

✓ **TERMINATION**

DATE 6-18-10

LEASING Globe AD

MAPS _____

GIS _____

Rentals: MB

Lease JD

Admin: JD

Mineral CP

Maps: CP

GIS -
26

STATE LEASE

MF105230

CONTROL

BASEFILE

COUNTY

07-106464

92703 -

REEVES

/195

SURVEY : PUBLIC SCHOOL LAND

BLOCK : 71

TOWNSHIP : 00

SECTION/TRACT: 4

PART : N/2

ACRES : 320.00

DEPTH LIMITS : NO

LESSEE : DWIGHT SNELL & ASSOCIATES

LEASE DATE : Apr 18 2005

PRIMARY TERM : 3 yrs

BONUS (\$) : 24320.00

RENTAL (\$) : 0.00

ROYALTY : 0.12500000

VAR ROYALTY :

(C)

CONTENTS OF FILE NO. MF 105230

1. BAA Review 1/20/05	14. Release 04/22/15
2. Letter + bonuses 6/6/05	15. Ltr + fees - release 04/22/15
3. Lease 6/6/05	Scanned sm 7/27/15
4. BLO letter 1/19/06	(See MF 104185 #73, Assign #10661)
See MF 105235 for assignment 6-12-07	Norley & CCPR (to) Luke 9-6-18
See MF 105229 #5 for assignment 6-13-07	scanned SP 9-20-2018
See MF 105229 #6 for assignment 6-14-07	
5. Pooling Committee Report +	
Term Pooling Agreement 1/23/08	
ASSIGNMENT FILED IN MF 105229 #7. 1/29/08	
ASSIGNMENT FILED IN MF 104185 #21. 6/8/08	
ASSIGNMENT FILED IN MF 105229 #10. 3/31/08	
6. ASSIGNMENT FILED IN MF 10/14/08	
7. Pooling Committee Report +	
First Amendment of Term	
Pooling Agreement 2/6/09	
8. Ltr. From MSTM with recorded	
Amendment Agreement 3/19/09	
9. ASSIGNMENT FILED IN MF 5/21/09	
10. Pooling Committee Report +	
Second Amendment of Term	
Pooling Agreement 9/17/09	
11. Certified Pooling 9/14/09	
12. Request for release of lease 8-3-11	
13. Notice to Fin Mgmt 8-3-11	

RAL REVIEW SHEET

Transaction # 5060
 Lessor: Williams, John Ward, Individually and as Trustee
 Lessee: Dwight Snell & Associates

Geologist: R. Widmayer
 Lease Date: 4/18/2005 ☐ ~~Ut~~
 Acres: 320

LEASE DESCRIPTION

County	PIN#	Base File No	Part	Sec.	Block	Twp	Survey	Abst#
REEVES	[REDACTED]	92703	N/2	4	71	00	PUBLIC SCHOOL LAND	2455

TERMS OFFERED

Primary Term: 3 years
 Bonus/Acre: \$150.00
 Rental/Acre: \$1.00
 Royalty: 1/4

TERMS RECOMMENDED

Primary Term: 5 years
 Bonus/Acre: \$150.00
 Rental/Acre: \$1.00
 Royalty: 1/5

COMPARISONS

MF #	Lessee	Date	Term	Bonus/Ac.	Rental/Ac.	Royalty	Distance
							Last Lease
Pending	Orange Production	12/8/04	3 yrs	100.00	1.00	21%	2 Miles West

Comments:

Approved: 

Tuesday, January 31, 2006

1/20/05

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: 20-Jan-05

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

Applicant:	Dwight Snell & Associates	County:	REEVES
Prim. Term:	5 years	Bonus/Acre	\$150.00
Royalty:	1/5	Rental/Acre	\$1.00

Consideration

Recommended: PAB Date: 1.20.05

Not Recommended: _____

Comments: 4th year rental will be \$75.00 per acre.

☒ Lease Form

Recommended: RJH Date: 2/3/05

Not Recommended: _____

Comments:

Matt Edling, Deputy Commissioner Date: 3/21/05

Recommended: me

Not Recommended: _____

Bill Warnick, General Counsel Date: _____

Recommended: WVW

Not Recommended: _____

Larry Laine, Chief Clerk Date: 3/22/05

Approved: LL

Not Approved: _____

Jerry Patterson, Commissioner Date: 24 MAR 05

Approved: JP

Not Approved: _____

RAL REVIEW SHEET

Transaction # ~~4495~~

Geologist: R. Widmayer

Lessor: ~~Ramsland, Jane B.~~

Lease Date: 1/15/2005

UT ☐

Lessee: Dwight Snell & Associates

Acres: ~~970~~

LEASE DESCRIPTION

County	Base File No	Part	Sec.	Block	Twp	Survey	Abst#
REEVES	146163	ALL	40	72	00	PUBLIC SCHOOL LAND	5151
REEVES	146160	PART OF E/2	29	71	00	PUBLIC SCHOOL LAND	5148
REEVES	93658	W/2	29	72	00	PUBLIC SCHOOL LAND	2102

TERMS OFFERED

Primary Term:

Bonus/Acre:

Rental/Acre:

Royalty:

TERMS RECOMMENDED

Primary Term:

Bonus/Acre:

Rental/Acre:

Royalty:

1/20/05

COMPARISONS

MF #	Lessee	Date	Term	Bonus/Ac.	Rental/Ac.	Royalty	Distance
							Last Lease
Pending	Range Production	12-8-04	3 Yrs	\$100.00	\$1.00	21%	2 Miles West

Comments:

Approved: PAS 1-20-05

1.
File No. MF 105230
Bill Review
Date Filed: 1/20/05
Jerry E. Patterson, Commissioner
By [Signature]

DWIGHT SNELL & ASSOCIATES

P.O. Box 407 Simonton, Texas 77476
(281) 346-1932 fax - (281) 346-1972
e-mail - dwight@yourlandman.com

Sent Via FedEx Airbill # 8513-0394-7595

June 6, 2005

Mr. Drew Reid

512.475.1534; .1543-fax

Texas General Land Office
1700 N. Congress Avenue, Suite 600
Austin, Texas 78701-1495

Re: **Six (6) GLO Relinquishment Act Oil and Gas Leases - Reeves and Pecos Counties, TX**
960.00 Gross / 960.00 Net Acres - Methodist Children's Home [S/2 Sec. 31; and All Sec. 38, Blk 72, PSL]
320.00 Gross / 320.00 Net Acres - John Ward Williams et al [N/2 Section 4, Block 71, PSL] both in Reeves

3,136.29 Gross / 3,136.29 Net Ac. - Amanda Jones Krejci et al [6 Tracts in Blocks 122 & 183] Pecos Co.
2,593.50 Gross / 2,593.50 Net Ac. - Amanda Jones Krejci et al [5 Tracts in Blocks 122 & 11] Pecos Co.

1,931.00 Gross / 1,931.00 Net Ac. - Robert D. Hayter et ux [Sec. 210,211,217, Blk 10, GH & SA] Pecos
1,432.60 Gross / 1,432.60 Net Ac. - Robert D. Hayter et ux [4 Tracts in Blk 11, GH & SA] Pecos Co, TX

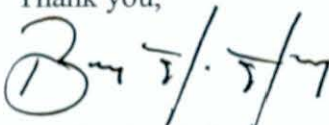
Dear Mr. Reid:

Please find enclosed herewith certified copies of the six (6) captioned leases, together with checks representing the State's share of the bonus consideration for each lease. Also enclosed, please find **two** checks [**#2575 for \$250.00 and # 17636 for \$500.00**] totaling \$750.00 - representing the GLO service fee for each of the six (6) leases. The checks represent bonus consideration to the State based on terms approved for each group of leases.

<u>Owner of the Soil</u>	<u>Gross Acres</u>	<u>Net Acres</u>	<u>Bonus Amount to State</u>	<u>Check No.</u>
Methodist Children's Home	960.00 ac	960.00 ac	\$ 96,000.00	17630
John Ward Williams et al	320.00 ac	320.00 ac	\$ 24,320.00	17629
Amanda J. Krejci et al	3,136.29 ac	3,136.29 ac	\$238,358.04	17627
Amanda J. Krejci et al	2,593.50 ac	2,593.50 ac	\$197,106.00	17626
Robert D. Hayter et ux	1,931.00 ac	1,931.00 ac	\$ 74,343.50	17604
Robert D. Hayter et ux	1,432.60 ac	1,432.60 ac	\$ 55,155.10	17603

If I may answer any questions regarding this matter, you may reach me in Pecos, Texas at (956)792-4617 during the week, or you may reach Dwight at the number listed above.

Thank you,



Bradley H. Holley

cc: Mr. Larry Legg
Mr. Dwight Snell

ALPINE, INC.-JIB EDMOND, OK 73013

05042301

017629

COMM05: COMMISSIONER OF THE GENERAL LAND

CHECK NUMBER: 017629

ACCOUNT NUMBER:

CHECK DATE: 05/31/05

INVOICE/REFERENCE	TYPE	DATE	COMMENT	GROSS AMOUNT	DISCOUNT	AMOUNT
RB0401	INV	04/18/05	RB0401 WILLIAMS	24,320.00	.00	24,320.00

2.

File No. 017629-05230
 Father + horses
 Date Filed: 6/6/05
 Jerry E. Patterson, Commissioner
 By: 

121

CHECK TOTALS:

017629 24,320.00

.00 24,320.00

FILE# 1787

General Land Office
Relinquishment Act Lease Form
Revised, September 1997

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 18 day of April, 2005, between the State of Texas, acting by and through its agent, John Ward Williams, Individually & as Trustee for both the Herbert Edward Williams & Maynette Moffett Williams Estate Trusts of 3405 Edloe Street Suite 370 Houston, TX 77027 (Give Permanent Address) said agent herein referred to as the owner of the soil (whether one or more), and DWIGHT SNELL & ASSOCIATES of P. O. Box 407 Simonton, Texas 77476 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:

320 acres, more or less, being the N/2 of Section 4, Block 71, Public School Land, A-2455 as described in the Patent by the State of Texas to J. F. O'Neil, October 22, 1948 Volume 6, Page 64, Patent Records of Reeves County Texas.

containing 320 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Twenty four thousand three hundred twenty and 00/100
Dollars (\$24,320.00)

To the owner of the soil: Twenty four thousand three hundred twenty and 00/100
Dollars (\$24,320.00)

Total bonus consideration: Forty eight thousand six hundred forty dollars and 00/100
Dollars (\$48,640.00)

The total bonus consideration paid represents a bonus of One hundred fifty two
Dollars (\$152.00) per acre, on 320 net acres.

2. **TERM.** Subject to the other provisions in this lease, this lease shall be for a term of three (3) 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 this is a PAID-UP LEASE

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: N/A
Dollars (\$N/A)
To the State of Texas: N/A
Dollars (\$N/A)
Total Delay Rental: N/A
Dollars (\$N/A)

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 one-fourth (1/4) 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 one-fourth (1/4) 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 one-fourth (1/4) 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 one-fourth (1/4) 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 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 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 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.



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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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



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

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

ADDENDUM PROVISIONS - ¶ #40 thru ¶ #41

40. **SURFACE USE AGREEMENT.** See attached three (3) page Addendum identified as EXHIBIT "A" containing ¶¶1 thru ¶¶14.

41. **CONTINUOUS DEVELOPMENT.** After the expiration of the primary term, and notwithstanding paragraphs 16 (A) and 16 (B) above and any other provision in this lease to the contrary, no portion of this lease will terminate if Lessee continues to drill a well (or wells) anywhere on the leased premises with no more than 180 days between the release of the drilling rig on one well and the commencement of actual drilling operations on a subsequent well (hereinafter referred to as "continuous drilling"). Upon the cessation of continuous drilling this lease shall terminate in accordance with the other relevant provisions herein. If, however, Lessee has filed with the Texas Railroad Commission, no later than 60 days prior to the expiration of the said 180-day period, all requisite applications to drill the next well in the continuous drilling program, and Lessee is unable to proceed with drilling pending authorization by the Texas Railroad Commission, then Lessee shall be allowed such additional time as may be reasonably necessary to obtain the authorization and thereafter spud the subsequent well.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

LESSOR

STATE OF TEXAS

By: John Ward Williams

John Ward Williams

Trustee for both the Herbert Edward Williams and
the Maynette Moffett Williams Estate Trusts
represented herein **Individually & as Agent for**
the State of Texas.

LESSEE

DWIGHT SNELL & ASSOCIATES

By: Dwight Snell

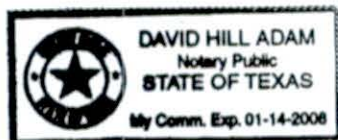
Dwight Snell, Owner



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STATE OF TEXAS
COUNTY OF HARRIS

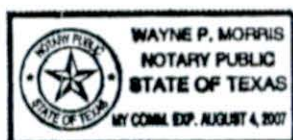
This instrument was acknowledged before me on this the 26th day of April, 2005, by **John Ward Williams**, in the capacities indicated.



David H. Allen
Notary Public in and for the State of Texas

STATE OF TEXAS
COUNTY OF FORT BEND

This instrument was acknowledged before me on this the 9th day of May, 2005, by **Dwight Snell**, as Owner of Dwight Snell & Associates.



Wayne P Morris
Notary Public in and for the State of Texas



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

EXHIBIT "A"

SURFACE USE AGREEMENT

Attached to and made a part of that certain Oil and Gas Lease dated April 18, 2005 from the **State of Texas**, by and through its Agent, **John Ward Williams**, in the capacities herein indicated, in favor of **Dwight Snell & Associates**, covering lands in Reeves County, Texas.

It is agreed and understood that any payments of monies made pursuant to the provisions and/or terms of this lease including but not limited to payments designated to be paid to "Lessor" shall be paid in equal proportions with 50% of any such payments payable to the State of Texas and the remaining 50% of such payments payable to the owner(s) of the soil in proportion to the undivided interest of any such owner(s) of the soil at the time such payments are to be made.

"Lessee," as used herein shall include Lessee's agents and representatives, and "Lessor," as used herein, shall include Lessor's agents and representatives.

In the furtherance of the purposes and objectives set forth in this lease, Lessor and Lessee further agree that their respective rights, obligations and entitlements regarding the use of the surface of said land (as defined in the lease) are as follows:

1. ROADS. Lessee shall have the right to build, in segments, roads to access and service any and all wells, gas pipelines, gas gathering and gas processing plants, and all other facilities, stations, systems and equipment located on said land, provided they are in the furtherance of the objectives of this lease. Lessee will pay Lessor a one time payment of **One Dollar per linear foot** for the road easement/right-of-way and as damages for each segment of road so built. The number of linear feet on a particular road shall be determined by measuring the actual distance with a rolling measurement tool designed for such a purpose. Such payment shall be made prior to the commencement of each segment of road. Lessee agrees to grade and gravel all roads, as necessary, and if directed by Lessor, to make one continuous road connecting the various locations, confine all travel incident to the drilling and production of such well to the single graded road. Lessee shall have the right to use existing roads and gates without payment of additional consideration, but Lessee will consult with Lessor regarding its use of existing roads and gates to be certain that Lessee's use does not unreasonably interfere with Lessor's use thereof. Lessee will maintain all roads and gates used in connection with its operations in a state of good condition and repair. Lessee shall have the right to place its own lock on any gate which it must pass through to conduct its operations, and Lessor shall be entitled to a key or combination to all of Lessee's locks. In regards to maintenance of roads and gates used by Lessee, Lessee shall repair the damaged portions within a reasonable time after written notice by Lessor of need for such repair, and Lessee agrees to work with Lessor to keep them in a continuous state of good condition and repair. In connection with any roads built by Lessee, Lessee agrees to consult with Lessor as to the location of such roads and will construct division terraces as may be reasonably necessary to reduce soil erosion. If Lessor requests, Lessee will install cattle guards or, at Lessor's option, pipe gates to the side of such cattle guard at each fence crossing. If Lessee decides to abandon a road, or a portion of a road, built under the terms of this lease, Lessee will notify Lessor in writing of its abandonment, after which time Lessee will no longer be entitled to use the abandoned portion. Once Lessee abandons a road, or a portion thereof, Lessee shall no longer be responsible for maintaining it. If requested by Lessee and upon payment by Lessee to Lessor of said amount, Lessor will execute an agreement, suitable for recording, that conveys to Lessee the rights herein granted.

