

TERMINATION

DATE 12/01/2011
LEASING BP
MAPS MC
GIS MC

Rentals: MS
Lease SB
Admin: SB
Mineral JP
Maps: JP

STATE LEASE

MF104782

CONTROL

BASEFILE

COUNTY

07-105063

150909 -

REEVES

/195

SURVEY : PUBLIC SCHOOL LAND
BLOCK : 58
TOWNSHIP : 00
SECTION/TRACT: 30
PART : NE/4
ACRES : 160.00
DEPTH LIMITS : NO

LESSEE : PETRO-HUNT LLC
LEASE DATE : Oct 20 2004
PRIMARY TERM : 5 yrs
BONUS (\$) : 12000.00
RENTAL (\$) : 1.00
ROYALTY : 0.10000000
VAR ROYALTY :

©

CONTENTS OF FILE NO. MF 104782

1. BAA Review	12/6/04	18. Email re lease status	05/06/14
2. Letter, bonus, & fee	11/8/05	19. Follow-up email to Shell	05/05/14
3. Lease	11/8/05	20. Release	04/22/15
4. PNO letter	9/8/05	21. Ltr & fees - release	04/22/15
5. Rental Payment	9/19/05	Scanned SM 7/16/15	
6. RENTAL PAYMENT	9/18/06	22. Ltr. From Concho	2/26/18
7. Delay Rental	9/24/07	Scanned AS	2-28-2018
See MF 104780 # 8 for Pooling Committee Report & Term Pooling Agreement		23. Well Timeline	3/28/19
	11/23/08	Scanned AS	4-9-2019
8. RENTAL PAYMENT	07/10/08		
ASSIGNMENT FILED IN MF 090897 # 35, 3/11/09			
See MF 104780 # 10, Pooling Committee Report & First Amendment of Term Pooling Agreement			
	5/18/09		
9. Rental Payment to extend deep rights	9/22/11		
10. Shut-in Royalty payment	11-1-11		
11. Request for shut-in affidavit	4-29-12		
12. Email re accounting unit setup	11/30/11		
13. Production History of Block 58 state 31-3 #1H	05/02/14		
14. P-15 & plat of Block	05/02/14		
15. Well Timeline: 42-389-32452	05/02/14		
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17. Unit 4484	05/05/14		

RAL REVIEW SHEET

Transaction # 4900

Geologist: R. Widmayer

Lessor: Shannon, Shawn

Lease Date: 10/20/2004

UE ☐

Lessee: Petro-Hunt, LLC

Acres: 160

LEASE DESCRIPTION

County	PIN#	Base File No	Part	Sec.	Block	Twp	Survey	Abst#
REEVES	07-105063	150909	NE/4	30	58	00	PUBLIC SCHOOL LAND	0

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
							Last Lease
MF100264	Clay Johnson	1/15/1999	5 years	\$50.00	\$1.00	3/16	

Comments:

Approved: _____

Monday, September 12, 2005

12/6/04

RAL REVIEW SHEET

Transaction # 4411 4900

Geologist: R. Widmayer

Lessor: ~~McCord, B.J.~~

Lease Date: 11/2/2004

UE ☐

Lessee: Petro-Hunt, LLC

Acres: 80 160

358

LEASE DESCRIPTION

County	Base File No	Part	Sec.	Block	Twp	Survey	Abst#
REEVES	421971	N/2 SW/4	30	58	00	PUBLIC SCHOOL LAND	3762

150909 N/4

160 Ac

TERMS OFFERED

Primary Term: 4 years

Bonus/Acre: \$150.00

Rental/Acre: \$1.00

Royalty: 1/5

TERMS RECOMMENDED

Primary Term: 4 years

Bonus/Acre: \$150.00

Rental/Acre: \$1.00

Royalty: 1/5

12/6/04

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
	<u>Pending</u>						

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

Approved: PAC 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: PAB

Date: 11/3/04

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: 2/9/05

Approved: LL

Not Approved: _____

Jerry Patterson, Commissioner

Date: 9 FEB 05

Approved: JEP

Not Approved: _____

1.
File No. MF 104982

MAK Review

Date Filed: 12/6/04

Jerry E. Patterson, Commissioner

By SS

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

January 14, 2005

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

Re: Shawn Shannon, as Agent for the State
Section 30: NE/4
Block 58, PSL Survey,
Reeves County, Texas

Dear Drew:

Enclosed please find certified copies of the above captioned oil and gas lease.

Petro-Hunt, L.L.C. check in the sum of \$12,000.00 is enclosed representing The State's ½ of the bonus consideration. Also enclosed is my check for \$25.00 per lease filing fee.

Please provide a mineral lease number when it is available.

If any questions should arise please phone me at the number above.

Sincerely,



Doug Ferguson

DWF:bc
Enclosure

50.07.7

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	Jan-11-2005	4075092	\$12,000.00

01AP57	010605J	01/06/05	12,000.00	0.00	12,000.00
NW TOYAH PROSPECT					
TOTAL INVOICES PAID					X 12,000.00

121

05019833

50.01.1

05019832

121

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

FIRST NATIONAL BANK OF MIDLAND
MIDLAND, TX 79701

25299

1/14/2005

PAY TO THE
ORDER OF GENERAL LAND OFFICE STATE OF TEXAS

~~\$~~ **25.00

Twenty-Five Only

DOLLARS

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

MEMO FILING FEE/SHAWN SHANNON

025299

50.81.1

2.

File No. 2570482

Letter from J. Lee

Date Filed: 1/18/05

Jerry E. Peterson, Commissioner

By _____

1.18.02

FILE# 3108

General Land Office
Relinquishment Act Lease Form
Revised, September 1997

MF 104782

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 20th day of October, 2004, between the State of Texas, acting by and through its agent, Shawn Shannon
of 6502 Briar Knoll Circle, Garland, Texas 75043
(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:

Northeast Quarter (NE/4) of Section 30, Block 58, PSL Survey

containing 160 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Twelve Thousand and No/100
Dollars (\$12,000.00)

To the owner of the soil: Twelve Thousand and No/100
Dollars (\$12,000.00)

Total bonus consideration: One Hundred Sixty Eight Thousand and No/100
Dollars (\$24,000.00)

The total bonus consideration paid represents a bonus of One Hundred Fifty and No/100
Dollars (\$150.00) per acre, on 160 net acres.

2. **TERM.** Subject to the other provisions in this lease, this lease shall be for a term of Five (5) 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.



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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: Eighty and No/100
Dollars (\$80.00)
To the State of Texas: Eighty and No/100
Dollars (\$80.00)
Total Delay Rental: One Hundred Sixty and No/100
Dollars (\$160.00)

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 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.

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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



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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.

(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

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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.

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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 52.138, 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 52.138 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 utilize 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 utilizing 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]

Title: PRESIDENT

Date: 11-29-14

[Signature]

STATE OF TEXAS

BY: [Signature]

Shawn Sharpton,
Individually and as agent for the State of Texas

Date: 10-27-04

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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Clerks Office



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STATE OF Texas
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.

Given under my hand and seal of office this 29th day of November, 20 04.



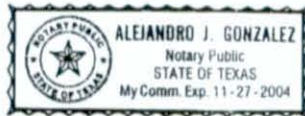
Susan M. McCoy
Notary Public in and for State of TX

STATE OF TX
COUNTY OF Dallas

(INDIVIDUAL ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared Shawn Shannon
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 27th day of Oct, 20 04.



Alejandro J. Gonzalez
Notary Public in and for Wamu Bank

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 _____

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. 3108

FILED FOR RECORD ON THE 15TH DAY OF DECEMBER A.D. 2004 AT 2:43 P M.
DULY RECORDED ON THE 22ND DAY OF DECEMBER A.D. 2004 AT 11:00 A M.

BY: Dianne O. Florez, DEPUTY

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS



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

50077

25

File No. MF704982
Heard
Date Filed: 1/18/05
By Jerry E. Patterson, Commissioner

88801000

88801000

88801000

88801000

**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. 689, PAGE 31, THRU 39.



I hereby certified on 12/27/2004

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY Estelle Maye DEPUTY

7.79.03

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

September 8, 2005

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

Re: RELINQUISHMENT ACT LEASE No. M-104782
160 acres out of the NE/4 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-104782. Please refer to this number in all future correspondence concerning the lease.

Your remittance of \$12,125.00, has been applied as the state's portion of the cash bonus \$12,000.00, 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 by *MS-*
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

4.
File No. MF 04782
GLO letter
Date Filed: 9/8/05
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

Page 1 of 1

OWNER NAME	OWNER NO.	DATE	CHECK NUMBER	AMOUNT
TEXAS GENERAL LAND OFFICE		Sep-09-2005	7003551	\$80.00

LEASE NUMBER
118*1017621

ORIGINAL LESSOR/LEASE NAME
SHANNON SHAWN
RENTAL PERIOD

DATE

09/09/05

CHECK NO 7003551

LEASE DATE MONTHS FROM TO FILE ID
10/20/04 12 10/20/05 10/20/06 68350-0009

PAYMENT AMOUNT 80.00

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

BANK SERVICE CHG

TO BE CREDITED TO

ADDITIONAL TEXT

TOTAL AMOUNT X 80.00

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

RECORDED BOOK 389 PAGE 31

ENTRY

PROSPECT N W TOYAH PROSPECT

COUNTY/PARISH REEVES

STATE TX

TRACT NO 18737

LEGAL DESCRIPTION

REEVES COUNTY TEXAS BLOCK 58, PUBLIC

SCHOOL LAND SURVEY SEC. 30: NE/4

BEING 160.00 ACRES MORE OR LESS

M-104782

06002875

50.67.6

6.
File No.

MF 104782

Rental Segment

Date Filed:

9/19/05

Jerry E. Patterson, Commissioner

By

JEP

8.78.02

704613

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		Sep-11-2006	7005050	\$80.00

LEASE NUMBER
 118*1017621

ORIGINAL LESSOR/LEASE NAME
SHANNON SHAWN

DATE

09/11/06

CHECK NO 7005050

LEASE DATE MONTHS FROM TO FILE ID
 10/20/04 12 10/20/06 10/20/07 68350-0009

RENTAL PERIOD

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

PAYMENT AMOUNT 80.00

TO BE CREDITED TO

ADDITIONAL TEXT

BANK SERVICE CHG

TOTAL AMOUNT X 80.00

OWNER # 58207

TEXAS GENERAL LAND OFFICE
 1700 N CONGRESS AVENUE ROOM 60
 AUSTIN, TEXAS 78701

RECORDED BOOK 389 PAGE 31

ENTRY

PROSPECT N W TOYAH PROSPECT

COUNTY/PARISH REEVES

STATE TX

TRACT NO 18737

LEGAL DESCRIPTION

REEVES COUNTY TEXAS BLOCK 58, PUBLIC**SCHOOL LAND SURVEY SEC. 30, NE/4****BEING 160.00 ACRES MORE OR LESS**

M-104782

07002738

File No. MF704782 6.

