under this lease shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to tests made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

(C) **PROCESSED GAS.** Royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons shall be 1/5 part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office. All royalties due herein shall be based on one hundred percent (100%) of the total plant production of residue gas attributable to gas produced from this lease, and on fifty percent (50%), or that percent accruing to Lessee, whichever is the greater, of the total plant production of liquid hydrocarbons attributable to the gas produced from this lease; provided that if liquid hydrocarbons are recovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid hydrocarbons shall be fifty percent (50%) or the highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at arm's length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in the industry), whichever is the greater. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest market price paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area, or 2) the gross price paid or offered for such residue gas (or the weighted average gross selling price for the respective grades of liquid hydrocarbons), whichever is the greater. In no event, however, shall the royalties payable under this paragraph be less than the royalties which would have been due had the gas not been processed.

(D) **OTHER PRODUCTS.** Royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be "casinghead," "dry," or any other gas, by fractionating, burning or any other processing shall be 1/5 part of the gross production of such products, or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such market value to be determined as follows: 1) on the basis of the highest market price of each product for the same month in which such product is produced, or 2) on the basis of the average gross sale price of each product for the same month in which such products are produced; whichever is the greater.

5. **MINIMUM ROYALTY.** During any year after the expiration of the primary term of this lease, if this lease is maintained by production, the royalties paid under this lease in no event shall be less than an amount equal to the total annual delay rental herein provided, otherwise, there shall be



True and Correct
copy of
Original filed in
Reeves County
Clerks Office

due and payable on or before the last day of the month succeeding the anniversary date of this lease a sum equal to the total annual rental less the amount of royalties paid during the preceding year. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre.

6. ROYALTY IN KIND. Notwithstanding any other provision in this lease, at any time or from time to time, the owner of the soil or the Commissioner of the General Land Office may, at the option of either, upon not less than sixty (60) days notice to the holder of the lease, require that the payment of any royalties accruing to such royalty owner under this lease be made in kind. The owner of the soil's or the Commissioner of the General Land Office's right to take its royalty in kind shall not diminish or negate the owner of the soil's or the Commissioner of the General Land Office's rights or Lessee's obligations, whether express or implied, under this lease.

7. NO DEDUCTIONS. Lessee agrees that all royalties accruing under this lease (including those paid in kind) shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and otherwise making the oil, gas and other products hereunder ready for sale or use. Lessee agrees to compute and pay royalties on the gross value received, including any reimbursements for severance taxes and production related costs.

8. PLANT FUEL AND RECYCLED GAS. No royalty shall be payable on any gas as may represent this lease's proportionate share of any fuel used to process gas produced hereunder in any processing plant. Notwithstanding any other provision of this lease, and subject to the written consent of the owner of the soil and the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises or for injection into any oil or gas producing formation underlying the leased premises after the liquid hydrocarbons contained in the gas have been removed; no royalties shall be payable on the recycled gas until it is produced and sold or used by Lessee in a manner which entitles the royalty owners to a royalty under this lease.

9. ROYALTY PAYMENTS AND REPORTS. All royalties not taken in kind shall be paid to the Commissioner of the General Land Office at Austin, Texas, in the following manner:

Payment of royalty on production of oil and gas shall be as provided in the rules set forth in the Texas Register. Rules currently provide that royalty on oil is due and must be received in the General Land Office on or before the 5th day of the second month succeeding the month of production, and royalty on gas is due and must be received in the General Land Office on or before the 15th day of the second month succeeding the month of production, accompanied by the affidavit of the owner, manager or other authorized agent, completed in the form and manner prescribed by the General Land Office and showing the gross amount and disposition of all oil and gas produced and the market value of the oil and gas, together with a copy of all documents, records or reports confirming the gross production, disposition and market value including gas meter readings, pipeline receipts, gas line receipts and other checks or memoranda of amount produced and put into pipelines, tanks, or pools and gas lines or gas storage, and any other reports or records which the General Land Office may require to verify the gross production, disposition and market value. In all cases the authority of a manager or agent to act for the Lessee herein must be filed in the General Land Office. Each royalty payment shall be accompanied by a check stub, schedule, summary or other remittance advice showing by the assigned General Land Office lease number the amount of royalty being paid on each lease. If Lessee pays his royalty on or before thirty (30) days after the royalty payment was due, then Lessee owes a penalty of 5% on the royalty or \$25.00, whichever is greater. A royalty payment which is over thirty (30) days late shall accrue a penalty of 10% of the royalty due or \$25.00 whichever is greater. In addition to a penalty, royalties shall accrue interest at a rate of 12% per year; such interest will begin to accrue when the royalty is sixty (60) days overdue. Affidavits and supporting documents which are not filed when due shall incur a penalty in an amount set by the General Land Office administrative rule which is effective on the date when the affidavits or supporting documents were due. The Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law nor act to postpone the date on which royalties were originally due. The above penalty provisions shall not apply in cases of title dispute as to the State's portion of the royalty or to that portion of the royalty in dispute as to fair market value.

10. (A) RESERVES, CONTRACTS AND OTHER RECORDS. Lessee shall annually furnish the Commissioner of the General Land Office with its best possible estimate of oil and gas reserves underlying this lease or allocable to this lease and shall furnish said Commissioner with copies of all contracts under which gas is sold or processed and all subsequent agreements and amendments to such contracts within thirty (30) days after entering into or making such contracts, agreements or amendments. Such contracts and agreements when received by the General Land Office shall be held in confidence by the General Land Office unless otherwise authorized by Lessee. All other contracts and records pertaining to the production, transportation, sale and marketing of the oil and gas produced on said premises, including the books and accounts, receipts and discharges of all wells, tanks, pools, meters, and pipelines shall at all times be subject to inspection and examination by the Commissioner of the General Land Office, the Attorney General, the Governor, or the representative of any of them.

(B) PERMITS, DRILLING RECORDS. Written notice of all operations on this lease shall be submitted to the Commissioner of the General Land Office by Lessee or operator five (5) days before spud date, workover, re-entry, temporary abandonment or plug and abandonment of any well or wells. Such written notice to the General Land Office shall include copies of Railroad Commission forms for application to drill. Copies of well tests, completion reports and plugging reports shall be supplied to the General Land Office at the time they are filed with the Texas Railroad Commission. All applications, permits, reports or other filings that reference this lease or any specific well on the leased premises and that are submitted to the Texas Railroad Commission or any other governmental agency shall include the word "State" in the title. Additionally, in accordance with Railroad Commission rules, any signage on the leased premises for the purpose of identifying wells, tank batteries or other associated improvements to the land must also include the word "State." Lessee shall supply the General Land Office with any records, memoranda, accounts, reports, cuttings and cores, or other information relative to the operation of the above-described premises, which may be requested by the General Land Office, in addition to those herein expressly provided for. Lessee shall have an electrical and/or radioactivity survey made on the bore-hole section, from the base of the surface casing to the total depth of well, of all wells drilled on the above described premises and shall transmit a true copy of the log of each survey on each well to the General Land Office within fifteen (15) days after the making of said survey.

(C) PENALTIES. Lessee shall incur a penalty whenever reports, documents or other materials are not filed in the General Land Office when due. The penalty for late filing shall be set by the General Land Office administrative rule which is effective on the date when the materials were due in the General Land Office.

11. DRY HOLE/CESSATION OF PRODUCTION DURING PRIMARY TERM. If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if during the primary term hereof and after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall not terminate if on or before the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or



reworking operations thereon, or pays or tenders the next annual delay rental in the same manner as provided in this lease. If, during the last year of the primary term or within sixty (60) days prior thereto, a dry hole be completed and abandoned, or the production of oil or gas should cease for any cause, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term; and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking operations pursuant to Paragraph 13, using the expiration of the primary term as the date of cessation of production under Paragraph 13. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in oil or gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided herein on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in oil or gas well and upon the failure to make such payment, this lease shall ipso facto terminate. If at the expiration of the primary term or any time thereafter a shut-in oil or gas well is located on the leased premises, payments may be made in accordance with the shut-in provisions hereof.

12. DRILLING AND REWORKING AT EXPIRATION OF PRIMARY TERM. If, at the expiration of the primary term, neither oil nor gas is being produced on said land, but Lessee is then engaged in drilling or reworking operations thereon, this lease shall remain in force so long as operations on said well or for drilling or reworking of any additional wells are prosecuted in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days during any one such operation, and if they result in the production of oil and/or gas, so long thereafter as oil and/or gas is produced in paying quantities from said land, or payment of shut-in oil or gas well royalties or compensatory royalties is made as provided in this lease.

13. CESSATION, DRILLING, AND REWORKING. If, after the expiration of the primary term, production of oil or gas from the leased premises, after once obtained, should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within sixty (60) days after such cessation, and this lease shall remain in full force and effect for so long as such operations continue in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days. If such drilling or reworking operations result in the production of oil or gas, the lease shall remain in full force and effect for so long as oil or gas is produced from the leased premises in paying quantities or payment of shut-in oil or gas well royalties or payment of compensatory royalties is made as provided herein or as provided by law. If the drilling or reworking operations result in the completion of a well as a dry hole, the lease will not terminate if the Lessee commences additional drilling or reworking operations within sixty (60) days after the completion of the well as a dry hole, and this lease shall remain in effect so long as Lessee continues drilling or reworking operations in good faith and in a workmanlike manner without interruptions totaling more than sixty (60) days. Lessee shall give written notice to the General Land Office within thirty (30) days of any cessation of production.

14. SHUT-IN ROYALTIES. For purposes of this paragraph, "well" means any well that has been assigned a well number by the state agency having jurisdiction over the production of oil and gas. If, at any time after the expiration of the primary term of a lease that, until being shut in, was being maintained in force and effect, a well capable of producing oil or gas in paying quantities is located on the leased premises, but oil or gas is not being produced for lack of suitable production facilities or lack of a suitable market, then Lessee may pay as a shut-in oil or gas royalty an amount equal to double the annual rental provided in the lease, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre. To be effective, each initial shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term, (2) 60 days after the Lessee ceases to produce oil or gas from the leased premises, or (3) 60 days after Lessee completes a drilling or reworking operation in accordance with the lease provisions; whichever date is latest. Such payment shall be made one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil. If the shut-in oil or gas royalty is paid, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one year from the end of the primary term, or from the first day of the month following the month in which production ceased, and, after that, if no suitable production facilities or suitable market for the oil or gas exists, Lessee may extend the lease for four more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year.

15. COMPENSATORY ROYALTIES. If, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the leased premises and completed in the same producing reservoir, or in any case in which drainage is occurring, the right to continue to maintain the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid. The Lessee may maintain the lease for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in the lease of the market value of production from the well causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the leased premises. The compensatory royalty is to be paid monthly, one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil, beginning on or before the last day of the month following the month in which the oil or gas is produced from the well causing the drainage or that is completed in the same producing reservoir and located within one thousand (1,000) feet of the leased premises. If the compensatory royalty paid in any 12-month period is an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 9 of this lease. None of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in Texas Natural Resources Code 52.173; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties can satisfy the obligation to drill offset wells.

16. RETAINED ACREAGE. Notwithstanding any provision of this lease to the contrary, after a well producing or capable of producing oil or gas has been completed on the leased premises, Lessee shall exercise the diligence of a reasonably prudent operator in drilling such additional well or wells as may be reasonably necessary for the proper development of the leased premises and in marketing the production thereon.

(A) VERTICAL. In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 14 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Texas Natural Resources Code 52.151-52.154, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction. If at any time after the effective date of the partial termination provisions hereof, the applicable field rules are changed or the well or wells located thereon are reclassified so that less acreage is thereafter allocated to said well or wells for production purposes, this lease shall thereupon terminate as to all acreage not thereafter allocated to said well or wells for production purposes. Notwithstanding the termination of this lease as to a portion of the lands covered hereby, Lessee shall nevertheless continue to have the right of ingress to and egress from the lands still subject to this lease for all purposes described in Paragraph 1 hereof, together with easements and rights-of-way for existing roads, existing pipelines and other existing facilities on, over and across all the lands described in Paragraph 1 hereof ("the retained lands"), for access to and from the retained lands and for the gathering or transportation of oil, gas and other minerals produced from the retained lands.



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(B) **HORIZONTAL.** In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (hereinafter "deeper depths") in each well located on acreage retained in Paragraph 16 (A) above, unless on or before two (2) years after the primary or extended term Lessee pays an amount equal to one-half (1/2) of the bonus originally paid as consideration for this lease (as specified on page 1 hereof). If such amount is paid, this lease shall be in force and effect as to such deeper depths, and said termination shall be delayed for an additional period of two (2) years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths covered by this lease.

(C) **IDENTIFICATION AND FILING.** The surface acreage retained hereunder as to each well shall, as nearly as practical, be in the form of a square with the well located in the center thereof, or such other shape as may be approved by the Commissioner of the General Land Office. Within thirty (30) days after partial termination of this lease as provided herein, Lessee shall execute and record a release or releases containing a satisfactory legal description of the acreage and/or depths not retained hereunder. The recorded release, or a certified copy of same, shall be filed in the General Land Office, accompanied by the filing fee prescribed by the General Land Office rules in effect on the date the release is filed. If Lessee fails or refuses to execute and record such release or releases within ninety (90) days after being requested to do so by the General Land Office, then the Commissioner at his sole discretion may designate by written instrument the acreage and/or depths to be released hereunder and record such instrument at Lessee's expense in the county or counties where the lease is located and in the official records of the General Land Office and such designation shall be binding upon Lessee for all purposes.

17. **OFFSET WELLS.** Neither the bonus, delay rentals, nor royalties paid, or to be paid, under this lease shall relieve Lessee of his obligation to protect the oil and gas under the above-described land from being drained. Lessee, sublessee, receiver or other agent in control of the leased premises shall drill as many wells as the facts may justify and shall use appropriate means and drill to a depth necessary to prevent undue drainage of oil and gas from the leased premises. In addition, if oil and/or gas should be produced in commercial quantities within 1,000 feet of the leased premises, or in any case where the leased premises is being drained by production of oil or gas, the Lessee, sublessee, receiver or other agent in control of the leased premises shall in good faith begin the drilling of a well or wells upon the leased premises within 100 days after the draining well or wells or the well or wells completed within 1,000 feet of the leased premises start producing in commercial quantities and shall prosecute such drilling with diligence. Failure to satisfy the statutory offset obligation may subject this lease and the owner of the soil's agency rights to forfeiture. Only upon the determination of the Commissioner of the General Land Office and with his written approval may the payment of compensatory royalty under applicable statutory parameters satisfy the obligation to drill an offset well or wells required under this paragraph.

18. **FORCE MAJEURE.** If, after a good faith effort, Lessee is prevented from complying with any express or implied covenant of this lease, from conducting drilling operations on the leased premises, or from producing oil or gas from the leased premises by reason of war, rebellion, riots, strikes, acts of God, or any valid order, rule or regulation of government authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended and Lessee shall not be liable for damages for failure to comply with such covenants; additionally, this lease shall be extended while Lessee is prevented, by any such cause, from conducting drilling and reworking operations or from producing oil or gas from the leased premises. However, nothing in this paragraph shall suspend the payment of delay rentals in order to maintain this lease in effect during the primary term in the absence of such drilling or reworking operations or production of oil or gas.

19. **WARRANTY CLAUSE.** The owner of the soil warrants and agrees to defend title to the leased premises. If the owner of the soil defaults in payments owed on the leased premises, then Lessee may redeem the rights of the owner of the soil in the leased premises by paying any mortgage, taxes or other liens on the leased premises. If Lessee makes payments on behalf of the owner of the soil under this paragraph, Lessee may recover the cost of these payments from the rental and royalties due the owner of the soil.

20. (A) **PROPORTIONATE REDUCTION CLAUSE.** If the owner of the soil owns less than the entire undivided surface estate in the above described land, whether or not Lessee's interest is specified herein, then the royalties and rental herein provided to be paid to the owner of the soil shall be paid to him in the proportion which his interest bears to the entire undivided surface estate and the royalties and rental herein provided to be paid to the Commissioner of the General Land Office of the State of Texas shall be likewise proportionately reduced. However, before Lessee adjusts the royalty or rental due to the Commissioner of the General Land Office, Lessee or his authorized representative must submit to the Commissioner of the General Land Office a written statement which explains the discrepancy between the interest purportedly leased under this lease and the actual interest owned by the owner of the soil. The Commissioner of the General Land Office shall be paid the value of the whole production allocable to any undivided interest not covered by a lease, less the proportionate development and production cost allocable to such undivided interest. However, in no event shall the Commissioner of the General Land Office receive as a royalty on the gross production allocable to the undivided interest not leased an amount less than the value of one-sixteenth (1/16) of such gross production.

(B) **REDUCTION OF PAYMENTS.** If, during the primary term, a portion of the land covered by this lease is included within the boundaries of a pooled unit that has been approved by the School Land Board and the owner of the soil in accordance with Natural Resources Code Sections 52.151-52.154, or if, at any time after the expiration of the primary term or the extended term, this lease covers a lesser number of acres than the total amount described herein, payments that are made on a per acre basis hereunder shall be reduced according to the number of acres pooled, released, surrendered, or otherwise severed, so that payments determined on a per acre basis under the terms of this lease during the primary term shall be calculated based upon the number of acres outside the boundaries of a pooled unit, or, if after the expiration of the primary term, the number of acres actually retained and covered by this lease.

21. **USE OF WATER.** Lessee shall have the right to use water produced on said land necessary for operations under this lease except water from wells or tanks of the owner of the soil; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for waterflood operations without the prior consent of the owner of the soil.

22. **AUTHORIZED DAMAGES.** Lessee shall pay the owner of the soil for damages caused by its operations to all personal property, improvements, livestock and crops on said land.

23. **PIPELINE DEPTH.** When requested by the owner of the soil, Lessee shall bury its pipelines below plow depth.

24. **WELL LOCATION LIMIT.** No well shall be drilled nearer than two hundred (200) feet to any house or barn now on said premises without the written consent of the owner of the soil.





25. POLLUTION. In developing this area, Lessee shall use the highest degree of care and all proper safeguards to prevent pollution. Without limiting the foregoing, pollution of coastal wetlands, natural waterways, rivers and impounded water shall be prevented by the use of containment facilities sufficient to prevent spillage, seepage or ground water contamination. In the event of pollution, Lessee shall use all means at its disposal to recapture all escaped hydrocarbons or other pollutant and shall be responsible for all damage to public and private properties. Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries so as to protect livestock against loss, damage or injury, and upon completion or abandonment of any well or wells, Lessee shall fill and level all slush pits and cellars and completely clean up the drilling site of all rubbish thereon. Lessee shall, while conducting operations on the leased premises, keep said premises free of all rubbish, cans, bottles, paper cups or garbage, and upon completion of operations shall restore the surface of the land to as near its original condition and contours as is practicable. Tanks and equipment will be kept painted and presentable.

26. REMOVAL OF EQUIPMENT. Subject to limitations in this paragraph, Lessee shall have the right to remove machinery and fixtures placed by Lessee on the leased premises, including the right to draw and remove casing, within one hundred twenty (120) days after the expiration or the termination of this lease unless the owner of the soil grants Lessee an extension of this 120-day period. However, Lessee may not remove casing from any well capable of producing oil and gas in paying quantities. Additionally, Lessee may not draw and remove casing until after thirty (30) days written notice to the Commissioner of the General Land Office and to the owner of the soil. The owner of the soil shall become the owner of any machinery, fixtures, or casing which are not timely removed by Lessee under the terms of this paragraph.

27. (A) ASSIGNMENTS. Under the conditions contained in this paragraph and Paragraph 29 of this lease, the rights and estates of either party to this lease may be assigned, in whole or in part, and the provisions of this lease shall extend to and be binding upon their heirs, devisees, legal representatives, successors and assigns. However, a change or division in ownership of the land, rentals, or royalties will not enlarge the obligations of Lessee, diminish the rights, privileges and estates of Lessee, impair the effectiveness of any payment made by Lessee or impair the effectiveness of any act performed by Lessee. And no change or division in ownership of the land, rentals, or royalties shall bind Lessee for any purpose until thirty (30) days after the owner of the soil (or his heirs, devisees, legal representatives or assigns) furnishes the Lessee with satisfactory written evidence of the change in ownership, including the original recorded muniments of title (or a certified copy of such original) when the ownership changed because of a conveyance. A total or partial assignment of this lease shall, to the extent of the interest assigned, relieve and discharge Lessee of all subsequent obligations under this lease. If this lease is assigned in its entirety as to only part of the acreage, the right and option to pay rentals shall be apportioned as between the several owners ratably, according to the area of each, and failure by one or more of them to pay his share of the rental shall not affect this lease on the part of the land upon which pro rata rentals are timely paid or tendered; however, if the assignor or assignee does not file a certified copy of such assignment in the General Land Office before the next rental paying date, the entire lease shall terminate for failure to pay the entire rental due under Paragraph 3. Every assignee shall succeed to all rights and be subject to all obligations, liabilities, and penalties owed to the State by the original lessee or any prior assignee of the lease, including any liabilities to the State for unpaid royalties.