2. DRILLING LOCATIONS. Lessor grants to Lessee the right to build drilling locations on said land. Lessee will pay Lessor the **total sum of \$5,000 for each such location**. Payment will be made to Lessor prior to Lessee's commencement of dirt work on each location; however, Lessee will have the right to survey and stake wells prior to making such payment. No additional consideration shall be due Lessor for a substitute or replacement well that is located within 150 feet (plus a tolerance of 10%, plus a reasonable distance if the terrain or improvements thereon so necessitate) of the original borehole. After the drilling and completion of a producing well, Lessee will reduce the size of the location to the smallest reasonable area, as determined solely by Lessee, necessary to operate the well and to perform any workover operations. Pits will be filled and drilling locations will be restored as nearly as practicable to their original condition and contour within 180 days of completion (whether as a dry hole or a producer) of each well, weather permitting. If requested by Lessee and upon payment by Lessee to Lessor of said amount, Lessor will execute an agreement, suitable for recording, that conveys to Lessee the rights herein granted.



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3. PIPELINES, SEPARATORS, DEHYDRATORS, COMPRESSORS, GAS GATHERING AND PROCESSING FACILITIES. Lessee shall have the right to lay water pipelines, oil pipelines and gas pipelines, and to build separators, dehydrators, compressors, gas gathering and processing facilities and systems, and to lay or build any other pipelines, equipment or facilities on said land that are in the furtherance of the purposes and objectives of this lease. The consideration and damages to which Lessor will be entitled for any of these lines, systems and facilities will be negotiated when it is determined where they are to be located and how much land is needed. Lessor and Lessee agree that the consideration to which Lessor will be entitled shall be the fair market value of similar lands in the area of the land so used. If requested by Lessee and upon payment by Lessee to Lessor of the agreed upon consideration and damages, Lessor will execute an agreement, suitable for recording, that conveys to Lessee the rights herein granted.

4. WATER FOR DRILLING AND COMPLETION. Lessee will not have the right to use water from Lessor's ponds, lakes, tanks, streams or water wells without the written consent of Lessor. Lessee will, however, have the right to drill water wells, without additional compensation to Lessor, on said land for use in the drilling and completion of oil or gas wells. Lessee agrees, after cessation of its use of any water well drilled by Lessee on said land and prior to plugging or removing the casing therefrom, to tender such water well or wells to Lessor. If Lessor elects to accept such water well(s), it (they) shall become the property of Lessor without payment of any additional consideration to Lessee; provided, however, that Lessee shall have the right to use such well(s) at any time during the continuance of this lease in connection with any of Lessee's operations on said land, and provided that Lessor shall assume the plugging liability for such well(s).

5. DUTY TO FENCE AND RESTORE SURFACE. When requested by Lessor, Lessee agrees to promptly fence all pits and installations to prevent entry into such pits and installations by livestock. Lessee agrees, within a reasonable time after the completion of drilling or reworking operations, to remove all driller's mud and chemicals, to level all dumps and mounds, fill all holes, pits, ditches and excavations, and at Lessor's election remove or burn all brush and debris, and remove all concrete blocks or other objects placed upon said land, or upon the terminated portion of such lease, as the case may be, and return the surface of the land substantially to the same condition as it was before the commencement of such operations, subject only to reasonable wear and tear.

6. FENCES AND GATES. Lessee agrees that Lessee will not cut or go over any fence or fences of Lessor at any time or in connection with any operations on said land, without first obtaining written consent from Lessor. If such consent to the cutting of a fence is obtained, the cuts must be made at the place designated by Lessor; and Lessee agrees, prior to cutting any fence, to brace the existing fence adequately on both sides of the proposed cut so that when the fence is cut, there will be no slacking of the wires. If Lessor so requests, Lessee will install and maintain a substantial metal cattle guard capable of turning cattle, promptly after making such cut. Lessee will install a substantial metal gate, which shall be kept locked when not in actual use. Lessor may install its own locks in addition to Lessee's lock on said gate, and if so, Lessor will provide Lessee with keys (or combination) to the lock. Upon termination of this lease, or the portion thereof on which a cattle guard or gate is located, such cattle guard and gate shall, at the option of Lessor, become Lessor's property. So long as this lease shall remain in force, gates and cattle guards used by Lessee shall be maintained by Lessee in good condition and repair, capable of turning cattle. Lessee agrees to promptly close all gates and lock all outside gates which Lessee may use in Lessee's operations on said land.

7. SURFACE DAMAGES. In further accordance with Provision #22 - AUTHORIZED DAMAGES - herein, Lessee shall at all times use a reasonable degree of care in all of its operations on said land to prevent injury or damage to the grass, crops, cattle, livestock, buildings or other property situated thereon, or to water wells or tanks located thereon. Lessee agrees not to allow any waste oil or salt water to flow over the surface of said land, nor to allow same to drain down any draws, drains, creeks or ravines, nor allow same to contaminate any tanks, ground water or underground water thereon. Lessee shall dispose of such salt water and waste oil in accordance with the Rules and Regulations of the Railroad Commission of Texas.

Unless otherwise specifically addressed above, Lessee shall pay Lessor for any damages to Lessor's surface that are the direct result of Lessee's actions in the furtherance of the purposes and objectives of this lease, and the damages to which Lessor shall be entitled will be negotiated within a reasonable period of time after the occurrence. If Lessor and Lessee are unable to agree upon the damages or consideration to be paid to Lessor, Lessee's rights hereunder shall not be postponed or delayed pending any determination of the amount of such damages or compensation. Under no circumstances shall such damages exceed the fair market value of the damaged or contaminated land, unless such damages are the result of Lessee's gross negligence or willful misconduct.

8. FIRE PREVENTION AND CLEAN UP. Lessee will use its best efforts to prevent fires on said land and will use its best efforts to prevent papers, boxes, sacks and containers and waste materials of any kind from coming on said land and littering the premises.



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9. **SPEED LIMITS.** Lessee agrees to observe and obey all posted speed limits on the premises.

10. **SEISMIC.** Lessee shall have the non-exclusive right to conduct seismic operations across said land. If Lessee conducts such operations, Lessee shall be required to compensate Lessor for damages at the rate of \$ 2.00 per surface acre covered by the shoot. Lessor shall be paid in advance of any seismic operations.

11. **USE OF ABANDONED WELLS AS WATER WELLS.** In the event any oil or gas well drilled on said land is abandoned as a dry hole or is no longer capable of production, Lessee agrees, before plugging such well, to tender such well to Lessor; and if Lessor elects to accept same for completion as a water well, Lessee agrees to install a cement plug in the bottom of such well, or at such depth as Lessor designates, and a removable swage at the top, and Lessee will turn over such well to Lessor for completion as a water well; provided, however, Lessor shall first execute the necessary forms and applications to the Railroad Commission of Texas or other regulatory agencies relieving Lessee of any further liability. If Lessor does not accept such well, Lessee shall plug and abandon it in accordance with the rules and regulations of the Texas Railroad Commission.

12. **NO HUNTING OR FISHING.** Lessee is not allowed to engage in hunting or fishing on said land without the written consent of Lessor; neither is Lessee allowed to bring any dog, firearm, or fishing tackle upon said land, without the written consent of Lessor. Lessor shall have the right, at all reasonable times and at its own expense, to inspect vehicles entering upon said land, for the purpose of verifying that no such articles are being brought on to said land.

13. **ENUMERATED RIGHTS.** Lessee's rights, as enumerated above, are in addition to any and all other rights that an oil and gas Lessee would have under the laws of the State of Texas.

14. **SUCCESSORS AND ASSIGNS.** The terms in this lease and this surface use agreement shall be binding upon Lessor and Lessee, and their successors and assigns.

SIGNED FOR IDENTIFICATION:

By: John Ward Williams

John Ward Williams

Trustee for both the Herbert Edward Williams
and the Maynette Moffett Williams Estate Trusts
represented herein **Individually & as Agent for**
the State of Texas.

ANY PROVISION HEREIN WHICH REFUSES THE SALE, RENTAL,
OR USE BY THE LESSEE OF ANY PROPERTY BECAUSE OF COLOR
OR RACE IS HEREBY AND NOW HEREBY REPEALED UNDER FEDERAL
LAW

FILE NO. 1787

FILED FOR RECORD ON THE 16TH DAY OF MAY A.D. 2005 9:59 A. M.

DULY RECORDED ON THE 17TH DAY OF MAY A.D. 2005 3:00 P. 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

3.

File No. MF 705230
Seale
Date Filed: 6/6/05
Jerry E. Patterson, Commissioner
By [Signature]

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

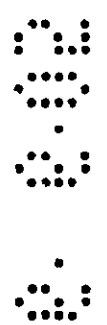
The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office, found in VOL. 700
PAGE 333 THRU 344 **OFFICIAL PUBLIC RECORDS**

I hereby certified on MAY 19, 2005

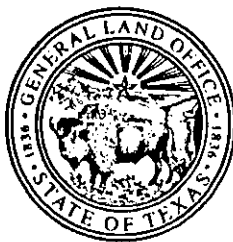


DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY [Signature] DEPUTY



TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

January 19, 2006

Attn: Bradley H. Holley
Dwight Snell & Associates, Inc.
P.O. Box 4078
Simonton, Texas 77476

Re: RELINQUISHMENT ACT LEASE No. M-105230
320 acres out of the N/2 of Sec. 4, Blk. 71, PSL
Reeves County, Texas

Dear Mr. Holley:

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-105230. Please refer to this number in all future correspondence concerning the lease.

Your remittance of \$24,445.00, has been applied as the state's portion of the cash bonus \$24,320.00, 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 705230
210 letter
Date Filed: 1/19/06
Jerry E. Patterson, Commissioner
By SR

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

PA07-232

Unit Number 4156
Operator Name CHESAPEAKE OPERATING INC Effective Date 12/11/2007
TaxID: [REDACTED] Unitized For Oil & Gas
Unit Name Hill State 71-4 Unit Term 12 Months
County1 Reeves
County2 0
County3 0
RRC District: 08
Unit Type: Temporary
State Royalty Interest: 0.113411465625
State Part in Unit: 1
Unit Depth All Well: Unit
Below Depth 0 Formation: Penn. Barnett and Woodford Shales
Above Depth 0 Participation Basis: Surface Acreage
[If Exclusions Apply: See Remarks]

MF Number MF105494 Tract Number 1
Lease Acres 140 / Total Unit Acres 640 =
Tract Participation: 0.2187500 X
Lease Royalty 0.1041667 = Manual Tract Participation:
Tract Royalty Participation 0.0227865 Manual Tract Royalty:

[] 0 See Remarks
[] 0

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

07-106455

MF Number	MF105236	Tract Number	2
Lease Acres	180	Total Unit Acres	640 =
Tract Participation:	0.2812500		X
Lease Royalty	0.1		=
Tract Royalty Participation	0.0281250	Manual Tract Participation:	0 See Remarks
		Manual Tract Royalty:	0

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

07-130446

MF Number	MF105230	Tract Number	3
Lease Acres	320	Total Unit Acres	640 =
Tract Participation:	0.5000000		X
Lease Royalty	0.125		=
Tract Royalty Participation	0.0625000	Manual Tract Participation:	0 See Remarks
		Manual Tract Royalty:	0

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

07-106464

API Number **RRC Number**

Remarks:

Prepared By: REW

GLO Base Updated By: [Signature]

RAM Approval By: [Signature]

GIS By: [Signature]

Mineral Maps By: _____

Prepared Date: 12/11/07

GLOBase Date: 12/11/07

RAM Approval Date: 12-20-07

GIS Date: _____

Mineral Maps Date: _____

Pooling Committee Report

To: School Land Board
Date of Board Meeting: December 11, 2007
Effective Date: 12/11/2007
Unit Expiration Date: 12/11/2008
Applicant: CHESAPEAKE EXPLORATION LLC
Attorney Rep: Clark Jobe
Operator: CHESAPEAKE OPERATING INC
County 1: Reeves
County 2:
County 3:
Unit Name: Hill State 71-4
Field Name: Toyah N.W. (Shale)

PA07-232
Unit Number: 4156

<u>Lease Type</u>	<u>MF Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres in Unit</u>	<u>Royalty Participation</u>
RAL	MF105230	0.125	4/18/2008	3 years	320	320	0.0625000
RAL	MF105236	0.1	4/25/2010	5 years	399.33	180	0.0281250
RAL	MF105494	0.1042	4/25/2010	5 years	310.57	140	0.0227865

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

Private Acres:	0
State Acres:	640
Total Unit Acres:	640

<u>Participation Basis:</u>	
Surface Acreage	
<u>State Acreage:</u>	100.00%
<u>State Unit Royalty:</u>	11.34%

<u>Unit Type:</u>	<u>Unitized for:</u>
Temporary	Oil & Gas
<u>Term:</u>	12 Months

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

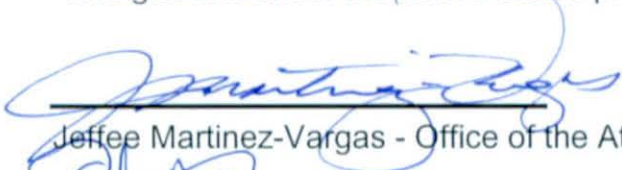
<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Special Field Rule	1280 Acres

REMARKS:

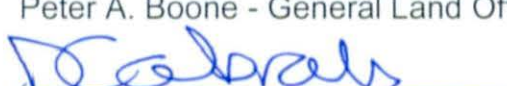
- Chesapeake Exploration LLC is requesting 12-month temporary oil and gas pooling to all depths.
- The applicant plans on drilling a vertical well by April 2008 to test the Penn, Barnett and Woodford Shale Formations. The proposed total depth is 11,750 feet true vertical depth. A horizontal leg is not expected to be drilled at this time.
- With approval of the unit the State's unit royalty participation will be 11.34%.
- The State will participate from date of first production.
- Approval by the School Land Board in no way ratifies the State lease included in this proposed unit.

POOLING COMMITTEE RECOMMENDATION:

- The Pooling Committee recommends Board approval of a 12-month temporary oil and gas unit under the above-stated provisions.