RENTAL PAYMENT

Date Filed: 9/18/06

Jerry E. Patterson, Commissioner

By [Signature]

20110070

779014

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
ST OF TX GENERAL LAND OFFICE		Sep-17-2007	7006603	\$80.00

LEASE NUMBER
 118*1017621

ORIGINAL LESSOR/LEASE NAME
 SHANNON SHAWN

DATE

09/17/07

CHECK NO 7006603

LEASE DATE MONTHS
 10/20/04 12

RENTAL PERIOD
 FROM TO
 10/20/07 10/20/08

FILE ID

68350-0009

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

PAYMENT AMOUNT 80.00

BANK SERVICE CHG 0.00

TOTAL AMOUNT 80.00

TO BE CREDITED TO

ADDITIONAL TEXT

OWNER # 74377

ST TX MF104782

RECORDED BOOK 389 PAGE 31

ENTRY

PROSPECT N W TOYAH PROSPECT

COUNTY/PARISH REEVES

STATE TX

TRACT NO 18737

LEGAL DESCRIPTION

REEVES COUNTY TEXAS BLOCK 58, PUBLIC

SCHOOL LAND SURVEY SEC. 30: NE/4

BEING 160.00 ACRES MORE OR LESS

08001615

File No. MF-104782

Date Filed: 19/24/2007

Jerry E. Patterson, Commissioner

By [Signature]

08001012

837533

032006

17.

LEASE OBLIGATION DEPOSIT RECEIPT

WE HAVE THIS DAY SEPTEMBER 12, 2008

TENDERED TO

COMMISSIONER OF THE GENERAL LAND

THE SUM OF **\$80.00** DOLLARS FOR THE CREDIT OF PARTY OR PARTIES NAMED BELOW
 IN AMOUNT STATED PURSUANT TO THE TERMS OF THE LEASE IDENTIFIED HEREIN, FOR THE PERIOD FROM
 10/20/2008 TO 10/20/2009 COVERING LESSOR'S INTEREST IN LAND DESCRIBED AS:

Survey: PUBLIC SCHOOL LAND Block/Suffix: 58 Section: 30 Short Desc: NE,BLK 58,SEC 30,PSL SVY

RENTAL

LEASE NUMBER

TX0011467-000

LEASE DATE: 10/20/2004

PROSPECT: BALMORHEA

RECORDED: BOOK

689

PAGE

31

ENTRY NUMBER: 003108

COUNTY/PARISH REEVES

STATE TX

FOR CREDIT OF:

AMOUNT

017397

COMMISSIONER OF THE GENERAL LAND
 OFFICE OF THE STATE OF TEXAS
 STEPHEN F. AUSTIN BUILDING
 1700 NORTH CONGRESS, SUITE 600
 AUSTIN, TX 78701

Acct:
 1/2 SURFACE OWNER & 1/2 TO GLO

80.00

COPY FOR
 YOUR RECORDS

IMPORTANT

The attached check is for the person(s) named above. Please date, sign and return the attached receipts on the day you receive it. If directed to a bank, please deposit the amount to the credit of the person(s) named above and date, sign and return the receipt on the day you receive it. If correspondence required, please make reference to lease number.

Date Received

Sign Here

By

Title

COPY FOR
 YOUR RECORDS

Subtotal	80.00
BANK SERVICE CHARGE \$	0.00
Grand Total	80.00
Check No.	36855

CHESAPEAKE OPERATING, INC.

DELAY RENTAL ACCOUNT

P.O. BOX 18496

OKLAHOMA CITY, OK 73154

405/848-8000

BANK OF OKLAHOMA, N.A.
OKLAHOMA CITY, OK

36855

DATE

09/12/2008

AMOUNT

\$80.00

*****80 * DOLLARS * 00 * CENTS

PAY
 TO
 THE
 ORDER
 OF

COMMISSIONER OF THE GENERAL LAND
 OFFICE OF THE STATE OF TEXAS
 STEPHEN F. AUSTIN BUILDING
 1700 NORTH CONGRESS, SUITE 600
 AUSTIN, TX 78701

CHESAPEAKE OPERATING, INC.

Jennifer D. Grigsby

THIS DOCUMENT HAS THERMOGRAPHIC INK WITH ARTIFICIAL WATERMARK. HOLD AT AN ANGLE TO VIEW.

⑈036855⑈

•

00001125

File No. MF 104782

RENTAL PAYMENT-

Date Filed: 09/18/08
 Jerry E. Patterson, Commissioner
 By: [Signature]

By

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

LEASE OBLIGATION DEPOSIT RECEIPT

WE HAVE THIS DAY **SEPTEMBER 14, 2011** TENDERED TO **COMMISSIONER OF THE GENERAL LAND**
THE SUM OF **\$6,000.00** DOLLARS FOR THE CREDIT OF PARTY OR PARTIES NAMED BELOW IN AMOUNT STATED
PURSUANT TO THE TERMS OF THE LEASE IDENTIFIED HEREIN, FOR THE PERIOD FROM **10/20/2011** TO **10/20/2013**
COVERING LESSOR'S INTEREST IN LAND DESCRIBED AS:

TOWNSHIP: RANGE: SECTION: 30 BLOCK: 58/ SURVEY: PUBLIC SCHOOL LAND ABSTRACT: 6046 COUNTY: REEVES SHORT DESC: NE,BLK

12700937

PAYMENT: PUGH RENTAL

LEASE NUMBER: TX0011467-000

LEASE DATE: 10/20/2004

PROSPECT: TOYAH

RECORDED BOOK: 689

PAGE: 31

ENTRY NUMBER: 003108

COUNTY/PARISH: REEVES

STATE: TX

FOR CREDIT OF:

ACCT:

AMOUNT

017397

COMMISSIONER OF THE GENERAL LAND

OF THE STATE OF TEXAS

1700 N CONGRESS, STE 600

STEPHEN F AUSTIN BUILDING

AUSTIN

TX 78701

1/2 BONUS TO EXTEND DEEP

RTS

~~X~~ \$6,000.00

121

PLEASE SIGN
AND RETURN

COPY

IMPORTANT

The attached check is for the person(s) named above. Please date, sign and return the attached receipts on the day you receive it. If directed to a bank, please deposit the amount to the credit of the person(s) named above and date, sign and return the receipt on the day you receive it. If correspondence required, please make reference to lease number.

Date Received

SEP 22 2011

Sign Here

RENTAL PAYMENT

By

PO

Title

Subtotal \$6,000.00

BANK SERVICE CHARGE \$.00

Grand Total \$6,000.00

Check No. 402585

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

LEASE OBLIGATION DEPOSIT RECEIPT

WE HAVE THIS DAY **SEPTEMBER 14, 2011** TENDERED TO **COMMISSIONER OF THE GENERAL LAND**
THE SUM OF **\$6,000.00** DOLLARS FOR THE CREDIT OF PARTY OR PARTIES NAMED BELOW IN AMOUNT STATED
PURSUANT TO THE TERMS OF THE LEASE IDENTIFIED HEREIN, FOR THE PERIOD FROM **10/20/2011** TO **10/20/2013**
COVERING LESSOR'S INTEREST IN LAND DESCRIBED AS:

TOWNSHIP: RANGE: SECTION: 30 BLOCK: 58/ SURVEY: PUBLIC SCHOOL LAND ABSTRACT: 6046 COUNTY: REEVES SHORT DESC: NE, BLK

PAYMENT: PUGH RENTAL

LEASE NUMBER: TX0011467-000

LEASE DATE: 10/20/2004

PROSPECT: TOYAH

RECORDED BOOK: 689

PAGE: 31

ENTRY NUMBER: 003108

COUNTY/PARISH: REEVES

STATE: TX

FOR CREDIT OF:

ACCT:

AMOUNT

017397

COMMISSIONER OF THE GENERAL LAND

OF THE STATE OF TEXAS

1/2 BONUS TO EXTEND DEEP

\$6,000.00

1700 N CONGRESS, STE 600

RTS

STEPHEN F AUSTIN BUILDING

AUSTIN

TX 78701

**COPY FOR
YOUR RECORDS**

IMPORTANT

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Date Received _____

Sign Here _____

By _____

Title

Subtotal \$6,000.00

BANK SERVICE CHARGE \$.00

Grand Total \$6,000.00

Check No. 402585

CHESAPEAKE OPERATING, INC.
DELAY RENTAL ACCOUNT
P.O. Box 18496
Oklahoma City, OK 73154

Comerica Bank

402585

SEPTEMBER 14, 2011

SIX THOUSAND AND 00 /100 Dollars *****

\$6,000.00

PAY TO THE
ORDER OF

COMMISSIONER OF THE GENERAL LAND
OF THE STATE OF TEXAS
1700 N CONGRESS, STE 600
STEPHEN F AUSTIN BUILDING
AUSTIN TX 78701

VOID AFTER 120 DAYS
NO THIRD PARTY ENDORSEMENTS

Non-Negotiable

⑈0000402585⑈

①

File No. MF 104742

~~Delay Rental 1/2 years~~
To extend deep rights

Date Filed: 9/22/11
Jerry E. Patterson, Commissioner

By _____

2011.09.23

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

LEASE OBLIGATION DEPOSIT RECEIPT

WE HAVE THIS DAY **OCTOBER 28, 2011** TENDERED TO **COMMISSIONER OF THE GENERAL LAND**
THE SUM OF **\$600.00** DOLLARS FOR THE CREDIT OF PARTY OR PARTIES NAMED BELOW IN AMOUNT STATED
PURSUANT TO THE TERMS OF THE LEASE IDENTIFIED HEREIN, FOR THE PERIOD FROM **11/04/2011** TO **11/04/2012**
COVERING LESSOR'S INTEREST IN LAND DESCRIBED AS:

TOWNSHIP: RANGE: SECTION: 30 BLOCK: 58/ SURVEY: PUBLIC SCHOOL LAND ABSTRACT: 6046 COUNTY: REEVES SHORT DESC: NE,BLK

MF 104782

PAYMENT: SHUT-IN ROYALTY

LEASE NUMBER: TX0011467-000

LEASE DATE: 10/20/2004

PROSPECT: TOYAH

RECORDED BOOK: 689

PAGE: 31

ENTRY NUMBER: 003108

COUNTY/PARISH: REEVES

STATE: TX

FOR CREDIT OF:

ACCT:

AMOUNT

017397

COMMISSIONER OF THE GENERAL LAND

OF THE STATE OF TEXAS

\$1200/YR SHUT IN PAYMT (6

\$600.00

1700 N CONGRESS, STE 600

16169)

STEPHEN F AUSTIN BUILDING

AUSTIN

TX 78701

PLEASE SIGN
AND RETURN

IMPORTANT

The attached check is for the person(s) named above. Please date, sign and return the attached receipts on the day you receive it. If directed to a bank, please deposit the amount to the credit of the person(s) named above and date, sign and return the receipt on the day you receive it. If correspondence required, please make reference to lease number.