(B) ASSIGNMENT LIMITATION. Notwithstanding any provision in Paragraph 27(a), if the owner of the soil acquires this lease in whole or in part by assignment without the prior written approval of the Commissioner of the General Land Office, this lease is void as of the time of assignment and the agency power of the owner may be forfeited by the Commissioner. An assignment will be treated as if it were made to the owner of the soil if the assignee is:

- (1) a nominee of the owner of the soil;
- (2) a corporation or subsidiary in which the owner of the soil is a principal stockholder or is an employee of such a corporation or subsidiary;
- (3) a partnership in which the owner of the soil is a partner or is an employee of such a partnership;
- (4) a principal stockholder or employee of the corporation which is the owner of the soil;
- (5) a partner or employee in a partnership which is the owner of the soil;
- (6) a fiduciary for the owner of the soil, including but not limited to a guardian, trustee, executor, administrator, receiver, or conservator for the owner of the soil; or
- (7) a family member of the owner of the soil or related to the owner of the soil by marriage, blood, or adoption.

28. RELEASES. Under the conditions contained in this paragraph and Paragraph 29, Lessee may at any time execute and deliver to the owner of the soil and place of record a release or releases covering any portion or portions of the leased premises, and thereby surrender this lease as to such portion or portions, and be relieved of all subsequent obligations as to acreage surrendered. If any part of this lease is properly surrendered, the delay rental due under this lease shall be reduced by the proportion that the surrendered acreage bears to the acreage which was covered by this lease immediately prior to such surrender; however, such release will not relieve Lessee of any liabilities which may have accrued under this lease prior to the surrender of such acreage.

29. FILING OF ASSIGNMENTS AND RELEASES. If all or any part of this lease is assigned or released, such assignment or release must be recorded in the county where the land is situated, and the recorded instrument, or a copy of the recorded instrument certified by the County Clerk of the county in which the instrument is recorded, must be filed in the General Land Office within 90 days of the last execution date accompanied by the prescribed filing fee. If any such assignment is not so filed, the rights acquired under this lease shall be subject to forfeiture at the option of the Commissioner of the General Land Office.

30. DISCLOSURE CLAUSE. All provisions pertaining to the lease of the above-described land have been included in this instrument, including the statement of the true consideration to be paid for the execution of this lease and the rights and duties of the parties. Any collateral agreements concerning the development of oil and gas from the leased premises which are not contained in this lease render this lease invalid.

31. FIDUCIARY DUTY. The owner of the soil owes the State a fiduciary duty and must fully disclose any facts affecting the State's interest in the leased premises. When the interests of the owner of the soil conflict with those of the State, the owner of the soil is obligated to put the State's interests before his personal interests.

32. FORFEITURE. If Lessee shall fail or refuse to make the payment of any sum within thirty days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or if Lessee should refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if Lessee shall knowingly violate any of the material provisions of this lease, or if this lease is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under this lease shall be subject to forfeiture by the



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Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease under the terms of the Relinquishment Act. However, nothing herein shall be construed as waiving the automatic termination of this lease by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto.

33. LIEN. In accordance with Texas Natural Resources Code 52.136, the State shall have a first lien upon all oil and gas produced from the area covered by this lease to secure payment of all unpaid royalty and other sums of money that may become due under this lease. By acceptance of this lease, Lessee grants the State, in addition to the lien provided by Texas Natural Resources Code 52.136 and any other applicable statutory lien, an express contractual lien on and security interest in all leased minerals in and extracted from the leased premises, all proceeds which may accrue to Lessee from the sale of such leased minerals, whether such proceeds are held by Lessee or by a third party, and all fixtures on and improvements to the leased premises used in connection with the production or processing of such leased minerals in order to secure the payment of all royalties or other amounts due or to become due under this lease and to secure payment of any damages or loss that Lessor may suffer by reason of Lessee's breach of any covenant or condition of this lease, whether express or implied. This lien and security interest may be foreclosed with or without court proceedings in the manner provided in the Title 1, Chap. 9 of the Texas Business and Commerce Code. Lessee agrees that the Commissioner may require Lessee to execute and record such instruments as may be reasonably necessary to acknowledge, attach or perfect this lien. Lessee hereby represents that there are no prior or superior liens arising from and relating to Lessee's activities upon the above-described property or from Lessee's acquisition of this lease. Should the Commissioner at any time determine that this representation is not true, then the Commissioner may declare this lease forfeited as provided herein.

34. POOLING. Lessee is hereby granted the right to pool or unitize the royalty interest of the owner of the soil under this lease with any other leasehold or mineral interest for the exploration, development and production of oil or gas or either of them upon the same terms as shall be approved by the School Land Board and the Commissioner of the General Land Office for the pooling or unitizing of the interest of the State under this lease pursuant to Texas Natural Resources Code 52.151-52.154. The owner of the soil agrees that the inclusion of this provision in this lease satisfies the execution requirements stated in Texas Natural Resources Code 52.152.

35. INDEMNITY. Lessee hereby releases and discharges the State of Texas and the owner of the soil, their officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns, of and from all and any actions and causes of action of every nature, or other harm, including environmental harm, for which recovery of damages is sought, including, but not limited to, all losses and expenses which are caused by the activities of Lessee, its officers, employees, and agents arising out of, incidental to, or resulting from, the operations of or for Lessee on the leased premises hereunder, or that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement, or by any other negligent or strictly liable act or omission of Lessee. Further, Lessee hereby agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees and agents, their successors or assigns, against any and all claims, liabilities, losses, damages, actions, personal injury (including death), costs and expenses, or other harm for which recovery of damages is sought, under any theory including tort, contract, or strict liability, including attorneys' fees and other legal expenses, including those related to environmental hazards, on the leased premises or in any way related to Lessee's failure to comply with any and all environmental laws; those arising from or in any way related to Lessee's operations or any other of Lessee's activities on the leased premises; those arising from Lessee's use of the surface of the leased premises; and those that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement or any other act or omission of Lessee, its directors, officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns. Each assignee of this Agreement, or an interest therein, agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees, and agents in the same manner provided above in connection with the activities of Lessee, its officers, employees, and agents as described above. EXCEPT AS OTHERWISE EXPRESSLY LIMITED HEREIN, ALL OF THE INDEMNITY OBLIGATIONS AND/OR LIABILITIES ASSUMED UNDER THE TERMS OF THIS AGREEMENT SHALL BE WITHOUT LIMITS AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF (EXCLUDING PRE-EXISTING CONDITIONS), STRICT LIABILITY, OR THE NEGLIGENCE OF ANY PARTY OR PARTIES (INCLUDING THE NEGLIGENCE OF THE INDEMNIFIED PARTY), WHETHER SUCH NEGLIGENCE BE SOLE, JOINT, CONCURRENT, ACTIVE, OR PASSIVE.

36. ENVIRONMENTAL HAZARDS. Lessee shall use the highest degree of care and all reasonable safeguards to prevent contamination or pollution of any environmental medium, including soil, surface waters, groundwater, sediments, and surface or subsurface strata, ambient air or any other environmental medium in, on, or under, the leased premises, by any waste, pollutant, or contaminant. Lessee shall not bring or permit to remain on the leased premises any asbestos containing materials, explosives, toxic materials, or substances regulated as hazardous wastes, hazardous materials, hazardous substances (as the term "Hazardous Substance" is defined in the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 U.S.C. Sections 9601, et seq.), or toxic substances under any federal, state, or local law or regulation ("Hazardous Materials"), except ordinary products commonly used in connection with oil and gas exploration and development operations and stored in the usual manner and quantities. LESSEE'S VIOLATION OF THE FOREGOING PROHIBITION SHALL CONSTITUTE A MATERIAL BREACH AND DEFAULT HEREUNDER AND LESSEE SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND THE STATE OF TEXAS AND THE OWNER OF THE SOIL FROM AND AGAINST ANY CLAIMS, DAMAGES, JUDGMENTS, PENALTIES, LIABILITIES, AND COSTS (INCLUDING REASONABLE ATTORNEYS' FEES AND COURT COSTS) CAUSED BY OR ARISING OUT OF (1) A VIOLATION OF THE FOREGOING PROHIBITION OR (2) THE PRESENCE, RELEASE, OR DISPOSAL OF ANY HAZARDOUS MATERIALS ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OR CONTROL OF THE LEASED PREMISES. LESSEE SHALL CLEAN UP, REMOVE, REMEDY AND REPAIR ANY SOIL OR GROUND WATER CONTAMINATION AND DAMAGE CAUSED BY THE PRESENCE OR RELEASE OF ANY HAZARDOUS MATERIALS IN, ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OF THE LEASED PREMISES IN CONFORMANCE WITH THE REQUIREMENTS OF APPLICABLE LAW. THIS INDEMNIFICATION AND ASSUMPTION SHALL APPLY, BUT IS NOT LIMITED TO, LIABILITY FOR RESPONSE ACTIONS UNDERTAKEN PURSUANT TO CERCLA OR ANY OTHER ENVIRONMENTAL LAW OR REGULATION. LESSEE SHALL IMMEDIATELY GIVE THE STATE OF TEXAS AND THE OWNER OF THE SOIL WRITTEN NOTICE OF ANY BREACH OR SUSPECTED BREACH OF THIS PARAGRAPH, UPON LEARNING OF THE PRESENCE OF ANY HAZARDOUS MATERIALS, OR UPON RECEIVING A NOTICE FROM ANY GOVERNMENTAL AGENCY PERTAINING TO HAZARDOUS MATERIALS WHICH MAY AFFECT THE LEASED PREMISES. THE OBLIGATIONS OF LESSEE HEREUNDER SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION, FOR ANY REASON, OF THIS AGREEMENT.

37. APPLICABLE LAW. This lease is issued under the provisions of Texas Natural Resources Code 52.171 through 52.190, commonly known as the Relinquishment Act, and other applicable statutes and amendments thereto, and if any provision in this lease does not conform to these statutes, the statutes will prevail over any nonconforming lease provisions.

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38. **EXECUTION.** This oil and gas lease must be signed and acknowledged by the Lessee before it is filed of record in the county records and in the General Land Office of the State of Texas. Once the filing requirements found in Paragraph 39 of this lease have been satisfied, the effective date of this lease shall be the date found on Page 1.

39. **LEASE FILING.** Pursuant to Chapter 9 of the Texas Business and Commerce Code, this lease must be filed of record in the office of the County Clerk in any county in which all or any part of the leased premises is located, and certified copies thereof must be filed in the General Land Office. This lease is not effective until a certified copy of this lease (which is made and certified by the County Clerk from his records) is filed in the General Land Office in accordance with Texas Natural Resources Code 52.183. Additionally, this lease shall not be binding upon the State unless it recites the actual and true consideration paid or promised for execution of this lease. The bonus due the State and the prescribed filing fee shall accompany such certified copy to the General Land Office.

LESSEE

PETRO-HUNT, LLC

BY: [Signature] *Ward*

Title: President *JB*

Date: February 17, 2005

STATE OF TEXAS

BY: [Signature]

B.J. McCord

Individually and as agent for the State of Texas

Date: _____

STATE OF TEXAS

BY: _____

Individually and as agent for the State of Texas

Date: _____

STATE OF TEXAS

BY: _____

Individually and as agent for the State of Texas

Date: _____

STATE OF TEXAS

BY: _____

Individually and as agent for the State of Texas

Date: _____



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STATE OF Louis
COUNTY OF Dallas

(CORPORATION ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared Bruce W. Hunt
known to me to be the person whose name is subscribed to the foregoing instruments as President
of Petro-Hunt, L.L.C. and acknowledged to me that he
executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said ~~corporation~~ company

Given under my hand and seal of office this 17th day of February, 2005



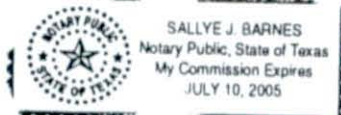
Susan M. Gieray
Notary Public in and for Dallas City, Texas

STATE OF TEXAS
COUNTY OF Kerr

(INDIVIDUAL ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared B.J. McCord
known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the
purposes and consideration therein expressed.

Given under my hand and seal of office this the 8th day of November, 2004



Sallye J. Barnes
Notary Public in and for the STATE OF TEXAS

STATE OF _____
COUNTY OF _____

(INDIVIDUAL ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared _____
known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the
purposes and consideration therein expressed.

Given under my hand and seal of office this the _____ day of _____, 20____

Notary Public in and for _____

STATE OF _____
COUNTY OF _____

(INDIVIDUAL ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared _____
known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the
purposes and consideration therein expressed.

Given under my hand and seal of office this the _____ day of _____, 20____

Notary Public in and for _____

50012



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VOL. 694 PAGE 371

EXHIBIT "A"

Attached to and made a part of that certain Oil and Gas Lease, dated November 2nd, 2004, by and between B.J. McCord, individually as Lessor and Petro-Hunt LLC, as Lessee

Rentals Payable on the third anniversary date of the lease for that period from November 2nd, 2007 through November 2nd, 2008 shall be as follows:

To the owner of the soil: Three thousand and 00/100 Dollars
(\$3,000.00)

To the State of Texas: Three thousand and 00/100 Dollars
(\$3,000.00)

Total Rental: Six thousand 00/100 Dollars
(\$6,000.00)

On all other anniversary dates of the lease the Delay Rental shall be payable as set-out in paragraph 3 above.

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL,
OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR
OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL
LAW

FILE NO. 676

FILED FOR RECORD ON THE 24TH DAY OF FEBRUARY A.D. 2005 1:31 P. M.

DULY RECORDED ON THE 1ST DAY OF MARCH A.D. 2005 2:00 P. M.

BY: *[Signature]*, DEPUTY

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

90912

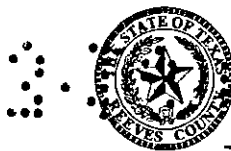
4.

File No. MF 704980
Class
Date Filed: 3/18/05
Jerry E. Patterson, Commissioner
By [Signature]

**CERTIFIED TRUE AND CORRECT COPY CERTIFICATE
STATE OF TEXAS
COUNTY OF REEVES**

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office, found in VOL. 694, PAGE 362 THRU 371.

I hereby certified on MARCH 3, 2005



DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY Norma Chavez DEPUTY
NORMA CHAVEZ

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

May 24, 2005

Doug Ferguson
P.O. Box 432
Midland, Texas 79702

Re: RELINQUISHMENT ACT LEASE No. M-104780
80 acres out of Sec. 30, Blk. 58, PSL Survey,
Reeves County, Texas

Dear Mr. Ferguson:

The certified copy of the Relinquishment Act lease covering the above referenced tracts has been approved and filed in our records under mineral file number M-104780. Please refer to this number in all future correspondence concerning the lease.

Your remittance of \$6,125.00, has been applied as the state's portion of the cash bonus \$6,000.00, along with a processing and filing fee in the amount of \$125.00. Please let me know if you should have any questions.

Sincerely,

Drew Reid
Drew Reid

Minerals Leasing
Energy Resources
(512) 475-1534

MS/DR

Stephen F. Austin Building • 1700 North Congress Avenue • Austin, Texas 78701-1495

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

5.

File No. MF 704780
SLD letter
Date Filed: 5/24/05
Jerry E. Patterson, Commissioner
By [Signature]

PETRO-HUNT, L.L.C.
1601 Elm Street, Suite 3400
Dallas, Texas 75201
(214) 880-8400

Bank One, N.A.
Jefferson County
8200 Hwy 69
Port Arthur, Texas 77640

M-104780

OWNER NAME	OWNER NO.	DATE	CHECK NUMBER	AMOUNT
TEXAS GENERAL LAND OFFICE		Oct-10-2005	7003674	\$40.00

LEASE NUMBER 118*1018106	ORIGINAL LESSOR/LEASE NAME MCCORD B J	DATE 10/10/05	CHECK NO 7003674
LEASE DATE 11/02/04	MONTHS 12	RENTAL PERIOD FROM 11/02/05	TO 11/02/06
		FILE ID 68350-0031	

**** PAYMENT TYPE **** DELAY RENTAL ****

PAYMENT AMOUNT 40.00

BANK SERVICE CHG

TOTAL AMOUNT 40.00

TO BE CREDITED TO

ADDITIONAL TEXT

OWNER # 58207
TEXAS GENERAL LAND OFFICE
1700 N CONGRESS AVE RM 600
AUSTIN, TEXAS 78701
SSN/TAX ID

RECORDED BOOK 694 PAGE 362 ENTRY
PROSPECT N W TOYAH PROSPECT
COUNTY/PARISH REEVES STATE TX
TRACT NO 19042

LEGAL DESCRIPTION

REEVES COUNTY TEXAS BLOCK 58, PUBLIC
SCHOOL LAND SURVEY SEC. 30+N/2 OF
SW/4 BEING 80.00 ACRES MORE OR LESS

121
06008236

RECEIVED
05 OCT 19 PM 2:05
ENERGY RESOURCES

90.57.07

6.
File No. MF104780
Rental Payment
Date Filed: 10/19/05
Jerry E. Patterson, Commissioner
By [Signature]

707002

707004

PETRO-HUNT, L.L.C.

1601 Elm Street, Suite 3400

Dallas, Texas 75201

(214) 880-8400

JPMorgan Chase Bank, N.A.

Jefferson County

8200 Hwy 69

Port Arthur, Texas 77640

Page 1 of 1

OWNER NAME	OWNER NO.	DATE	CHECK NUMBER	AMOUNT
TEXAS GENERAL LAND OFFICE		Oct-10-2006	7005183	\$40.00

LEASE NUMBER

118*1018106

ORIGINAL LESSOR/LEASE NAME

MCCORD B J

DATE

10/10/06

CHECK NO 7005183

RENTAL PERIOD

LEASE DATE MONTHS

11/02/04

12

FROM TO

11/02/06

11/02/07

FILE ID

68350-0031

**** PAYMENT TYPE **** DELAY RENTAL ****

PAYMENT AMOUNT

40.00

TO BE CREDITED TO

ADDITIONAL TEXT

BANK SERVICE CHG

TOTAL AMOUNT

40.00

OWNER # 58207

TEXAS GENERAL LAND OFFICE

1700 N CONGRESS AVENUE ROOM 60

AUSTIN, TEXAS 78701

RECORDED BOOK 694 PAGE 362

ENTRY

PROSPECT N W TOYAH PROSPECT

COUNTY/PARISH REEVES

STATE TX

TRACT NO 19042

LEGAL DESCRIPTION

REEVES COUNTY TEXAS BLOCK 58, PUBLIC

SCHOOL LAND SURVEY SEC. 30: N/2 OF

SW/4 BEING 40.00 ACRES MORE OR LESS

07007758

121

~~07-105081~~
~~12-121977~~

M-104780

RECEIVED
06 OCT 16 PM 2:25

00-07-07

7.