Jeffrey Martinez-Vargas - Office of the Attorney General


Peter A. Boone - General Land Office


David Cabrales - Office of the Governor

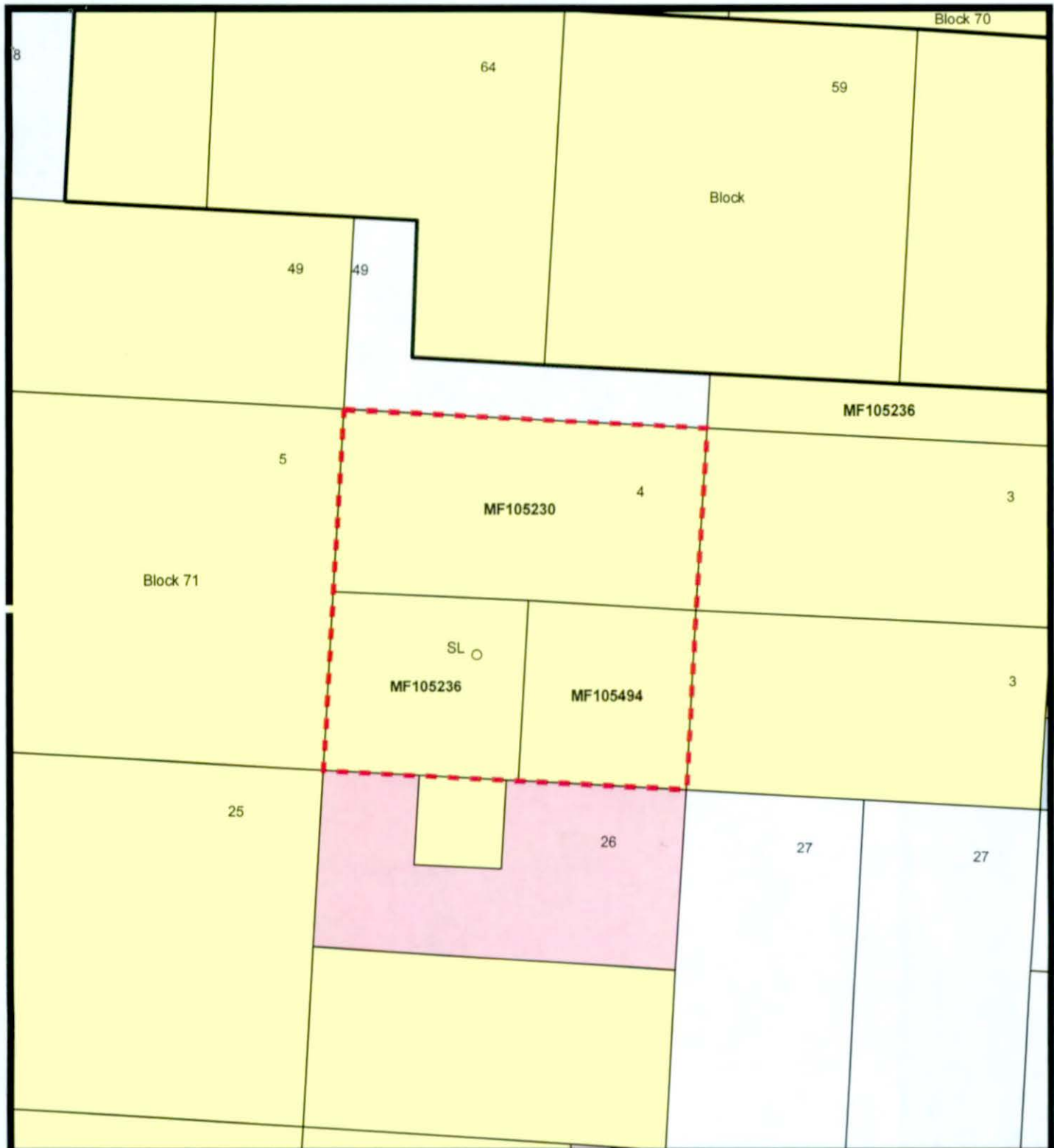
11-28-07
Date:

11-28-07

Date:

11/28/07

Date:



Chesapeake Exploration, LLC
 Hill State 71-4 Unit
 Toyah N. W. (Shale) Field
 MF105230, MF105236 and MF105494
 Reeves County
 PA07-232

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

GCS_North_American_1927
 0 1,000 2,000 Feet



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



Map Compiled By:
 Ferrel Taylor
 Information Systems - GIS
 December 11, 2007

TERM POOLING AGREEMENT
CHESAPEAKE EXPLORATION, L.L.C.
HILL STATE 71-4 UNIT
REEVES COUNTY, TEXAS

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

PURPOSES:

1.

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

UNIT DESCRIPTION:

2.

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

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to all depths underlying the surface boundaries of the pooled unit ("unitized interval").

POOLING AND EFFECT:

4.

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

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

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

- (f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that, except as may otherwise be provided in each State Lease, the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.
- (g) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than 640 acres, then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) make application to the School Land Board of the State of Texas to reform the unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.
- (h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.
- (i) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.
- (j) Should this Agreement terminate for any cause, the leases and other contracts affecting the lands within the unit, if not then otherwise maintained in force and effect, shall remain and may be maintained in force and effect under their respective terms and conditions in the same manner as though there had been production or operations under said lease or contract and the same had ceased on the date of the termination of this Agreement.

ALLOCATION OF PRODUCTION:

5.

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

TAKING ROYALTY IN KIND:

6.

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

FULL MARKET VALUE:

7.

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

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

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

EFFECTIVE DATE:

8.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of December 11, 2007.

TERM:

9.

Unless this agreement expires earlier because of the expiration or termination of a lease included as a part of this Agreement, or on such other date approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns, this Agreement shall expire on December 11, 2008. Nothing herein shall amend or modify Section 52.031 of the Natural Resources Code, or any of the provisions thereof, which are contained in any State lease, covered by this Agreement.

STATE LAND:

10.

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

DISSOLUTION:

11.

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

RATIFICATION/WAIVER:

12.

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

COUNTERPARTS:

13.

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

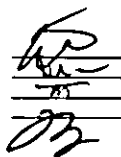
IN WITNESS WHEREOF, the parties hereto have executed this Agreement upon the respective dates indicated below.

Date Executed

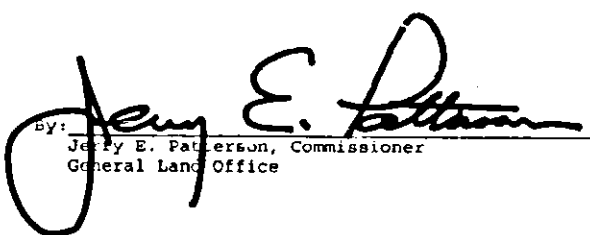
11/7/08

STATE OF TEXAS

Legal
Content
Geology
Executive



By:


Jerry E. Patterson, Commissioner
General Land Office

Date Executed _____

CHESAPEAKE EXPLORATION, L.L.C.,
an Oklahoma limited liability company

By: 
Henry J. Hood, Senior Vice President - Land and
Legal & General Counsel 

CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 11th day of December, 2007, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

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


Stephanie Crenshaw
Secretary of the School Land Board

STATE OF OKLAHOMA

COUNTY OF OKLAHOMA

This instrument was acknowledged before me on January 4, 2008, by Henry J. Hood, as Senior Vice President - Land and Legal & General Counsel of Chesapeake Exploration, L.L.C. on behalf of said limited liability company.


Anne Rawlins
Notary Public in and for the
State of Oklahoma

My Commission Expires: 09/28/2011

Commission Number: 07009181



Term Pooling Agreement
Hill State 71-4 Unit
Reeves County, Texas

Date Executed 12/28/07

ALPINE ENERGY, LP, a Texas limited partnership, by Alpine GP, LLC, an Oklahoma LLC, General Partner

By: David J. Kurtz
David J. Kurtz, Manager

STATE OF OKLAHOMA

COUNTY OF Oklahoma

This instrument was acknowledged before me on Dec 28, 2007, by David J.. Kurtz, as Manager of Alpine GP, LLC, an Oklahoma LLC, General Partner of Alpine Energy, LP, a Texas limited partnership.

Commission Expires:
Jan 21, 2009

Deborah Kimbrell
Notary Public



Term Pooling Agreement
Hill State 71-4 Unit
Reeves County, Texas

Date Executed 12-28-07

Barilla Energy, LP, a Texas limited
partnership

By: Mark Svoboda
Mark Svoboda

STATE OF OKLAHOMA

COUNTY OF Oklahoma

This instrument was acknowledged before me on December 28, 2007, by Mark Svoboda, Manager of Barilla Energy, LP, a Texas limited partnership.

Commission Expires:

Jan 21, 2009

Deborah Kimbrell
Notary Public



Term Pooling Agreement
Hill State 71-4 Unit
Reeves County, Texas

Date Executed 12-27-2008

Crusader Energy Group, LLC

By: [Signature]
David D. Le Norman, President

STATE OF OKLAHOMA

COUNTY OF OKLAHOMA

This instrument was acknowledged before me on DECEMBER 27, 2007, by David D. Le Norman, as President of Crusader Energy Group, LLC.

Commission Expires:

10-14-2008



[Signature]
Notary Public

Term Pooling Agreement
Hill State 71-4 Unit
Reeves County, Texas

Date Executed December 27, 2007

WTG EXPLORATION, INC.

By: David L. Davis
David L. Davis, Executive
Vice President

STATE OF TEXAS

COUNTY OF Midland

This instrument was acknowledged before me on December 27, 2007, by David L. Davis, as Executive Vice President of WTG Exploration, Inc.

Commission Expires:
10-4-2008



Kim Dehart Stephens
Notary Public

EXHIBIT "A"
Unit Leases

Attached to and by reference made a part of that certain Hill State 71-4 Unit Term Pooling Agreement dated effective December 11, 2007 by and between the State of Texas, as Lessor, and Chesapeake Exploration, L.L.C., as Lessee.

-- Tract 1: The following lease covers 320.0 gross acres, more or less, being the N/2 of Section 4, Block 71, A-2455, PSL Survey, Reeves County, Texas: (Insofar and only insofar as the following lease covers said lands)

That certain Oil and Gas Lease dated April 18, 2005, by and between John Ward Williams, Individually & as Trustee for both the Herbert Edward Williams & Maynette Moffett Williams Estate Trusts, as agent for the State, and Dwight Snell & Associates, as Lessee, State Lease Number M-105230, as recorded in Volume 700, at Page 333, of the Official Public Records of Reeves County, Texas.

-- Tract 2: The following lease covers 180.0 gross acres, more or less, being the S/2 of Section 4 save and except 140.0 acres of land, Block 71, A-5227, PSL Survey, Reeves County, Texas: (Insofar and only insofar as the following lease covers said lands)

That certain Oil and Gas Lease dated April 25, 2005, by and between H-S Minerals & Realty Ltd., as agent for the State, and Dwight Snell & Associates, as Lessee, State Lease Number M-105236, as recorded in Volume 701, at Page 154, of the Official Public Records of Reeves County, Texas.

That certain Oil and Gas Lease dated April 25, 2005, by and between Hill Investments, Ltd., as agent for the State, and Dwight Snell & Associates, as Lessee, State Lease Number M-105236, as recorded in Volume 701, at Page 115, of the Official Public Records of Reeves County, Texas.

That certain Oil and Gas Lease dated April 25, 2005, by and between Dorothy Hill, f/k/a Dorothy Jean Keenom, individually and as Trustee of the Thomas Hill Puff Trust and as Trustee of the Nancy Puff Jones Trust., as agent for the State, and Dwight Snell & Associates, as Lessee, State Lease Number M-105236, as recorded in Volume 701, at Page 180, of the Official Public Records of Reeves County, Texas.

That certain Oil and Gas Lease dated April 25, 2005, by and between James Robert Hill, Virginia Glenn Hill Lattimore and John A. Styrsky, as Co-Trustees of the Houston and Emma Hill Trust Estate and James Robert Hill and Virginia Glenn Hill Lattimore, as agent for the State, and Dwight Snell & Associates, as Lessee, State Lease Number M-105236, as recorded in Volume 701, at Page 207, of the Official Public Records of Reeves County, Texas.

That certain Oil and Gas Lease dated April 25, 2005, by and between Waltrip Marital Trust, Kenneth M. Waltrip, Trustee; MSW Revocable Trust, Michael S. Waltrip, Trustee; MLH Revocable Trust, Margery L. Hanna, Trustee; dba Hill Trusts under certain Agency Agreement dated June 8, 1996., as agent for the State, and Dwight Snell & Associates, as Lessee, State Lease Number M-105236, as recorded in Volume 701, at Page 235, of the Official Public Records of Reeves County, Texas.

-- Tract 3: The following lease covers 140.0 gross acres, more or less, being the E 7/16 of the S/2 of Section 4, Block 71, A-6000, PSL Survey, Reeves County, Texas: (Insofar and only insofar as the following lease covers said lands)

That certain Oil and Gas Lease dated April 25, 2005, by and between Lawrence Hill Meeker, Daniel Hill Meeker and Julian Wade Meeker, as Co-Trustees under the Will of J.R. Meeker, deceased, for the lifetime benefit of L.H. Meeker, as agent for the State, and Dwight Snell & Associates, as Lessee, State Lease Number M-105494, as recorded in Volume 704 at Page 91, of the Official Public Records of Reeves County, Texas.

That certain Oil and Gas Lease dated April 25, 2005, by and between Meeker Investments, Inc. by and through James J. Meeker, President, as agent for the State, and Dwight Snell & Associates, as Lessee, State Lease Number M-105494, as recorded in Volume 704 at Page 79, of the Official Public Records of Reeves County, Texas.

That certain Oil and Gas Lease dated April 25, 2005, by and between AWP 1983 Trust, Windi Grimes, Sole Trustee, as agent for the State, and Dwight Snell & Associates, as Lessee, State Lease Number M-105494, as recorded in Volume 704 at Page 104, of the Official Public Records of Reeves County, Texas.

That certain Oil and Gas Lease dated October 23, 2007, by and between Charles R. Meeker Trust U/A, Bank of America N.A. Trustee, as agent for the State, and Pinnacle Land Services, Inc., as Lessee, State Lease Number M-105494, as recorded in Volume 779 at Page 293, of the Official Public Records of Reeves County, Texas.

END OF EXHIBIT "A"

EXHIBIT "B"

Unit Lands

Attached to and by reference made a part of that certain Hill State 71-4 Unit Term Pooling Agreement dated effective December 11, 2007, by and between the State of Texas, as Lessor, and Chesapeake Exploration, L.L.C, as Lessee.