Date Received

NOV 01 2011

Sign Here

RENTAL PAYMENT

By

fr

Title

Subtotal \$600.00

BANK SERVICE CHARGE \$.00

Grand Total \$600.00

Check No. 419454

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

LEASE OBLIGATION DEPOSIT RECEIPT

WE HAVE THIS DAY **OCTOBER 28, 2011** TENDERED TO **COMMISSIONER OF THE GENERAL LAND**
THE SUM OF **\$600.00** DOLLARS FOR THE CREDIT OF PARTY OR PARTIES NAMED BELOW IN AMOUNT STATED
PURSUANT TO THE TERMS OF THE LEASE IDENTIFIED HEREIN, FOR THE PERIOD FROM **11/04/2011** TO **11/04/2012**
COVERING LESSOR'S INTEREST IN LAND DESCRIBED AS:

TOWNSHIP: RANGE: SECTION: 30 BLOCK: 58/ SURVEY: PUBLIC SCHOOL LAND ABSTRACT: 6046 COUNTY: REEVES SHORT DESC: NE,BLK

PAYMENT: SHUT-IN ROYALTY

LEASE NUMBER: TX0011467-000

LEASE DATE: 10/20/2004

PROSPECT: TOYAH

RECORDED BOOK: 689

PAGE: 31

ENTRY NUMBER: 003108

COUNTY/PARISH: REEVES

STATE: TX

FOR CREDIT OF:

ACCT:

AMOUNT

017397

COMMISSIONER OF THE GENERAL LAND

OF THE STATE OF TEXAS

\$1200/YR SHUT IN PAYMT (6

\$600.00

1700 N CONGRESS, STE 600

16169)

STEPHEN F AUSTIN BUILDING

AUSTIN

TX 78701

**COPY FOR
YOUR RECORDS**

IMPORTANT

The attached check is for the person(s) named above. Please date, sign and return the attached receipts on the day you receive it. If directed to a bank, please deposit the amount to the credit of the person(s) named above and date, sign and return the receipt on the day you receive it. If correspondence required, please make reference to lease number.

Date Received _____

Sign Here _____

By _____

Title

Subtotal \$600.00

BANK SERVICE CHARGE \$.00

Grand Total \$600.00

Check No. 419454

CHESAPEAKE OPERATING, INC.
DELAY RENTAL ACCOUNT
P.O. Box 18496
Oklahoma City, OK 73154

Comerica Bank

419454

OCTOBER 28, 2011

SIX HUNDRED AND 00 /100 Dollars *****

\$600.00

PAY TO THE
ORDER OF

COMMISSIONER OF THE GENERAL LAND
OF THE STATE OF TEXAS
1700 N CONGRESS, STE 600
STEPHEN F AUSTIN BUILDING
AUSTIN TX 78701

VOID AFTER 120 DAYS
NO THIRD PARTY ENDORSEMENTS

Non-Negotiable

⑈0000419454⑈

File No. MF104782 10.

1/2 bonus pd to extend
deep rights

Date Filed: 12-1-11

Jerry E. Patterson, Commissioner

By [Signature]

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

CERTIFIED MAIL 70070710000053804688

April 19, 2012

(sent e-mail and certified mail)

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

Re: **State Lease No. MF 104782** RAL Lease dated October 20, 2004 recorded in Book 689, pg 31, covering
NE/4 Sec 30, Blk 58, PSL, Reeves Co TX
Shut-in Royalty Payment – Your lease no. TX0011467-000

Dear Victoria:

This acknowledges receipt of your check no. 419454 in the amount of \$600.00 on November 1, 2011 as a shut-in royalty payment. We have not received a shut-in affidavit and hereby request same.

Acceptance of this payment does not ensure that lease obligations have been met. Our shut-in affidavit (copy enclosed) must be completed, notarized and returned to the General Land Office within 30 days of receipt of this letter.

If you would like to access the affidavit form online, you may find it here:

<http://www.glo.state.tx.us/energy/leasesales/shut-in/index.html>

Please note that the Texas Administrative Code contains the following provision at Title 31, Part I, Chapter 9, Subchapter C, Rule 9.36, (e).

(e) Affidavit required. Upon receipt of a shut-in royalty, the GLO will send a shut-in affidavit to the party paying the shut-in royalty. The affidavit must be completed and returned to the GLO. Failure to complete and return the affidavit as required may result in a penalty under §9.32(c)(3)(B)(iii), and/or forfeiture of the lease.

The reasons set out in your lease for a shut-in are “oil or gas is not being produced for lack of suitable production facilities or lack of a suitable market.” Note that the well must be capable of producing in paying quantities. Please be sure your reason(s) in the affidavit address those set out in the Agreement.

Yours truly,

Harriet Dunne, CPL
Mineral Leasing, Energy Resources
512-475-1579
512-475-1543 (fax)
harriet.dunne@glo.texas.gov

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

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

LEASE OBLIGATION DEPOSIT RECEIPT

WE HAVE THIS DAY OCTOBER 28, 2011 TENDERED TO COMMISSIONER OF THE GENERAL LAND
THE SUM OF \$600.00 DOLLARS FOR THE CREDIT OF PARTY OR PARTIES NAMED BELOW IN AMOUNT STATED
PURSUANT TO THE TERMS OF THE LEASE IDENTIFIED HEREIN, FOR THE PERIOD FROM 11/04/2011 TO 11/04/2012
COVERING LESSOR'S INTEREST IN LAND DESCRIBED AS:

TOWNSHIP: RANGE: SECTION: 30 BLOCK: 58/ SURVEY: PUBLIC SCHOOL LAND ABSTRACT: 6046 COUNTY: REEVES SHORT DESC: NE, BLK

M#104782

(P)

PAYMENT: SHUT-IN ROYALTY

LEASE NUMBER: TX0011467-000

LEASE DATE: 10/20/2004

PROSPECT: TOYAH

RECORDED BOOK: 689

PAGE: 31

ENTRY NUMBER: 003108

COUNTY/PARISH: REEVES

STATE: TX

FOR CREDIT OF:

ACCT:

AMOUNT

017397

COMMISSIONER OF THE GENERAL LAND
OF THE STATE OF TEXAS
1700 N CONGRESS, STE 600
STEPHEN F AUSTIN BUILDING
AUSTIN TX 78701

\$1200/YR SHUT IN PAYMT (6
16169)

\$600.00

RECEIVED
NOV 01 2011

121
COPY

PLEASE SIGN
AND RETURN

IMPORTANT

The attached check is for the person(s) named above. Please date, sign and return the attached receipts on the day you receive it. If directed to a bank, please deposit the amount to the credit of the person(s) named above and date, sign and return the receipt on the day you receive it. If correspondence required, please make reference to lease number.

Date Received _____

Sign Here _____

By _____

Title

Subtotal	\$600.00
BANK SERVICE CHARGE	\$0.00
Grand Total	\$600.00
Check No.	419454

CHESAPEAKE OPERATING, INC.
DELAY RENTAL ACCOUNT
P.O. Box 18496
Oklahoma City, OK 73154

Comerica Bank

12702793

419454

OCTOBER 28, 2011

SIX HUNDRED AND 00/100 Dollars *****

\$600.00

PAY TO THE
ORDER OF

COMMISSIONER OF THE GENERAL LAND
OF THE STATE OF TEXAS
1700 N CONGRESS, STE 600
STEPHEN F AUSTIN BUILDING
AUSTIN TX 78701

VOID AFTER 120 DAYS
NO THIRD PARTY ENDORSEMENTS



Jennifer M. Amisley

00000419454

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[Calculate Postage](#)
[Track Mail](#)
[Change of Address](#)

USPS Tracking™

[Customer Service ›](#)
Have questions? We're here to help.Tracking Number: **70070710000053804688**

Requested label is archived.

[Restore Archived Details ›](#)

Product & Tracking Information

Available Options

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Features:
Certified Mail™

DATE & TIME

STATUS OF ITEM

LOCATION

December 10, 2012 , 6:53
am

Delivered

HOUSTON, TX 77210

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What's your tracking (or receipt) number?

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File No. MF 104782

11.

Request for shut-in
affidavit

Date Filed: 4-19-12

Jerry E. Patterson, Commissioner

By [Signature]

Harriet Dunne - Re: FW: Unit 4484 - Block 58, State 31-3 Unit

From: Tracey Throckmorton
To: Haley, Kim; Johnson, Jerris
Date: 11/30/2011 8:57 AM
Subject: Re: FW: Unit 4484 - Block 58, State 31-3 Unit
CC: Dunne, Harriet; Stimson, Lannie

Kim,
 I have a "As Drilled Plat" for the Block 58, State 31-3 #1H well and wanted to make sure that the Unit that I'm going to set-up for accounting purposes only matches your pay deck. I'll be setting up a unit based on the following lengths of lateral under each lease with the total length of lateral from the penetration point to the bottom hole of 3,886 feet:

MF104782 - length of lateral under this lease is 208.6 feet
 Tract participation = $208.6/3886 = 0.0536798$
 Tract royalty = $0.0536798 \times .10(\text{lease royalty}) = 0.0053679$

MF105490 - length of later under this lease is 3,244.3 feet
 Tract participation = $3244.3/3886 = 0.8348687$
 Tract royalty = $0.8348687 \times .125(\text{lease royalty}) = 0.1043585$

MF105285 - length of later under this lease is 433.1 feet
 Tract participation = $433.1/3886 = 0.1114513$
 Tract royalty = $0.1114513 \times .119167(\text{blended lease royalty}) = 0.0132813$

Remember that this unit will be set-up for accounting purposes only.
 Please confirm the tract participations and royalties match what Chesapeake should be reporting since Unit 4484 expired on April 16, 2011.
 Many thanks,
 Tracey

Tracey T. Throckmorton, P.G.
 Energy Geoscience Manager
 Energy Resources/Mineral Leasing Division
 Texas General Land Office
 512-475-1500
tracey.throckmorton@glo.texas.gov

>>> Beverly Boyd 11/9/2011 9:19 AM >>>
 Kim, this is not a leased highway. Please contact Tracey Throckmorton regarding this question.

>>> Kim Haley <kim.haley@chk.com> 11/8/2011 1:17 PM >>>
 Jerris,
 Please see the email below from the TXGLO. It appears as if they are amending the unit and need information from you. Please send that information to Beverly Boyd at the TXGLO and copy Lannie Stimson.

Thanks!