File No. MF104780

RENTIAL PAYMENT

Date Filed: 10/16/06

Jerry E. Patterson, Commissioner

By [Signature]

10.10.00

766294

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

PA07-189

Unit Number 4113
Operator Name PETRO-HUNT L L C Effective Date 10/16/2007
TaxID: [REDACTED] Unitized For Oil & Gas
Unit Name Block 58, State 31-3 Unit Term 18 Months
County1 Reeves
County2
County3
RRC District: 08
Unit Type: Temporary
State Royalty Interest: 0.1121234979956
State Part in Unit: 1
Unit Depth Well: Other
Below Depth 11978 TVD Formation: Barnett and Woodford Shales
Above Depth 13040 TVD Participation Basis: Surface Acreage
[If Exclusions Apply: See Remarks]

MF Number MF104780 ✓ Tract Number 1
Lease Acres 80 / Total Unit Acres 1280.2 =
Tract Participation: 0.0624902 X
Lease Royalty 0.1 = Manual Tract Participation: [] See Remarks
Tract Royalty Participation 0.0062490 Manual Tract Royalty: []

Tract Royalty Reduction No
Tract Royalty Rate 0
Tract On-Line Date:

07-105021

MF Number	MF104781 ✓	Tract Number	2																		
Lease Acres	80	/	Total Unit Acres 1280.2 =																		
Tract Participation:	0.0624902	X																			
Lease Royalty	0.121875	=	Manual Tract Participation: <table><tr><td></td><td></td><td></td><td></td><td></td><td>0</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td>0</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td>0</td></tr></table> See Remarks						0						0						0
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Tract Royalty Participation	0.0076160		Manual Tract Royalty: <table><tr><td></td><td></td><td></td><td></td><td></td><td>0</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td>0</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td>0</td></tr></table>						0						0						0
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Tract Royalty Reduction

No

Tract Royalty Rate

0

Tract On-Line Date:

07-105072

MF Number	MF104782 ✓	Tract Number	3																		
Lease Acres	160	/	Total Unit Acres 1280.2 =																		
Tract Participation:	0.1249805	X																			
Lease Royalty	0.1	=	Manual Tract Participation: <table><tr><td></td><td></td><td></td><td></td><td></td><td>0</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td>0</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td>0</td></tr></table> See Remarks						0						0						0
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Tract Royalty Participation	0.0124980		Manual Tract Royalty: <table><tr><td></td><td></td><td></td><td></td><td></td><td>0</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td>0</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td>0</td></tr></table>						0						0						0
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Tract Royalty Reduction

No

Tract Royalty Rate

0

Tract On-Line Date:

07-105063

MF Number	MF105285	Tract Number	4																		
Lease Acres	640.2	/	Total Unit Acres 1280.2 =																		
Tract Participation:	0.5000781	X																			
Lease Royalty	0.11916667	=	Manual Tract Participation: <table><tr><td></td><td></td><td></td><td></td><td></td><td>0</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td>0</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td>0</td></tr></table> See Remarks						0						0						0
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Tract Royalty Participation	0.0595926		Manual Tract Royalty: <table><tr><td></td><td></td><td></td><td></td><td></td><td>0</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td>0</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td>0</td></tr></table>						0						0						0
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Tract Royalty Reduction

No

Tract Royalty Rate

0

Tract On-Line Date:

07-105116

MF Number MF105291 ✓ Tract Number 5
Lease Acres 53.3333 / Total Unit Acres 1280.2 =
Tract Participation: 0.0416601 X
Lease Royalty 0.1 = Manual Tract Participation:

					0
					0
					0

 See Remarks
Tract Royalty Participation 0.0041660 Manual Tract Royalty:

					0
					0
					0

Tract Royalty Reduction	No
Tract Royalty Rate	0
Tract On-Line Date:	

 07-105090

MF Number MF105490 ✓ Tract Number 6
Lease Acres 120 / Total Unit Acres 1280.2 =
Tract Participation: 0.0937354 X
Lease Royalty 0.125 = Manual Tract Participation:

					0
					0
					0

 See Remarks
Tract Royalty Participation 0.0117169 Manual Tract Royalty:

					0
					0
					0

Tract Royalty Reduction	No
Tract Royalty Rate	0
Tract On-Line Date:	

 07-105107

MF Number MF106627 ✓ Tract Number 7
Lease Acres 80 / Total Unit Acres 1280.2 =
Tract Participation: 0.0624902 X
Lease Royalty 0.1 = Manual Tract Participation:

					0
					0
					0

 See Remarks
Tract Royalty Participation 0.0062490 Manual Tract Royalty:

					0
					0
					0

Tract Royalty Reduction	No
Tract Royalty Rate	0
Tract On-Line Date:	

 07-105072

MF Number MF106641 ✓ Tract Number 8
 Lease Acres 26.6667 / Total Unit Acres 1280.2 =
 Tract Participation: 0.0208301 X
 Lease Royalty 0.1 = Manual Tract Participation: 0 See Remarks
 Tract Royalty Participation 0.0020830 Manual Tract Royalty: 0

Tract Royalty Reduction No
 Tract Royalty Rate 0
 Tract On-Line Date:

 07-105090

MF Number MF108251 ✓ Tract Number 9
 Lease Acres 40 / Total Unit Acres 1280.2 =
 Tract Participation: 0.0312451 X
 Lease Royalty 0.0625 = Manual Tract Participation: 0 See Remarks
 Tract Royalty Participation 0.0019528 Manual Tract Royalty: 0

Tract Royalty Reduction No
 Tract Royalty Rate 0
 Tract On-Line Date:

 08-029830

API Number RRC Number

Remarks:

Prepared By: REW
 GLO Base Updated By: M
 RAM Approval By: J. King
 GIS By: HS
 Mineral Maps By: _____

Prepared Date: 10/16/07
 GLOBase Date: 10/16/07
 RAM Approval Date: 10/18/07
 GIS Date: 2-13-08
 Mineral Maps Date: _____

Pooling Committee Report

To: School Land Board

PA07-189

Date of Board Meeting: October 16, 2007

Unit Number: 4113

Effective Date: 10/16/2007

Unit Expiration Date: 4/16/2009

Applicant: PETRO-HUNT L L C

Attorney Rep: Paul Tough

Operator: PETRO-HUNT L L C

County 1: Reeves

County 2:

County 3:

Unit Name: Block 58, State 31-3

Field Name: Toyah NW (Shale)

<u>Lease Type</u>	<u>MF Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres in Unit</u>	<u>Royalty Participation</u>
RAL	MF104780	0.1	11/2/2008	4 years	80	80	0.0062490
RAL	MF104781	0.1219	11/1/2008	4 years	80	80	0.0076160
RAL	MF104782	0.1	10/20/2009	5 years	160	160	0.0124980
RAL	MF105285	0.1192	9/1/2008	3 years	640.2	640.2	0.0595926
RAL	MF105291	0.1	2/8/2008	3 years	53.3333	53.3333	0.0041660
RAL	MF105490	0.125	3/1/2008	3 years	120	120	0.0117169
RAL	MF106627	0.1	7/15/2008	3 years	80	80	0.0062490
RAL	MF106641	0.1	1/20/2010	5 years	26.6667	26.6667	0.0020830
FR	MF108251	0.0625	3/14/2008	3 years	40	40	0.0019528

SF = State Fee RAL = Relinquishment Act FR = Free Royalty UR = Unleased River

Private Acres:	0
State Acres:	1280.2
Total Unit Acres:	1280.2

<u>Participation Basis:</u>	
Surface Acreage	
<u>State Acreage:</u>	100.00%
<u>State Unit Royalty:</u>	11.21%

<u>Unit Type:</u>	<u>Unitized for:</u>
Temporary	Oil & Gas
<u>Term:</u>	18 Months

<u>Well Location:</u>
State Land

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Special Field Rule	1280 acres

REMARKS:

- Petro-Hunt LLC is requesting 18-month temporary oil and gas pooling of the Barnett and Woodford Shale Formations, defined as the stratigraphic interval or its correlative equivalent occurring from 11,978 feet to 13,040 feet as shown on the Petro-Hunt Block 59 State 35 # 1H well log.
- The applicant spud the vertical unit well on May 29, 2007, to test the Barnett and Woodford Shale Formations. The well reached a total vertical depth of 12,633 feet on September 18, 2007. The applicant is currently drilling a 3000 foot horizontal lateral in the Barnett Shale Formation.
- With approval of the unit the State's unit royalty participation will be 11.21%.
- Approval by the School Land Board in no way ratifies the State leases included in this proposed unit.

POOLING COMMITTEE RECOMMENDATION:

- The Pooling Committee recommends Board approval of an 18-month temporary oil and gas unit under the above-stated provisions.



Jeffee Martinez-Vargas - Office of the Attorney General



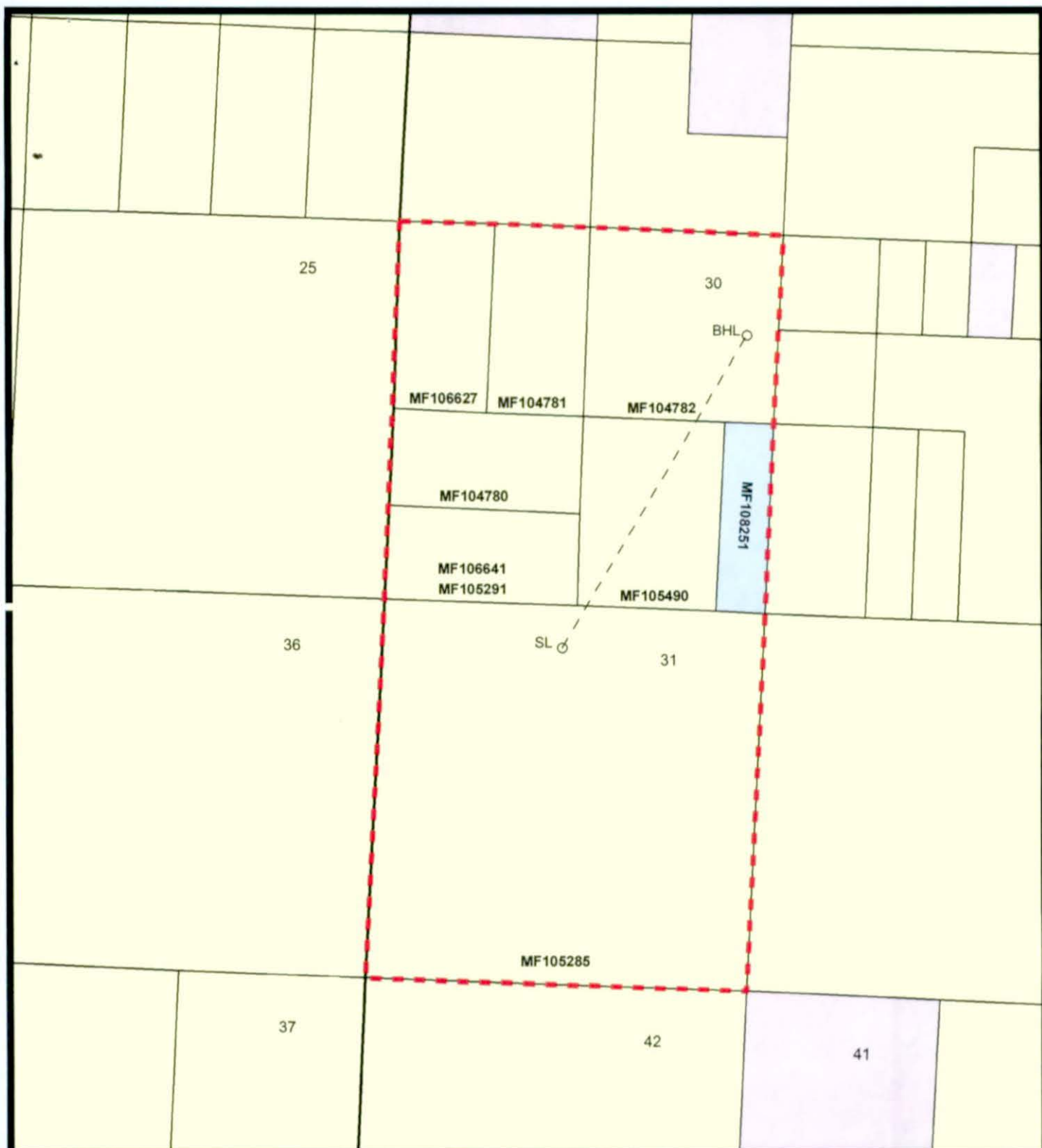
Peter A. Boone - General Land Office

Vacant - Office of the Governor

10/3/07
Date:

10.3.07
Date:

Date:



Petro-Hunt, L.L.C.
 Block 58, State 31-3 Unit
 Toyah NW (Shale) Field
 MF104780, MF104781, MF104782,
 MF105285, MF105291, MF105490,
 MF106627, MF106641 and MF108251
 Reeves County
 PA07-189

NAD_1927_Albers
 Projection: Albers
 False_Easting: 0.000000
 False_Northing: 0.000000
 Central_Meridian: -100.000000
 Standard_Parallel_1: 28.000000
 Standard_Parallel_2: 35.000000
 Latitude_Of_Origin: 31.000000

GCS_North_American_1927
 0 1,000 2,000 Feet



The Texas General Land Office
 makes no representations or
 warranties regarding the accuracy
 or completeness of the information
 depicted on the map or the data
 from which it was produced.
 This map is NOT suitable for
 navigational purposes and does
 not purport to depict or establish
 boundaries between private
 and public land.



Map Compiled By:
 Ferrel Taylor
 Information Systems - GIS
 October 16, 2007

TERM POOLING AGREEMENT
PETRO-HUNT, L.L.C.
BLOCK 58, STATE 31-3 UNIT
REEVES COUNTY, TEXAS

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and Petro-Hunt, L.L.C., herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", in consideration of the mutual agreements hereinafter set forth and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and for the purposes and upon the terms and conditions which follow:

PURPOSES:

1.

This Pooling Agreement ("Agreement") is made for the purposes of conservation and utilization of the pooled mineral, to prevent waste, to facilitate orderly development and to preserve correlative rights. To such end, it is the purpose of this Agreement to effect equitable participation within the unit formed hereby. This Agreement is intended to be performed pursuant to and in compliance with all applicable statutes, decisions, regulations, rules, orders and directives of any governmental agency having jurisdiction over the production and conservation of the pooled mineral and in its interpretation and application shall, in all things, be subject thereto.

UNIT DESCRIPTION:

2.

The oil and gas leases, which are included within the pooled unit, are listed on the attached Exhibit "A", to which leases and the records thereof reference is here made for all pertinent purposes. The pooled unit shall consist of all of the lands described in Exhibit "B" attached hereto and made a part hereof. A plat of the pooled unit is attached hereto as Exhibit "C".

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit in the Barnett and Woodford Shale formations, together defined as the stratigraphic interval or its correlative equivalent occurring from 11,978 feet to 13,040 feet as seen on the log of the Petro-Hunt, L.L.C., Block 59, State 35 No. 1H well ("unitized interval").

POOLING AND EFFECT:

4.

The parties hereto commit all of their interests which are within the unit to the extent and as above described into said unit and unitize and pool hereunder the separate tracts described on the attached Exhibit "B", for and during the term hereof, so that such pooling or unitization shall have the following effect:

- (a) The unit, to the extent as above described, shall be operated as an entirety for the exploration, development and production of the pooled mineral, rather than as separate tracts.
- (b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement. In the event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional well drilled under the unitized area from a surface location on adjacent or adjoining lands not included within the boundaries of the unitized area, such operations shall be considered to have been commenced on the unitized area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the unitized area and production of oil or gas from the unitized area through any directional well surfaced on adjacent or adjoining land or drilling or reworking of any such directional well shall be considered production or drilling or reworking operations, as the case may be, on the unitized area for all purposes under this Agreement. Nothing in this Agreement is intended or shall be construed as granting to Lessee any leasehold interest, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, easements, or other rights which the lessee, operator or other interest owner in the unitized area may have lawfully acquired from the state or others.
- (c) Production of the pooled mineral from the unit allocated to each separate tract, respectively, as hereinafter provided, shall be deemed to have been produced from each such separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement.
- (d) All rights to the production of the pooled mineral from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom. Provided that, payments that are made on a per acre basis shall be reduced according to the number of acres pooled and included herein, so that payments made on a per acre basis shall be calculated based upon the number of acres actually included within the boundaries of the pooled unit covered by this Agreement.
- (e) A shut-in oil or gas well located upon any land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or lease included within said unit; provided, however, that shut-in oil or gas well royalty shall be paid

to the State on each State lease wholly or partially within the unit, according to the terms of such lease as though such shut-in oil or gas well were located on said lease, it being agreed that shut-in royalties provided in each State lease shall not be shared with other royalty owners.

- (f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that, except as may otherwise be provided in each State Lease, the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.
- (g) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than 1,280 acres, then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) make application to the School Land Board of the State of Texas to reform the unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.
- (h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.
- (i) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.
- (j) Should this Agreement terminate for any cause, in whole or in part, the leases and other contracts affecting the lands within the unit, if not then otherwise maintained in force and effect, shall remain and may be maintained in force and effect under their respective terms and conditions in the same manner as though there had been production or operations under said lease or contract and the same had ceased on the date of the termination of this Agreement.

ALLOCATION OF PRODUCTION:

5.

For the purpose of computing the share of production of the pooled mineral to which each interest owner shall be entitled from the pooled unit, there shall be allocated to each tract committed to said unit that pro rata portion of the pooled mineral produced from the pooled unit which the number of surface acres covered by each such tract and included in the unit bears to the total number of surface acres included in said unit, and the share of production to which each interest owner is entitled shall be computed on the basis of such owner's interest in the production so allocated to each tract.

TAKING ROYALTY IN KIND:

6.

Notwithstanding anything contained herein to the contrary, the State may, at its option, upon not less than sixty (60) days notice to Lessee, require that payment of all or any royalties accruing to the State under this pooling or unitization agreement be made in kind, without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting and otherwise making the oil, gas and other products produced hereunder ready for sale or use.

FULL MARKET VALUE:

7.

In the event the State does not elect to take its royalty in kind, the State shall receive full market value for its royalty hereunder, such value to be determined as follows:

- (a) As to royalty on oil by (1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity for the field where produced and when run, or (2) the highest market price thereof offered or paid for the field where produced and when run, or (3) gross proceeds of the sale thereof, whichever is the greater;
- (b) As to royalty on gas, such value to be based on (1) the highest market price paid or offered for gas of comparable quality for the field where produced and when run, or (2) the gross price paid or offered to the producer, whichever is the greater.

(For the purposes of this Agreement "field" means the general area in which the lands covered hereby are located.)

EFFECTIVE DATE:

8.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of October 16, 2007.

TERM:

9.

Unless this agreement expires earlier pursuant to the terms of the respective leases included as a part of this Agreement, or on such other date approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns, this Agreement shall expire on April 16, 2009. Nothing herein shall amend or modify Section 52.031 of the Natural Resources Code, or any of the provisions thereof, which are contained in any State lease covered by this Agreement.

STATE LAND:

10.

Insofar as the royalty interest of the State of Texas in and under any State tract committed to the unit is concerned, this Agreement is entered into, made and executed by the undersigned Commissioner of the General Land Office by virtue of the authority and pursuant to the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, authorizing the same, after the prerequisites, findings and approval hereof, as provided in said Code having been duly considered, made and obtained.

DISSOLUTION:

11.

The unit covered by this Agreement may be dissolved by Lessee, his heirs, successors or assigns, by an instrument filed for record in Reeves County, Texas, and a certified copy thereof filed in the General Land Office at any time after the cessation of production on said unit or the completion of a dry hole thereon prior to production or upon such other date as may be approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns.

RATIFICATION/WAIVER:

12.

Nothing in this Agreement, nor the approval of this Agreement by the School Land Board, nor the execution of this Agreement by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; (4) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest; or (5) constitute a ratification of, or a waiver or release of any claim by the State with respect to any violation of a statute, regulation, or any of the common laws of this State, or any breach of any contract, duty, or other obligation owed to the State.

COUNTERPARTS:

13.

This Agreement may be executed in counterparts and if so executed shall be valid, binding and have the same effect as if all the parties hereto actually joined in and executed one and the same document. For recording purposes and in the event counterparts of this Agreement are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this Agreement so as to form what shall be deemed and treated as a single original instrument showing execution by all parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement upon the respective dates indicated below.

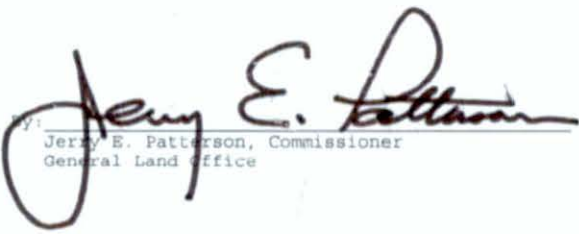
Date Executed

11/17/08

STATE OF TEXAS

Legal
Content
Geology
Executive




Jerry E. Patterson, Commissioner
General Land Office

Date Executed 12/20/07

PETRO-HUNT, L.L.C.

By: 
Bruce W. Hunt
Its: President

Wah
12/20/07



CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 16th day of October, 2007, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the 23rd day of January, 2008.


Secretary of the School Land Board

STATE OF TEXAS

COUNTY OF Dallas

This instrument was acknowledged before me on December 20, 2007, by Bruce W. Hunt
as President of Petro-Hunt, L.L.C., a Delaware limited liability
~~corporation~~ on behalf of said ~~corporation~~ Company.




Notary Public in and for the
State of Texas

Chesapeake Exploration, L.L.C.,
an Oklahoma limited liability company

By: _____
Henry J. Hood, Senior Vice President –
Land and Legal & General Counsel *SH*

STATE OF OKLAHOMA)
)
COUNTY OF OKLAHOMA) §

This instrument was acknowledged before me on this 28th day of December, 2007, by Henry J. Hood, as Senior Vice President - Land and Legal & General Counsel of Chesapeake Exploration, L.L.C. on behalf of said limited liability company.

Rebecca L. Henderson
Notary Public

My Commission Expires: 03/20/10
Commission Number: 06002946

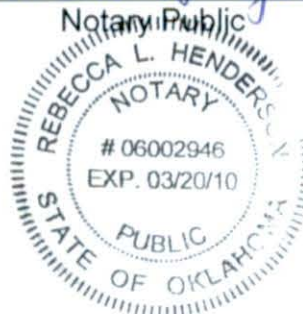


Exhibit A
Schedule of Leases
Block 58, State 31-3 Unit.