The following lands are located in Reeves County, Texas:

320.0 acres of land, being the N/2 of Section 4, Block 71, A-2455, PSL Survey

180.0 acres of land, being the S/2 of Section 4 save and except 140.0 acres of land, Block 71, A-5227, PSL Survey

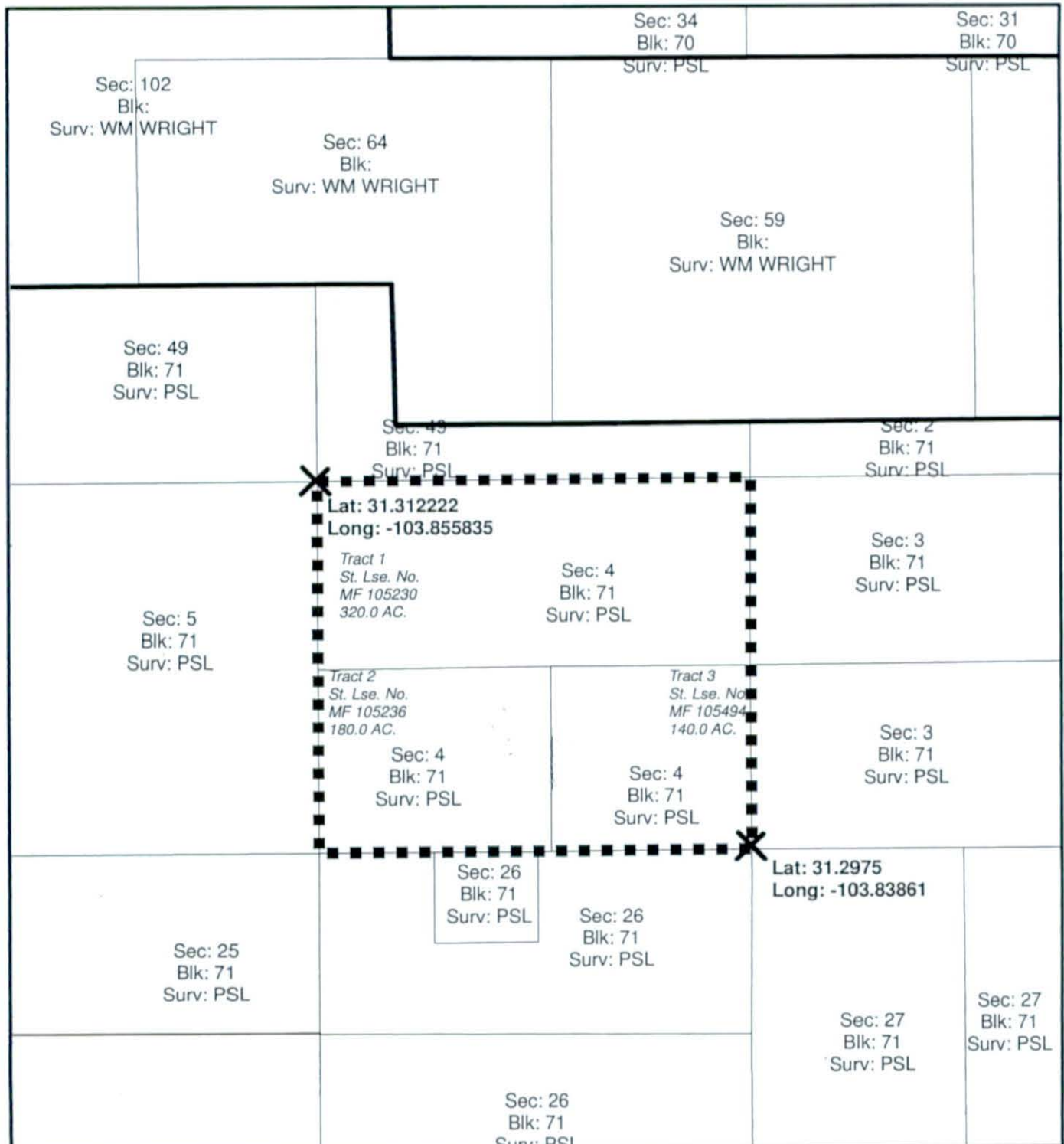
140.0 acres of land, being the E 7/16 of the S/2 of Section 4, Block 71, A-6000, PSL Survey

END OF EXHIBIT "B"

EXHIBIT "C"

Unit Plat

Attached to and by reference made a part of that certain Hill State 71-4 Unit Term Pooling Agreement dated effective December 11, 2007 by and between the State of Texas, as Lessor, and Chesapeake Exploration, L.L.C., as Lessee.



Unit/Lease Plat for the Hill State 71-4 Unit.

Legend

Hill State 71-4 Unit

0 1,000 2,000
Feet

Chesapeake	
Hill State 71-4 Unit	
Reeves County, Texas	
Scale: 1"=2,000'	Projection: GCS North American 1987
Date: 8/08/2007	Author: Billy T. Vo

END OF EXHIBIT "C"

5.

File No. MF 105330
Voluntary Committee Report
Joint Pooling Agreement
Date Filed: 1/23/08
By Jerry E. Patterson, Commissioner

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

October 14, 2008

Travis Jenkins
Chesapeake Energy Corp.
PO Box 18496
Oklahoma City, OK 73154

*M-105230
see me post*

RE: GLO Assignment ID # 6596

Dear Mr. Jenkins,

The General Land Office received the following instrument(s) and has filed them in the appropriate files. Please see attached "Exhibit A" for reference.

Partial Assignment of Oil and Gas Leases Without Warranty
executed August 25th, 2008, from Chesapeake Exploration LLC
as Assignor, to Chesapeake Investments, as Assignee. Reeves
Co. Vol. P. 674.

Filing fees of \$250.00 were received in connection with the above lease. If you have any questions, please feel free to call me at (800) 998-4GLO, or at my direct number at (512) 463-6521.

Sincerely,

A handwritten signature in cursive script, reading "Beverly Boyd".

Beverly Boyd
Mineral Leasing
Energy Resources
512-463-6521

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

Exhibit "A"

<i>GLO ID</i>		<i>County</i>	<i>Lease</i>
6596	Reeves		MF105230
6596	Reeves		MF105236
6596	Reeves		MF105494

Tuesday, October 14, 2008

FILE# 3828

MF 105230

105236

105494

PARTIAL ASSIGNMENT OF OIL AND GAS LEASES
WITHOUT WARRANTYSTATE OF TEXAS)
) §
COUNTY OF REEVES)

KNOW ALL MEN BY THESE PRESENTS:

For and in consideration of Ten Dollars and no/100 (\$10.00) and Other Valuable Consideration, the receipt and sufficiency of which are hereby acknowledged, **Chesapeake Exploration, L.L.C.**, an Oklahoma limited liability company, whose mailing address is P.O. Box 18496, Oklahoma City, Oklahoma 73154-0496, hereinafter referred to as "Assignor", does hereby grant, bargain, sell, convey, assign and deliver unto **Chesapeake Investments**, an Oklahoma limited partnership, whose mailing address is P.O. Box 18756, Oklahoma City, Oklahoma 73154, hereinafter referred to as "Assignee", an undivided portion of Assignor's interest in and to the oil and gas leases described in Exhibit "A" attached hereto ("the Leases"), in an amount sufficient to vest Assignee with a 2.5% working interest in the **Hill State 71 4 1 Well** ("the Well") and the lands comprised of All of Section 4, Block 71, PSL Survey, Reeves County, Texas, containing 640.00 unit acres ("the Unit"), including all oil and gas produced therefrom and all downhole and surface equipment associated therewith:

PROVIDED HOWEVER, if Assignor's ownership in the Leases is not uniform as to all depths, zones or formations **and** the foregoing partial assignment would cause Assignor's remaining working interest in any *depths, zones or formations* covered by the Leases (determined after consideration of any carried or reversionary interest) to be less than twelve and one half percent (12.5%) on an eight-eighths basis, then the interest assigned hereunder to Assignee as to *such depths, zones or formations* shall not be the full two and one half percent (2.5%) working interest in the Well and Unit as stated above, but instead shall be proportionately reduced to the same extent as Assignor's reduced interest as of the date of spud of the Well with respect to *such depths, zones or formations*.

The interests assigned hereunder shall derive proportionately from all working interest owned or claimed by Assignor in the Leases, or any other source of ownership in the Unit, contractual or otherwise, as of the effective date of this assignment, including any interests acquired via farmout, non-consent elections, force poolings, etc. To the extent any portion of Assignor's title or ownership interest is reduced after payout or after the assessment of non-consent penalties, or is limited to the wellbore of the Well, Assignee's title or ownership conveyed hereunder shall be proportionately reduced thereby in the same manner as Assignor's title.

Assignor delivers to Assignee the above-described interest at the same net revenue interest owned by Assignor, proportionately reduced to the interest assigned. The interest assigned shall bear a proportionate share of all delay rentals, royalties and other obligations burdening the Leases and shall bear a proportionate share of all costs associated with the drilling, completing, operating and/or plugging and abandonment of any well hereafter drilled on the Leases or lands pooled or unitized therewith.

This assignment is made subject to all the terms and the express and implied covenants and conditions of the Leases and any intervening assignments and agreements affecting same, which terms, covenants and conditions Assignee hereby assumes and agrees to perform with respect to the interest assigned. The terms, covenants and conditions of said leases, assignments and agreements shall be binding upon Assignee, not only in favor of the lessor(s) and any prior assignors and their respective successors and assigns, but also in favor of the Assignor herein and its successors and assigns.

ASN 323-0096



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

Page Two
 Partial Assignment of Oil and Gas Leases
 CELLC/CI

This assignment is made and accepted without any representation or warranty of title of any kind, either express or implied. In the event that title to all or any portion of the interest assigned should fail, then and in such event, the percentages of the interest assigned herein shall be reduced in the proportion to which the failed portion of the interest bears to the entire interest.

In witness whereof, this instrument is dated the 25th day of August, 2008, but effective as of the date of spud, December 16, 2007, of the **Caldwell State 71 5 1 Well**.

CHESAPEAKE EXPLORATION, L.L.C.
 an Oklahoma limited liability company

By: [Signature]

Henry J. Hood, Senior Vice President - Land and Legal & General Counsel

STATE OF OKLAHOMA)
) §
 COUNTY OF OKLAHOMA)

This instrument was acknowledged before me on this 25th day of August, 2008, by Henry J. Hood, as Senior Vice President - Land and Legal & General Counsel of Chesapeake Exploration, L.L.C.

My Commission Expires:

6/13/09



[Signature]
 Notary Public



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

EXHIBIT "A"

Attached to and made a part of that certain Partial Assignment of Oil and Gas Leases from **Chesapeake Exploration, L.L.C.**, as Assignor, to **Chesapeake Investments**, as Assignee, dated August 25, 2008, covering lands located in Reeves County, Texas.

TX3230273-001

Lessor: State of Texas - Will of J.R. Meeker Trust, Lawrence Hill Meeker, Daniel Hill Meeker and Julian Wade Meeker, Co-trustees
Lessee: Dwight Snell & Associates
Lease Date: 4/25/2005
Recorded: Book 704, Page 91
Legal Desc: Insofar and only insofar as it covers the following:
Block 71, PSL Survey, Reeves County, Texas
Section 4: 140.00 acres of lands, more or less, being the East 7/16 of the South Half.

TX3230273-002

Lessor: State of Texas - Meeker Investments, Inc., by and thru James J. Meeker, President
Lessee: Dwight Snell & Associates
Lease Date: 4/25/2005
Recorded: Book 704, Page 79
Legal Desc: Insofar and only insofar as it covers the following:
Block 71, PSL Survey, Reeves County, Texas
Section 4: 140.00 acres of lands, more or less, being the East 7/16 of the South Half.

TX3230273-003

Lessor: State of Texas - AWP 1983 Trust, Windi Grimes, Sole Trustee
Lessee: Dwight Snell & Associates
Lease Date: 4/25/2005
Recorded: Book 704, Page 104
Legal Desc: Insofar and only insofar as it covers the following:
Block 71, PSL Survey, Reeves County, Texas
Section 4: 140.00 acres of lands, more or less, being the East 7/16 of the South Half.

TX3230273-005

Lessor: State of Texas - Charles R. Meeker Trust U/A, Bank of America N.A. Trustee
Lessee: Pinnacle Land Services, Inc.
Lease Date: 10/23/2007
Recorded: Book 799, Page 293
Legal Desc: Insofar and only insofar as it covers the following:
Block 71, PSL Survey, Reeves County, Texas
Section 4: 140.00 acres of lands, more or less, being the East 7/16 of the South Half.

TX3230274-001

Lessor: State of Texas - H-S Minerals & Reality Ltd
Lessee: Dwight Snell & Associates
Lease Date: 4/25/2005
Recorded: Book 701, Page 154
Legal Desc: Insofar and only insofar as it covers the following:
Block 71, PSL Survey, Reeves County, Texas
Section 4: Section 4: 180.00 acres of lands, more or less, being the South Half.

TX3230274-002

Lessor: State of Texas - Hill Investments, Ltd
Lessee: Dwight Snell & Associates
Lease Date: 4/25/2005
Recorded: Book 701, Page 115
Legal Desc: Insofar and only insofar as it covers the following:
Block 71, PSL Survey, Reeves County, Texas
Section 4: 180.00 acres of lands, more or less, being the South Half.



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

TX3230274-003

Lessor: State of Texas – Dorothy Hill, f/k/a Dorothy Jean Keenom, individually and as Trustee of the Thomas Hill Puff Trust and the Nancy Puff Jones Trust
 Lessee: Dwight Snell & Associates
 Lease Date: 4/25/2005
 Recorded: Book 701, Page 180
 Legal Desc: Insofar and only insofar as it covers the following:
 Block 71, PSL Survey, Reeves County, Texas
 Section 4: 180.00 acres of lands, more or less, being the South Half.

TX3230274-004

Lessor: State of Texas – Houston and Emma Hill trust Estate and James Robert Hill and Virginia Glenn Hill Lattimore, individually and Co-Trustees
 Lessee: Dwight Snell & Associates
 Lease Date: 4/25/2005
 Recorded: Book 701, Page 207
 Legal Desc: Insofar and only insofar as it covers the following:
 Block 71, PSL Survey, Reeves County, Texas
 Section 4: 180.00 acres of lands, more or less, being the South Half.

TX3230274-005

Lessor: State of Texas – Waltrip Martial Trust, Kenneth M. Waltrip, Trustee; MSW Revocable Trust, Michael S. Waltrip, Trustee; MLH Revocable Trust, Margery L. Hanna, Trustee; dba Hill Trusts
 Lessee: Dwight Snell & Associates
 Lease Date: 4/25/2005
 Recorded: Book 701, Page 235
 Legal Desc: Insofar and only insofar as it covers the following:
 Block 71, PSL Survey, Reeves County, Texas
 Section 4: 180.00 acres of lands, more or less, being the South Half.

TX3230294-000

Lessor: State of Texas – John Ward Williams, individually & as Trustee for both the Herbert Edward Williams & Maynette Moffett Williams Estate Trusts
 Lessee: Dwight Snell & Associates
 Lease Date: 4/18/2005
 Recorded: Book 700, Page 333
 Legal Desc: Insofar and only insofar as it covers the following:
 Block 71, PSL Survey, Reeves County, Texas
 Section 4: 320.00 acres, more or less, being the North Half.

Agreements Affecting the Leases:

1. That certain Joint Operating Agreement dated May 4, 2006 by and between Chesapeake Exploration Limited Partnership and Alpine Energy, LP.
2. That certain of Declaration of Pooled Unit Agreement effective December 11, 2007, by and between the State of Texas and Chesapeake Exploration, L.L.C., as recorded in Volume 790 at Page 806 of the official records of Reeves County, Texas.

It is Assignor's intent to convey to Assignee a proportionate share of all of Assignor's right, title and interest, as limited above, in and to the subject lands and well, regardless of the omission of any particular lease or leases, errors in description, incorrect or misspelled names or incorrect recording references.

End of Exhibit 'A'

Page 2 of 2

FILE# 3828		ANY PROVISION HEREIN WHICH ATTEMPTS TO WAIVE, LIMIT, OR LIE OF THE DESCRIBED REAL PROPERTY RECORD OF COLOR OR PAGE IS VOIDED AND UNENFORCEABLE UNDER FEDERAL LAW	
FILED FOR RECORD ON THE	4TH	DAY OF	SEPTEMBER
			A.D. 2008 3:38 P. M.
DULY RECORDED ON THE	9TH	DAY OF	SEPTEMBER
			A.D. 2008 9:00A. M.
BY:	DIANNE O. FLOREZ, COUNTY CLERK REEVES COUNTY, TEXAS		



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



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 VCL. 802, PAGE 674, THRU 677.



I hereby certify on 09/11/2008

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY Denise G. Valdez DEPUTY

DENISE G. VALDEZ



Permian South Land Department

October 9, 2008

VIA OVERNIGHT COURIER

Ms. Beverly Boyd
Texas General Land Office
1700 N. Congress Ave.
Suite 935
Austin, Texas 78701-1495

Re: Filing of Partial Assignment of Oil and Gas Leases
Reeves County, Texas

Dear Ms. Boyd:

Enclosed please find a certified copy of a recorded Partial Assignment of Oil and Gas Leases Without Warranty ("Assignment") from Chesapeake Exploration, L.L.C. ("Chesapeake"), to Chesapeake Investments, covering numerous leases in Reeves County, Texas. Chesapeake desires to file this Assignment with the General Land Office. To aid in the filing process, this Assignment pertains to the Hill State 71-4 #1 Well and the lands comprised of All of Section 4, Block 71, PSL Survey, Reeves County, Texas.