Kim

Kimberli Haley
Accountant
Regulatory Reporting
Chesapeake Operating, Inc.
Phone: (405) 935-1537
Fax: (405) 849-1537
Email: kim.haley@chk.com

From: Tracey Throckmorton [<mailto:Tracey.Throckmorton@GLO.STATE.TX.US>]
Sent: Tuesday, November 08, 2011 1:14 PM
To: Kim Haley
Cc: Harriet Dunne; Lannie Stimson
Subject: Unit 4484 - Block 58, State 31-3 Unit

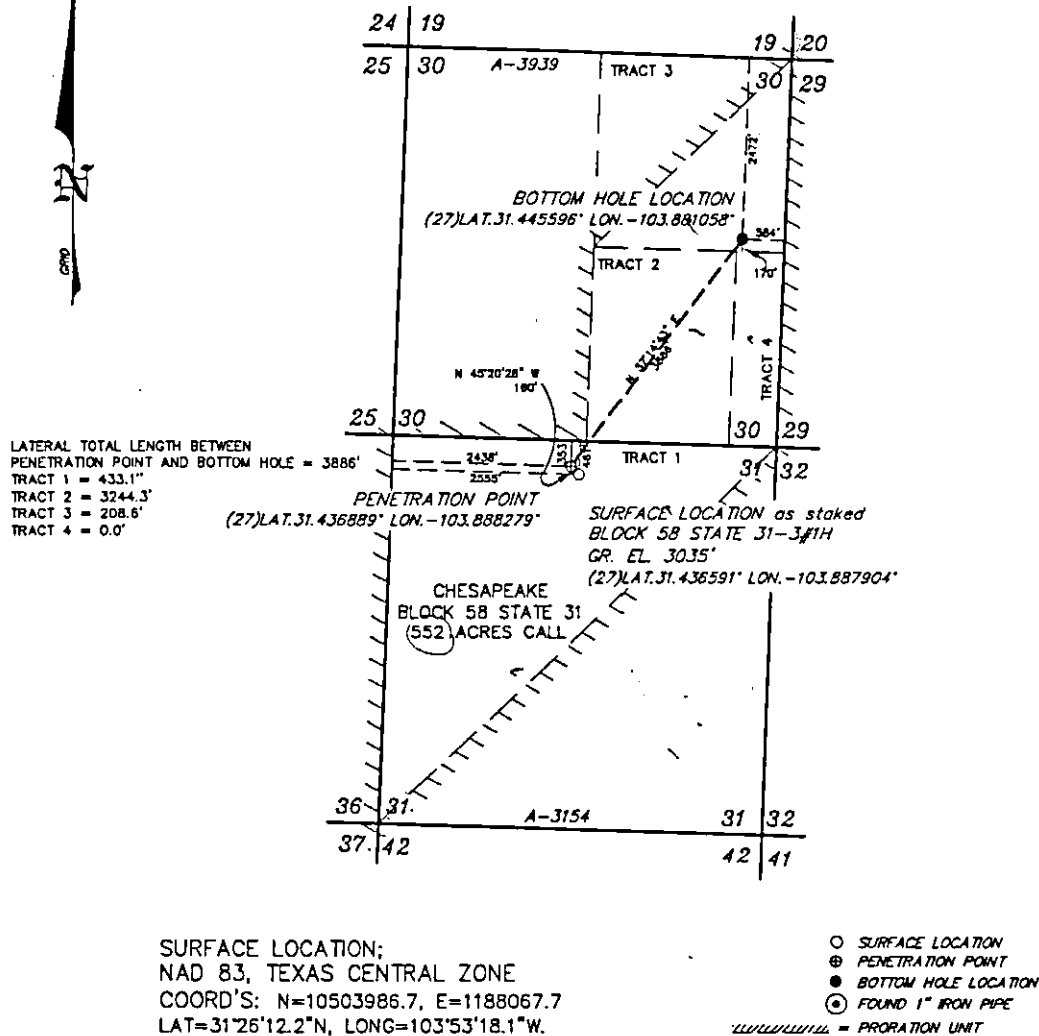
Hi Kim,
You may recall that we set-up a unit for accounting purposes only in the same area as Unit 4484 - Block 58, State 31-3 Unit in Reeves County.
Since Unit 4484 expired on April 16, 2011, we'll need to set-up another unit for accounting purposes only based on length of lateral under each of the following State leases:
MF104782
MF105285
MF105490
Correction reports will need to be filed from April 16, 2011 for the old unit well (API 389-32452) after we've determined the overall State participation and get the new information set-up in our databases. You may want to contact Lannie Stimson on sending those corrected reports.
Would you please have your land department send a plat (I think the last time you got the information from Jerris Johnson) showing the length of lateral under each lease and how Chesapeake plans on reporting for API 389-32452.
Many thanks for your help with this,
Tracey

Tracey T. Throckmorton, P.G.
Energy Geoscience Manager
Energy Resources/Mineral Leasing Division
Texas General Land Office
512-475-1500
tracey.throckmorton@glo.texas.gov <<mailto:tracey.throckmorton@glo.texas.gov>>

This email (and attachments if any) is intended only for the use of the individual or entity to which it is addressed, and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this email is not the intended recipient, or the employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify the sender immediately by return email and destroy all copies of the email (and attachments if any).

AS-DRILLED PLAT

SECTIONS 30 & 31, BLOCK 58, P.S.L., REEVES COUNTY, TEXAS



NOTES:

- THIS AS-DRILLED PLAT HAS BEEN PREPARED FROM A CERTIFIED SURVEY PLAT ON FILE IN THE OFFICE OF WATSON PROFESSIONAL GROUP INC IN MIDLAND, TEXAS.
- SURFACE LOCATION IS AS STAKED 12/2006, ANY UNIT DIMENSIONS, PENETRATION POINT AND BOTTOM HOLE ARE AS PROVIDED BY CHESAPEAKE.
- SEE DOCUMENTS ON FILE IN THIS SURVEYORS OFFICE FOR COMPLETE RECONSTRUCTION OF THESE BLOCKS, SECTIONS OR SURVEYS.
- COORDINATES AND BEARINGS ARE BASED ON A LAMBERT CONICAL PROJECTION OF THE TEXAS STATE PLANE COORDINATE SYSTEM (NAD 83), TEXAS CENTRAL ZONE (4203) SINCE NAD 27 IS ANTIQUATED AND UNACCOMPLISHABLE WITH MODERN SURVEY EQUIPMENT ALL COORDINATES ARE AN ADJUSTMENT FROM NAD 83 USING THE SOFTWARE "CORPSCON".
- APPROXIMATELY 7.9 MILES NORTHWEST OF TOYAH, TEXAS.

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT THE SURVEY INFORMATION FOUND ON THIS PLAT WAS DERIVED FROM ACTUAL FIELD NOTES OR ELECTRONIC DATA 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."



W.D. WATSON JR., TEXAS R.P.L.S. No. 1989
FILE: M:\BLOCK59PSL\DWG\BLOCK59PSL 6 30 07.dwg

12/16/09
DATE

1000 0 1000 2000 FEET

Watson
Professional
Group Inc



4500 W. ILLINOIS
SUITE 201 (79703)
P.O. DRAWER 1106
MIDLAND, TEXAS 79702
(432) 520-9200
FAX (432) 520-9222
www.watsongroup.com

JOB NO.-09-1587-08 FIELD BOOK SKETCH

DRAFT TA REV. 0

File No. MF104782 (12)

Emile accounting unit setup

Date Filed: 11/30/11

Jerry E. Patterson, Commissioner

By JP

MF 104782

DISTRICT > 08 GAS LEDGER INQUIRY
 FIELD > TOYAH, NW (SHALE)
 OPERATOR > SHELL WESTERN E&P
 LEASE > BLOCK 58 STATE 31-3

90890 700

774719

245061

WELL #

1H

MM/YYYY	ALLOW	GAS PROD	GAS LIFT	* AMT	* CODE	* AMT	* CODE	CUMU STAT	G/C (MCF/BBL)	RATIO
04/2013	0 X	0	0						0	
05/2013	92 X	92	0	92	1				0	
06/2013	0 X	0	0						0	
07/2013	0 X	0	0						0	
08/2013	93 N	0	0						0	
09/2013	0 N	0	0						0	
10/2013	0 N	0	0						0	
11/2013	0 N	0	0						0	
12/2013	0 N	0	0						0	
01/2014	0 N	0	0						0	
02/2014	0 N	0	0						0	
03/2014	0 N	NO RPT							0	

GO TO DIST > GAS RRC ID # >

PF1=HELP PF2=COND PF3=MENU PF4=PROD RMKS PF6=PROD PF7=SCHEDULE PF8=P4 PF9=LDGR
 PF10=G10 PF11=STATUS PF12=G-1 PF17=P-17 PMT PF18=T-1 PF19=HIST LDG

** PRESS ENTER TO SCROLL **

Production History Jan 08 - Feb 14
 Blk 58 State 31-3 #1H
 API 389-32452

Gap in production 10-1-11 thru 12-31-11.

11:02:07'Fri May 02, 2014

DISTRICT > 08 HISTORICAL GAS LEDGER INQUIRY
FIELD > TOYAH, NW (SHALE) # 90890 700 FLD TYPE CAPACITY
OPERATOR > CHESAPEAKE OPERATING, INC. # 147715
LEASE > BLOCK 58 STATE 31-3 # 245061 WELL # 1H

MM/YYYY	ALLOW	GAS PROD	INJECT(I) LIFT(L)	* * DISPOSITIONS * *	MONTHLY STAT(CD)	CUMU STATUS
01/2012	93 X	0	0		-93	0
02/2012	87 X	0	0		-87	0
03/2012	0 X	0	0		0	0

GO TO DIST > GAS RRC ID # > YEAR >
PF1=HELP PF2=COND PF3=MENU PF4=PREV PF5=NEXT PF6=LDGR PF7=CORRECTED P2
PF8=P4 PF9=DISPOSITIONS

11:01:18 Fri May 02, 2014

DISTRICT > 08 GAS LEDGER INQUIRY
FIELD > TOYAH, NW (SHALE) # 90890 700
OPERATOR > SHELL WESTERN E&P # 774719
LEASE > BLOCK 58 STATE 31-3 # 245061 WELL # 1H

MM/YYYY	ALLOW	GAS PROD	GAS LIFT	* * DISPOSITIONS * *	CUMU G/C RATIO
				AMT CODE AMT CODE	STAT (MCF/BBL)
04/2012	0 X	0	0		0
05/2012	0 X	0	0		0
06/2012	0 X	0	0		0
07/2012	0 X	0	0		0
08/2012	0 X	0	0		0
09/2012	0 X	0	0		0
10/2012	0 X	0	0		0
11/2012	0 X	0	0		0
12/2012	0 X	0	0		0
01/2013	0 X	0	0		0
02/2013	0 X	0	0		0
03/2013	0 X	0	0		0

GO TO DIST > GAS RRC ID # >
PF1=HELP PF2=COND PF3=MENU PF4=PROD RMKS PF6=PROD PF7=SCHEDULE PF8=P4 PF9=LDGR
PF10=G10 PF11=STATUS PF12=G-1 _ PF17=P-17 PMT _ PF18=T-1 _ PF19=HIST LDG
** PRESS ENTER TO SCROLL **