Tract 1: Section 30: NE¼ 160 acres RAL MF No. 104782

LESSOR	LESSEE	LEASE DATE	RECORDING DATE REEVES COUNTY.
Shawn Shannon	Petro-Hunt L.L.C.	10/20/04	Vol. 689 Page 31

Tract 2: Section 30: E/2 NW ¼ 80 acres RAL MF No. 104781

LESSOR	LESSEE	LEASE DATE	RECORDING DATE REEVES COUNTY.
Vance Ferguson	Petro-Hunt L.L.C.	11/01/04	Vol. 691 Page 298
Peggy Mauch	Petro-Hunt L.L.C.	11/01/04	Vol. 693 Page 581
George F. Vance	Petro-Hunt L.L.C.	12/27/06	Vol. 757 Page 233
Richland B. Vance	Petro-Hunt L.L.C.	12/27/06	Vol. 757 Page 168
R. Vance Sheffer	Petro-Hunt L.L.C.	12/27/06	Vol. 757 Page 177
Johnnie V. Brock	Petro-Hunt L.L.C.	1/03/07	Vol. 757 Page 224
Patti Haugen et al	Petro-Hunt L.L.C.	2/07/07	Vol. 757 Page 186
Donna Fay V. Nase	Petro-Hunt L.L.C.	12/27/07	Vol. 757 Page 215
Michelle James	Petro-Hunt L.L.C.	1/08/07	Vol. 757 Page 242
Clayton Vance	Petro-Hunt L.L.C.	12/27/07	Vol. 757 Page 206
Kathy Grander	Petro-Hunt L.L.C.	1/08/07	Vol. 757 Page 196

Tract 3: Section 30: W½ NW¼ 80 acres RAL MF No. 106627

LESSOR	LESSEE	LEASE DATE	RECORDING DATE REEVES COUNTY.
Robert Roush Vance	Shaw Interests Inc.	7/15/05	Vol. 709 Page 334

Tract 4: Section 30: N½ SW¼ 80 acres RAL MF No. 104780

LESSOR	LESSEE	LEASE DATE	RECORDING DATE REEVES COUNTY.
B.J. McCord	Petro-Hunt L.L.C.	11/02/04	Vol. 694 Page 362

Tract 5: Section 30: E¼ SE¼ 40 acres Free Royalty MF No. 108251

LESSOR	LESSEE	LEASE DATE	RECORDING DATE REEVES COUNTY.
J. Hiram Smith	Petro-Hunt L.L.C.	3/14/05	Vol. 725 Page 329

Tract 6: Section 30: S½ SW¼ 80 Acres RAL MF No. 105291 and 16641

LESSOR	LESSEE	LEASE DATE	RECORDING DATE REEVES COUNTY.
Fred P. Armstrong	Petro-Hunt L.L.C.	2/08/05	Vol. 700 Page 131
Betty B. Armstrong	Shaw Interest, Inc.	1/20/05	Vol. 696 Page 687
Weldon S. Armstrong	Shaw Interest, Inc.	1/20/05	Vol. 696 Page 717
David Armstrong	Shaw Interest, Inc.	1/20/05	Vol. 696 Page 707
John Cole Armstrong	Shaw Interest, Inc.	1/20/05	Vol. 696 Page 697
April A. Perez	Shaw Interest, Inc.	1/20/05	Vol. 696 Page 727

Tract 7: Section 30: W³/₄ SE¹/₄ 120 acres RAL MF No. 105490

LESSOR	LESSEE	LEASE DATE	RECORDING DATE REEVES COUNTY.
P.N. Wiggins	Petro-Hunt L.L.C.	3/01/05	Vol. 701 Page 222

Tract 8: Section 31: All of Section 640.2 acres RAL No. 105285

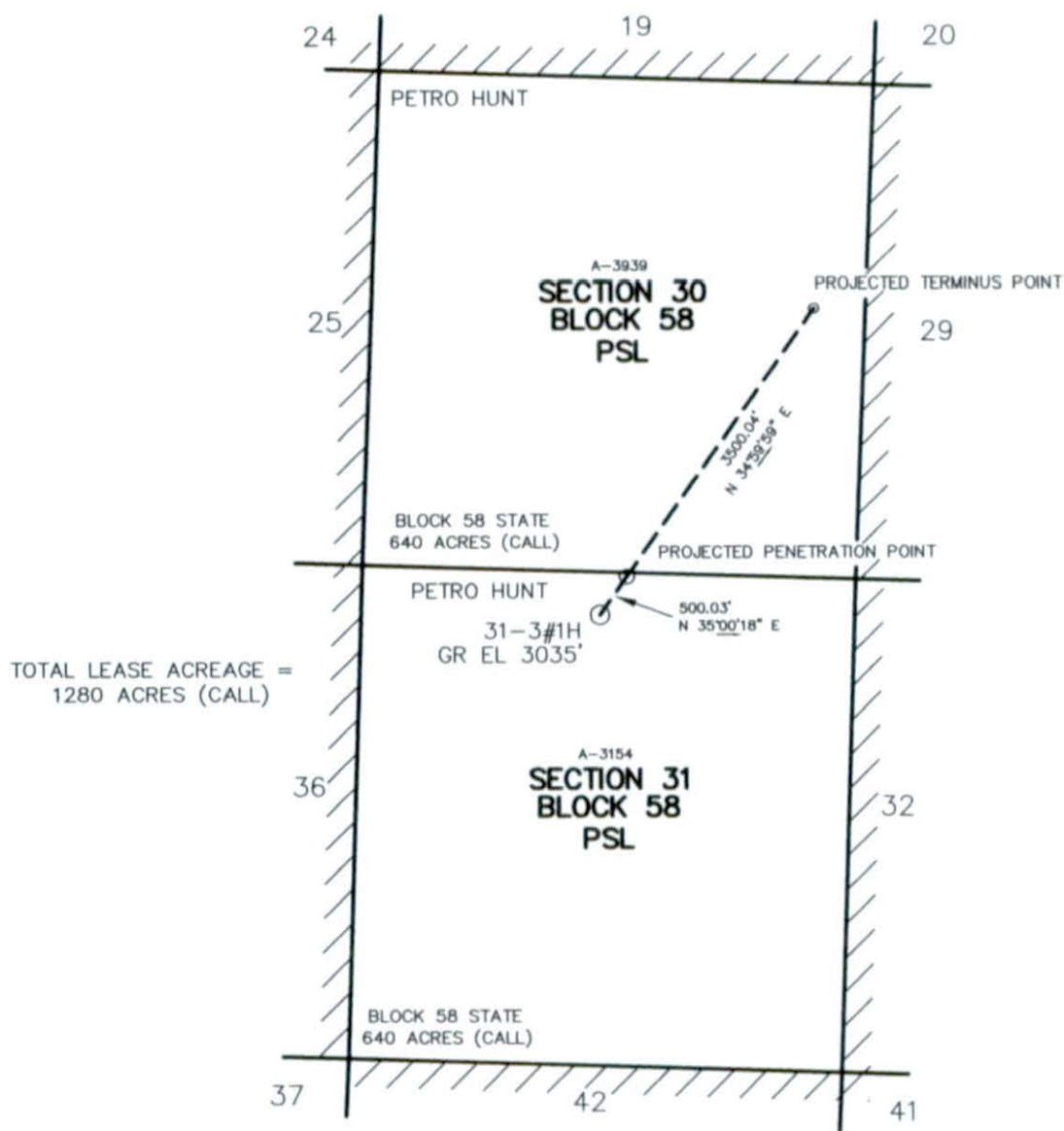
LESSOR	LESSEE	LEASE DATE	RECORDING DATE REEVES COUNTY.
Dela Minerals	Petro-Hunt L.L.C.	2/18/05	Vol. 707 Page 232
Scottish Rite Hospital	Petro-Hunt L.L.C.	12/01/05	Vol. 721 Page 249
Wells Fargo Bank M.Y. Tippens	Petro-Hunt L.L.C.	9/01/05	Vol. 724 Page 16
Wells Fargo Bank E.Shuman	Petro-Hunt L.L.C.	9/01/05	Vol. 724 Page 1
Wells Fargo Bank M.B. Harwitt	Petro-Hunt L.L.C.	9/01/05	Vol. 724 Page 31
Wells Fargo Bank D.D. Well-A	Petro-Hunt L.L.C.	12/01/05	Vol. 726 Page 639
Wells Fargo Bank C.F. Well-A	Petro-Hunt L.L.C.	12/01/05	Vol. 726 Page 625
Dale Bates Agent D.P. Well B.	Petro-Hunt L.L.C.	12/01/05	Vol. 724 Page 97
Dale Bates Agent C.F. Well B	Petro-Hunt L.L.C.	12/01/05	Vol. 724 Page 82
Ann C. Henderson	Shaw Interests, Inc.	10/06/04	Vol. 687 Page 684
Jane C. Drake	Shaw Interests, Inc.	10/06/04	Vol. 687 Page 693
Tom M. Covington	Shaw Interests, Inc	10/06/04	Vol. 687 Page 702
Nellie M. Gohlke	Shaw Interests, Inc	11/03/04	Vol. 689 Page 606

Exhibit B
Unit Lands
Block 58 State 31-3 Unit

The Unit Lands are located in Reeves County, Texas

640 acres of land being all of Section 30, Block 58, PSL Survey

640.2 acres of land being all of Section 31, Block 58, PSL Survey



NOTE: THIS PERMIT PLAT HAS BEEN PREPARED FROM A CERTIFIED SURVEY PLAT
ON FILE IN THE OFFICE OF WATSON & ASSOCIATES, MIDLAND, TEXAS.
APPROXIMATELY 7.9 MILES NORTHWEST OF TOYAH, TEXAS

UNIT PLAT
PETRO-HUNT, L.L.C.
BLOCK 58 STATE 31-3#1H UNIT
SECTIONS 30 & 31,
BLOCK 58
PSL SURVEY
REEVES COUNTY, TEXAS



WATSON
ASSOCIATES OF
MIDLAND, INC.



P.O. DRAWER 11186
MIDLAND, TEXAS 79702
(432) 520-9200
FAX (432) 520-9212
(800) 495-6443

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT THE SURVEY
INFORMATION FOUND ON THIS PLAT WAS DERIVED FROM ACTUAL FIELD
NOTES OF ON-THE-GROUND SURVEYS MADE BY ME OR UNDER MY
SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY
KNOWLEDGE AND BELIEF. NO WARRANTY IS MADE OR INTENDED FOR THE
LOCATION OF ANY OR ALL EASEMENTS THAT MAY EXIST WITHIN THE
BOUNDS OF THIS SURVEY. THE INFORMATION PRESENTED HEREON IS FOR
THE PRIVATE USE OF THE PARTY NAMED IN THE "REFERENCE PORTION"
OF THE TITLE BLOCK AND DOES NOT CONSTITUTE A COMPLETE
BOUNDARY SURVEY AS DEFINED BY THE "PROFESSIONAL LAND SURVEYING
PRACTICES ACT."

REGISTERED PROFESSIONAL LAND SURVEYOR

10/17/07

DATE

1980

RPLS

CONSULTING ENGINEERS, LAND SURVEYORS & PLANNERS

DATE: SEPT. 28, 2007 ACAD FILE: M:/BLOCK 59 PSL 6 30 07.DWG

F/B: 530/49 DRAWN BY: TA DATE SURVEYED: 12/15/06

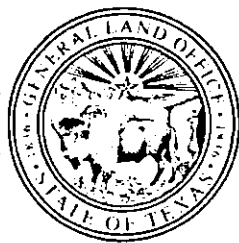
W-454-07

8.

File No. MF 704780
Boyle Committee Report
Jerry's Working Agreement
Date Filed: 1/23/08
Jerry E. Patterson, Commissioner
By [Signature]

4 3 2 1

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

June 17, 2008

Chesapeake Operating Inc.
PO Box 18496
Oklahoma City, OK 73154

Re: State Lease MF104780 - **Please refer to this lease number with all correspondence**
Block 58 State 31-3 #1
616169

The General Land Office has received and filed the division order submitted for the above-referenced state lease. Please be advised that the payment of royalties attributable to state-owned mineral interests is set by statute. As the execution of division orders may, in some cases, affect the manner in which such payments are paid or calculated, it is the policy of this office not to execute them.

Subject to applicable state law and the state's right to take its production in-kind, the General Land Office acquiesces to the sale of oil and gas under the terms and conditions set out in the oil and gas lease. If you should have questions concerning this matter, please feel free to call me at (512) 463-6521.

Sincerely,

Beverly Boyd, Lease Analyst
Mineral Leasing Division

Stephen F. Austin Building • 1700 North Congress Avenue • Austin, Texas 78701-1495

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

DIVISION ORDER

TO: CHESAPEAKE OPERATING, INC., PAYOR	PROPERTY NO: 616169
P.O. BOX 18496	EFFECTIVE: 2/23/2008
OKLAHOMA CITY, OK 73154	PREPARED BY: ANITA ROBINSON
	DATE PREPARED: 6/11/2008
	PRODUCT/ZONE: OIL & GAS

This agreement is made and entered into on June 11, 2008.

The undersigned severally and not jointly certifies it is the legal owner of the interest set out below of all the oil, gas and related liquid hydrocarbons produced from the property described below:

OPERATOR	CHESAPEAKE OPERATING, INC.	OWNER NO:	646157	INT TYPE:	5 (1 = WI, 2 = RI, 3 = ORI)
PROPERTY:	BLOCK 58 STATE 31-3 #1	OWNER:	STATE OF TEXAS		
LEGAL DESCRIPTION:	SEC 30 & 31 BLK 58 PSL SURVEY	UNIT ACRES:	1280.200000		
	REEVES CO, TX	COMMENTS	N/A		

*MF104780
Unit 4113*

Status	BPO Net Ac	BPO Lse NRI/RI	BPO Unit Int.	APO1 Net Ac	APO1 Lse NRI/RI	APO1 Unit Int.	APO2 Net Ac	APO2 Lse NRI/RI	APO2 Unit Int.
SM	340.410000	0.25000000	0.06647594	N/A	N/A	N/A	N/A	N/A	N/A

DIVISION OF INTEREST

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 following provisions apply to each interest owner ("Owner") who executes this agreement:

TERMS OF SALE: The undersigned will be paid in accordance with the division of interest set out 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 in the oil.

PAYMENT: From the effective date, payment is to be made monthly by payor's check, based on this division of interest, for oil runs within 60 days after the end of the month of production and for gas within 90 days after the end of the month of production from the property listed above, less taxes required by law to be deducted and remitted by payor as purchaser. Payments of less than \$100.00 may be accrued before disbursement until the total amount equals \$100.00, or until July 31st of each year, whichever occurs first. However, the Payor may hold accumulated proceeds of less than \$10.00 until production ceases, or the Payor's responsibility for making payment for production ceases, whichever occurs first. Payee agrees to refund to payor any amounts attributable to an interest or part of an interest that payee does not own.

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

DISPUTE; 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. In addition to the legal rights provided by the terms and provisions of this division order, an owner may have certain statutory rights under the laws of this state.

WITNESS	SIGNATURE OF INTEREST OWNER	SOCIAL SECURITY/ TAX I.D. NO.	REVENUE ADDRESS
			CORRESPONDENCE ADDRESS

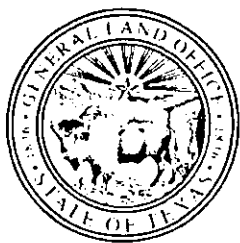
WORK PHONE NUMBER: ()	HOME PHONE NUMBER: ()	FAX NUMBER: ()
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Failure to furnish your Social Security/Tax I.D. number will result in withholding tax in accordance with federal law, and any tax withheld will not be refundable by payor.

THIS COPY CAN BE RETAINED FOR YOUR RECORDS



TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

June 17, 2008

Chesapeake Operating Inc.
PO Box 18496
Oklahoma City, OK 73154

Re: State Lease MF104780 - **Please refer to this lease number with all correspondence**
Block 58 State 31-3 #1
616169

The General Land Office has received and filed the division order submitted for the above-referenced state lease. Please be advised that the payment of royalties attributable to state-owned mineral interests is set by statute. As the execution of division orders may, in some cases, affect the manner in which such payments are paid or calculated, it is the policy of this office not to execute them.

Subject to applicable state law and the state's right to take its production in-kind, the General Land Office acquiesces to the sale of oil and gas under the terms and conditions set out in the oil and gas lease. If you should have questions concerning this matter, please feel free to call me at (512) 463-6521.

Sincerely,

Beverly Boyd, Lease Analyst
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Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

DIVISION ORDER

TO: CHESAPEAKE OPERATING, INC., PAYOR
P.O. BOX 18496
OKLAHOMA CITY, OK 73154

PROPERTY NO: 616169
EFFECTIVE: 2/23/2008
PREPARED BY: ANITA ROBINSON
DATE PREPARED: 6/11/2008
PRODUCT/ZONE: OIL & GAS

This agreement is made and entered into on June 11, 2008.

The undersigned severally and not jointly certifies it is the legal owner of the interest set out below of all the oil, gas and related liquid hydrocarbons produced from the property described below:

OPERATOR CHESAPEAKE OPERATING, INC. OWNER NO: 646157 INT TYPE: 5 (1 = WI, 2 = RI, 3 = ORI)
PROPERTY: BLOCK 58 STATE 31-3 #1 OWNER: STATE OF TEXAS
LEGAL DESCRIPTION: SEC 30 & 31 BLK 58 PSL SURVEY UNIT ACRES: 1280.200000
REEVES CO, TX COMMENTS N/A

MF 104780
Unit 4113

Status	BPO Net Ac	BPO Lse NRI/RI	BPO Unit Int.	APO1 Net Ac	APO1 Lse NRI/RI	APO1 Unit Int.	APO2 Net Ac	APO2 Lse NRI/RI	APO2 Unit Int.
SM	279.690000	0.20000000	0.04369474	N/A	N/A	N/A	N/A	N/A	N/A

DIVISION OF INTEREST

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 following provisions apply to each interest owner ("Owner") who executes this agreement:

TERMS OF SALE: The undersigned will be paid in accordance with the division of interest set out 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 in the oil.

PAYMENT: From the effective date, payment is to be made monthly by payor's check, based on this division of interest, for oil runs within 60 days after the end of the month of production and for gas within 90 days after the end of the month of production from the property listed above, less taxes required by law to be deducted and remitted by payor as purchaser. Payments of less than \$100.00 may be accrued before disbursement until the total amount equals \$100.00, or until July 31st of each year, whichever occurs first. However, the Payor may hold accumulated proceeds of less than \$10.00 until production ceases, or the Payor's responsibility for making payment for production ceases, whichever occurs first. Payee agrees to refund to payor any amounts attributable to an interest or part of an interest that payee does not own.

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WITNESS	SIGNATURE OF INTEREST OWNER	SOCIAL SECURITY/ TAX I.D. NO.	REVENUE ADDRESS
			CORRESPONDENCE ADDRESS
WORK PHONE NUMBER: () HOME PHONE NUMBER: () FAX NUMBER: ()			

Failure to furnish your Social Security/Tax I.D. number will result in withholding tax in accordance with federal law, and any tax withheld will not be refundable by payor.

THIS COPY CAN BE RETAINED FOR YOUR RECORDS

9.