Also enclosed is a check in the amount of \$250.00 (check number 1033900) which represents the required filing fee of \$25.00 per state lease assigned (\$25.00 X 10 state leases = \$250.00).

Should you have any questions in this regard, please call me at (405) 879 -1596.

Sincerely,

Chesapeake Exploration, L.L.C.

A handwritten signature in blue ink that reads "Travis C. Jenkins".
Travis C. Jenkins

Enclosures

Chesapeake Operating, Inc. ✓

008019 TX GENERAL LAND OFFICE

09002918

No. 1033900

VOUCHER NUMBER	INVOICE DATE	INVOICE NUMBER	DESCRIPTION OR GROSS AMOUNT DISCOUNT	NET AMOUNT
464696	10/03/08	100308B	BALMORHEA PROSP FEES	X 250.00
		3301046		129
			attn: Beverly Boyd	
			Total for check	\$250.00

File No. MF705230

Assignment

Date Filed: 10/14/08

Jeff E. Patterson, Commissioner

By *[Signature]*

10-14-08

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

PA08-236

Unit Number 4403
Operator Name CHESAPEAKE OPERATING INC Effective Date 12/11/2008
TaxID: [REDACTED] Unitized For Oil & Gas
Unit Name Hill State 71-4 Unit Term 6 Months
County1 Reeves
County2 4156 Inactive Status Date 12/11/2008
County3 0
RRC District: 08 0
Unit Type: Temporary 0
State Royalty Interest: 0.113411465625 0
State Part in Unit: 1
Unit Depth All Well: Unit
Below Depth 0 Formation: Penn. Barnett and Woodford Shales
Above Depth 0 Participation Basis: Surface Acreage
[If Exclusions Apply: See Remarks]

MF Number MF105494 Tract Number 1
Lease Acres 140 / Total Unit Acres 640 =
Tract Participation: 0.2187500 X
Lease Royalty 0.1041667 = Manual Tract Participation:
Tract Royalty Participation 0.0227865 Manual Tract Royalty:

[] 0
[] 0
[] 0
See Remarks

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

07-106455

MF Number MF105236 ✓

Tract Number 2

Lease Acres 180 / Total Unit Acres 640 =

Tract Participation: 0.2812500 X

Lease Royalty 0.1 =

Manual Tract Participation:

0 | See Remarks

Tract Royalty Participation 0.0281250

Manual Tract Royalty:

0 |

Tract Royalty Reduction No

Tract Royalty Rate 0

Tract On-Line Date:

07-130446

MF Number MF105230

Tract Number 3

Lease Acres 320 / Total Unit Acres 640 =

Tract Participation: 0.5000000 X

Lease Royalty 0.125 =

Manual Tract Participation:

0 | See Remarks

Tract Royalty Participation 0.0625000

Manual Tract Royalty:

0 |

Tract Royalty Reduction No

Tract Royalty Rate 0

Tract On-Line Date:

07-106464

API Number RRC Number

Remarks:

Prepared By:

REW

GLO Base Updated By:

M

RAM Approval By:

JRig

GIS By:

ZG

Prepared Date:

11/19/08

GLOBase Date:

11/20/08

RAM Approval Date:

11/25/08

GIS Date:

2-12-08

Pooling Committee Report

To: School Land Board
Date of Board Meeting: November 18, 2008
Effective Date: 12/11/2008
Unit Expiration Date: 6/11/2009
Applicant: CHESAPEAKE EXPLORATION LLC
Attorney Rep: Clark Jobe
Operator: CHESAPEAKE OPERATING INC
County 1: Reeves
County 2:
County 3:
Unit Name: Hill State 71-4
Field Name: Toyah N.W. (Shale)

<u>Lease Type</u>	<u>MF Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres in Unit</u>	<u>Royalty Participation</u>
RAL	MF105230	0.125	4/18/2008	3 years	320	320	0.0625000
RAL	MF105236	0.1	4/25/2010	5 years	399.33	180	0.0281250
RAL	MF105494	0.1042	4/25/2010	5 years	310.57	140	0.0227865

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

Private Acres:	0
State Acres:	640
Total Unit Acres:	640

<u>Participation Basis:</u>	
Surface Acreage	
<u>State Acreage:</u>	100.00%
<u>State Unit Royalty:</u>	11.34%

<u>Unit Type:</u>	<u>Unitized for:</u>
Temporary	Oil & Gas
<u>Term:</u>	6 Months

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

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

REMARKS:

- Chesapeake Exploration LLC is requesting a 36-month extension of the temporary Hill State 71-4 Unit.
- On December 11, 2007, the School Land Board approved 12-month temporary oil and gas pooling to all depths.
- The applicant completed the unit well on June 6, 2008. The well produced 3.4 MMCFG on 8/14/2008. Gas production has steadily declined down to a rate of 754 MCFGPD as of 10/26/2008.
- With approval of the unit extension the State's unit royalty will remain 11.34%.
- Approval by the School Land Board in no way ratifies the State leases included in this unit.

POOLING COMMITTEE RECOMMENDATION:

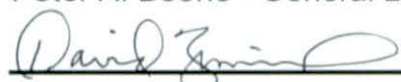
- The Pooling Committee recommends Board approval of a 6-month extension of the Hill State 71-4 Unit under the above-stated provisions.



Joffee L. Palmer - Office of the Attorney General



Peter A. Boone - General Land Office



David Zimmerman - Office of the Governor

11-5-08

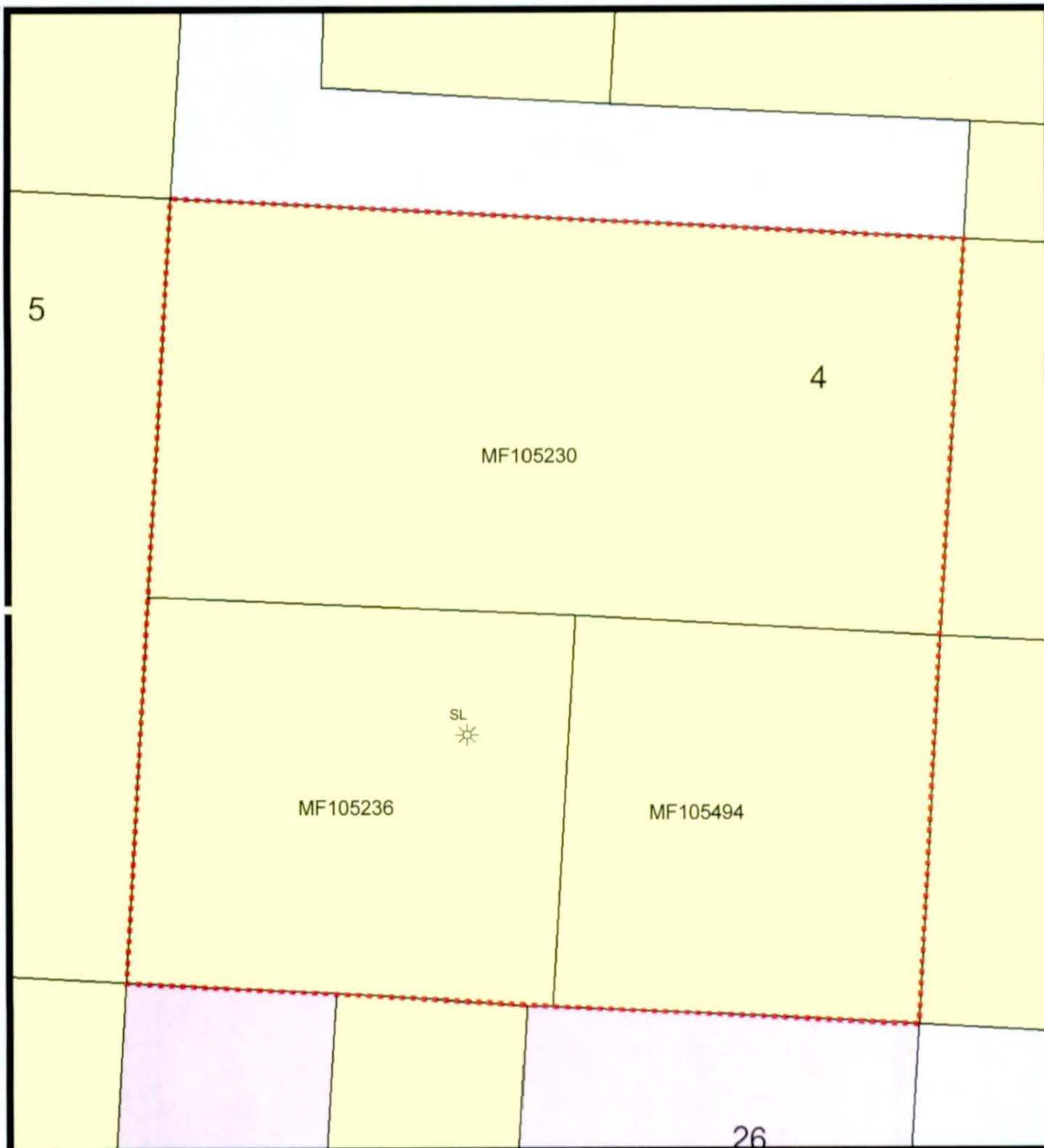
Date:

11-5-08

Date:

11-5-08

Date:



Chesapeake Exploration L.L.C.
 Hill State 71-4 Unit
 Toyah N.W. (Shale) Field
 Reeves County
 MF105230, MF105236, MF105494
 Unit # 4403
 PA08-236

NAD_1927_Albers
 Projection: Albers
 False_Easting: 0.000000
 False_Northing: 0.000000
 Central_Meridian: -100.000000
 Standard_Parallel_1: 28.000000
 Standard_Parallel_2: 35.000000
 Latitude_Of_Origin: 31.000000
 GCS_North_American_1927

0 500 1,000 2,000 Feet



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



Map Compiled By:
 Zeke Guillen
 Information Systems - GIS
 November 18, 2008

**FIRST AMENDMENT OF TERM POOLING AGREEMENT
CHESAPEAKE EXPLORATION, L.L.C.
HILL STATE 71-4 UNIT
REEVES COUNTY, TEXAS**

WHEREAS, on December 11, 2007, the Hill State 71-4 Unit was presented to and approved by the School Land Board of the State of Texas pursuant to the provisions of Subchapter E, Chapter 52, of the Texas Natural Resources Code; and

WHEREAS, pursuant to such approval Chesapeake Exploration, L.L.C. et al. and the Commissioner of the General Land Office of the State of Texas entered into that certain Term Pooling Agreement ("Agreement") to pool certain State lands into the Hill State 71-4 Unit, covering 640 acres of land in Reeves County, Texas, as more particularly described in said Agreement on file in the Archives and Records of the Texas General Land Office at Austin, Texas, in Mineral File No. M-105230; and

WHEREAS, said Agreement was executed by the parties thereto subject to the provision that it would expire on December 11, 2008; and

WHEREAS, on November 18, 2008, Chesapeake Exploration, L.L.C. made application and the School Land Board approved its application to extend the term of said Agreement so that the Agreement will now expire on June 11, 2009; and

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

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

"TERM:

9.

Unless this Agreement expires earlier pursuant to the terms of the respective leases included as a part of this Agreement, or on such other date approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns, this Agreement shall expire on June 11, 2009. Nothing herein shall amend or modify Section 52.031 of the Natural Resources Code, or any of the provisions thereof, which are contained in any State lease covered by this Agreement."

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

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

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment of Term Pooling Agreement upon the respective dates indicated below but to be effective as of December 11, 2008, for purposes of extending the Agreement.

Date Executed

2/2/09

STATE OF TEXAS

Legal
Content
Geology
Executive



By:


Jerry E. Patterson, Commissioner
General Land Office

Date Executed 12/3/08

CHESAPEAKE EXPLORATION, L.L.C.

By: _____

Henry J. Hood

Its: Senior Vice President – Land and Legal &
General Counsel of Chesapeake Exploration,
L.L.C., an Oklahoma limited liability company

KEC

CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on November 18, 2008, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this 3rd day of February, 2009.

Stephanie Crenshaw
Secretary of the School Land Board

STATE OF OKLAHOMA

COUNTY OF OKLAHOMA

This instrument was acknowledged before me on December 3rd, 2008, by Henry J. Hood

as Senior Vice President – Land and Legal &
General Counsel of Chesapeake Exploration, of Chesapeake Exploration, L.L.C., on behalf of said limited liability company.

Travis C. Jenkins
Notary Public in and for the State of Oklahoma

My Commission Expires: 6/23/12

Commission Number: 08006057



First Amendment of Term Pooling Agreement
Hill State 71-4 Unit
Reeves County, Texas

Date Executed 1/15/09

ALPINE ENERGY, LP, a Texas limited partnership, by Alpine GP, LLC, an Oklahoma LLC, General Partner

By: David J. Kurtz
David J. Kurtz, Manager

STATE OF OKLAHOMA

COUNTY OF Oklahoma

This instrument was acknowledged before me on Jan 15, 2009, by David J. Kurtz, as Manager of Alpine GP, LLC, an Oklahoma LLC, General Partner of Alpine Energy, LP, a Texas limited partnership.

Commission Expires:
Jan 21, 2009

Deborah Kimbrell
Notary Public



First Amendment of Term Pooling Agreement
Hill State 71-4 Unit
Reeves County, Texas

Date Executed 1/12/09

Barrilla Energy, LP, a Texas limited
partnership

By: 
Mark Svoboda

STATE OF OKLAHOMA

COUNTY OF Oklahoma

This instrument was acknowledged before me on Jan 12, 2009, by Mark
Svoboda, Manager of Barrilla Energy, LP, a Texas limited partnership.

Commission Expires:
Jan 21, 2009

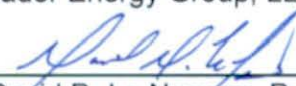

Notary Public



- First Amendment of Term Pooling Agreement
Hill State 71-4 Unit
Reeves County, Texas

Date Executed 1/6/09

Crusader Energy Group, LLC 

By: 
David D. Le Norman, President

STATE OF OKLAHOMA

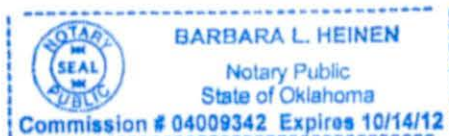
COUNTY OF OKLAHOMA

This instrument was acknowledged before me on JANUARY 6, 2009, by David D. Le Norman, as President of Crusader Energy Group, LLC.

Commission Expires:

10-14-2012


Notary Public



First Amendment of Term Pooling Agreement
Hill State 71-4 Unit
Reeves County, Texas

Date Executed January 2, 2009

WTG EXPLORATION, INC.

By: David L. Davis
David L. Davis, Executive
Vice President

STATE OF TEXAS

COUNTY OF Midland

This instrument was acknowledged before me on January 2, 2009, by David L. Davis, as Executive Vice President of WTG Exploration, Inc.

Commission Expires:
October 7, 2012

Kim Dehart-Stephens
Notary Public



File No. MF 05230

Boiling Committee Report

First Amendment to Term

Date Filed: 2/6/09

Jerry Patterson, Commissioner

By JS

McELROY, SULLIVAN & MILLER, L.L.P.

Attorneys at Law

MAILING ADDRESS

P.O. BOX 12127
AUSTIN, TX 78711

1201 SPYGLASS DRIVE
SUITE 200
AUSTIN, TX 78746

TELEPHONE

(512) 327-8111

FAX

(512) 327-6566

March 19, 2009

Mr. J. Daryl Morgan, CPL
Energy Resources Division
Texas General Land Office
Stephen F. Austin Building, 8th Floor
1700 No. Congress Avenue
Austin, Texas 78701-1495

Re: Term Pooling Agreement with Chesapeake Exploration, L.L.C. for the
Hill State 71-4 Unit, Reeves County, Texas M-105230

Dear Mr. Morgan:

Enclosed for your records is a copy of the First Amendment of the Term Pooling Agreement for the Hill State 71-4 Unit that has been recorded in Book 815, of the records of Reeves County, beginning on page 145.