DISTRICT > 08 HISTORICAL GAS LEDGER INQUIRY
 FIELD > TOYAH, NW (SHALE) # 90890 700 FLD TYPE CAPACITY
 OPERATOR > CHESAPEAKE OPERATING, INC. # 147715
 LEASE > BLOCK 58 STATE 31-3 # 245061 WELL # 1H

MM/YYYY	ALLOW	GAS PROD	INJECT(I) LIFT(L)	* * DISPOSITIONS * *	MONTHLY STAT(CD)	CUMU STATUS
01/2011	8445 X	8445	0	8445 2	0	0
02/2011	4455 X	4455	0	4455 2	0	0
03/2011	1752 X	1752	0	1752 2	0	0
04/2011	8160 X	6187	0	6187 2	-1973	0
05/2011	8432 X	4922	0	4922 2	-3510	0
06/2011	8160 X	2176	0	2176 2	-5984	0
07/2011	6386 X	1074	0	1074 2	-5312	0
08/2011	6386 X	0	0		-6386	0
09/2011	6180 X	84	0	84 2	-6096	0
10/2011	4929 X	0	0		-4929	0
11/2011	2190 X	0	0		-2190	0
12/2011	1085 X	0	0		-1085	0

GO TO DIST > GAS RRC ID # > YEAR >
 PF1=HELP PF2=COND PF3=MENU PF4=PREV PF5=NEXT PF6=LDGR PF7=CORRECTED P2
 PF8=P4 PF9=DISPOSITIONS

DISTRICT > 08 HISTORICAL GAS LEDGER INQUIRY
 FIELD > TOYAH, NW (SHALE) # 90890 700 FLD TYPE CAPACITY
 OPERATOR > CHESAPEAKE OPERATING, INC. # 147715
 LEASE > BLOCK 58 STATE 31-3 # 245061 WELL # 1H

MM/YYYY	ALLOW	GAS PROD	INJECT(I) LIFT(L)	* * DISPOSITIONS * *	MONTHLY STAT(CD)	CUMU STATUS
01/2010	13853 X	13853	0	13853 2	0	0
02/2010	17472 X	12189	0	12189 2	-5283	0
03/2010	18631 X	12758	0	12758 2	-5873	0
04/2010	14220 X	10258	0	10258 2	-3962	0
05/2010	14694 X	8738	0	8738 2	-5956	0
06/2010	13410 X	7969	0	7969 2	-5441	0
07/2010	13485 X	2578	0	2578 2	-10907	0
08/2010	10261 X	0	0		-10261	0
09/2010	9930 X	0	0		-9930	0
10/2010	8742 X	0	0		-8742	0
11/2010	7980 X	1326	0	1326 2	-6654	0
12/2010	2573 X	1162	0	1162 2	-1411	0

GO TO DIST > GAS RRC ID # > YEAR >
 PF1=HELP PF2=COND PF3=MENU PF4=PREV PF5=NEXT PF6=LDGR PF7=CORRECTED P2
 PF8=P4 PF9=DISPOSITIONS

DISTRICT > 08 HISTORICAL GAS LEDGER INQUIRY
 FIELD > TOYAH, NW (SHALE) # 90890 700 FLD TYPE CAPACITY
 OPERATOR > CHESAPEAKE OPERATING, INC. # 147715
 LEASE > BLOCK 58 STATE 31-3 # 245061 WELL # 1H

MM/YYYY	ALLOW	GAS PROD	INJECT(I) LIFT(L)	* * DISPOSITIONS * *	MONTHLY STAT(CD)	CUMU STATUS
01/2009	61597 X	12680	0	852 1 11828 2	-48917	0
02/2009	55636 X	14176	0	1179 1 12997 2	-41460	0
03/2009	61597 X	14415	0	1267 1 13148 2	-47182	0
04/2009	21589 X	21589	0	1820 1 19769 2	0	0
05/2009	21057 X	21057	0	1838 1 19219 2	0	0
06/2009	19581 X	19581	0	1816 1 17765 2	0	0
07/2009	22320 X	11079	0	993 1 10086 2	-11241	0
08/2009	0 W	20318	0	1758 1 18560 2	20318	20318
09/2009	0 W	18705	0	1410 1 17295 2	18705	39023
10/2009	0 W	18623	0	1681 1 16942 2	18623	57646
11/2009	0 W	11027	0	838 1 10189 2	11027	68673
12/2009	83371 X	14698	0	1666 1 13032 2	-68673	0

GO TO DIST > GAS RRC ID # > YEAR >
 PF1=HELP PF2=COND PF3=MENU PF4=PREV PF5=NEXT PF6=LDGR PF7=CORRECTED P2
 PF8=P4 PF9=DISPOSITIONS

11:01:49 Fri May 02, 2014

DISTRICT > 08 HISTORICAL GAS LEDGER INQUIRY
FIELD > TOYAH, NW (SHALE) # 90890 700 FLD TYPE CAPACITY
OPERATOR > CHESAPEAKE OPERATING, INC. # 147715
LEASE > BLOCK 58 STATE 31-3 # 245061 WELL # 1H

MM/YYYY	ALLOW	GAS PROD	INJECT(I) LIFT(L)	* * DISPOSITIONS * *	MONTHLY STAT(CD)	CUMU STATUS
01/2008						
02/2008	0	1256	0	213 1 1043 2	1256	1256
03/2008	41727 X	32165	0	563 1 31602 #	-9562	0
04/2008	59610 X	0	0		-59610	0
05/2008	61597 X	29357	0	29357 2	-32240	0
06/2008	59610 X	27560	0	27560 2	-32050	0
07/2008	61597 X	26459	0	26459 2	-35138	0
08/2008	61597 X	27571	0	27571 2	-34026	0
09/2008	59610 X	28096	0	28096 2	-31514	0
10/2008	61597 X	30838	0	30838 2	-30759	0
11/2008	59610 X	8240	0	8240 2	-51370	0
12/2008	61597 X	3462	0	3462 2	-58135	0

GO TO DIST > GAS RRC ID # > YEAR >
PF1=HELP PF2=COND PF3=MENU PF4=PREV PF5=NEXT PF6=LDGR PF7=CORRECTED P2
PF8=P4 PF9=DISPOSITIONS

11:01:03 Fri May 02, 2014

GAS LEDGER INQUIRY FOR 02/2014

DISTRICT	> 08	TYPE FIELD	> CAPACITY
FIELD NAME	> TOYAH, NW (SHALE)	FIELD NUMBER	> 90890 700
OPERATOR NAME	> SHELL WESTERN E&P	OPERATOR NUMBER	> 774719
LEASE NAME	> BLOCK 58 STATE 31-3	GAS RRC ID	> 245061
		WELL #>	1H
GAS ALLOWABLE	> 0	ALLOWABLE CODE	> N
GAS PROD	> 0		
GAS TYPE BAL	> NO BALANCING		
CUMULATIVE GAS STATUS	> 0		
CUR REIN UNDER	> DATE	BALANCING PD STAT	> 0
COND PROD	> 0	EOM BAL	> 0
GAS DISP AND METHOD		COND DISP AND METHOD	

VIEW LEDGER INFO FOR DIST > GAS RRC ID > FOR MM YY
PF3=MENU PF4=PRIOR MONTH PF5=NEXT MONTH PF6=PROD LEDGER PF7=SCHED PF8=P4

File No. MF104782 (13)

Production History of

Block 58 State 31-3 #1H

Date Filed: 05/02/2014

Jerry E. Patterson, Commissioner

By *JP*

Unit 4984 expired

STATEMENT OF PRODUCTIVITY OF ACREAGE
ASSIGNED TO PRORATION UNITS

Form P-15
(5-5-71)
DBC0697

The undersigned states that he is authorized to make this statement; that he has knowledge of the facts concerning the CHESAPEAKE OPERATING INC ,
OPERATOR
BLOCK 58 STATE 31-3 , No. 1H ; that such well is
LEASE WELL
completed in the TOYAH, NW (SHALE) Field, REEVES County,
Texas and that the acreage claimed, and assigned to such well for proration purposes as
authorized by special rule and as shown on the attached certified plat embraces _____
552 acres which can reasonably be considered to be productive of hydrocarbons.

- CERTIFICATE -

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Date 12/18/2009

Signature

Andsey Melott

Telephone _____

AREA CODE

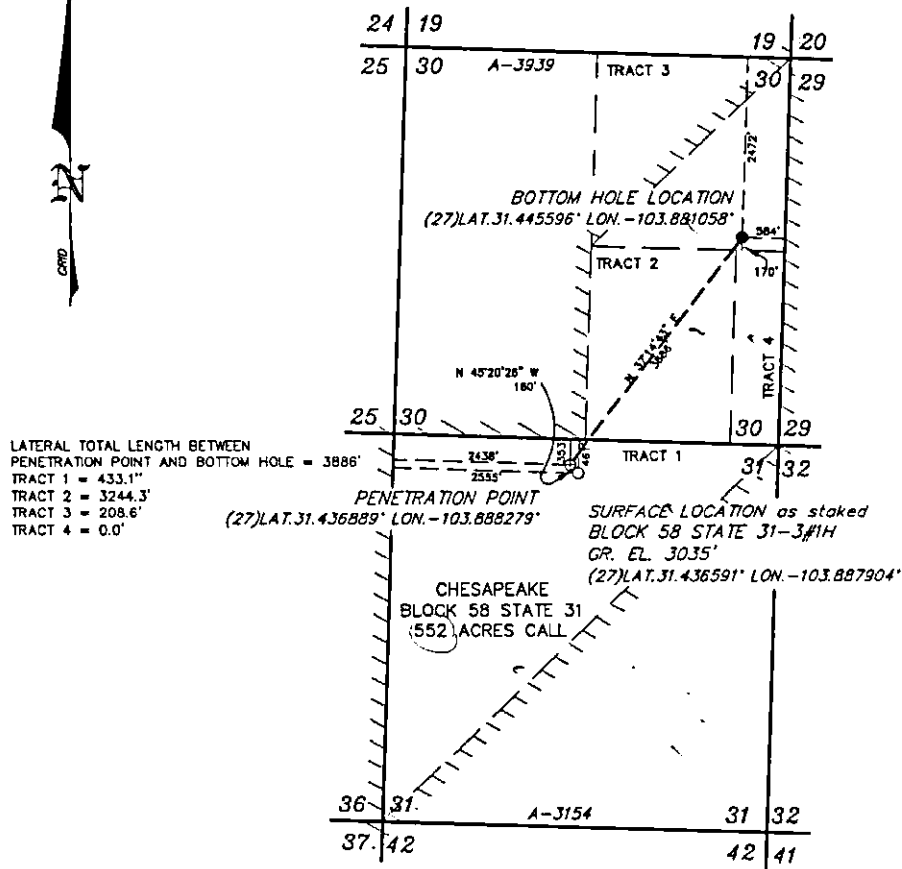
(405) 935-8323

Title

REG. COMP. SPECIALIST

AS-DRILLED PLAT

SECTIONS 30 & 31, BLOCK 58, P.S.L.,
REEVES COUNTY, TEXAS



SURFACE LOCATION;
NAD 83, TEXAS CENTRAL ZONE
COORD'S: N=10503986.7, E=1188067.7
LAT=31°26'12.2"N, LONG=103°53'18.1"W.