File No. MF 104780
(2) DIVISION ORDERS
Date Filed: 6/19/08 6/17/08
JERRY E. PATTERSON, Commissioner
By [Signature]

0.70.00

expired 4-16-11

DO NOT DESTROY



Texas General Land Office UNIT AGREEMENT MEMO

PA09-54

Unit Number 4484
Operator Name CHESAPEAKE OPERATING INC Effective Date 4/16/2009
TaxID: [REDACTED] Unitized For Oil & Gas
Unit Name Block 58 State 31-3 Unit Term 24 Months
County1 Reeves
County2 4113 Inactive Status Date 4/16/2009
County3 0
RRC District: 08 0
Unit Type: Temporary 0
State Royalty Interest: 0.1121234979956 0
State Part in Unit: 1
Unit Depth Well: Other
Below Depth 11978 TVD Formation: Barnett and Woodford Shales
Above Depth 13040 TVD Participation Basis: Surface Acreage
[If Exclusions Apply: See Remarks]

MF Number MF104780 Tract Number 1
Lease Acres 80 / Total Unit Acres 1280.2 =
Tract Participation: 0.0624902 X
Lease Royalty 0.1 = Manual Tract Participation: [] 0 See Remarks
Tract Royalty Participation 0.0062490 Manual Tract Royalty: [] 0
Tract Royalty Reduction No
Tract Royalty Rate 0
Tract On-Line Date: 07-105081

MF Number	MF104781	Tract Number	2														
Lease Acres	80	/	Total Unit Acres 1280.2 =														
Tract Participation:	0.0624902	X															
Lease Royalty	0.121875	=	Manual Tract Participation: <table><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>0</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>0</td></tr></table> See Remarks							0							0
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Tract Royalty Participation	0.0076160		Manual Tract Royalty: <table><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>0</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>0</td></tr></table>							0							0
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						0											
Tract Royalty Reduction No Tract Royalty Rate 0 Tract On-Line Date: 07-105072																	

MF Number	MF104782	Tract Number	3														
Lease Acres	160	/	Total Unit Acres 1280.2 =														
Tract Participation:	0.1249805	X															
Lease Royalty	0.1	=	Manual Tract Participation: <table><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>0</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>0</td></tr></table> See Remarks							0							0
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						0											
Tract Royalty Reduction No Tract Royalty Rate 0 Tract On-Line Date: 07-105063																	

MF Number	MF105285	Tract Number	4														
Lease Acres	640.2	/	Total Unit Acres 1280.2 =														
Tract Participation:	0.5000781	X															
Lease Royalty	0.11916667	=	Manual Tract Participation: <table><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>0</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>0</td></tr></table> See Remarks							0							0
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						0											
						0											
Tract Royalty Reduction No Tract Royalty Rate 0 Tract On-Line Date: 07-105116																	

MF Number	MF106641	Tract Number	8								
Lease Acres	26.6667	Total Unit Acres	1280.2 =								
Tract Participation:	0.0208301		X								
Lease Royalty	0.1		=								
Tract Royalty Participation	0.0020830	Manual Tract Participation:	<table border="1"><tr><td> </td><td>0</td></tr><tr><td> </td><td> </td></tr><tr><td> </td><td> </td></tr><tr><td> </td><td> </td></tr></table> See Remarks		0						
	0										
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	0										

Tract Royalty Reduction No
Tract Royalty Rate 0
Tract On-Line Date:

07-105090

MF Number	MF108251	Tract Number	9								
Lease Acres	40	Total Unit Acres	1280.2 =								
Tract Participation:	0.0312451		X								
Lease Royalty	0.0625		=								
Tract Royalty Participation	0.0019528	Manual Tract Participation:	<table border="1"><tr><td> </td><td>0</td></tr><tr><td> </td><td> </td></tr><tr><td> </td><td> </td></tr><tr><td> </td><td> </td></tr></table> See Remarks		0						
	0										
		Manual Tract Royalty:	<table border="1"><tr><td> </td><td>0</td></tr><tr><td> </td><td> </td></tr><tr><td> </td><td> </td></tr><tr><td> </td><td> </td></tr></table>		0						
	0										

Tract Royalty Reduction No
Tract Royalty Rate 0
Tract On-Line Date:

08-029830

API Number **RRC Number**

Remarks:

Prepared By:

REW

Prepared Date:

3/24/09

GLO Base Updated By:

MA

GLOBase Date:

3/24/09

RAM Approval By:

J King

RAM Approval Date:

3/25/09

GIS By:

AS

GIS Date:

5-29/09

Pooling Committee Report

To: School Land Board
Date of Board Meeting: March 24, 2009
Effective Date: 4/16/2009
Unit Expiration Date: 4/16/2011
Applicant: CHESAPEAKE EXPLORATION LLC
Attorney Rep: Clark Jobe
Operator: CHESAPEAKE OPERATING INC
County 1: Reeves
County 2:
County 3:
Unit Name: Block 58 State 31-3
Field Name: Toyah NW (Shale)

PA09-54
Unit Number: 4484

<u>Lease Type</u>	<u>MF Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres in Unit</u>	<u>Royalty Participation</u>
RAL	MF104780	0.1	11/2/2008	4 years	80	80	0.0062490
RAL	MF104781	0.1219	11/1/2008	4 years	80	80	0.0076160
RAL	MF104782	0.1	10/20/2009	5 years	160	160	0.0124980
RAL	MF105285	0.1192	9/1/2008	3 years	640.2	640.2	0.0595926
RAL	MF105291	0.1	2/8/2008	3 years	53.3333	53.3333	0.0041660
RAL	MF105490	0.125	3/1/2008	3 years	120	120	0.0117169
RAL	MF106627	0.1	7/15/2008	3 years	80	80	0.0062490
RAL	MF106641	0.1	1/20/2010	5 years	26.6667	26.6667	0.0020830
FR	MF108251	0.0625	3/14/2008	3 years	40	40	0.0019528

SF = State Fee RAL = Relinquishment Act FR = Free Royalty UR = Unleased River

Private Acres:	0
State Acres:	1280.2
Total Unit Acres:	1280.2

<u>Participation Basis:</u>	
Surface Acreage	
<u>State Acreage:</u>	100.00%
<u>State Unit Royalty:</u>	11.21%

<u>Unit Type:</u>	<u>Unitized for:</u>
Temporary	Oil & Gas
<u>Term:</u> 24	Months

<u>Well Location:</u>
State Land

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Special Field Rule	1280 acres

REMARKS:

- Chesapeake Exploration, L.L.C. is requesting a 24-month extension of the temporary Block 58 State 31-3 Unit.
- On October 16, 2007, the School Land Board approved 18-month temporary oil and gas pooling from 11,978 feet to 13,040 feet.
- The applicant completed the unit well on May 1, 2008 at a rate of 886 MCFGPD. The well has produced 208 MMCFG as of March 1, 2009.
- With approval of the extension the State's unit royalty participation will continue to be 11.21%.
- Approval by the School Land Board in no way ratifies any of the leases included in this proposed extension.

POOLING COMMITTEE RECOMMENDATION:

- The Pooling Committee recommends Board approval of a 24-month extension of the Block 58 State 31-3 Unit under the above-stated provisions.



Jeffery L. Palmer - Office of the Attorney General



Peter A. Boone - General Land Office

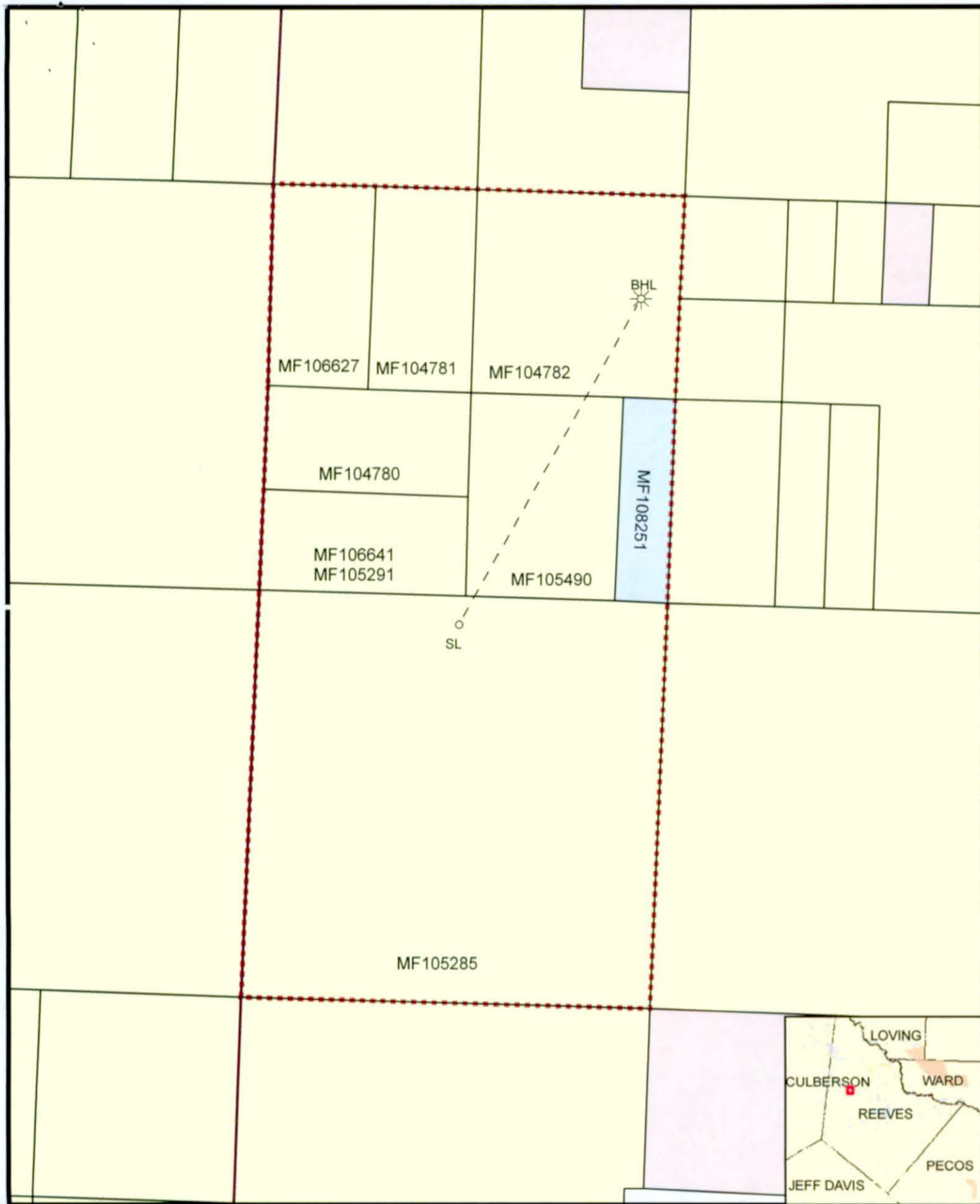


David Zimmerman - Office of the Governor

3-12-09
Date:

3-11-09
Date:

3-11-09
Date:



Chesapeake Exploration L.L.C.
 Block 58, State 31-3 Unit
 Toyah NW (Shale) Field
 MF104780, MF104781, MF104782,
 MF105285, MF105291, MF105490,
 MF106627, MF106641, and MF108251
 Reeves County
 Unit # 4484
 PA09-54

0 750 1,500 3,000 Feet



The Texas General Land Office makes no representations or warranties regarding the accuracy or completeness of the information depicted on the map or the data from which it was produced. This map is NOT suitable for navigational purposes and does not purport to depict or establish boundaries between private and public land.



Map Compiled By: Zeke Guillen
 March 24, 2009

**FIRST AMENDMENT OF TERM POOLING AGREEMENT
PETRO-HUNT, L.L.C.
BLOCK 58 STATE 31-3 UNIT
REEVES COUNTY, TEXAS**

WHEREAS, on October 16, 2007, the Block 58 State 31-3 Unit was presented to and approved by the School Land Board of the State of Texas pursuant to the provisions of Subchapter E, Chapter 52, of the Texas Natural Resources Code; and

WHEREAS, pursuant to such approval Petro-Hunt, L.L.C. et al. and the Commissioner of the General Land Office of the State of Texas entered into that certain Term Pooling Agreement ("Agreement") to pool certain State lands into the Block 58 State 31-3 Unit, covering 1,280.2 acres of land in Reeves County, Texas, as more particularly described in said Agreement on file in the Archives and Records of the Texas General Land Office at Austin, Texas, in Mineral File No. M-104780; and

WHEREAS, said Agreement was executed by the parties, subject to the provision that it would expire on April 16, 2009; and

WHEREAS, Chesapeake Exploration, L.L.C. is the current operator of the Block 58 State 31-3 Unit; and

WHEREAS, on March 24, 2009, Chesapeake Exploration, L.L.C. made application and the School Land Board approved its application to extend the term of said Agreement so that the Agreement will now expire on April 16, 2011; and

WHEREAS, the Commissioner of the General Land Office finds that amending said Agreement as approved by the School Land Board is in the best interest of the State of Texas:

NOW THEREFORE, in consideration of the premises and of the mutual agreements contained in said Agreement, it is agreed that said Agreement is amended as to Paragraph 9 thereof by deleting said paragraph in its entirety and substituting the following paragraph therefor:

"TERM:

9.

Unless this Agreement expires earlier pursuant to the terms of the respective leases included as a part of this Agreement, or on such other date approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns, this Agreement shall expire on April 16, 2011. Nothing herein shall amend or modify Section 52.031 of the Natural Resources Code, or any of the provisions thereof, which are contained in any State lease covered by this Agreement."

Nothing in this Amendment, nor the approval of this Amendment by the School Land Board, nor the execution of this Amendment by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; or (4) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest; or (5) constitute a ratification of, or a waiver or release of any claim by the State with respect to any violation of a statute, regulation, or any of the common laws of this State, or any breach of any contract, duty, or other obligation owed to the State.

This First Amendment of Term Pooling Agreement may be executed in counterparts and, if so executed, shall be valid, binding and have the same effect as if all the parties hereto actually joined in and executed one and the same document. For recording purposes and in the event counterparts of this First Amendment of Term Pooling Agreement are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this First Amendment of Term Pooling Agreement so as to form what shall be deemed and treated as a single original instrument showing execution by all parties hereto.

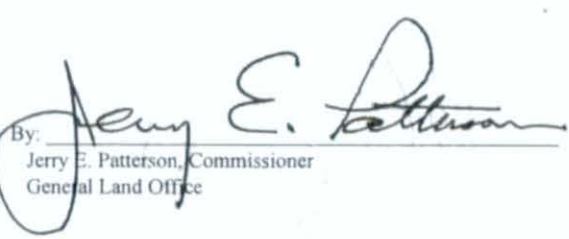
IN WITNESS WHEREOF, the parties hereto have executed this First Amendment of Term Pooling Agreement upon the respective dates indicated below but to be effective as of April 16, 2009, for purposes of extending the Agreement.

Date Executed 5/15/09

STATE OF TEXAS

Legal
Content
Geology
Executive



By: 
Jerry E. Patterson, Commissioner
General Land Office

Date Executed 3/30/09

CHESAPEAKE EXPLORATION, L.L.C.

By: [Signature]
Henry J. Hood
Senior Vice President – Land and Legal &
General Counsel of Chesapeake Exploration,
Its: L.L.C., an Oklahoma limited liability company

gm hec
9

CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on March 24, 2009, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this 18th day of May, 2009.

[Signature]
Stephanie Crenshaw
Secretary of the School Land Board

STATE OF OKLAHOMA

COUNTY OF OKLAHOMA

This instrument was acknowledged before me on March 30th, 2009, by Henry J. Hood
as Sr. VP- Land and Legal & General Counsel of Chesapeake Exploration, L.L.C., an Oklahoma limited liability company on
behalf of said limited liability company.

[Signature]
Notary Public in and for the State of Oklahoma

My Commission Expires: 6/23/12
Commission Number: 08006057



10.

File No. MF104280
Boaling Committee Report &
First Amendment to Term
Date Filed: 5/18/09 Boaling
Jerry Patterson, Commissioner
By [Signature] Agreement



PINNACLE LAND SERVICES, INC.

P.O. Box 991
Pleasanton, Texas 78064

Office (830) 569-5436

Fax (830) 569-5438

Cell (830) 570-2275

June 19, 2009

Ms. Beverly Boyd
General Land Office of Texas
1700 North Congress Avenue, Suite 640
Austin, Texas 78701-1495

Re: Pinnacle Land Services, Inc.
Instruments for Recording
Reeves County, Texas

M-104780

Dear Beverly:

Please find enclosed a certified copies of the below listed documents to file. Also, please find Check no. 13036 in the amount of \$275.00 for the GLO filing fee.

0-52 / Release of Oil and Gas Lease - E/2 and SW/4 of Section 14, Block 58, Public School Land Survey, Reeves County, Texas

0-52 / Release of Oil and Gas Lease - South 360 acres of Section 22, Block 59, Public School Land Survey, Reeves County, Texas

0-52 / Partial Assignment of Oil and Gas Leases Without Warranty - All of Section 28, Block 62, Township 1, T&P RR Co. Survey, Culberson County, Texas

40-52 / Partial Assignment of Oil and Gas Leases Without Warranty - All of Section 43, Block 42, PSL Survey, Culberson County, Texas

Partial Assignment of Oil and Gas Leases Without Warranty - All of Section 6, Block 62, Township 1, T&P RR Co. Survey, Culberson County, Texas

Term Pooling Agreement, Chesapeake Exploration, L.L.C., Caldwell State 71-6 #1H Unit, Reeves County, Texas - Tract 1: All of Section 6, Block 71, P.S.L. Survey, Reeves County, Texas. Tract 2: E/2; NW/4; and the N/2 of the SW/4 of Section 24, Block 71, P.S.L. Survey, Reeves County, Texas

First Amendment of Term Pooling Agreement, Chesapeake Exploration Limited Partnership, Lowe State 72-8 Unit, Reeves County, Texas - MF 104184

First Amendment of Term Pooling Agreement, Petro-Hunt, L.L.C., Block 58 State 31-3 Unit, Reeves County, Texas – MF 104780

First Amendment of Term Pooling Agreement, Chesapeake Exploration Limited Partnership, Pelican Ranch Unit, Reeves County, Texas – MF 104792

First Amendment of Term Pooling Agreement, Chesapeake Exploration Limited Partnership, Hodge State 70-24 Unit, Reeves County, Texas – MF 104184

First Amendment of Term Pooling Agreement, Chesapeake Exploration Limited Partnership, Lowe State 72-8 Unit, Reeves County, Texas – MF 104184

First Amendment of Term Pooling Agreement, Chesapeake Exploration Limited Partnership, Jobe State 70-1 No. 1 Unit, Reeves County, Texas – MF 104185

Please let me know if you have any questions regarding this matter.

Sincerely,
PINNACLE LAND SERVICES, INC.



Cindy G. Mercer, C. P. L.

/cgm

enclosures

FILE # 1883

**FIRST AMENDMENT OF TERM POOLING AGREEMENT
PETRO-HUNT, L.L.C.
BLOCK 58 STATE 31-3 UNIT
REEVES COUNTY, TEXAS**

WHEREAS, on October 16, 2007, the Block 58 State 31-3 Unit was presented to and approved by the School Land Board of the State of Texas pursuant to the provisions of Subchapter E, Chapter 52, of the Texas Natural Resources Code; and

WHEREAS, pursuant to such approval Petro-Hunt, L.L.C. et al. and the Commissioner of the General Land Office of the State of Texas entered into that certain Term Pooling Agreement ("Agreement") to pool certain State lands into the Block 58 State 31-3 Unit, covering 1,280.2 acres of land in Reeves County, Texas, as more particularly described in said Agreement on file in the Archives and Records of the Texas General Land Office at Austin, Texas, in Mineral File No. M-104780; and

WHEREAS, said Agreement was executed by the parties, subject to the provision that it would expire on April 16, 2009; and

WHEREAS, Chesapeake Exploration, L.L.C. is the current operator of the Block 58 State 31-3 Unit; and

WHEREAS, on March 24, 2009, Chesapeake Exploration, L.L.C. made application and the School Land Board approved its application to extend the term of said Agreement so that the Agreement will now expire on April 16, 2011; and

WHEREAS, the Commissioner of the General Land Office finds that amending said Agreement as approved by the School Land Board is in the best interest of the State of Texas:

NOW THEREFORE, in consideration of the premises and of the mutual agreements contained in said Agreement, it is agreed that said Agreement is amended as to Paragraph 9 thereof by deleting said paragraph in its entirety and substituting the following paragraph therefor:

"TERM

9.

Unless this Agreement expires earlier pursuant to the terms of the respective leases included as a part of this Agreement, or on such other date approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns, this Agreement shall expire on April 16, 2011. Nothing herein shall amend or modify Section 52.031 of the Natural Resources Code, or any of the provisions thereof, which are contained in any State lease covered by this Agreement."

Nothing in this Amendment, nor the approval of this Amendment by the School Land Board, nor the execution of this Amendment by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; or (4) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest; or (5) constitute a ratification of, or a waiver or release of any claim by the State with respect to any violation of a statute, regulation, or any of the common laws of this State, or any breach of any contract, duty, or other obligation owed to the State.

This First Amendment of Term Pooling Agreement may be executed in counterparts and, if so executed, shall be valid, binding and have the same effect as if all the parties hereto actually joined in and executed one and the same document. For recording purposes and in the event counterparts of this First Amendment of Term Pooling Agreement are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this First Amendment of Term Pooling Agreement so as to form what shall be deemed and treated as a single original instrument showing execution by all parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment of Term Pooling Agreement upon the respective dates indicated below but to be effective as of April 16, 2009, for purposes of extending the Agreement.

Date Executed 5/15/09

STATE OF TEXAS

Legal
Content
Geology
Executive

[Signature]
[Signature]
[Signature]

[Signature]
by Jerry E. Patterson, Commissioner
General Land Office



True and Correct
copy of
Original filed in
Reeves County
Clarks Office

00-02-9

Date Executed 3/30/09

CHESAPEAKE EXPLORATION, L.L.C.

By


 Henry J. Hood
 Senior Vice President - Land and Legal &
 General Counsel of Chesapeake Exploration,
 L.L.C., an Oklahoma limited liability company

Its:



CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on March 24, 2009, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this 18th day of May, 2009.


 Stephanie Crenshaw
 Secretary of the School Land Board

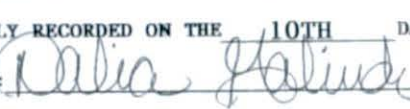
STATE OF OKLAHOMA

COUNTY OF OKLAHOMA

This instrument was acknowledged before me on March 30th, 2009, by Henry J. Hood
 as Sec. VP - Land and Legal & General Counsel of Chesapeake Exploration, L.L.C., an Oklahoma limited liability company on
 behalf of said limited liability company.