Thank you for your assistance with this matter.

Sincerely,



Clark Jobe

Enclosure

FILE # 618

**FIRST AMENDMENT OF TERM POOLING AGREEMENT
CHESAPEAKE EXPLORATION, L.L.C.
HILL STATE 71-4 UNIT
REEVES COUNTY, TEXAS**

WHEREAS, on December 11, 2007, the Hill State 71-4 Unit was presented to and approved by the School Land Board of the State of Texas pursuant to the provisions of Subchapter E, Chapter 52, of the Texas Natural Resources Code; and

WHEREAS, pursuant to such approval Chesapeake Exploration, L.L.C. et al. and the Commissioner of the General Land Office of the State of Texas entered into that certain Term Pooling Agreement ("Agreement") to pool certain State lands into the Hill State 71-4 Unit, covering 640 acres of land in Reeves County, Texas, as more particularly described in said Agreement on file in the Archives and Records of the Texas General Land Office at Austin, Texas, in Mineral File No. M-105230; and

WHEREAS, said Agreement was executed by the parties thereto subject to the provision that it would expire on December 11, 2008; and

WHEREAS, on November 18, 2008, Chesapeake Exploration, L.L.C. made application and the School Land Board approved its application to extend the term of said Agreement so that the Agreement will now expire on June 11, 2009; and

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

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

"TERM:

9.

Unless this Agreement expires earlier pursuant to the terms of the respective leases included as a part of this Agreement, or on such other date approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns, this Agreement shall expire on June 11, 2009. Nothing herein shall amend or modify Section 52.031 of the Natural Resources Code, or any of the provisions thereof, which are contained in any State lease covered by this Agreement."

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

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

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment of Term Pooling Agreement upon the respective dates indicated below but to be effective as of December 11, 2008, for purposes of extending the Agreement.

Date Executed 2/2/09

STATE OF TEXAS

Legal
Content
Geology
Executive

[Signature]
[Signature]
[Signature]

By: [Signature]
Jerr E. Patterson, Commissioner
General Land Office

Date Executed 12/3/08

CHESAPEAKE EXPLORATION, L.L.C.

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

CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on November 18, 2008, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this 3rd day of February, 2009

[Signature: Stephanie Crenshaw]
Secretary of the School Land Board

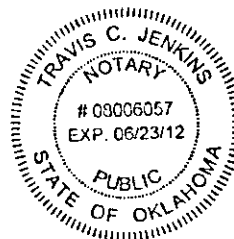
STATE OF OKLAHOMA

COUNTY OF OKLAHOMA

This instrument was acknowledged before me on December 3rd, 2008, by Henry J. Hood
as Senior Vice President - Land and Legal & General Counsel of Chesapeake Exploration, L.L.C., on behalf of said limited liability company.

[Signature: Travis C. Jenkins]
Notary Public in and for the State of Oklahoma

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



First Amendment of Term Pooling Agreement
Hill State 71-4 Unit
Reeves County, Texas

Date Executed 1/15/09

ALPINE ENERGY, LP, a Texas limited
partnership, by Alpine GP, LLC, an
Oklahoma LLC, General Partner

By: David J. Kurtz
David J. Kurtz, Manager

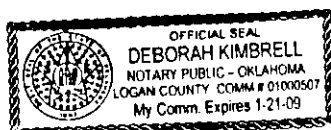
STATE OF OKLAHOMA

COUNTY OF Oklahoma

This instrument was acknowledged before me on Jan 15, 2009, by David J.
Kurtz, as Manager of Alpine GP, LLC, an Oklahoma LLC, General Partner of Alpine Energy,
LP, a Texas limited partnership.

Commission Expires:
Jan 21, 2009

Deborah Kimbrell
Notary Public



First Amendment of Term Pooling Agreement
Hill State 71-4 Unit
Reeves County, Texas

Date Executed 1/12/09

Barrilla Energy, LP, a Texas limited
partnership

By: [Signature]
Mark Svoboda

STATE OF OKLAHOMA

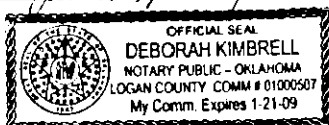
COUNTY OF Oklahoma

This instrument was acknowledged before me on Jan 12, 2009, by Mark
Svoboda, Manager of Barrilla Energy, LP, a Texas limited partnership.

Commission Expires:

Jan 21, 2009

[Signature]
Notary Public



First Amendment of Term Pooling Agreement
Hill State 71-4 Unit
Reeves County, Texas

Date Executed 1/6/09

Crusader Energy Group, LLC
By: David D. Le Norman
David D. Le Norman, President

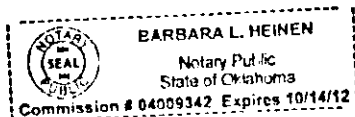
STATE OF OKLAHOMA

COUNTY OF OKLAHOMA

This instrument was acknowledged before me on JANUARY 6, 2009, by David D. Le Norman, as President of Crusader Energy Group, LLC.

Commission Expires:
10-14-2012

Barbara L. Heinen
Notary Public



First Amendment of Term Pooling Agreement
Hill State 71-4 Unit
Reeves County, Texas

Date Executed January 2, 2009

WTG EXPLORATION, INC.

By: David L. Davis
David L. Davis, Executive
Vice President

STATE OF TEXAS

COUNTY OF Midland

This instrument was acknowledged before me on January 2, 2009, by David L. Davis, as Executive Vice President of WTG Exploration, Inc.

Commission Expires:
October 7, 2012

Kim Dehart Stephens
Notary Public



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

FILE# 618

FILED FOR RECORD ON THE 19TH DAY OF FEBRUARY A.D. 2009 11:03 A.M.

DULY RECORDED ON THE 20TH DAY OF FEBRUARY A.D. 2009 9:00 A.M.

BY: Dianne O. Florez, DEPUTY

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

8

File No. M-105230
Ltr. From MS+M with
Recorded Amendment Agent
Date Filed: 3/19/09
Jerry E. Patterson, Commissioner
By Daryl Morgan

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

May 21, 2009

Travis Jenkins
Chesapeake Energy Corp.
PO Box 18496
Oklahoma City, OK 73154

See 2nd page

RE: GLO Assignment ID # 6864

Dear Mr. Jenkins,

The General Land Office received the following instrument(s) and has filed them in the appropriate files. Please see attached "Exhibit A" for reference.

Partial Assignment of Oil and Gas Leases Without Warranty,
executed January 13th, 2009, from Chesapeake Exploration
LLC, as Assignor, to Chesapeake Investments, as Assignee.
Grove State 72-21 #1H. Reeves Co. Vol. 813, P. 300.

Filing fees of \$25.00 were received in connection with the above lease. If you have any questions, please feel free to call me at (800) 998-4GLO, or at my direct number at (512) 463-6521.

Sincerely,

A handwritten signature in cursive script, appearing to read "Beverly Boyd".

Beverly Boyd
Mineral Leasing
Energy Resources
512-463-6521

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

Exhibit "A"

<i>GLO ID</i>	<i>County</i>	<i>Lease</i>
6864	Reeves	MF105230
6864	Reeves	MF105245
6864	Reeves	MF106675
6864	Reeves	MF106675B
6864	Reeves	MF106675C
6864	Reeves	MF107499
6864	Reeves	MF109189
6864	Reeves - HORW	MF109204 - JR ✓
6864	Reeves - HROW	MF109205 - JR ✓

Thursday, May 21, 2009



Permian South Land Department

May 11, 2009

VIA OVERNIGHT COURIER

Ms. Beverly Boyd
Texas General Land Office
1700 N. Congress Ave.
Suite 935
Austin, Texas 78701-1495

Re: Filing of Partial Assignment of Oil and Gas Leases
Reeves County, Texas

Dear Ms. Boyd:

Enclosed please find a certified copy of a recorded Partial Assignment of Oil and Gas Leases Without Warranty ("Assignment") from Chesapeake Exploration, L.L.C. ("Chesapeake"), to Chesapeake Investments, covering nine leases in Reeves County, Texas. Chesapeake desires to file this Assignment with the General Land Office. To aid in the filing process, this Assignment pertains to the Grove State 72-21 #1H Well and the lands comprised of All of Sections 15 and 21, Block 72, PSL Survey, Reeves County, Texas.

Also enclosed is a check in the amount of \$225.00 (check number 1127200) which represents the required filing fee of \$25.00 per state lease assigned (\$25.00 X 9 state leases = \$225.00).

Should you have any questions in this regard, please call me at (405) 935-1596.

Sincerely,

Chesapeake Exploration, L.L.C.


Travis C. Jenkins

Enclosures

Chesapeake Operating, Inc. ✓

09013965

008019 TX GENERAL LAND OFFICE

No. 1127200

VOUCHER NUMBER	INVOICE DATE	INVOICE NUMBER	DESCRIPTION OR GROSS AMOUNT DISCOUNT	NET AMOUNT
693584	04/29/09	042909I	GROVE STATE 1H REC FEE	225.00
			129	
			gla# 3301046 assign fees(9)	
			Total for check	\$225.00

FILE # 298

PARTIAL ASSIGNMENT OF OIL AND GAS LEASES
WITHOUT WARRANTYSTATE OF TEXAS)
) §
COUNTY OF REEVES)

KNOW ALL MEN BY THESE PRESENTS:

For and in consideration of Ten Dollars and no/100 (\$10.00) and Other Valuable Consideration, the receipt and sufficiency of which are hereby acknowledged, **Chesapeake Exploration, L.L.C.**, an Oklahoma limited liability company, successor by merger to Chesapeake Exploration Limited Partnership, whose mailing address is P. O. Box 18496, Oklahoma City, Oklahoma 73154-0496, hereinafter referred to as "Assignor", does hereby grant, bargain, sell, convey, assign and deliver unto the following parties, hereinafter collectively referred to as "Assignee", an undivided portion of Assignor's interest in and to the oil and gas leases described in Exhibit "A" attached hereto ("the Leases"), in an amount sufficient to vest Assignee with the working interest set forth below in the **Grove State 72-21 #1H** ("the Well") and the lands comprised of All of Sections 15 and 21, Block 72, PSL Survey, Reeves County, Texas, containing 1280.00 unit acres ("the Unit") including all oil and gas produced therefrom and all downhole and surface equipment associated therewith:

AssigneeWorking
Interest

Chesapeake Investments,
an Oklahoma limited partnership
P. O. Box 18496
Oklahoma City, OK 73154-0496

2.5%

PROVIDED HOWEVER, if Assignor's ownership in the Leases is not uniform as to all depths, zones or formations **and** the foregoing partial assignment would cause Assignor's remaining working interest in any depths, zones or formations covered by the Leases (determined after consideration of any carried or reversionary interest) to be less than twelve and one half percent (12.5%) on an eight-eighths basis, then the interest assigned hereunder to each Assignee as to such depths, zones or formations shall not be the full two and one half percent (2.5%) working interest in the Well and Unit as stated above, but instead shall be proportionately reduced to the same extent as Assignor's reduced interest as of the date of spud of the Well with respect to such depths, zones or formations.

The interests assigned hereunder shall derive proportionately from all working interest owned or claimed by Assignor in the Leases, or any other source of ownership in the Unit, contractual or otherwise, as of the effective date of this assignment, including any interests acquired via farmout, non-consent elections, force poolings, etc. To the extent any portion of Assignor's title or ownership interest is reduced after payout or after the assessment of non-consent penalties, or is limited to the wellbore of the Well, Assignee's title or ownership conveyed hereunder shall be proportionately reduced thereby in the same manner as Assignor's title.

Assignor delivers to Assignee the above-described interest at the same net revenue interest owned by Assignor, proportionately reduced to the interest assigned. The interest assigned shall bear a proportionate share of all delay rentals, royalties and other obligations burdening the Leases and shall bear a proportionate share of all costs associated with the drilling, completing, operating and/or plugging and abandonment of any well hereafter drilled on the Leases or lands pooled or unitized therewith.

ASN 323-0107



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

Page Two
 Partial Assignment of Oil and Gas Leases
 CELLC/CI

This assignment is made subject to all the terms and the express and implied covenants and conditions of the Leases and any intervening assignments and agreements affecting same, which terms, covenants and conditions the Assignee hereby assumes and agrees to perform with respect to the interest assigned. The terms, covenants and conditions of said leases, assignments and agreements shall be binding upon the Assignee, not only in favor of the lessor(s) and any prior assignors and their respective successors and assigns, but also in favor of the Assignor herein and its successors and assigns.

This assignment is made and accepted without any representation or warranty of title of any kind, either expressed or implied. In the event that title to all or any portion of the interest assigned should fail, then and in such event, the percentages of the interest assigned herein shall be reduced in the proportion to which the failed portion of the interest bears to the entire interest.

In witness whereof, this instrument is dated the 13th day of January, 2009, but made effective as of the 4th day of August, 2008, the date of spud of the **Grove State 72-21 #1H Well**.

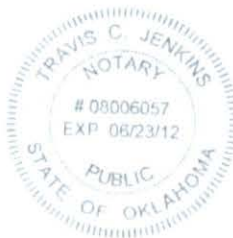
CHESAPEAKE EXPLORATION, L.L.C.,
 an Oklahoma limited liability company

By: [Signature]
 Henry J. Hood, Senior Vice President - Land and Legal
 & General Counsel

[Signature] REC

STATE OF OKLAHOMA)
) §
 COUNTY OF OKLAHOMA)

This instrument was acknowledged before me on this 13th day of January, 2009, by Henry J. Hood, as Senior Vice President -- Land and Legal & General Counsel of Chesapeake Exploration, L.L.C., on behalf of said limited liability company.



[Signature]
 Notary Public

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



EXHIBIT "A"

Attached to and made a part of that certain Partial Assignment of Oil and Gas Leases from **Chesapeake Exploration, L.L.C.**, as Assignor, to **Chesapeake Investments**, as Assignee, dated January 13, 2009, covering lands located in Reeves County, Texas.

INSOFAR AND ONLY INSOFAR AS SAID LEASE COVERS LANDS CONTAINED WITHIN THE BOUNDARIES OF THE UNIT FOR THE GROVE STATE 72-21 #1H WELL, AS MORE FULL DESCRIBED AS 1280.00 ACRES, MORE OR LESS, BEING ALL OF SECTIONS 15 AND 21, BLOCK 72, PSL SURVEY, REEVES COUNTY, TEXAS.