- SURFACE LOCATION
- ⊕ PENETRATION POINT
- BOTTOM HOLE LOCATION
- ⊙ FOUND 1" IRON PIPE

||||| = PROPORTION UNIT

NOTES:

- THIS AS-DRILLED PLAT HAS BEEN PREPARED FROM A CERTIFIED SURVEY PLAT ON FILE IN THE OFFICE OF WATSON PROFESSIONAL GROUP INC IN MIDLAND, TEXAS.
- SURFACE LOCATION IS AS STAKED 12/2006, ANY UNIT DIMENSIONS, PENETRATION POINT AND BOTTOM HOLE ARE AS PROVIDED BY CHESEAPEAKE.
- SEE DOCUMENTS ON FILE IN THIS SURVEYORS OFFICE FOR COMPLETE RECONSTRUCTION OF THESE BLOCKS, SECTIONS OR SURVEYS.
- COORDINATES AND ELEVATION ARE BASED ON A LAMBERT CONICAL PROJECTION OF THE TEXAS STATE PLANE COORDINATE SYSTEM (NAD 83), TEXAS CENTRAL ZONE (4203) SINCE NAD 27 IS ANTIQUATED AND UNACCOMPLISHABLE WITH MODERN SURVEY EQUIPMENT ALL COORDINATES ARE AN ADJUSTMENT FROM NAD 83 USING THE SOFTWARE "CORPSCON".
- APPROXIMATELY 7.8 MILES NORTHWEST OF TOYAH, TEXAS.

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT THE SURVEY INFORMATION FOUND ON THIS PLAT WAS DERIVED FROM ACTUAL FIELD NOTES OR ELECTRONIC DATA 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."



W.D. WATSON JR. TEXAS R.P.L.S. No. 1989
FILE: M:\BLOCK59PSL\DWG\BLOCK59PSL 6 30 07.dwg

12/16/09
DATE

1000 0 1000 2000 FEET



**Watson
Professional
Group Inc**

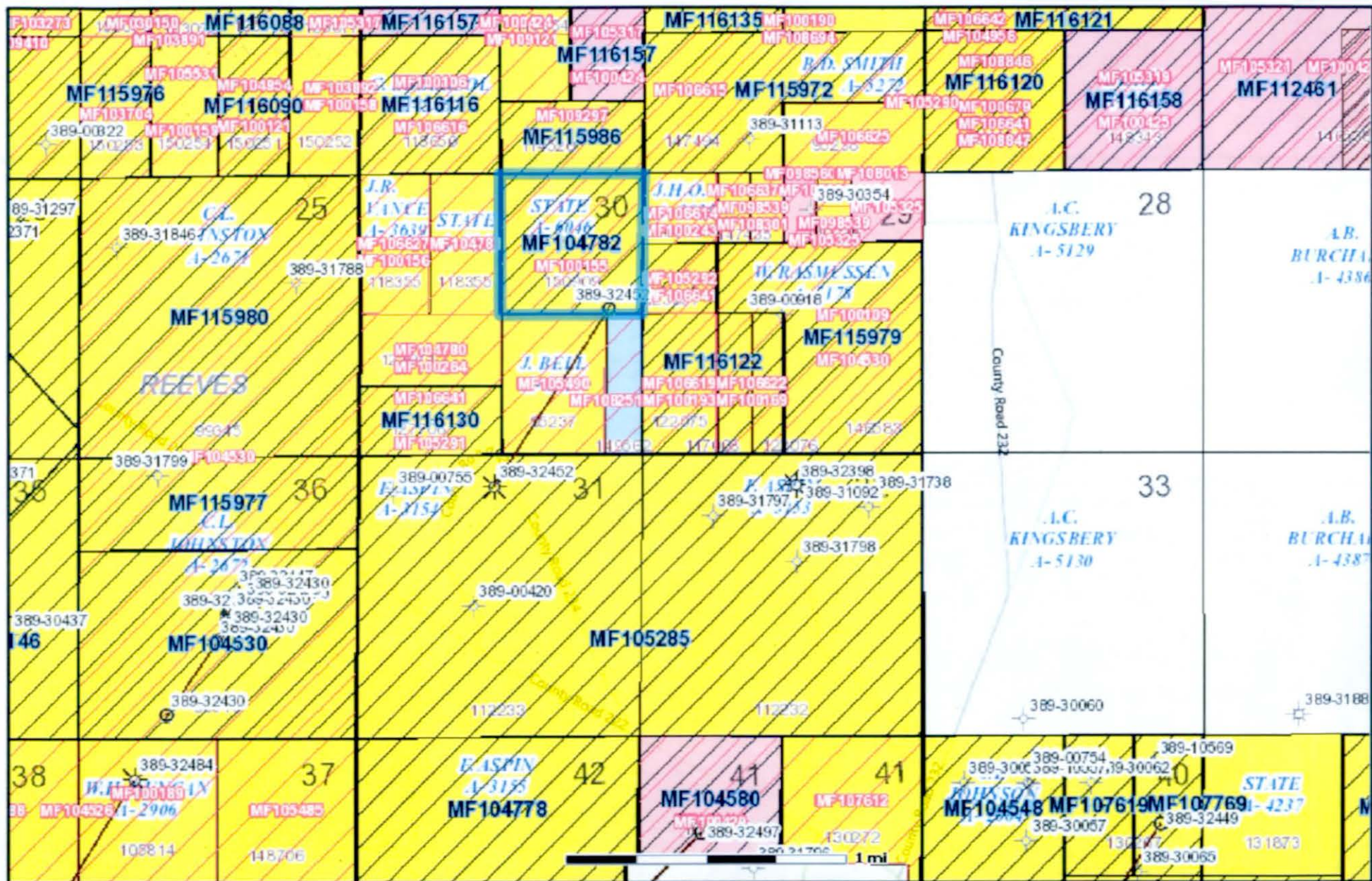


4500 W. ILLINOIS
SUITE 201 (79703)
P.O. DRAWER 1186
MIDLAND, TEXAS 79702
(432) 520-9200
FAX (432) 520-9212
www.alac@att.net

AS-DRILLED PLAT
CHESAPEAKE OPERATING
BLOCK 58 STATE 31-3#1H
461' FNL & 2555' FWL
SECTIONS 30 & 31, BLOCK 58, P.S.L.,
REEVES COUNTY, TEXAS

JOB NO.: 09-1587-08 FIELD BOOK SKETCH

DRAFT TA REV 0



Also MF105285

MF104782 with historical

The Texas General Land Office makes no representations or warranties regarding the accuracy or completeness of the information depicted on this 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.

Printed: May 02, 2014



File No. ME104782 (14)
P-15 & Plots of
Block 58 State 31-3 #1H
Date Filed: 05/02/2014
Jerry E. Patterson, Commissioner
By JEP

WELL TIMELINE

	Block 58 State 32 #1		Block 58 State 31-3 #1H		Block 58 State 42 #1H
API #	42-389-32398		42-389-32452		42-389-32497
RRC ID #	08-224464		08-245061		08-244453
	MF105285 Lease Well		Unit 4484 MF105285, MF105490** & MF104782**		Unit 4554 MF104580, MF104778* & MF105285
Permit Issued	1/3/2006		1/24/2007		1/24/2007
Date Commenced	5/11/2007		6/15/2007		12/21/2007
Date Completed	6/3/2007		11/4/2007		6/9/2008
1st Production	12/1/2006		2/1/2008		8/1/2008
Shut-In Payment Received			11/1/2011		NA
Shut-In Affidavit Requested			11/19/2011		NA
Shut-In Affidavit Due			12/22/2011		NA
2nd Shut-In Payment Rec.			2/22/2012		NA
3rd Shut-In Payment Rec.			2/15/2013		NA
Gaps	11/2012 - 04/2013 06/2013 08/2013 - No Report		08/2011 10/2011 - 04/2013 06/2013 - 07/31/2013 08/2013 - No Report		09/2012 - 11/2012 08/2013 - No Report
Termination Date	1/1/2013		12/1/2011		11/1/2012
Last Production	7/31/2013		5/31/2013		7/31/2013

*MF104778 is also part of Unit 5206, with producing well 42-389-32449, which terminated 08/2012 after a 61-day gap and for which the GLO gave Shell two options.

**No second or third shut-in payment received.

Status of STATE LEASES MF105285-MF105490-MF104782
Chesapeake shut-in royalty and half bonus to extend deep rights

Covering Sections 31 & 32, Blk 58, PSL, Reeves Co TX											
API 389-32452 (Blk 58 State 31-3 #1H), API 389-32398 (Blk 58 State 32 #1)											
MF105285						Date	Date 2nd	Date 3rd		Net	
State Lease No.	CHK Lease No.	Lease Date	Term	Roy	Rec data	shut-in pd	shut-in pd	shut-in pd	Date 1/2 bonus pd	Ac	
MF105285C	TX0016622-012	11/3/2004	5 years	0.20	689/606	11/3/2011	2/21/2012	2/15/2013	* 11/4/2011	64.02	
MF105285D	TX0011621-001	2/18/2005	3 years	0.25	702/695; 707/232	11/1/2011	2/21/2012	2/15/2013		640.1	
MF105285E	TX0016622-011	10/6/2004	5 years	0.20	687/702	12/5/2011	2/22/2012	2/15/2013	9/22/2012	78.2466667	
MF105285F	TX0016622-009	10/6/2004	5 years	0.20	687/684	12/5/2011	2/22/2012	2/15/2013	9/23/2012	78.24666667	
MF105285G	TX0016622-010	10/6/2004	5 years	0.20	687/693	12/5/2011	2/22/2012	2/15/2013	9/22/2012	78.24666667	
										938.86	
API 389-32497 (Blk 58 State 42 #1H), API 389-32452 (Blk 58 State 31-3 #1H), & API 389-32398 (Blk 58 State 32 #1)											
Covering Sections 31,32 & 42, Blk 58, PSL, Reeves Co TX						Date	Date 2nd	Date 3rd			
State Lease No.	CHK Lease No.	Lease Date	Term	Roy	Rec data	shut-in pd	shut-in pd	shut-in pd	Date 1/2 bonus pd		
MF105285A		12/1/2005	3 years	0.25	726/625					94.7735	
MF105285B	TX0011622-008	12/1/2005	3 years	0.25	726/639	11/1/2011	2/22/2012	2/15/2013		94.7735	
MF105285H	TX0011622-006	12/1/2005	3 years	0.25	724/97	11/1/2011	2/21/2012	2/15/2013		94.7735	
MF105285I	TX0011622-005 & -007	12/1/2005	3 years	0.25	724/82	twice on 11/1/11	twice on 2/22/12	twice on 5/15/13		94.7735	
MF105285J	TX0011622-004	9/1/2005	3 years	0.25	724/31	11/1/2011	2/22/2012	2/15/2013		63.18	
MF105285K	TX0011622-003	9/1/2005	3 years	0.25	724/16	11/1/2011	2/21/2012	2/15/2013		31.59	
MF105285L	TX0011622-002	9/1/2005	3 years	0.25	724/1	11/1/2011	2/22/2012	2/15/2013		15.8	
MF105285M	TX0011622-001	12/1/2005	3 years	0.25	721/249					15.7955	
										505.4595	
API 389-32452 (Blk 58 State 31-3 #1H)											
MF104782	TX0011467-000	10/20/2004	5 years	0.2	689/31	11/1/2011			9/22/2011	160/160	
API 389-32452 (Blk 58 State 31-3 #1H)											
MF105490	TX0011479-000	3/1/2005	3 years	0.25	701/22	11/1/2011					
* Refunded 11/28/11; lease had no severance provision; didn't require 1/2 bonus to maintin deep rights.											
Shut-in affidavit requested on 11/19/2011.											x