 Notary Public in and for the State of Oklahoma
My Commission Expires 6/23/12Commission Number 08006057

2

FILE# 1883FILED FOR RECORD ON THE 8TH DAY OF JUNE A.D. 2009 10:46 A. M.DULY RECORDED ON THE 10TH DAY OF JUNE A.D. 2009 9:00 A. M.BY:  DEPUTYDIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

ANY INSTRUMENT HEREIN WHICH RESTRICTS THE SALE, RENTAL,
 OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR
 OR RACE IS HEREBY AND HEREAFTER ABOLISHED UNDER FEDERAL
 LAW



True and Correct
 copy of
 Original filed in
 Reeves County
 Clerks Office

00.00.0

11

File No. M-104760
Gr. From Pinnacle w.h
Korbu First Amendment
Date Filed: 6/23/09
Jerry E. Patterson, Commissioner
By Daryl Morgan

CERTIFIED TRUE AND CORRECT COPY CERTIFICATE
STATE OF TEXAS
COUNTY OF REEVES

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office, found in VOL. 822, PAGE 12, THRU 13. OFFICIAL PUBLIC RECORDS

I hereby certified on JUNE 10, 2009



DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

By Dalia Salido DEPUTY
DALIA SALIDO





Chesapeake Energy Corporation

CST Daily Production Report

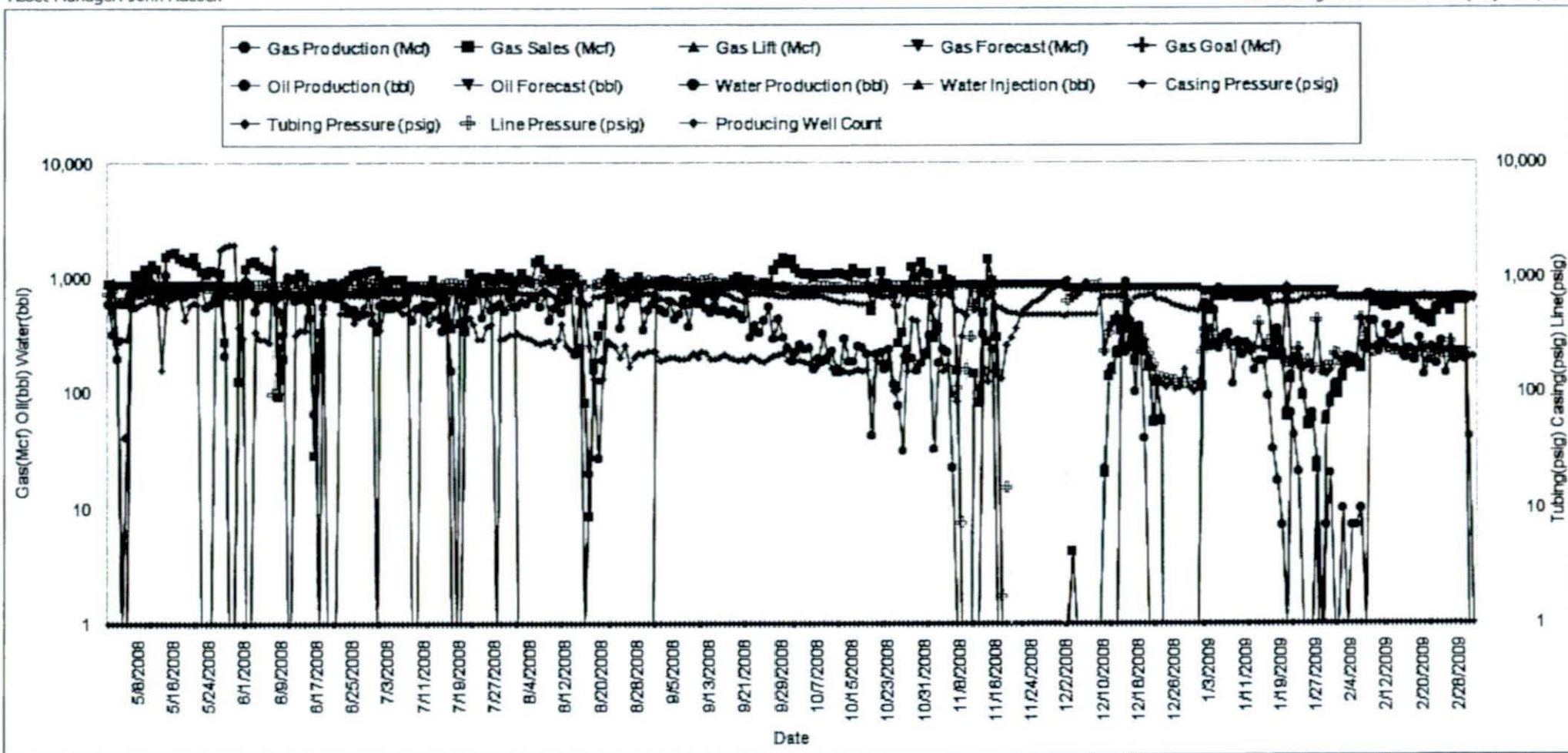
BLOCK 58 STATE 31-3 1H

1/1/1900 - 3/3/2009

Gross Volumes | Operated Wells | 14.65 Pressure Base

Zone: BLOCK 58 STATE 31-3 1H
in Route: MID-TX-Route 14- Pablo Jimenez
Asset Manager: John Adcock

Date Range Cum Gas Prod (Mcf): 208,405
Date Range Cum Oil Prod (bbl): 0
Date Range Cum Water Prod (bbl): 104,189





Chesapeake Energy Corporation

CST Daily Production Report

BLOCK 58 STATE 31-3 1H

1/1/1900 - 3/3/2009

Gross Volumes | Operated Wells | 14.65 Pressure Base

Date ▼	Gas Prod (Mcf)	Gas Sales (Mcf)	Gas Lift (Mcf)	Gas Forecast (Mcf)	Gas Goal (Mcf)	Oil Prod (bbl)	Oil Forecast (bbl)	Water Prod (bbl)	Water Inj (bbl)	Casing (psig)	Tubing (psig)	Line (psig)	Downtime (hrs)	Downtime Reason	Comments	Choke	Producing Well Count
03/03/2009	0	0	0	629	0	0	0	0	0	690	206	0	0			0	1
03/02/2009	41	0	0	629	0	0	0	0	0	690	206	210	0			0	1
03/01/2009	675	614	0	629	0	0	0	193	0	682	234	216	0		INJECTED 345mcf-INJECTING 370mcf	64	1
02/28/2009	670	611	0	660	0	0	0	227	0	688	230	210	0		INJECTED 356mcf-INJECTING 370mcf	64	1
02/27/2009	674	612	0	660	0	0	0	190	0	695	230	218	0		INJECTED 361mcf-INJECTING 370mcf	64	1
02/26/2009	550	492	0	660	0	0	0	230	0	698	291	282	0		INJECTED 361mcf-INJECTING 370mcf HLP	64	1
02/25/2009	598	557	0	660	0	0	0	146	0	688	229	220	0		INJECTED 361mcf-INJECTING 350mcf	64	1
02/24/2009	613	568	0	660	0	0	0	276	0	705	237	215	0		INJECTED 345mcf-INJECTING 350mcf	64	1
02/23/2009	551	501	0	660	0	0	0	177	0	695	245	229	0		INJECTED 345mcf-INJECTING 350mcf	64	1
02/22/2009	434	392	0	660	0	0	0	246	0	697	242	226	0		INJECTED 329mcf-INJECTING 350mcf	64	1
02/21/2009	463	421	0	660	0	0	0	187	0	702	244	224	0		INJECTED 312mcf-INJECTING 350mcf-HLP	64	1
02/20/2009	471	422	0	660	0	0	0	143	0	709	240	238	0		INJECTED 312mcf-INJECTING 350mcf	64	1
02/19/2009	506	456	0	660	0	0	0	293	0	700	242	227	0		INJECTED 312mcf-INJECTING 350mcf	64	1
02/18/2009	547	497	0	660	0	0	0	186	0	702	228	221	0		INJECTED 3329mcf-INJECTING 350mcf	64	1
02/17/2009	660	610	0	660	0	0	0	240	0	707	241	226	0		INJECTED 394mcf-INJECTING 350mcf	64	1
02/16/2009	657	608	0	660	0	0	0	200	0	705	244	231	0		INJECTED 394mcf-INJECTING 350mcf	64	1
02/15/2009	652	604	0	660	0	0	0	363	0	702	225	220	0		INJECTED 394mcf-INJECTING 350mcf	64	1
02/14/2009	604	558	0	660	0	0	0	329	0	711	246	235	0		INJECTED 345mcf-INJECTING 350mcf	64	1
02/13/2009	679	621	0	660	0	0	0	310	0	708	245	232	0		INJECTED 345mcf-INJECTING 350mcf	64	1
02/12/2009	601	546	0	660	0	0	0	374	0	706	257	242	0		INJECTED 350mcf-INJECTING 300mcf	64	1
02/11/2009	622	568	0	660	0	0	0	266	0	709	273	260	0		INJECTED 329mcf-INJECTING 300mcf	64	1
02/10/2009	663	613	0	660	0	0	0	226	0	715	273	261	0		INJECTED 312 mcf-INJECTING 300mcf	64	1
02/09/2009	651	604	0	660	0	0	0	413	0	715	249	225	0		Injected 393 Injecting 400mcf	64	1



Chesapeake Energy Corporation

CST Daily Production Report

BLOCK 58 STATE 31-3 1H

1/1/1900 - 3/3/2009

Gross Volumes | Operated Wells | 14.65 Pressure Base

02/08/2009	725	674	0	660	0	0	0	410	0	722	253	228	0	Injected 393mcf Injecting 400mcf	64	1
02/07/2009	260	238	0	660	0	0	0	0	0	751	338	317	0	HLP/INJECTED 368mcf-INJECTING 350mcf-MICO REGULATOR PLUGGED	64	1
02/06/2009	177	161	0	660	0	0	0	10	0	686	444	447	0	HLP-INJECTED 345mcf-INJECTING 350mcf	64	1
02/05/2009	191	175	0	660	0	0	0	7	0	701	182	182	0	INJECTED 345mcf-INJECTING 350mcf	64	1
02/04/2009	199	183	0	660	0	0	0	7	0	702	178	182	0	INJECTED 320mcf-INJECTING 300mcf	64	1
02/03/2009	203	188	0	660	0	0	0	0	0	693	173	177	0	INJECTED 320mcf-INJECTING 300mcf	64	1
02/02/2009	147	135	0	660	0	0	0	10	0	687	169	175	0	INJECTED 329mcf-INJECTING 300mcf	64	1
02/01/2009	105	95	0	660	0	0	0	0	0	679	199	209	0	INJECTED 226mcf-INJECTING 300mcf	64	1
01/31/2009	120	109	0	772	0	0	0	0	0	677	211	217	0	INJECTED 243mcf-INJECTING 275mcf	64	1
01/30/2009	89	80	0	772	0	0	0	20	0	692	156	165	0	INJECTED 243mcf-INJECTING 275mcf	64	1
01/29/2009	62	56	0	772	0	0	0	7	0	686	144	166	0	INJECTED 161mcf-INJECTING 242mcf	64	1
01/28/2009	0	0	0	772	0	0	0	0	0	684	148	160	0	INJECTED 161mcf-INJECTING 242mcf	64	1
01/27/2009	24	22	0	772	0	0	0	26	0	664	417	424	0	INJECTED 153mcf-INJECTING 200mcf H.L.P	64	1
01/26/2009	66	61	0	772	0	0	0	0	0	696	153	169	0	INJECTED 153mcf-INJECTING 200mcf	64	1
01/25/2009	57	52	0	772	0	0	0	0	0	652	177	185	0	INJECTED 153mcf-INJECTING 200mcf	64	1



Chesapeake Energy Corporation

CST Daily Production Report

BLOCK 58 STATE 31-3 1H

1/1/1900 - 3/3/2009

Gross Volumes | Operated Wells | 14.65 Pressure Base

Date ▼	Gas Prod (Mcf)	Gas Sales (Mcf)	Gas Lift (Mcf)	Gas Forecast (Mcf)	Gas Goal (Mcf)	Oil Prod (bbl)	Oil Forecast (bbl)	Water Prod (bbl)	Water Inj (bbl)	Casing (psig)	Tubing (psig)	Line (psig)	Downtime (hrs)	Downtime Reason	Comments	Choke	Producing Well Count
01/24/2009	99	92	0	772	0	0	0	0	0	674	162	164	0		INJECTED 153mcf-INJECTING 200mcf	64	1
01/23/2009	200	183	0	772	0	0	0	21	0	623	241	240	0		INJECTED 261mcf-INJECTING 250mcf	64	1
01/22/2009	200	185	0	772	0	0	0	43	0	613	191	192	0		INJECTED 230mcf-INJECTING 250mcf/SHUT IN WELL @ 1:30pm	64	1
01/21/2009	143	131	0	772	0	0	0	66	0	615	177	189	0		INJECTED 230mcf-INJECTING 250mcf/SHUT IN WELL @ 1:30pm	64	1
01/20/2009	68	63	0	772	0	0	0	0	0	874	872	180	0		INJECTED 230mcf-INJECTING 250mcf/SHUT IN WELL @ 1:30pm	64	1
01/19/2009	222	207	0	772	0	0	0	7	0	617	198	202	0		INJECTED 230mcf-INJECTING 250mcf/SHUT IN WELL @ 1:30pm	64	1
01/18/2009	352	327	0	772	0	0	0	17	0	616	286	297	0		INJECTED 307mcf-INJECTING 300mcf	64	1
01/17/2009	220	206	0	772	0	0	0	33	0	592	215	231	0		INJECTED 188mcf-INJECTING 200mcf	64	1
01/16/2009	651	608	0	772	0	0	0	93	0	576	238	283	0		INJECTED 188mcf-INJECTING 200mcf	64	1
01/15/2009	737	689	0	772	0	0	0	186	0	704	246	246	0		INJECTED 246mcf-INJECTING 250mcf	64	1
01/14/2009	763	713	0	772	0	0	0	190	0	710	394	401	0		INJECTED 205mcf-INJECTING 210mcf Hi line pressure	64	1
01/13/2009	728	681	0	772	0	0	0	156	0	700	250	237	0		INJECTED 189mcf-INJECTING 200mcf	64	1
01/12/2009	700	665	0	772	0	0	0	229	0	703	227	232	0		INJECTED 205mcf-INJECTING 200mcf	64	1
01/11/2009	693	653	0	772	0	0	0	263	0	705	253	258	0		INJECTED 205mcf-INJECTING 200mcf	64	1
01/10/2009	714	668	0	772	0	0	0	212	0	709	271	261	0		INJECTED 205mcf-INJECTING 200mcf	64	1
01/09/2009	708	664	0	772	0	0	0	283	0	710	269	264	0		INJECTED 154mcf-INJECTING 200mcf	64	1
01/08/2009	776	735	0	772	0	0	0	120	0	704	271	257	0		INJECTED 154mcf-INJECTING 200mcf	64	1
01/07/2009	729	688	0	772	0	0	0	329	0	710	271	260	0		INJECTED 213mcf-INJECTING 200mcf	64	1
01/06/2009	717	676	0	772	0	0	0	310	0	711	318	310	0		INJECTED 189mcf-INJECTING 200mcf	64	1



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01/05/2009	802	759	0	772	0	0	0	236	0	714	277	264	0	INJECTED 189mcf-INJECTING 200mcf	64	1
01/04/2009	718	680	0	772	0	0	0	516	0	722	282	282	0		64	1
01/03/2009	554	520	0	772	0	0	0	250	0	746	352	350	0	INJECTED 0mcf-INJECTING 0mcf-started injection on casing	64	1
01/02/2009	595	560	0	772	0	0	0	303	0	750	359	354	0	INJECTED 0mcf-INJECTING 0mcf-started injection on casing	64	1
01/01/2009	117	110	0	772	0	0	0	544	0	761	249	228	0	INJECTED 0mcf-INJECTING 0mcf-started injection on casing	64	1
12/31/2008	0	0	0	817	0	0	0	0	0	512	107	113	0	INJECTED 0mcf-INJECTING 0mcf-started injection on casing	64	1
12/30/2008	0	0	0	817	0	0	0	0	0	528	103	112	0	INJECTED 0mcf-INJECTING 0mcf/SHUT IN WELL-NO ROB GAS	64	1
12/29/2008	0	0	0	817	0	0	0	0	0	537	111	117	0	INJECTED 0mcf-INJECTING 0mcf/SHUT IN WELL-NO ROB GAS	64	1
12/28/2008	0	0	0	817	0	0	0	0	0	551	159	119	0	INJECTED 0mcf-INJECTING 0mcf/SHUT IN WELL-NO ROB GAS	64	1
12/27/2008	0	0	0	817	0	0	0	0	0	566	111	119	0	INJECTED 0mcf-INJECTING 0mcf/SHUT IN WELL-NO ROB GAS	64	1
12/26/2008	0	0	0	817	0	0	0	0	0	584	109	125	0	INJECTED 0mcf-INJECTING 0mcf/SHUT IN WELL-NO ROB GAS	64	1
12/25/2008	0	0	0	817	0	0	0	0	0	595	121	126	0	INJECTED 75mcf-INJECTING 0mcf/SHUT IN WELL-NO ROB GAS	64	1
12/24/2008	0	0	0	817	0	0	0	0	0	635	112	129	0	INJECTED 75mcf-INJECTING 450mcf/SHUT IN WELL-NO ROB GAS	64	1
12/23/2008	61	57	0	817	0	0	0	0	0	652	122	133	0	INJECTED 75mcf-INJECTING 450mcf/SHUT IN WELL-NO ROB GAS	64	1
12/22/2008	125	121	0	817	0	0	0	0	0	659	133	140	0	INJECTED 75mcf-INJECTING 450mcf/SHUT IN WELL-NO ROB GAS	64	1
12/21/2008	59	55	0	817	0	0	0	0	0	716	164	175	0	INJECTED 75mcf-INJECTING 450mcf	64	1
12/20/2008	183	167	0	817	0	0	0	0	0	716	204	219	0	INJECTED 75mcf-INJECTING 450mcf-METER FROOZE	64	1



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12/19/2008	254	233	0	817	0	0	0	41	0	701	287	290	0	INJECTED 82mcf-INJECTING 329mcf	64	1
12/18/2008	378	349	0	817	0	0	0	378	0	706	232	236	0	INJECTED 378MCF-INJECTING 329MCF	64	1



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Gross Volumes | Operated Wells | 14.65 Pressure Base

Date ▼	Gas Prod (Mcf)	Gas Sales (Mcf)	Gas Lift (Mcf)	Gas Forecast (Mcf)	Gas Goal (Mcf)	Oil Prod (bbl)	Oil Forecast (bbl)	Water Prod (bbl)	Water Inj (bbl)	Casing (psig)	Tubing (psig)	Line (psig)	Downtime (hrs)	Downtime Reason	Comments	Choke	Producing Well Count
12/17/2008	200	186	0	817	0	0	0	100	0	685	315	326	0		INJECTED 117MCF-INJECTING 329MCF-HLP	64	1
12/16/2008	370	358	0	817	0	0	0	417	0	603	246	264	0		INJECTED 117MCF-INJECTING 329MCF-HLP	64	1
12/15/2008	907	854	0	817	0	0	0	227	0	708	615	628	0		INJECTED 117MCF-INJECTING 329MCF-HLP	64	1
12/14/2008	360	344	0	817	0	0	0	404	0	716	265	250	0		INJECTED 117MCF-INJECTING 329MCF-HLP	64	1
12/13/2008	230	219	0	817	0	0	0	0	0	695	463	461	0		INJECTED 117MCF-INJECTING 329MCF-HLP	64	1
12/12/2008	165	155	0	817	0	0	0	0	0	699	403	406	0		INJECTED 135MCF-INJECTING 360MCF	64	1
12/11/2008	148	136	0	817	0	0	0	0	0	705	360	338	0		INJECTED 79mcf-injecting 361mcf	64	1
12/10/2008	22	20	0	817	0	0	0	0	0	696	224	231	0		INJECTING 300MCF	64	1
12/09/2008	0	0	0	817	0	0	0	0	0	648	780	861	0		STARTED INJECTING-270mcf	64	1
12/08/2008	0	0	0	817	0	0	0	0	0	481	794	845	0		SI-BUP	64	1
12/07/2008	0	0	0	817	0	0	0	0	0	477	789	846	0		SI-BUP	64	1
12/06/2008	0	0	0	817	0	0	0	0	0	484	914	876	0		SI-BUP	64	1
12/05/2008	0	0	0	817	0	0	0	0	0	486	787	800	0		SI-BUP	64	1
12/04/2008	0	0	0	817	0	0	0	0	0	485	704	715	0		SI-BUP	64	1
12/03/2008	4	4	0	817	0	0	0	0	0	478	662	669	0		SI-BUP	64	1
12/02/2008	0	0	0	817	0	0	0	0	0	478	988	644	24	Waiting On Pipeline	well on line @ 1pm.	64	1
12/01/2008	0	0	0	817	0	0	0	0	0	476	956	0	24	Waiting On Pipeline	PIPELINE WORK	64	1
11/30/2008	0	0	0	870	0	0	0	0	0	481	904	0	24	Waiting On Pipeline	PIPELINE WORK	64	1
11/29/2008	0	0	0	870	0	0	0	0	0	481	848	0	24	Waiting On Pipeline	PIPELINE WORK	64	1
11/28/2008	0	0	0	870	0	0	0	0	0	483	801	0	24	Waiting On Pipeline	PIPELINE WORK	64	1
11/27/2008	0	0	0	870	0	0	0	0	0	485	744	0	24	Waiting On Pipeline	PIPELINE WORK	64	1
11/26/2008	0	0	0	870	0	0	0	0	0	487	683	0	24	Waiting On Pipeline	PIPELINE WORK	64	1
11/25/2008	0	0	0	870	0	0	0	0	0	486	640	0	24	Waiting On Pipeline	PIPELINE WORK	64	1
11/24/2008	0	0	0	870	0	0	0	0	0	482	622	0	24	Waiting On Pipeline	PIPELINE WORK	64	1
11/23/2008	0	0	0	870	0	0	0	0	0	486	570	0	24	Waiting On Pipeline	PIPELINE WORK	64	1