TX3230009-000

Lessor: State of Texas - M-105320
 Lessee: 777 Energy LP
 Lease Date: 7/19/2005
 Recorded: Volume 712, Page 295, Reeves County
 Legal Description: PSL Survey, Block 72, Section 21: N/2 SW/4

TX3230267-000

Lessor: State of Texas - W H Grove Trust *MF105245*
 Lessee: Dwight Snell & Associates
 Lease Date: 2/1/2005
 Recorded: Volume 697, Page 820, Reeves County
 Legal Description: PSL Survey, Block 72, Section 15: 640 Acres; Section 21: 480 Acres, Being N/2, SE/4

TX3230278-000

Lessor: State of Texas - R Blodget, Jr. - *MF107499*
 Lessee: Petro-Hunt LLC
 Lease Date: 7/5/2005
 Recorded: Volume 710, Page 502, Reeves County
 Legal Description: PSL Survey, Block 72, Section 21: SE/4 SW/4

TX3230323-000

Lessor: State of Texas - M-109205 - *NROW*
 Lessee: Chesapeake Exploration, L.L.C.
 Lease Date: 7/1/2008
 Recorded: Volume 804, Page 323, Reeves County
 Legal Description: All Of The Highway Right-Of-Way For Interstate 20 Located Within Section 21, Block 72, Public School Land Survey, Reeves County, Texas, Containing Approximately 0.4346 Acres, As Shown On The Official Map Of Reeves County, Texas Now On File In The Texas General Land Office, Austin, Texas

TX3230324-000

Lessor: State of Texas - M-109204 - *NROW*
 Lessee: Chesapeake Exploration, L.L.C.
 Lease Date: 7/1/2008
 Recorded: Volume 804, Page 317, Reeves County
 Legal Description: All Of The Highway Right-Of-Way For Interstate 20 Located Within Section 15, Block 72, Public School Land Survey, Reeves County, Texas, Containing Approximately 32.7316 Acres, As Shown On The Official Map Of Reeves County, Texas Now On File In The Texas General Land Office, Austin, Texas



True and Correct
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 Original filed in
 Reeves County
 Clerks Office

EXHIBIT "A" - Page 2

TX3231334-001

Lessor: State of Texas - Union Pacific MF 109189
 Lessee: Pinnacle Land Services, Inc.
 Lease Date: 5/21/2008
 Recorded: Volume 805, Page 26, Reeves County
 Legal Description: 26.00 Acres out of Section 15, A-2927, Block 72, PSL Survey, said acreage being more particularly described by metes and bounds in that certain Warranty Deed between J.B. Ellis (ET UX) to the Texas & Pacific Railway Co., dated August 10, 1928 and duly recorded in Volume 67, Page 616, Deed Records, Reeves County, Texas

TX0011659-001

Lessor: State of Texas - Meredith Trudgeon MF 106675B
 Lessee: 777 Energy LP
 Lease Date: 7/25/2005
 Recorded: Volume 712, Page 316, Reeves County
 Legal Description: 40.00 Acres of Land, More or Less, Being the SW/4 SW/4 of Section 21, Block 72, Public School Land Survey, A-5763, Reeves Co., Texas

TX0011659-002

Lessor: State of Texas - Allyson Trudgeon MF 106675C
 Lessee: 777 Energy LP
 Lease Date: 7/25/2005
 Recorded: Volume 712, Page 328, Reeves County
 Legal Description: 40.00 Acres of Land, More or Less, Being the SW/4 SW/4 of Section 21, Block 72, Public School Land Survey, A-5763, Reeves Co., Texas

TX0011659-003

Lessor: State of Texas - Lee A. Trudgeon MF 106675
 Lessee: 777 Energy LP
 Lease Date: 7/25/2005
 Recorded: Volume 712, Page 303, Reeves County
 Legal Description: 40.00 Acres of Land, More or Less, Being the SW/4 SW/4 of Section 21, Block 72, Public School Land Survey, A-5763, Reeves Co., Texas

Agreements Affecting the Lease:

1. That certain Purchase, Sale and Development Agreement dated May 4, 2006 by and between Chesapeake Exploration Limited Partnership and 777 Energy, L.P., as amended.
2. That certain Joint Operating Agreement dated May 4, 2006 by and between Chesapeake Exploration Limited Partnership and 777 Energy, L.P.

IT IS ASSIGNOR'S INTENT TO CONVEY TO ASSIGNEE A PROPORTIONATE SHARE OF ALL OF ASSIGNOR'S RIGHT, TITLE AND INTEREST, AS LIMITED ABOVE, IN AND TO THE SUBJECT LANDS, REGARDLESS OF THE OMISSION OF ANY PARTICULAR LEASE OR LEASES, ERRORS IN DESCRIPTION, INCORRECT OR MISSPELLED NAMES OR INCORRECT RECORDING REFERENCES.

W:\Permian_South\Operated Wells\Grove State 72 21 1H A&P (619431)\CI Asmt 1 13.09.doc

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



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

FILE# 298

FILED FOR RECORD ON THE 26TH DAY OF JANUARY A.D. 2009 11:38 A.M.

DULY RECORDED ON THE 27TH DAY OF JANUARY A.D. 2009 9:00 A.M.

BY: Dalia Galindo, DEPUTYDIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

00313

9.

AGE 1080

File No. MF705230
ASSIGNMENT FILED IN MF-
Date Filed: 9/21/09
By Jerry E. Patterson, Commissioner

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 813
PAGE 300 THRU 303 OFFICIAL PUBLIC RECORDS

I hereby certified on 01/27/2009



DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY Dalia Galindo DEPUTY
DALIA GALINDO

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

PA09-86

Unit Number 4516

Operator Name CHESAPEAKE OPERATING INC Effective Date 6/11/2009

Customer ID C000025243 Unitized For Oil & Gas

Unit Name Hill State 71-4 Unit Term 24 Months

County1 Reeves

	<u>Old Unit Number</u>	<u>Inactive Status Date</u>
County 2	4156	12/11/2008
County 3	4403	6/11/2009
RRC District: 08	0	
Unit Type: Temporary	0	
State Royalty Interest: 0.113411465625	0	
State Part in Unit: 1		
Unit Depth All	Well: Unit	
Below Depth 0	Formation: Penn. Barnett and Woodford Shales	
Above Depth 0	Participation Basis: Surface Acreage	

[If Exclusions Apply: See Remarks]

MF Number MF105494 Tract Number 1

Lease Acres 140 / Total Unit Acres 640 =

Tract Participation: 0.2187500 X

Lease Royalty 0.1041667 =

Tract Royalty Participation 0.0227865

Manual Tract Participation: []

Manual Tract Royalty: []

Tract Royalty Reduction No

Tract Royalty Rate 0

Tract On-Line Date:

07-106455

MF Number	MF105236	Tract Number	2
Lease Acres	180	Total Unit Acres	640 =
Tract Participation:	0.2812500	X	
Lease Royalty	0.1	=	
Tract Royalty Participation	0.0281250	Manual Tract Participation:	0 See Remarks
		Manual Tract Royalty:	0

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

07-130446

MF Number	MF105230	Tract Number	3
Lease Acres	320	Total Unit Acres	640 =
Tract Participation:	0.5000000	X	
Lease Royalty	0.125	=	
Tract Royalty Participation	0.0625000	Manual Tract Participation:	0 See Remarks
		Manual Tract Royalty:	0

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

07-106464

API Number **RRC Number**

Remarks:

Prepared By:

REW

Prepared Date:

5-19-09

GLO Base Updated By:

M

GLOBase Date:

5-19-09

RAM Approval By:

J/Kig

RAM Approval Date:

5-20-09

GIS By:

AS

GIS Date:

7-20-09

Pooling Committee Report

To: School Land Board
Date of Board Meeting: May 5, 2009
Effective Date: 6/11/2009
Unit Expiration Date: 6/11/2011
Applicant: CHESAPEAKE EXPLORATION LLC
Attorney Rep: Clark Jobe
Operator: CHESAPEAKE OPERATING INC
County 1: Reeves
County 2:
County 3:
Unit Name: Hill State 71-4
Field Name: Toyah N.W. (Shale)

PA09-86
Unit Number: 4516

<u>Lease Type</u>	<u>MF Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres in Unit</u>	<u>Royalty Participation</u>
RAL	MF105230	0.125	4/18/2008	3 years	320	320	0.0625000
RAL	MF105236	0.1	4/25/2010	5 years	399.33	180	0.0281250
RAL	MF105494	0.1042	4/25/2010	5 years	310.57	140	0.0227865

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

Private Acres:	0
State Acres:	640
Total Unit Acres:	640

<u>Participation Basis:</u>	
Surface Acreage	
<u>State Acreage:</u>	100.00%
<u>State Unit Royalty:</u>	11.34%

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

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

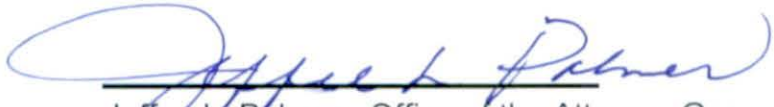
<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Special Field Rule	1280 Acres

REMARKS:

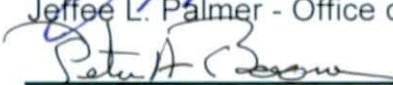
- Chesapeake Exploration LLC is requesting a 24-month extension of the temporary Hill State 71-4 Unit.
- The School Land Board approved a 12-month temporary oil and gas unit on December 11, 2007 to all depths and a 6-month extension on November 18, 2008.
- The applicant completed the unit well on August 13, 2008 at a rate of 2.85 MMCFGPD.
- With approval of the unit extension the State's unit royalty will remain 11.34%.
- Approval by the School Land Board in no way ratifies the State leases included in this unit.

POOLING COMMITTEE RECOMMENDATION:

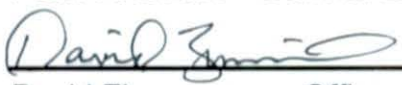
- The Pooling Committee recommends Board approval of a 24-month extension of the Hill State 71-4 Unit under the above-stated provisions.



Jeffee L. Palmer - Office of the Attorney General



Peter A. Boone - General Land Office

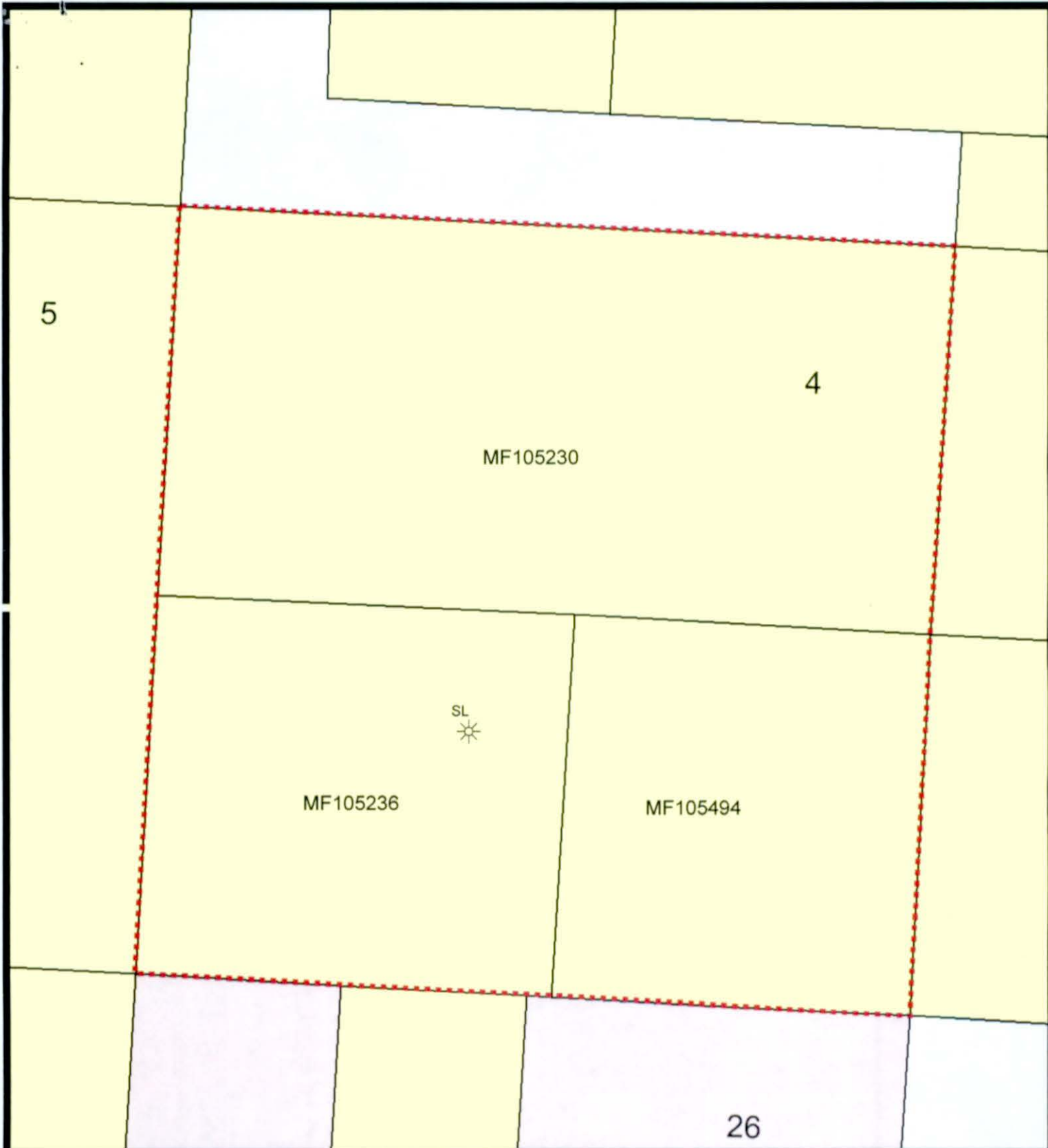


David Zimmerman - Office of the Governor

5-6-09
Date:

5-6-09
Date:

5-6-09
Date:



Chesapeake Exploration L.L.C.
 Hill State 71-4 Unit
 Toyah N.W. (Shale) Field
 Reeves County
 MF105230, MF105236, MF105494
 Unit # 4516
 PA09-86

NAD_1927_Albers
 Projection: Albers
 False_Easting: 0.000000
 False_Northing: 0.000000
 Central_Meridian: -100.000000
 Standard_Parallel_1: 28.000000
 Standard_Parallel_2: 35.000000
 Latitude_Of_Origin: 31.000000
 GCS_North_American_1927



0 500 1,000 2,000 Feet

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



Map Compiled By:
 Zeke Guillen
 Information Systems - GIS
 May 19, 2009

**SECOND AMENDMENT OF TERM POOLING AGREEMENT
CHESAPEAKE EXPLORATION, L.L.C.
HILL STATE 71-4 UNIT
REEVES COUNTY, TEXAS**

WHEREAS, on December 11, 2007, the Hill State 71-4 Unit in Reeves County, Texas, was presented to and approved by the School Land Board of the State of Texas pursuant to the provisions of Subchapter E, Chapter 52, of the Texas Natural Resources Code; and

WHEREAS, pursuant to such approval, Chesapeake Exploration, L.L.C. et al. and the Commissioner of the General Land Office of the State of Texas entered into that certain Term Pooling Agreement ("Agreement") to pool certain State lands into the Hill State 71-4 Unit covering 640 acres of land in Reeves County, Texas, as more particularly described in said Agreement on file in the Archives and Records of the Texas General Land Office at Austin, Texas, in Mineral File No. M-105230; and

WHEREAS, said Agreement was executed subject to the provision that it would expire on December 11, 2008; and

WHEREAS, on November 18, 2008, the School Land Board approved extending the term of said Agreement until June 11, 2009, as more particularly described in the First Amendment of Term Pooling Agreement on file in the Archives and Records of the Texas General Land Office at Austin, Texas in Mineral File No. M-105230; and

WHEREAS, on May 19, 2009, Chesapeake Exploration, L.L.C. made application and the School Land Board approved its application to amend said Agreement by extending the term until June 11, 2011; and

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

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

"TERM:

9.

Unless this Agreement expires earlier pursuant to the terms of the respective leases included as a part of this Agreement, or on such other date approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns, this Agreement shall expire on June 11, 2011. Nothing herein shall amend or modify Section 52.031 of the Natural Resources Code, or any of the provisions thereof, which are contained in any State lease covered by this Agreement."

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

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

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment of Term Pooling Agreement upon the respective dates indicated below but effective as of June 11, 2009, for the purpose of extending the Agreement.