X

File No. MF104782 (15)

kill Timeline: 42-389-32452

Date Filed: 05/02/2014

Jerry E. Patterson, Commissioner

By JEP

MEMO TO FILE MF104782

Date: May 5, 2014

From: Linda Price *LP*

RE: Lease Event Timeline

The following is a summary of the life of the lease:

October 20, 2004	Lease Date with Primary Term of 5 years.
February 2008	First Production
October 20, 2009	Primary Term expired. Lease HBP.
August – September 2010	Gap in Production
July 2011	Last significant production
September 2011	84 mcf production
November 1, 2011	Shut-in paid
November 8, 2011	Request for Shut-in Affidavit No Response to request for Shut-in Affidavit
December 1, 2011	Lease terminated due to cessation of production.

File No. ME104782

(16)

Memo To File - Lease Timeline

Date Filed: 05/05/2014

Jerry E. Patterson, Commissioner

By JEP



The Texas General Land Office makes no representations or warranties regarding the accuracy or completeness of the information depicted on this 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.

Printed: Mar 20, 2014

File No. ME104782 17
Unit 4484 Plat

Date Filed: 05/05/2014

Jerry E. Patterson, Commissioner

By JEP

Harriet Dunne - Re: Various questions in Block 58 & 59, PSL, Reeves Co TX

From: Harriet Dunne
To: Tim Reece
Date: 5/6/2014 2:29 PM
Subject: Re: Various questions in Block 58 & 59, PSL, Reeves Co TX

Tim, *MF104782*
As for Section 30 and 31, Blk 58, PSL, the well that crosses parts of those sections is API 389-32452, the Blk 58 State 31-3 #1H well. That well ceased producing at least by Oct 1, 2011, and the leases in Sec 30 are terminated.

I believe the lease MF105285, insofar as Sec 31 is concerned, is also terminated. I will address that lease in another e-mail.

Harriet Dunne, CPL
Manager, Mineral Leasing, Energy Resources
Texas General Land Office
512-475-1579
harriet.dunne@glo.texas.gov

>>> Tim Reece <treece@elevationres.com> 4/30/2014 1:39 PM >>>

Can you tell me if SWEPI's wells in the following lands are still holding the acreage therein:

Section 26 & 35, Blk 59, PSL

Sections 30 & 31, Blk 58, PSL

Sections 37 & 38, Blk 59, PSL

Section 36, Blk 58, PSL

Section 32, Blk 58, PSL

We show the wells are not currently producing. Have shut in gas payments been made by SWEPI? Does the State consider these leases to still be valid or can Elevation acquire new oil and gas leases? SWEPI's leases are past the primary term and no releases appear of record. SWEPI was only to retain the proration unit for the well. Can you tell me what lands are contained in the proration units for their wells?

Tim Reece
Vice President- Land
Elevation Resources

200 North Lorraine, Suite 1010
Midland, Texas 79701

Direct: 432-685-7741

Main: 432-686-7500
Cell: 432-559-8172

From: Tim Reece
Sent: Tuesday, March 11, 2014 6:09 PM
To: 'Harriet Dunne'
Subject: RE: Various questions in Reeves Co TX

Can you tell me if SWEPI's wells in the following lands are still holding the acreage therein:

Section 26 & 35, Blk 59, PSL

Sections 30 & 31, Blk 58, PSL

Sections 37 & 38, Blk 59, PSL

We show the wells are not currently producing. Have shut in gas payments been made by SWEPI? Does the State consider these leases to still be valid or can Elevation acquire new oil and gas leases?

Tim Reece
Vice President- Land
Elevation Resources

200 North Lorraine, Suite 1010
Midland, Texas 79701

Direct: 432-685-7741
Main: 432-686-7500
Cell: 432-559-8172

From: Harriet Dunne [<mailto:Harriet.Dunne@GLO.TEXAS.GOV>]
Sent: Thursday, February 13, 2014 7:49 AM
To: Tim Reece
Subject: Various questions in Reeves Co TX

Tim,
I have a symposium to attend today and tomorrow. Monday is a holiday for the agency.

I just wanted you to know that I will not be able to respond to your questions until next Tuesday. This will be first on my list to work on Tuesday.

Thank you for your patience,

Harriet Dunne, CPL

Manager, Mineral Leasing, Energy Resources
Texas General Land Office
512-475-1579
harriet.dunne@glo.texas.gov

File No. MF104782

(18)

Email re lease status

Date Filed: 05/06/14

Jerry E. Patterson, Commissioner

By JEP

Linda Price - Re: MF104782 & MF105490

From: Linda Price
To: Meredith.MacAllister@shell.com
Date: 5/5/2014 10:51 AM
Subject: Re: MF104782 & MF105490
Attachments: MF105490 and MF104782.pdf

Meredith:

This is a follow-up to the email below notifying you that MF104782 & MF105490 terminated.

Our records reflect that the leases were assigned to Shell at the assignment recorded in Reeves County at Volume 968, Page 123 on page 23 of the exhibit.

Therefore, we request that a release of each of these releases be sent to the GLO to my attention.

Thank you.
Linda

>>> Linda Price 3/20/2014 2:22 PM >>>
Meredith:

This is a courtesy notification that Chesapeake leases MF104782 & MF105490 terminated on December 01, 2011 due to cessation of production.

The leases may or may not have been part of the assignment from Chesapeake to Shell. Attached for your convenience are copies of the front page of the leases with the lease descriptions to help with identifying the leases.

If you have any questions, please let me know.

Thank you.
Linda

Linda Price, RL
Texas General Land Office
Energy Resources, Mineral Leasing
Phone: (512) 463-5118
Fax: (512) 475-1543
Linda.Price@glo.texas.gov

FILE# 3108

General Land Office
Relinquishment Act Lease Form
Revised, September 1997

MF 104782

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 20th day of October, 2004, between the State of Texas, acting by and through its agent, Shawn Shannon

of 6502 Briar Knoll Circle, Garland, Texas 75043

(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:

Northeast Quarter (NE/4) of Section 30, Block 58, PSL Survey

containing 160 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Twelve Thousand and No/100

Dollars (\$12,000.00)

To the owner of the soil: Twelve Thousand and No/100

Dollars (\$12,000.00)

Total bonus consideration: One Hundred Sixty Eight Thousand and No/100

Dollars (\$24,000.00)

The total bonus consideration paid represents a bonus of One Hundred Fifty and No/100

Dollars (\$150.00) per acre, on 160 net acres.

2. TERM. Subject to the other provisions in this lease, this lease shall be for a term of Five (5) 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.

File No. ME104782 (19)

Follow-up email to Shell

Date Filed: 05/06/2014

Jerry E. Patterson, Commissioner

By JEP

RELEASE OF STATE OIL AND GAS LEASES

STATE OF TEXAS §
 §
COUNTY OF REEVES §

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned do hereby release, relinquish and surrender to the hereinafter named lessor, its heirs, successors, and assigns, all of their right, title and interest in and to the following described Oil, Gas and Mineral Leases, recorded as indicated below in the Official Public Records of Real Property of Reeves County, Texas as to the lands in said county specifically described or referred to in the schedule below as to each lease respectively.

State Lease No.: MF105490
SWEPI LP No.: TX00269.001
Lessor Name: State of Texas, acting by and through its agent, Estate of P.N. Wiggins, Jr.
Date: March 1, 2005
Recorded: Vol 701 Page 22
Legal: North West Quarter of the South East Quarter (NW/4 of the SE/4), and the South-Half of the South East Quarter (S/2 of the SE/4) of Section 19, and the West-Three Quarters of the South East Quarter (W3/4 of the SE/4) of section 30, Block 58, Public School Land Survey containing 240 acres, more or less

State Lease No.: MF104782
SWEPI LP No.: TX00266.001
Lessor Name: State of Texas, acting by and through its agent, Shawn Shannon
Date: October 20, 2004
Recorded: Vol 689 Page 31
Legal: Northeast Quarter of Section 30, Block 58, PSL Survey containing 160 acres, more or less

This instrument may be executed in counterparts, each of which shall be considered an original for all purposes and shall be binding upon those parties who execute whether or not executed by all parties, and all such counterparts, when taken together, shall constitute one and the same instrument. For recordation purposes, the separate signature pages and acknowledgements may be affixed to the body of one original instrument without the necessity of each separate counterpart in its entirety.

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EXECUTED as of the dates of the certificates of acknowledgement hereto, but effective for all purposes as of December 1, 2011.

SWEPI LP

By: George K. Zimmerman
Attorney-in-Fact

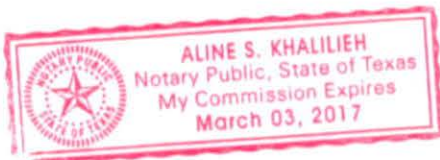
ACKNOWLEDGEMENT

STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me on this 30th day of January 2015 by George K. Zimmerman, as Attorney-in-Fact for SWEPI LP, a Delaware limited partnership, on behalf of said limited partnership.

Aline S. Khalilieh
Notary Public, State of Texas



TITLEHOLDER TEXAS, LLC

By: SWEPI LP, its Manager

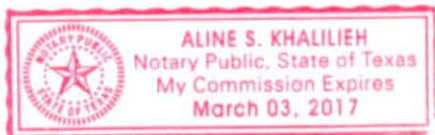
By: George K. Zimmerman
Attorney-in-Fact

STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me on the 30th day of January 2015 by George K. Zimmerman, as Attorney-in-Fact for SWEPI LP, a Delaware limited partnership, in its capacity as Manager of Titleholder Texas, LLC, a Delaware limited liability company, on behalf of said limited liability company.