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11/22/2008	0	0	0	870	0	0	0	0	0	483	528	0	24	Waiting On Pipeline	PIPELINE WORK	64	1
11/21/2008	0	0	0	870	0	0	0	0	0	486	485	0	24	Waiting On Pipeline	PIPELINE WORK	64	1
11/20/2008	0	0	0	870	0	0	0	0	0	497	367	0	24	Waiting On Pipeline	ENTERPRISE PIPELINE WORK	64	1
11/19/2008	0	0	0	870	0	0	0	0	0	506	303	0	24	Waiting On Pipeline	ENTERPRISE PIPELINE WORK	64	1
11/18/2008	0	0	0	870	0	0	0	0	0	510	263	15	24	Waiting On Pipeline	ENTERPRISE PIPELINE WORK	64	1
11/17/2008	0	0	0	870	0	0	0	0	0	540	135	2	12	Plant Down	INJECTED 300MCF FROM ITSELF/INJECTING 300MCF FROM ITSELF	64	1
11/16/2008	303	303	0	870	0	0	0	0	0	558	142	154	0		INJECTED 300MCF FROM ITSELF/INJECTING 300MCF FROM ITSELF	64	1
11/15/2008	947	947	0	870	0	0	0	237	0	723	736	820	0		INJECTED 300MCF FROM ITSELF/INJECTING 300MCF FROM ITSELF	64	1
11/14/2008	1,433	1,433	0	870	0	0	0	275	0	679	127	850	0		INJECTED 268MCF FROM 40-14-1/INJECTING 80MCF FROM ITSELF	64	1
11/13/2008	492	492	0	870	0	0	0	323	0	714	164	828	0		INJECTED 268MCF FROM 40-14-1/INJECTING 270MCF FROM 40-14-1	64	1
11/12/2008	82	82	0	870	0	0	0	0	0	766	772	779	0		INJECTED 90MCF FROM 40-14-1/INJECTING 300MCF FROM 40-14-1	64	1
11/11/2008	145	145	0	870	0	0	0	0	0	597	535	547	0		INJECTED 35MCF FROM 40-14-1/INJECTING 180MCF FROM 40-14-1/BUP	64	1
11/10/2008	0	0	0	870	0	0	0	0	0	830	835	306	24	Compressor Down	INJECTED 35MCF FROM 40-14-1/INJECTING 180MCF FROM 40-14-1/BUP	64	1



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Date ▼	Gas Prod (Mcf)	Gas Sales (Mcf)	Gas Lift (Mcf)	Gas Forecast (Mcf)	Gas Goal (Mcf)	Oil Prod (bbl)	Oil Forecast (bbl)	Water Prod (bbl)	Water Inj (bbl)	Casing (psig)	Tubing (psig)	Line (psig)	Downtime (hrs)	Downtime Reason	Comments	Choke	Producing Well Count
11/09/2008	0	0	0	870	0	0	0	0	0	479	473	163	24	Compressor Down	INJECTED 0MCF/INJECTING 120MCF FROM 40-14-1	64	1
11/08/2008	0	0	0	870	0	0	0	0	0	508	316	8	24	Pressure Buildup	INJECTED 268MCF FROM ITSELF/INJECTING 330MCF FROM ITSELF	64	1
11/07/2008	154	154	0	870	0	0	0	0	0	537	85	111	0		INJECTED 268MCF FROM ITSELF/INJECTING 330MCF FROM ITSELF	64	1
11/06/2008	935	935	0	870	0	0	0	23	0	669	98	814	0		INJECTED 268MCF FROM ITSELF/INJECTING 330MCF FROM ITSELF	64	1
11/05/2008	989	989	0	870	0	0	0	227	0	722	174	780	0		INJECTED 268MCF FROM ITSELF/INJECTING 330MCF FROM ITSELF	64	1
11/04/2008	1,161	1,161	0	870	0	0	0	238	0	709	154	779	0		INJECTED 401MCF FROM ITSELF/INJECTING 209MCF FROM ITSELF	64	1
11/03/2008	362	362	0	870	0	0	0	183	0	731	399	797	0		INJECTED 300MCF FROM 40-14-1/INJECTING 300MCF FROM ITSELF	64	1
11/02/2008	298	298	0	870	0	0	0	33	0	585	432	798	20	Compressor Down	INJECTED 230MCF FROM 40-14-1/INJECTING 300MCF FROM 40-14-1/COMPRESSOR DOWN-bad valves	64	1
11/01/2008	1,060	1,060	0	870	0	0	0	311	0	727	716	835	0		INJECTED 246MCF FROM itself/INJECTING 300MCF FROM ITSELF//COMPRESSOR DOWN-HIGH DISCHARGE	64	1
10/31/2008	1,119	1,119	0	779	0	0	0	226	0	691	211	809	0		INJECTED 238MCF FROM itself/INJECTING 300MCF FROM ITSELF	64	1
10/30/2008	1,363	1,363	0	779	0	0	0	183	0	707	188	827	0		INJECTED 357MCF FROM 40-14-1/INJECTING 300MCF FROM ITSELF	64	1
10/29/2008	996	996	0	779	0	0	0	154	0	730	423	840	0		INJECTED 329MCF FROM 40-14-1/INJECTING 300MCF FROM 40-14-1/WELL LOADED UP	64	1
10/28/2008	1,254	1,254	0	779	0	0	0	200	0	740	438	848	0		INJECTED 329MCF FROM 40-14-1/INJECTING 300MCF FROM 40-14-1/WELL LOADED UP	64	1
10/27/2008	833	833	0	779	0	0	0	242	0	706	154	842	0		INJECTED 329MCF FROM 40-14-1/INJECTING 300MCF FROM 40-14-1/WELL LOADED UP	64	1
10/26/2008	336	336	0	779	0	0	0	32	0	741	211	846	0		INJECTED 275MCF FROM 40-14-1/INJECTING 300MCF FROM 40-14-1/WELL LOADED UP	64	1
10/25/2008	269	269	0	779	0	0	0	76	0	573	107	841	0		INJECTED 275MCF FROM 40-14-1/INJECTING 300MCF FROM 40-14-1	64	1
10/24/2008	712	712	0	779	0	0	0	117	0	588	104	828	0		INJECTED 329MCF FROM ITSELF/INJECTING 300MCF FROM ITSELF	64	1
10/23/2008	874	874	0	779	0	0	0	240	0	691	189	868	0		INJECTED 329MCF FROM ITSELF/INJECTING 300MCF FROM ITSELF	64	1



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10/22/2008	898	898	0	779	0	0	0	160	0	691	183	851	0	INJECTED 272MCF FROM ITSELF/INJECTING 300MCF FROM ITSELF	64	1
10/21/2008	1,136	1,136	0	779	0	0	0	227	0	689	184	853	0	INJECTED 272MCF FROM ITSELF/INJECTING 300MCF FROM ITSELF	64	1
10/20/2008	753	753	0	779	0	0	0	220	0	711	192	856	0	INJECTED 374MCF FROM 40-14-1/INJECTING 250MCF FROM ITSELF	64	1
10/19/2008	515	515	0	779	0	0	0	43	0	595	102	814	8 Compressor Down	INJECTED 0MCF/INJECTING 322MCF FROM 40-14-374rpm/HIGH DISC TEMP/ON @ 9:30AM	64	1
10/18/2008	1,098	1,098	0	779	0	0	0	217	0	591	162	843	0	INJECTED 0MCF/INJECTING 0MCF FROM ITSELF-367rpm	64	1
10/17/2008	1,070	1,070	0	779	0	0	0	245	0	595	156	822	0	INJECTED 0MCF/INJECTING 0MCF FROM ITSELF-367rpm	64	1
10/16/2008	1,118	1,118	0	779	0	0	0	251	0	600	160	831	0	INJECTED 0MCF/INJECTING 0MCF FROM ITSELF-367rpm	64	1
10/15/2008	1,197	1,197	0	779	0	0	0	187	0	611	158	847	0	INJECTED 0MCF/INJECTING 0MCF FROM ITSELF-375rpm	64	1
10/14/2008	1,024	1,024	0	779	0	0	0	190	0	619	153	845	0	INJECTED 0MCF/INJECTING 0MCF FROM ITSELF-375rpm	64	1
10/13/2008	1,084	1,084	0	779	0	0	0	300	0	628	157	799	0	INJECTED 0MCF/INJECTING 0MCF FROM ITSELF-375rpm	64	1
10/12/2008	1,089	1,089	0	779	0	0	0	149	0	626	166	823	0	INJECTED 0MCF/INJECTING 0MCF FROM ITSELF-375rpm	64	1
10/11/2008	1,095	1,095	0	779	0	0	0	153	0	642	171	825	0	INJECTED 0MCF/INJECTING 0MCF FROM ITSELF-375rpm	64	1
10/10/2008	1,079	1,079	0	779	0	0	0	233	0	649	167	823	0	INJECTED 0MCF/INJECTING 0MCF FROM ITSELF-369rpm	64	1
10/09/2008	1,058	1,058	0	779	0	0	0	203	0	683	193	831	0	INJECTED 164MCF/INJECTING 0MCF FROM ITSELF-363rpm	64	1
10/08/2008	1,064	1,064	0	779	0	0	0	323	0	697	186	834	0	INJECTED 164MCF/INJECTING 180MCF FROM ITSELF-367rpm	64	1
10/07/2008	1,088	1,088	0	779	0	0	0	200	0	710	176	833	0	INJECTED 164MCF/INJECTING 180MCF FROM ITSELF-367rpm	64	1
10/06/2008	1,006	1,006	0	779	0	0	0	160	0	706	173	801	0	INJECTED 164MCF/INJECTING 180MCF FROM ITSELF-367rpm	64	1
10/05/2008	1,093	1,093	0	779	0	0	0	243	0	697	183	808	0	INJECTED 164MCF/INJECTING 180MCF FROM ITSELF-367rpm	64	1
10/04/2008	1,087	1,087	0	779	0	0	0	241	0	696	187	801	0	INJECTED 164MCF/INJECTING 180MCF FROM ITSELF-367rpm	64	1
10/03/2008	1,119	1,119	0	779	0	0	0	263	0	691	194	812	0	INJECTED 164MCF/INJECTING 180MCF FROM ITSELF-367rpm	64	1



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Date ▼	Gas Prod (Mcf)	Gas Sales (Mcf)	Gas Lift (Mcf)	Gas Forecast (Mcf)	Gas Goal (Mcf)	Oil Prod (bbl)	Oil Forecast (bbl)	Water Prod (bbl)	Water Inj (bbl)	Casing (psig)	Tubing (psig)	Line (psig)	Downtime (hrs)	Downtime Reason	Comments	Choke	Producing Well Count
10/02/2008	1,211	1,211	0	779	0	0	0	227	0	691	192	783	0		INJECTED 164MCF/INJECTING 180MCF FROM ITSELF-367rpm	64	1
10/01/2008	1,472	1,472	0	779	0	0	0	190	0	695	198	805	0		INJECTED 164MCF/INJECTING 180MCF FROM ITSELF-367rpm	64	1
09/30/2008	1,314	1,314	0	842	0	0	0	243	0	694	195	803	0		INJECTED 164MCF/INJECTING 180MCF FROM ITSELF-367rpm	64	1
09/29/2008	1,494	1,494	0	842	0	0	0	304	0	704	222	842	0		INJECTED 164MCF/INJECTING 180MCF FROM ITSELF-367rpm	64	1
09/28/2008	1,322	1,322	0	842	0	0	0	440	0	699	218	783	0		INJECTED 164MCF/INJECTING 180MCF FROM ITSELF-367rpm	64	1
09/27/2008	1,160	1,160	0	842	0	0	0	300	0	720	213	814	0		INJECTING 0MCF FROM ITSELF-368rpm	64	1
09/26/2008	889	889	0	842	0	0	0	559	0	730	201	793	0		INJECTING 0MCF FROM ITSELF-371rpm	64	1
09/25/2008	925	925	0	842	0	0	0	426	0	734	186	793	0		INJECTING 0MCF FROM ITSELF-367rpm	64	1
09/24/2008	853	853	0	842	0	0	0	340	0	742	196	843	0		INJECTING 0MCF FROM ITSELF-368rpm	64	1
09/23/2008	859	859	0	842	0	0	0	396	0	749	207	908	0		INJECTING 0MCF FROM ITSELF-374rpm	64	1
09/22/2008	969	969	0	842	0	0	0	301	0	753	211	932	0		INJECTING 0MCF FROM ITSELF-372rpm	64	1
09/21/2008	970	970	0	842	0	0	0	767	0	628	195	888	0		INJECTING 0MCF FROM ITSELF-369rpm	64	1
09/20/2008	969	969	0	842	0	0	0	443	0	641	200	866	0		INJECTING 0MCF FROM ITSELF-369rpm	64	1
09/19/2008	1,030	1,030	0	842	0	0	0	480	0	665	195	843	0		INJECTING 0MCF FROM ITSELF-369rpm	64	1
09/18/2008	992	992	0	842	0	0	0	533	0	685	198	925	0		INJECTING 0MCF FROM ITSELF-369rpm	64	1
09/17/2008	872	872	0	842	0	0	0	482	0	726	208	864	0		INJECTED 125MCF-INJECTING 0MCF FROM ITSELF-367rpm	64	1
09/16/2008	838	838	0	842	0	0	0	516	0	733	215	881	0		INJECTED 125MCF-INJECTING 150MCF FROM ITSELF-375rpm	64	1
09/15/2008	784	784	0	842	0	0	0	520	0	741	205	891	0		INJECTED 144MCF-INJECTING 220MCF FROM itself-368rpm	64	1
09/14/2008	706	706	0	842	0	0	0	576	0	736	198	908	0		INJECTED 170MCF-INJECTING 220MCF FROM itself-374rpm	64	1
09/13/2008	780	780	0	842	0	0	0	505	0	749	200	987	0		INJECTED 212MCF-INJECTING 220MCF FROM ITSELF-HLP	64	1
09/12/2008	743	743	0	842	0	0	0	540	0	733	227	937	0		INJECTED 170MCF-INJECTING 180MCF FROM ITSELF-HLP	64	1



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09/11/2008	817	817	0	842	0	0	0	643	0	744	230	954	0	INJECTED 170MCF-INJECTING 180MCF FROM ITSELF-HLP	64	1
09/10/2008	816	816	0	842	0	0	0	603	0	739	206	891	0	INJECTED 167MCF-INJECTING 180MCF FROM ITSELF	64	1
09/09/2008	826	826	0	842	0	0	0	650	0	743	223	915	0	INJECTED 167MCF-INJECTING 180MCF FROM ITSELF	64	1
09/08/2008	857	857	0	842	0	0	0	373	0	580	204	992	0	INJECTED 0MCF-INJECTING 240MCF FROM ITSELF-HIGH LINE PRESSURE	64	1
09/07/2008	842	842	0	842	0	0	0	659	0	581	202	916	0	INJECTED 0MCF-INJECTING 0MCF FROM ITSELF	64	1
09/06/2008	894	894	0	842	0	0	0	487	0	598	198	914	0	INJECTED 0MCF-INJECTING 0MCF FROM ITSELF	64	1
09/05/2008	914	914	0	842	0	0	0	447	0	609	203	895	0	INJECTED 0MCF-INJECTING 0MCF FROM ITSELF	64	1
09/04/2008	947	947	0	842	0	0	0	630	0	626	206	876	0	INJECTED 0MCF-INJECTING 0MCF FROM ITSELF	64	1
09/03/2008	965	965	0	842	0	0	0	506	0	652	197	917	0	INJECTED 0MCF-INJECTING 0MCF FROM ITSELF	64	1
09/02/2008	944	944	0	842	0	0	0	537	0	679	196	857	0	INJECTED 0MCF-INJECTING 0MCF FROM ITSELF	64	1
09/01/2008	890	890	0	842	0	0	0	660	0	740	233	932	0	INJECTED 170MCF-INJECTING 170MCF FROM ITSELF	64	1
08/31/2008	881	881	0	0	0	0	0	606	0	740	230	909	0	INJECTED 170MCF-INJECTING 170MCF FROM ITSELF	64	1
08/30/2008	890	890	0	0	0	0	0	530	0	747	235	955	0	INJECTED 170MCF-INJECTING 170MCF FROM ITSELF	64	1
08/29/2008	860	860	0	0	0	0	0	353	0	744	221	913	0	INJECTED 170MCF-INJECTING 170MCF FROM ITSELF	64	1
08/28/2008	1,051	1,051	0	0	0	0	0	770	0	661	224	919	0	INJECTED 0MCF-INJECTING 238MCF FROM ITSELF	64	1
08/27/2008	882	882	0	0	0	0	0	673	0	678	203	927	0	INJECTED 0MCF-INJECTING 0MCF	64	1
08/26/2008	828	828	0	0	0	0	0	683	0	739	173	907	0	INJECTED 187MCF-INJECTING 0MCF	64	1



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BLOCK 58 STATE 31-3 1H

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Gross Volumes | Operated Wells | 14.65 Pressure Base

Date ▼	Gas Prod (Mcf)	Gas Sales (Mcf)	Gas Lift (Mcf)	Gas Forecast (Mcf)	Gas Goal (Mcf)	Oil Prod (bbl)	Oil Forecast (bbl)	Water Prod (bbl)	Water Inj (bbl)	Casing (psig)	Tubing (psig)	Line (psig)	Downtime (hrs)	Downtime Reason	Comments	Choke	Producing Well Count
08/25/2008	851	851	0	0	0	0	0	601	0	742	261	889	0		INJECTED 170MCF-INJECTING 250MCF FROM 35-1	64	1
08/24/2008	765	765	0	0	0	0	0	365	0	741	208	910	0		INJECTED 170MCF-INJECTING 250MCF FROM 35-1	64	1
08/23/2008	1,029	1,029	0	0	0	0	0	879	0	766	255	890	0		INJECTED 259MCF-INJECTING 250MCF FROM 35-1	64	1
08/22/2008	1,102	1,102	0	0	0	0	0	647	0	770	273	908	0		INJECTED 233MCF-INJECTING 250MCF FROM 35-1-SWITCHED ROB GAS	64	1
08/21/2008	956	956	0	0	0	0	0	1,020	0	768	290	923	0		INJECTED 199MCF-INJECTING 200MCF FROM 35-1-WELL UNLOADED	64	1
08/20/2008	395	395	0	0	0	0	0	193	0	728	135	884	0		INJECTED 296MCF-INJECTING 300 MCF FROM 35-1	64	1
08/19/2008	316	316	0	0	0	0	0	27	0	693	129	881	0		INJECTED 246MCF-INJECTING 300 MCF FROM 35-1	64	1
08/18/2008	183	183	0	0	0	0	0	157	0	689	132	866	19	Compressor Down	INJECTED 287MCF-INJECTING 300 MCF FROM 35-1-low discharge pressure-on @ 11am	64	1
08/17/2008	9	9	0	0	0	0	0	20	0	600	260	257	19	Compressor Down	INJECTED 0MCF-INJECTING 300 MCF FROM ITSELF-low discharge pressure	64	1
08/16/2008	81	81	0	0	0	0	0	0	0	620	598	860	0		INJECTED 130 MCF-INJECTING 130 MCF FROM ITSELF	64	1
08/15/2008	635	635	0	0	0	0	0	249	0	892	755	951	0		INJECTED 130 MCF-INJECTING 130 MCF FROM ITSELF	64	1
08/14/2008	1,045	1,045	0	0	0	0	0	220	0	974	236	961	0		INJECTED 130 MCF-INJECTING 130 MCF FROM ITSELF	64	1
08/13/2008	1,097	1,097	0	0	0	0	0	840	0	730	240	947	0		INJECTED 130 MCF-INJECTING 130 MCF FROM ITSELF	64	1
08/12/2008	1,113	1,113	0	0	0	0	0	639	0	735	263	961	0		INJECTED 130 MCF-INJECTING 130 MCF FROM ITSELF	64	1
08/11/2008	756	756	0	0	0	0	0	500	0	777	403	944	4	Line/Plant Repairs	SHUT IN WELL @ 11AM-ON LINE @ 2:30PM-LEAK ON LINE-INJECTED 300MCF,INJECTING 178MCF	64	1
08/10/2008	1,209	1,209	0	0	0	0	0	599	0	680	299	987	0		SHUT IN WELL @ 11AM-ON LINE @ 2:30PM-LEAK ON LINE-INJECTING 260MCF	64	1
08/09/2008	1,079	1,079	0	0	0	0	0	539	0	697	255	919	0			64	1
08/08/2008	1,107	1,107	0	0	0	0	0	430	0	743	284	941	0		injected 127mcf-injecting 127mcf	64	1
08/07/2008	1,207	1,207	0	0	0	0	0	766	0	743	281	918	0		injected 127mcf-injecting 127mcf	64	1
08/06/2008	1,458	1,458	0	0	0	0	0	567	0	755	270	935	0		injected 127mcf	64	1
08/05/2008	1,351	1,351	0	0	0	0	0	670	0	753	276	905	0		injected 127mcf	64	1
08/04/2008	911	911	0	0	0	0	0	670	0	746	296	923	0		injected 127mcf	64	1
08/03/2008	983	983	0	0	0	0	0	599	0	750	310	937	0		injected 127mcf	64	1