Date Executed 7/14/09

STATE OF TEXAS

Legal
Content
Geology
Executive

[Handwritten initials]

By: *[Signature]*
Jerry E. Patterson, Commissioner
General Land Office

Date Executed 5/27/09

CHESAPEAKE EXPLORATION, L.L.C.

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

CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 19th day of May, 2009, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the 13th day of July, 2009.

[Signature]
Stephanie Crenshaw
Secretary of the School Land Board

STATE OF OKLAHOMA

COUNTY OF OKLAHOMA

This instrument was acknowledged before me on May 27, 2009, by Henry J. Hood

as Senior Vice President – Land and Legal & General Counsel of Chesapeake Exploration, L.L.C., an Oklahoma limited liability company on behalf of said limited liability company.

[Signature]
Travis C. Jenkins
Notary Public in and for the State of Oklahoma

My Commission Expires: 6/23/12

Commission Number: 08006057



Second Amendment of Term Pooling Agreement
Hill State 71-4 Unit
Reeves County, Texas

Date Executed 7/28/09

K2X OPERATING COMPANY, LP

By: David J. Kurtz
David J. Kurtz, Manager

STATE OF OKLAHOMA

COUNTY OF Oklahoma

This instrument was acknowledged before me on May 28, 2009, by David J. Kurtz, as
Manager of K2X Operating Company, LP.

Commission Expires

Jan 21, 2013



Deborah Kimbrell
Notary Public

Second Amendment of Term Pooling Agreement
Hill State 71-4 Unit
Reeves County, Texas

Date Executed May 29th, 2009

WTG EXPLORATION, INC.

By: David L. Davis
David L. Davis, Executive
Vice President

STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on May 29th, 2009, by David L. Davis, as Executive Vice President of WTG Exploration, Inc.

Commission Expires:
October 7th, 2012

Kim Dehart Stephens
Notary Public



Second Amendment of Term Pooling Agreement
Hill State 71-4 Unit
Reeves County, Texas

Date Executed 6/4/09

BARRILLA ENERGY, LP,
a Texas limited partnership

By: 
Mark Svoboda

STATE OF OKLAHOMA

COUNTY OF Oklahoma

This instrument was acknowledged before me on June 4, 2009, by Mark Svoboda, Manager of Barrilla Energy, LP, a Texas limited partnership.

Commission Expires.




Notary Public

Second Amendment of Term Pooling Agreement
Hill State 71-4 Unit
Reeves County, Texas

Date Executed 7/17/09

CRUSADER ENERGY GROUP, LLC

By: [Signature]
David D. LeNorman, President

STATE OF OKLAHOMA

COUNTY OF Oklahoma

This instrument was acknowledged before me on July 7, 2009, by David D. LeNorman, President of Crusader Energy Group, LLC.

Commission Expires:

7/17/12



[Signature]
Notary Public

File No. SF 705230
Boiling Committee Report &
Second Amendment of Term
Date Filed: 9/17/09 Boiling
Jerry Patterson, Commissioner Agreement
By [Signature]

FILE # 2478

SECOND AMENDMENT OF TERM POOLING AGREEMENT
CHESAPEAKE EXPLORATION, L.L.C.
HILL STATE 71-4 UNIT
REEVES COUNTY, TEXAS

WHEREAS, on December 11, 2007, the Hill State 71-4 Unit in Reeves County, Texas, was presented to and approved by the School Land Board of the State of Texas pursuant to the provisions of Subchapter E, Chapter 52, of the Texas Natural Resources Code; and

WHEREAS, pursuant to such approval, Chesapeake Exploration, L.L.C. et al. and the Commissioner of the General Land Office of the State of Texas entered into that certain Term Pooling Agreement ("Agreement") to pool certain State lands into the Hill State 71-4 Unit covering 640 acres of land in Reeves County, Texas, as more particularly described in said Agreement on file in the Archives and Records of the Texas General Land Office at Austin, Texas, in Mineral File No. M-105230; and

WHEREAS, said Agreement was executed subject to the provision that it would expire on December 11, 2008; and

WHEREAS, on November 18, 2008, the School Land Board approved extending the term of said Agreement until June 11, 2009, as more particularly described in the First Amendment of Term Pooling Agreement on file in the Archives and Records of the Texas General Land Office at Austin, Texas in Mineral File No. M-105230; and

WHEREAS, on May 19, 2009, Chesapeake Exploration, L.L.C. made application and the School Land Board approved its application to amend said Agreement by extending the term until June 11, 2011; and

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

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

"TERM

9

Unless this Agreement expires earlier pursuant to the terms of the respective leases included as a part of this Agreement, or on such other date approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns, this Agreement shall expire on June 11, 2011. Nothing herein shall amend or modify Section 52.031 of the Natural Resources Code, or any of the provisions thereof, which are contained in any State lease covered by this Agreement."

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

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

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment of Term Pooling Agreement upon the respective dates indicated below but effective as of June 11, 2009, for the purpose of extending the Agreement.



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

00478

Date Executed 7/14/09

STATE OF TEXAS

Legal
Content
Geology
Executive

[Signature]

By *Jerry E. Patterson*
Jerry E. Patterson, Commissioner
General Land Office

Date Executed 5/27/09

CHESAPEAKE EXPLORATION, L.L.C.

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

Its: *reel*

CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 19th day of May, 2009, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian

IN TESTIMONY WHEREOF, witness my hand this the 15th day of July, 2009

Stephanie Crenshaw
Secretary of the School Land Board

STATE OF OKLAHOMA

COUNTY OF OKLAHOMA

This instrument was acknowledged before me on May 27, 2009, by Henry J. Hood

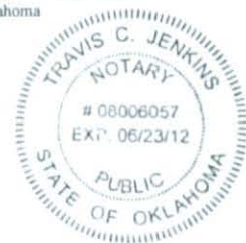
as Senior Vice President - Land and Legal & General Counsel of Chesapeake Exploration, L.L.C., an Oklahoma limited liability company on behalf of said limited liability company

Travis C. Jenkins
Notary Public in and for the State of Oklahoma

My Commission Expires 6/23/12

Commission Number 08004057

2



00476



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

Second Amendment of Term Pooling Agreement
Hill State 71-4 Unit
Reeves County, Texas

Date Executed 5/28/09

K2X OPERATING COMPANY, LP

By David J. Kurtz
David J. Kurtz, Manager

STATE OF OKLAHOMA

COUNTY OF Oklahoma

This instrument was acknowledged before me on May 28, 2009, by David J. Kurtz, as
Manager of K2X Operating Company, LP.

Commission Expires: Jan 21, 2013

Deborah Kimbrell
Notary Public



00416



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

Second Amendment of Term Pooling Agreement
H.E. State 71-4 2nd
Reeves County, Texas

Date Executed May 29th, 2009

WTG EXPLORATION, INC.

By David L. Davis
David L. Davis, Executive
Vice President

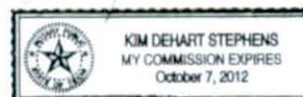
STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on May 29th, 2009 by David L. Davis, as Executive Vice President of WTG Exploration, Inc.

Commission Expires
October 7th, 2012

Kim Dehart Stephens
Notary Public



00476



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

Second Amendment of Term Pooling Agreement
Hill State 71-4 Unit
Reeves County, Texas

Date Executed 6/4/09

BARRILLA ENERGY, LP,
a Texas limited partnership

By: Mark Svoboda
Mark Svoboda

STATE OF OKLAHOMA

COUNTY OF Oklahoma

This instrument was acknowledged before me on June 4, 2009 by Mark
Svoboda, Manager of Barrilla Energy, LP, a Texas limited partnership

Commission Expires



Marcia G. Harcourt
Notary Public

5

00416



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

Second Amendment of Term Pooling Agreement
H-1 State 71-4 Unit
Reeves County, Texas

Date Executed 7/7/09

CRUSADER ENERGY GROUP, LLC

By: [Signature]
David D. LeNorman, President

STATE OF OKLAHOMA

COUNTY OF Oklahoma

This instrument was acknowledged before me on July 7, 2009, by David D. LeNorman, President of Crusader Energy Group, LLC.

Commission Expires:

7/17/12



[Signature]
Tina J. Hanaway
Notary Public

6

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# 2478

FILED FOR RECORD ON THE 31ST DAY OF JULY A.D. 2009 1:34 P. M.

DULY RECORDED ON THE 4TH DAY OF AUGUST A.D. 2009 9:00 A. M.

BY: [Signature], DEPUTY

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

00476



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

11.

File No. MT 105330
Certified Correct
Date Filed: 9/14/09
Jerry Patterson, Commissioner
By [Signature]

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

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office, found in VOL. 825
PAGE 393, THRU 398 OFFICIAL PUBLIC RECORDS

I hereby certified on 08/05/2009



DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY [Signature] DEPUTY
DALIA GALINDO



TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

August 3, 2011
(sent by e-mail; not USPS)

Victoria Adams
Chesapeake Exploration LP
PO Box 18496
Oklahoma City, OK 73154-0496

RE: **State Lease MF 105236-105230-105494 & Hill-State 71-4 Unit** (State No. 4516) – Reeves Co TX

Dear Victoria:

Our records indicate that the referenced Unit 4516, which was temporary and which encompassed portions of the referenced leases, expired on June 11, 2011.

The Unit well, Hill State 71-4 Well #1, is now a lease well located on 180 acres of State Lease MF105236 in Sec 4, Block 71, PSL, A-5227. That lease has a continuous drilling provision requiring, after the expiration of the primary term, a new well be drilled with no more than 180 days between wells (with definitions set out in the lease). Since we have had no notice of a new well on Sec 4, it appears that MF105236 has expired as to all depths 100 feet below the total depth drilled in the Hill State 71-4 Well #1. The lease insofar as it covers Sec 2, Block 71, A-4238 expired April 28, 2010.

State Leases MF105230 (recorded 700/333) and MF105494 (recorded 704/91) were both part of Unit 4516 and both are beyond their primary term. With the expiration of Unit 4516, these two leases are also expired.

Please consider this letter our notice that the GLO requests a release of both MF105230 and MF105494, as well as a release of MF105236 on all lands outside of the 180 acres in Sec 4, Block 71, A-5227 and all lands below 100 feet below the deepest depth drilled in the Hill State 71-4 Well #1.

If you would like a discussion regarding this assessment, you may contact me at the e-mail address below.

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

From: Harriet Dunne
To: Victoria Adams
Date: 8/3/2011 12:49 PM
Subject: Request for some releases - full and partial - MF105236 et al
Attachments: Ltr-Chesapeake-request for releases-MF105236-105230-105494.pdf

Vicki,

Attached is my letter concerning the referenced. I will not send a hard copy of the letter unless you so request.

Thank you,

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

File No. MF 105230 (12)

Request for Release
by lease

Date Filed: 8-3-11

Jerry E. Patterson, Commissioner

By [Signature]

From: Harriet Dunne
To: Lannie Stimson
Date: 8/3/2011 1:15 PM
Subject: MF105236-105230-105494 and Unit 4516

Lannie,
Unit 4516 was temporary and expired June 11, 2011. Two leases which were not drillsite leases terminated on that same day, MF105230 and MF105494.

The Hill-State 71-4 Well #1 is now a lease well for MF105236. The other two leases have been terminated in Globase.

Just FYI.
Harriet

File No. MF 105230 Notice to Fin Mgmt 12.

Date Filed: 8-3-11

Jerry E. Patterson, Commissioner

By [Signature]

RELEASE OF STATE OIL AND GAS LEASE

STATE OF TEXAS §
 §
COUNTY OF REEVES §

KNOW ALL MEN BY THESE PRESENTS:

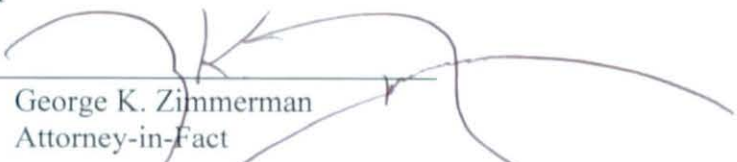
That the undersigned do hereby release, relinquish and surrender to the hereinafter named lessors, their heirs, successors, and assigns, all right, title and interest in and to that certain Oil and Gas Lease, dated April 18, 2005, made between the State of Texas, acting by and through its agent, John Ward Williams, Individually & as Trustee for both the Herbert Edward Williams & Maynette Moffett Williams Estate Trusts, as Lessors, and Dwight Snell & Associates, as Lessee, recorded in Volume 700 at Page 333 as Entry 001787 of the Official Public Records of Real Property of Reeves County, Texas, and described as follows:

320 acres, more or less, being the N/2 of Section 4, Block 71, Public School Land, A-2455 as described in the Patent by the State of Texas to J. F. O'Neil, October 22, 1948 Volume 6, Page 64, Patent Records of Reeves County, Texas.

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.

EXECUTED as of the dates of the certificates of acknowledgement hereto, but effective for all purposes as of June 11, 2011.

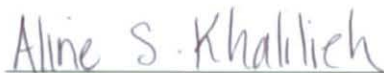
SWEPI LP

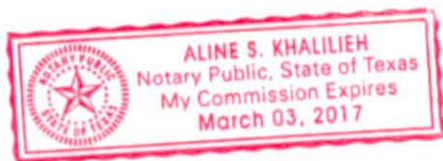
By: 
George K. Zimmerman
Attorney-in-Fact

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.

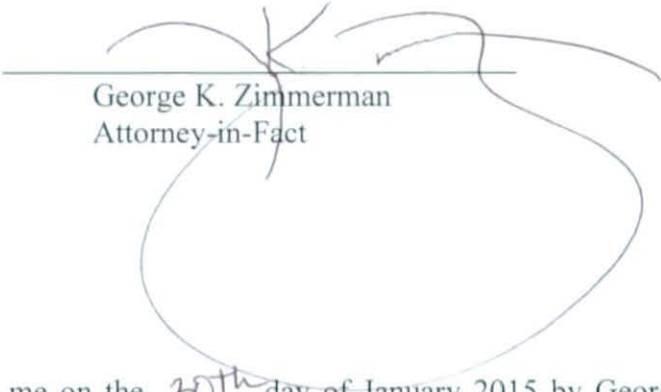

Aline S. Khalilieh
Notary Public, State of Texas



RELEASE OF OIL AND GAS LEASE DATED EFFECTIVE JUNE 11, 2011, BY SWEPI LP
AND TITLEHOLDER TEXAS, LLC

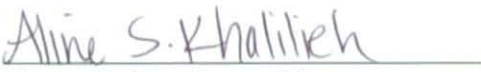
TITLEHOLDER TEXAS, LLC

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.


Notary Public, State of Texas



Inst No. 15-01063
DIANNE O. FLOREZ
COUNTY CLERK
2015 Feb 03 at 02:41 PM
REEVES COUNTY, TEXAS
By: ER  DEPUTY

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4-55-72

14.

File No. 105230
Release County
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.Slovan@shell.com
Internet <http://www.shell.com>

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

Dear Harriet,

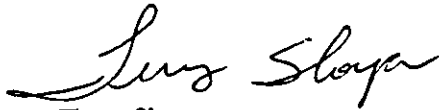
Please find enclosed the following original recorded documents:

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,



Terry Sloyan
Lease Analyst

126



SHELL EXPLORATION & PRODUCTION COMPANY
LAND & CONTRACTS

15710902

8826

PAY TO THE ORDER OF COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS DATE April 21, 2015 \$ 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

Security Features
Included.
Details on Back

FOR Filing Fees

⑈00008826⑈

Terry Sloyan
Terry Sloyan

File No. 105230 15.

County

Ltr + fees - release

Date Filed: 04/22/15
Public Commissioner

Date Filed: _____
George P. Bush, Commissioner
By _____