Aline S. Khalilieh
Notary Public, State of Texas



Inst No. 15-01057
DIANNE O. FLOREZ
COUNTY CLERK
2015 Feb 03 at 02:41 PM
REEVES COUNTY, TEXAS
By: ER [Signature] DEPUTY

97.23.4

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File No. 104782
County _____
Release
Date Filed: 04/22/15
George P. Bush, Commissioner
By: _____



April 21, 2015

Harriet Dunne
Texas General Land Office
Energy Resources, Mineral Leasing
1700 Congress Ave, Suite 600
Austin, TX 78701-1436

SWEPI LP

Land & Contracts
150 N. Dairy Ashford, WCK 4333
Houston, TX 77079
United States of America
Tel +1 832 337 1915
Fax +1 832 337 4325
Email Terry.Sloyan@shell.com
Internet <http://www.shell.com>

RE: Original Recorded Releases and Partial Releases of State Oil and Gas Leases

Dear Harriet,

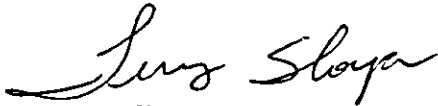
Please find enclosed the following original recorded documents:

1. Release of State Oil and Gas Leases dated January 30, 2015, but effective October 23, 2012, recorded at Volume 1142, Page 787, Reeves County, Texas. (State Lease #'s MF105494D {TX02319.001}, MF105494E {TX02320.001})
2. Release of State Oil and Gas Lease dated January 30, 2015, but effective July 16, 2014, recorded at Volume 1142, Page 781, Reeves County, Texas. (State Lease # MF115504 {TX02885.001})
3. Partial Release of State Oil and Gas Lease dated January 30, 2015, but effective June 21, 2011, recorded at Volume 1142, Page 778, Reeves County, Texas. (State Lease # MF104191 {TX02511.001})
4. Release of State Oil and Gas Leases dated January 30, 2015, but effective December 1, 2012, recorded at Volume 1142, Page 776, Reeves County, Texas. (State Lease #'s M104580 {TX00270.001}, MF104778A {TX00349.001}, MF104778G {TX02494.001}, MF104778H {TX02494.003}, MF104778I {TX02494.002}, MF104778J {TX02495.001})
5. Release of State Oil and Gas Lease dated January 30, 2015, but effective November 1, 2012, recorded at Volume 1142, Page 771, Reeves County, Texas. (State Lease #'s MF105285A through MF105285M, {TX00347.001, TX00345.001 through TX00345.004, TX00342.001 through TX00342.005, TX00346.001, TX00346.002, TX00348.001})
6. Release of State Oil and Gas Leases dated January 30, 2015, but effective August 29, 2012, recorded at Volume 1142, Page 767, Reeves County, Texas. (State Lease #'s MF107619A {TX00351.001}, MF107619B {TX00350.001}, MF107769 {TX02415.001}, MF104548 {TX00268.001})

7. Release of State Oil and Gas Lease dated January 30, 2015, but effective December 1, 2011, recorded at Volume 1142, Page 769, Reeves County, Texas. (State Lease # MF105490 {TX00269.001}, MF104782 {TX00266.001})
8. Release of State Oil and Gas Lease dated February 2, 2015, but effective March 1, 2014, recorded at Volume 1142, Page 794, Reeves County, Texas. (State Lease # MF104539 {TX02541.001})
9. Release of State Oil and Gas Lease dated February 2, 2015, but effective April 1, 2014, recorded at Volume 1142, Page 791, Reeves County, Texas. (State Lease # MF104871 {TX02307.001})
10. Partial Release of State Oil and Gas Lease dated January 30, 2015, but effective April 25, 2014, recorded at Volume 1142, Page 789, Reeves County, Texas. (State Lease #'s MF105236A through MF105236E {TX02321.001 through TX02321.005})
11. Release of State Oil and Gas Lease dated January 30, 2015, but effective June 11, 2011, recorded at Volume 1142, Page 786, Reeves County, Texas. (State Lease # MF105230 {TX02326.001})

Also enclosed is Check # 8826 in the amount of \$925.00, which represents the \$25.00 filing fee for each lease described on the above documents. Should you have any questions, please do not hesitate to contact me at 832-337-1915.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Terry Sloyan".

Terry Sloyan
Lease Analyst

126



SHELL EXPLORATION & PRODUCTION COMPANY
LAND & CONTRACTS

15710902

8826

DATE April 21, 2015

PAY TO THE ORDER OF COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS \$ 925.00

Nine hundred twenty five and no/100-----DOLLARS

citibank

CITIBANK, N.A. BR. #99920
1 PENNS WAY OPS 2/2ND FLOOR
NEW CASTLE, DE 19720

FOR Filing Fees

⑈00008826⑈

Terry Sloyan
Terry Sloyan

MP

File No. 104782

Couff

Ltr + fee - release

Date Filed: 04/22/15

George P. Bush, Commissioner

By _____

February 19, 2018

Shawn Shannon
211 Field Street
Craig, CO 81625

Re: Relinquishment Act Lands Oil and Gas Lease Dated October 20, 2004 ("**Lease**"); Reeves
County, Texas

Dear Mr. Shannon:

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.

Shawn Shannon
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

01.02.18

22

File No. M-104782

Ltr. From Concho County

Date Filed: 2/26/18

George P. Bush, Commissioner

By [Signature]



WELL TIMELINE

	Block 58 State 32 #1		Block 58 State 31-3 #1H		Block 58 State 42 #1H
API #	42-389-32398		42-389-32452		42-389-32497
RRC ID #	08-224464		08-245061		08-244453
	MF105285 Lease Well		Unit 4484 MF105285, MF105490** & MF104782**		Unit 4554 MF104580, MF104778* & MF105285
Permit Issued	1/3/2006		1/24/2007		1/24/2007
Date Commenced	5/11/2007		6/15/2007		12/21/2007
Date Completed	6/3/2007		11/4/2007		6/9/2008
1st Production	12/1/2006		2/1/2008		8/1/2008
Shut-In Payment Received			11/1/2011		NA
Shut-In Affidavit Requested			11/19/2011		NA
Shut-In Affidavit Due			12/22/2011		NA
2nd Shut-In Payment Rec.			2/22/2012		NA
3rd Shut-In Payment Rec.			2/15/2013		NA
Gaps	11/2012 - 04/2013 06/2013 08/2013 - No Report		08/2011 10/2011 - 04/2013 06/2013 - 07/31/2013 08/2013 - No Report		09/2012 - 11/2012 08/2013 - No Report
Termination Date	1/1/2013		12/1/2011		11/1/2012
Last Production	7/31/2013		5/31/2013		7/31/2013

*MF104778 is also part of Unit 5206, with producing well 42-389-32449, which terminated 08/2012 after a 61-day gap and for which the GLO gave Shell two options.

**No second or third shut-in payment received.

Status of STATE LEASES MF105285-MF105490-MF104782
Chesapeake shut-in royalty and half bonus to extend deep rights

Covering Sections 31 & 32, Blk 58, PSL, Reeves Co TX										
API 389-32452 (Blk 58 State 31-3 #1H), API 389-32398 (Blk 58 State 32 #1)										
MF105285						Date	Date 2nd	Date 3rd		Net
<u>State Lease No.</u>	<u>CHK Lease No.</u>	<u>Lease Date</u>	<u>Term</u>	<u>Roy</u>	<u>Rec data</u>	<u>shut-in pd</u>	<u>shut-in pd</u>	<u>shut-in pd</u>	<u>Date 1/2 bonus pd</u>	<u>Ac</u>
MF105285C	TX0016622-012	11/3/2004	5 years	0.20	689/606	11/3/2011	2/21/2012	2/15/2013	* 11/4/2011	64.02
MF105285D	TX0011621-001	2/18/2005	3 years	0.25	702/695; 707/232	11/1/2011	2/21/2012	2/15/2013		640.1
MF105285E	TX0016622-011	10/6/2004	5 years	0.20	687/702	12/5/2011	2/22/2012	2/15/2013	9/22/2012	78.2466667
MF105285F	TX0016622-009	10/6/2004	5 years	0.20	687/684	12/5/2011	2/22/2012	2/15/2013	9/23/2012	78.2466667
MF105285G	TX0016622-010	10/6/2004	5 years	0.20	687/693	12/5/2011	2/22/2012	2/15/2013	9/22/2012	78.2466667
										938.86
API 389-32497 (Blk 58 State 42 #1H), API 389-32452 (Blk 58 State 31-3 #1H), & API 389-32398 (Blk 58 State 32 #1)										
Covering Sections 31,32 & 42, Blk 58, PSL, Reeves Co TX										
<u>State Lease No.</u>	<u>CHK Lease No.</u>	<u>Lease Date</u>	<u>Term</u>	<u>Roy</u>	<u>Rec data</u>	<u>shut-in pd</u>	<u>shut-in pd</u>	<u>shut-in pd</u>	<u>Date 1/2 bonus pd</u>	
MF105285A		12/1/2005	3 years	0.25	726/625					94.7735
MF105285B	TX0011622-008	12/1/2005	3 years	0.25	726/639	11/1/2011	2/22/2012	2/15/2013		94.7735
MF105285H	TX0011622-006	12/1/2005	3 years	0.25	724/97	11/1/2011	2/21/2012	2/15/2013		94.7735
MF105285I	TX0011622-005 & -007	12/1/2005	3 years	0.25	724/82	twice on 11/1/11	twice on 2/22/12	twice on 5/15/13		94.7735
MF105285J	TX0011622-004	9/1/2005	3 years	0.25	724/31	11/1/2011	2/22/2012	2/15/2013		63.18
MF105285K	TX0011622-003	9/1/2005	3 years	0.25	724/16	11/1/2011	2/21/2012	2/15/2013		31.59
MF105285L	TX0011622-002	9/1/2005	3 years	0.25	724/1	11/1/2011	2/22/2012	2/15/2013		15.8
MF105285M	TX0011622-001	12/1/2005	3 years	0.25	721/249					15.7955
										505.4595
API 389-32452 (Blk 58 State 31-3 #1H)										
MF104782	TX0011467-000	10/20/2004	5 years	0.2	689/31	11/1/2011			9/22/2011	160/160
API 389-32452 (Blk 58 State 31-3 #1H)										
MF105490	TX0011479-000	3/1/2005	3 years	0.25	701/22	11/1/2011				
* Refunded 11/28/11; lease had no severance provision; didn't require 1/2 bonus to maintin deep rights.										
Shut-in affidavit requested on 11/19/2011.										

x

X

23

File No. MF 104782

County

Well Timeline

Date Filed: 3/28/19

George P. Bush, Commissioner

By AT