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08/02/2008	1,118	1,118	0	0	0	0	0	617	0	752	313	930	0		injected 127mcf	64	1
08/01/2008	941	941	0	0	0	0	0	570	0	760	335	938	0		injected 127mcf	64	1
07/31/2008	910	910	0	774	0	0	0	560	0	762	325	884	0		injected 146mcf	64	1
07/30/2008	1,023	1,023	0	774	0	0	0	680	0	764	324	875	0		injected 129mcf	64	1
07/29/2008	1,023	1,023	0	774	0	0	0	520	0	766	306	884	0		injected 146mcf	64	1
07/28/2008	1,107	1,107	0	774	0	0	0	595	0	763	294	864	0		injected 146mcf	64	1
07/27/2008	959	959	0	774	0	0	0	571	0	0	0	0	0		injected 146mcf	64	1
07/26/2008	1,012	1,012	0	774	0	0	0	527	0	740	400	881	0		injected 146mcf	64	1
07/25/2008	1,037	1,037	0	774	0	0	0	747	0	740	380	860	0		injected 129mcf	64	1
07/24/2008	1,040	1,040	0	774	0	0	0	456	0	740	300	860	0		injected 85mcf	64	1
07/23/2008	993	993	0	774	0	0	0	887	0	740	300	863	0		injected 43mcf	64	1
07/22/2008	837	837	0	774	0	0	0	640	0	750	400	868	0		injected 172mcf	64	1
07/21/2008	1,097	1,097	0	774	0	0	0	690	0	800	450	863	0		injecting 300mcf	64	1
07/20/2008	347	347	0	774	0	0	0	690	0	780	450	870	0		injecting 263mcf	64	1
07/19/2008	403	403	0	774	0	0	0	0	0	720	740	878	17	Compressor Down	shut in well-back on line @ 11am- injecting 400mcf	64	1



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BLOCK 58 STATE 31-3 1H

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Gross Volumes | Operated Wells | 14.65 Pressure Base

Date ▼	Gas Prod (Mcf)	Gas Sales (Mcf)	Gas Lift (Mcf)	Gas Forecast (Mcf)	Gas Goal (Mcf)	Oil Prod (bbl)	Oil Forecast (bbl)	Water Prod (bbl)	Water Inj (bbl)	Casing (psig)	Tubing (psig)	Line (psig)	Downtime (hrs)	Downtime Reason	Comments	Choke	Producing Well Count
07/18/2008	785	785	0	774	0	0	0	0	0	0	0	899	0		injected 330mcf-shut in well @ 5pm-leak on main line	64	1
07/17/2008	368	368	0	774	0	0	0	156	0	0	0	899	0		injected 330mcf-shut in well @ 5pm-leak on main line	64	1
07/16/2008	640	640	0	774	0	0	0	411	0	820	600	898	0		injected 330mcf-shut in well @ 5pm-leak on main line	64	1
07/15/2008	445	445	0	774	0	0	0	344	0	800	690	871	5	Compressor Down	injected 267mcf	64	1
07/14/2008	737	737	0	774	0	0	0	720	0	750	450	820	5	Compressor Down	injected 146mcf-bad valves	64	1
07/13/2008	980	980	0	774	0	0	0	589	0	750	450	881	0		injected 225mcf	64	1
07/12/2008	755	755	0	774	0	0	0	533	0	750	400	798	0		injected 172mcf	64	1
07/11/2008	824	824	0	774	0	0	0	590	0	750	500	851	0		injected 217mcf	64	1
07/10/2008	797	797	0	774	0	0	0	570	0	780	550	847	0		injected 263mcf	64	1
07/09/2008	863	863	0	774	0	0	0	546	0	0	0	838	0		injected 219mcf	64	1
07/08/2008	865	865	0	774	0	0	0	422	0	0	0	832	0		injected 219mcf	64	1
07/07/2008	848	848	0	774	0	0	0	650	0	750	500	823	0		injected 219mcf	64	1
07/06/2008	986	986	0	774	0	0	0	606	0	750	500	777	1	Compressor Down	injected 129mcf,monthly maint.	64	1
07/05/2008	969	969	0	774	0	0	0	567	0	750	550	808	0		injected 129mcf,	64	1
07/04/2008	968	968	0	774	0	0	0	610	0	750	550	819	0		injected 147mcf,	64	1
07/03/2008	907	907	0	774	0	0	0	539	0	750	550	820	0		injected 146mcf,	64	1
07/02/2008	946	946	0	774	0	0	0	617	0	760	550	838	1	Compressor Down	injected 219mcf, high engine exhaust #2	64	1
07/01/2008	1,079	1,079	0	774	0	0	0	586	0	740	360	852	0		compressor down 1hr-high exhaust temp #2-injected 127mcf	64	1
06/30/2008	1,173	1,173	0	727	0	0	0	350	0	0	0	877	0			64	1
06/29/2008	1,168	1,168	0	727	0	0	0	420	0	760	500	886	0			64	1
06/28/2008	1,136	1,136	0	727	0	0	0	769	0	760	500	886	0		injected 259mcf-injecting 250mcf from 40-14-1	64	1
06/27/2008	844	844	0	727	0	0	0	478	0	770	560	909	0		injected 258mcf-injecting 250mcf from 40-14-1 HLP	64	1
06/26/2008	1,112	1,112	0	727	0	0	0	465	0	750	500	857	0		injected 215mcf-injecting 250mcf from 40-14-1	64	1
06/25/2008	1,077	1,077	0	727	0	0	0	530	0	760	410	853	0		injected 207mcf-injecting 250mcf from 40-14-1	64	1
06/24/2008	987	987	0	727	0	0	0	505	0	740	560	854	0		injected 241mcf-injecting 250mcf from 40-14-1	64	1
06/23/2008	919	919	0	727	0	0	0	585	0	800	500	886	0		injected 351mcf-injecting 350mcf from 40-14-1	64	1



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06/22/2008	865	865	0	727	0	0	0	672	0	800	500	856	0	injected 339mcf-injecting 340mcf from 40-14-1	64	1
06/21/2008	840	840	0	727	0	0	0	683	0	0	0	848	0	injected 133mcf-injecting 222mcf from 40-14-1	64	1
06/20/2008	907	907	0	727	0	0	0	694	0	0	0	874	0	injected 133mcf-injecting 222mcf from 40-14-1	64	1
06/19/2008	870	870	0	727	0	0	0	752	0	0	0	831	0	injected 133mcf-injecting 222mcf from 40-14-1	64	1
06/18/2008	867	867	0	727	0	0	0	558	0	800	505	846	0	injected 133mcf-Injecting 222mcf from 40-14-1	64	1
06/17/2008	165	165	0	727	0	0	0	334	0	0	0	853	0	injected 303mcf-injecting 300mcf from 40-14-1	64	1
06/16/2008	29	29	0	727	0	0	0	67	0	820	820	832	19	Equipment Failure comp. down low suction rob from 40-14-1,injecting 300mcf	64	1
06/15/2008	642	642	0	727	0	0	0	461	0	800	850	852	13	Equipment Failure replaced big joe regulator,injecting 215mcf from 40-14-1,injecting 500mcf	64	1
06/14/2008	1,053	1,053	0	727	0	0	0	723	0	750	360	876	0	injected 276mcf from 40-14-1,injecting 280mcf	64	1
06/13/2008	1,103	1,103	0	727	0	0	0	653	0	760	360	857	0	injected 287mcf from 40-14-1,injecting 280mcf	64	1
06/12/2008	1,021	1,021	0	727	0	0	0	641	0	750	320	822	0	injected 215mcf from 40-14-1,injecting 220mcf	64	1
06/11/2008	1,022	1,022	0	727	0	0	0	710	0	0	0	852	0	injected 212mcf from 35-1,injecting 225mcf	64	1



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BLOCK 58 STATE 31-3 1H

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Gross Volumes | Operated Wells | 14.65 Pressure Base

Date ▼	Gas Prod (Mcf)	Gas Sales (Mcf)	Gas Lift (Mcf)	Gas Forecast (Mcf)	Gas Goal (Mcf)	Oil Prod (bbl)	Oil Forecast (bbl)	Water Prod (bbl)	Water Inj (bbl)	Casing (psig)	Tubing (psig)	Line (psig)	Downtime (hrs)	Downtime Reason	Comments	Choke	Producing Well Count
06/10/2008	985	985	0	727	0	0	0	1,050	0	0	0	825	0		injected 324mcf from 35-1, injecting 350mcf	64	1
06/09/2008	196	196	0	727	0	0	0	329	0	800	450	845	0		injected 212mcf from 35-1, injecting 225mcf	64	1
06/08/2008	93	93	0	727	0	0	0	511	0	670	150	827	0		injected 175mcf from 35-1, injecting 220mcf	64	1
06/07/2008	840	840	0	727	0	0	0	721	0	650	1,850	97	10	Weather	water tank problems-shut in @ 9:30pm	64	1
06/06/2008	1,185	1,185	0	727	0	0	0	683	0	690	280	884	0			64	1
06/05/2008	1,199	1,199	0	727	0	0	0	706	0	700	300	853	0			64	1
06/04/2008	1,284	1,284	0	727	0	0	0	654	0	690	300	871	0			64	1
06/03/2008	1,413	1,413	0	727	0	0	0	509	0	700	350	853	0			64	1
06/02/2008	1,362	1,362	0	727	0	0	0	871	0	0	0	862	0			64	1
06/01/2008	1,212	1,212	0	727	0	0	0	944	0	0	0	849	0			64	1
05/31/2008	863	863	0	853	0	0	0	892	0	740	310	842	0			64	1
05/30/2008	127	127	0	853	0	0	0	711	0	760	380	843	0			64	1
05/29/2008	0	0	0	853	0	0	0	0	0	690	1,950	774	24	Compressor Down	ON LINE @ 10:30PM	64	1
05/28/2008	0	0	0	853	0	0	0	0	0	690	1,950	774	24	Compressor Down	shut in well-changed compressor	64	1
05/27/2008	282	282	0	853	0	0	0	212	0	710	1,900	784	16	Compressor Down	shut in well-changed compressor @ 8:30am	64	1
05/26/2008	1,105	1,105	0	853	0	0	0	622	0	710	1,800	795	0		shut in well-changed compressor @ 8:30am	64	1
05/25/2008	1,129	1,129	0	853	0	0	0	671	0	740	620	849	0			64	1
05/24/2008	1,169	1,169	0	853	0	0	0	600	0	0	0	836	0			64	1
05/23/2008	1,063	1,063	0	853	0	0	0	572	0	0	0	833	0			64	1
05/22/2008	1,145	1,145	0	853	0	0	0	836	0	0	0	864	0			64	1
05/21/2008	1,275	1,275	0	853	0	0	0	831	0	740	600	839	0			64	1
05/20/2008	1,540	1,540	0	853	0	0	0	752	0	740	610	771	0			64	1
05/19/2008	1,350	1,350	0	853	0	0	0	772	0	750	580	844	2	Compressor Down	high cooler temp.	64	1
05/18/2008	1,423	1,423	0	853	0	0	0	707	0	740	440	750	0			64	1
05/17/2008	1,480	1,480	0	853	0	0	0	774	0	730	705	750	0			64	1
05/16/2008	1,681	1,681	0	853	0	0	0	756	0	730	705	750	0			64	1
05/15/2008	1,667	1,667	0	853	0	0	0	673	0	730	705	750	0			64	1
05/14/2008	1,525	1,525	0	853	0	0	0	1,067	0	740	560	750	0			64	1
05/13/2008	661	661	0	853	0	0	0	621	0	640	160	750	3	Compressor Down	comp. down-overspeed sensor-robbing from 40-14	64	1
05/12/2008	1,220	1,220	0	853	0	0	0	629	0	780	700	760	0		sending gas to 59-32-1	64	1



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05/11/2008	1,318	1,318	0	853	0	0	0	933	0	780	645	730	0			64	1
05/10/2008	1,094	1,094	0	853	0	0	0	900	0	790	650	740	0			64	1
05/09/2008	1,199	1,199	0	853	0	0	0	942	0	780	620	750	0			64	1
05/08/2008	1,060	1,060	0	853	0	0	0	748	0	800	600	750	3	Compressor Down	down underspeed - injected 45mcf	64	1
05/07/2008	1,069	1,069	0	853	0	0	0	1,047	0	780	570	740	0			64	1
05/06/2008	719	719	0	853	0	0	0	616	0	780	550	740	0			64	1
05/05/2008	0	0	0	853	0	0	0	42	0	620	300	610	16	Compressor Down	low suction-disch. temp.	64	1
05/04/2008	0	0	0	853	0	0	0	0	0	620	300	610	16	Compressor Down	ok	64	1



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BLOCK 58 STATE 31-3 1H

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Gross Volumes | Operated Wells | 14.65 Pressure Base

Date ▼	Gas Prod (Mcf)	Gas Sales (Mcf)	Gas Lift (Mcf)	Gas Forecast (Mcf)	Gas Goal (Mcf)	Oil Prod (bbl)	Oil Forecast (bbl)	Water Prod (bbl)	Water Inj (bbl)	Casing (psig)	Tubing (psig)	Line (psig)	Downtime (hrs)	Downtime Reason	Comments	Choke	Producing Well Count
05/03/2008	286	286	0	853	0	0	0	200	0	620	300	610	16	Compressor Down	low suction-disch. temp.	64	1
05/02/2008	527	527	0	853	0	0	0	329	0	920	960	790	16	Compressor Down	HLP-underspeed	64	1
05/01/2008	886	886	0	853	0	0	0	591	0	860	730	735	0			64	1
	208,405	206,152	0	217,382	0	0	0	104,189	0				721				

File No. MF104780
Well Reports
Date Filed: 3/1/09
Jerry E. Patterson, Commissioner
By [Signature]

12.

February 19, 2018

Cirrus Minerals, LLC
330 Marshall Street, Suite 300
Shreveport, LA 71101

Re: Relinquishment Act Lands Oil and Gas Lease Dated November 2, 2004 (Successor interests from BJ McCord ("**Lease**"); Reeves County, Texas

Gentlemen:

COG Operating LLC ("**COG**") is the Lessee under the captioned Oil and Gas Lease, under which you are acting as the agent for the State of Texas, covering the following described lands:

All of Section 30, Block 58, Public School Land Survey,
Reeves County, Texas

COG is planning on entering the lands covered by the Lease on or about March 26, 2018, for the purpose of plugging and abandoning the Block 58 State 31-3 #1H Well ("**Well**"), which is operated by COG, and thereafter conducting surface remediation operations. Paragraph 26 of the Lease, entitled **Removal of Equipment**, grants COG the right to remove machinery and fixtures placed by it on the leased premises, including the right to draw and remove casing, within 120 days after the termination of the Lease, unless the owner of the soil grants an extension of this period. It has been more than 120 days since the Lease terminated.

Accordingly, COG is hereby asking your permission to extend the period of time under the Lease until September 1, 2018, in order that COG is permitted to remove the machinery and fixtures from the location, including the drawing and removal of the casing from this Well, in connection with its plugging and abandonment activities, and that COG shall have the right to retain the ownership of the machinery and fixtures, including removed casing, from this Well and the lands.

Please indicate in the space provided below whether you agree or disagree with the terms of this letter, and then sign and return an original of this letter to COG in the self-addressed, stamped envelope provided for this purpose. We are sending two originals of this letter and you may retain one original for your files.



Cirrus Minerals, LLC
February 19, 2018
Page 2

Thank you for your cooperation and we look forward to hearing from you soon. If you have any questions, please give Mr. Jerold Jenkins of COG a call at 432.234.1508.

Very truly yours,

COG OPERATING LLC



Jerold Jenkins
Staff Landman

_____, I, _____, the agent for the State of Texas under the Lease and the owner of the soil of the above-described land, **hereby consent** to the forgoing provisions of this letter.

_____, I, _____, the agent for the State of Texas under the Lease and the owner of the soil of the above-described land, **hereby DO NOT consent** to the forgoing provisions of this letter.

cc: Mr. J. Daryl Morgan, CPL
Landman, Mineral Leasing
Texas General Land Office ✓
P.O. Box 12873
Austin, Texas 78711-2873

432.234.1508

February 19, 2018

Pep II Management, LLC
c/o Mr. Fred Phillips, Manager
330 Marshall Street, Suite 300
Shreveport, LA 71101

Re: Relinquishment Act Lands Oil and Gas Lease Dated November 2, 2004 (Successor interests from BJ McCord ("**Lease**"); Reeves County, Texas

Gentlemen:

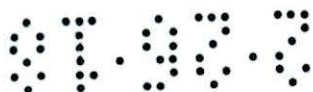
COG Operating LLC ("**COG**") is the Lessee under the captioned Oil and Gas Lease, under which you are acting as the agent for the State of Texas, covering the following described lands:

All of Section 30, Block 58, Public School Land Survey,
Reeves County, Texas

COG is planning on entering the lands covered by the Lease on or about March 26, 2018, for the purpose of plugging and abandoning the Block 58 State 31-3 #1H Well ("**Well**"), which is operated by COG, and thereafter conducting surface remediation operations. Paragraph 26 of the Lease, entitled **Removal of Equipment**, grants COG the right to remove machinery and fixtures placed by it on the leased premises, including the right to draw and remove casing, within 120 days after the termination of the Lease, unless the owner of the soil grants an extension of this period. It has been more than 120 days since the Lease terminated.

Accordingly, COG is hereby asking your permission to extend the period of time under the Lease until September 1, 2018, in order that COG is permitted to remove the machinery and fixtures from the location, including the drawing and removal of the casing from this Well, in connection with its plugging and abandonment activities, and that COG shall have the right to retain the ownership of the machinery and fixtures, including removed casing, from this Well and the lands.

Please indicate in the space provided below whether you agree or disagree with the terms of this letter, and then sign and return an original of this letter to COG in the self-addressed, stamped envelope provided for this purpose. We are sending two originals of this letter and you may retain one original for your files.



PEP II Management, LLC
February 19, 2018
Page 2

Thank you for your cooperation and we look forward to hearing from you soon. If you have any questions, please give Mr. Jerold Jenkins of COG a call at 432.234.1508.

Very truly yours,

COG OPERATING LLC



Jerold Jenkins
Staff Landman

_____, I, _____, the agent for the State of Texas under the Lease and the owner of the soil of the above-described land, **hereby consent** to the forgoing provisions of this letter.

_____, I, _____, the agent for the State of Texas under the Lease and the owner of the soil of the above-described land, **hereby DO NOT consent** to the forgoing provisions of this letter.

cc: Mr. J. Daryl Morgan, CPL
Landman, Mineral Leasing
Texas General Land Office ✓
P.O. Box 12873
Austin, Texas 78711-2873

01.00.0

13

File No. 11-104780

Wts. From Concho County

Date Filed: 2/26/18

George P. Bush, Commissioner

By [Signature]

3.30.18