

Deep Rights Extended on 02/19/2013 unt: 04/04/2015

STATE LEASE

MF106569

#	LeaseDate	Acres	Status	CONTROL	BASEFILE	COUNTY
A	Apr 04 2006	0.00	ACTIVE	07-109531	151857 -	REEVES /195
B	Apr 04 2006	0.00	ACTIVE	07-109540	151743 -	REEVES /195

SURVEY : T & P RY CO
BLOCK : 54
TOWNSHIP : 04S
SECTION/TRACT: 6
PART :
ACRES : 320.00 gross / net 240 ac
DEPTH LIMITS : NO

Rentals:

Lease
Admin:

Mineral
Maps:

LESSEE : FOREST OIL CORPORATION
LEASE DATE : Apr 04 2006
PRIMARY TERM : 5 yrs
BONUS (\$) : 0.00
RENTAL (\$) : 0.00
ROYALTY : 0.12500000
VAR ROYALTY :

ATTENTION FILE USERS!
This file has been placed in table
of contents order.
RETURN TO VAULT WITH
DOCUMENTS IN ORDER!

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5. RENTAL PAYMENT	3/17/09			
ASSIGNMENT FILED IN MFO 40/33# 46. 6/3/10				
6. #5025, State 54-6 #1, Pooling Committee Report & Pooling Agreement.	6/7/11			
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See MF106115 #49 for Assignment #8801				
scanned sm 2/27/15				
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scanned PT 8-24-15				
17. Energen Resources Corp.	10/5/16			

RAL REVIEW SHEET

Transaction # 5416

Geologist: R. Widmayer

Lessor: The Hamilton Family Living Revocable Trust and Clifford H/

Lease Date: 4/4/2006

UL ☐

Lessee: Forest Oil Corporation

Acres: 320

LEASE DESCRIPTION

County	PIN#	Base File No	Part	Sec.	Block	Twp	Survey	Abst#
REEVES	[REDACTED]	151857	NE/4	6	54	04S	T & P RY CO	5791
REEVES	[REDACTED]	95255	SE/4	6	54	04S	T & P RY CO	1998

TERMS OFFERED

Primary Term: 5 years

Bonus/Acre: \$300.00

Rental/Acre: \$1.00

Royalty: 1/4

TERMS RECOMMENDED

Primary Term: 5 years

Bonus/Acre: \$300.00

Rental/Acre: \$1.00

Royalty: 1/4

COMPARISONS

MF #	Lessee	Date	Term	Bonus/Ac.	Rental/Ac.	Royalty	Distance
							Last Lease

Comments: Rentals paid up except for 4th year which will be \$300.00 an acre. See trans. 4953 and trans. 5203 for prior approval.

Approved: _____

Tuesday, September 19, 2006

5/12/06

RAL REVIEW SHEET

Transaction # ~~5203~~
 Lessor: Cardwell, Mary Louise
 Lessee: Forest Oil Corporation

Geologist: R. Widmayer
 Lease Date: 4/21/2006 ☐ ~~UL~~
 Acres: 160

LEASE DESCRIPTION

County	PIN#	Base File No	Part	Sec.	Block	Twp	Survey	Abst#
REEVES	109531	131402	SW/4	6	54	04S	T & P RY CO	4224

109531 - NE 1/4
 109559 -

TERMS OFFERED

Primary Term:
 Bonus/Acre:
 Rental/Acre:
 Royalty:

TERMS RECOMMENDED

Primary Term:
 Bonus/Acre:
 Rental/Acre:
 Royalty:

COMPARISONS

MF #	Lessee	Date	Term	Bonus/Ac.	Rental/Ac.	Royalty	Distance
							Last Lease

Comments: Rentals paid up except for 4th year, which will be \$300.00 per acre. See Transaction # 4953 for previous U.I. terms.

Approved: PAT 5.12.06

RAL REVIEW SHEET

Transaction # ~~4953~~
 Lessor: Hamilton, R.E. Mrs.
 Lessee: Chalfant Properties, Inc.

Geologist: R. Widmayer
 Lease Date: 10/4/2005 ☐ ☒
 Acres: 640
 10/24/05

LEASE DESCRIPTION

County	PIN#	Base File No	Part	Sec.	Block	Twp	Survey	Abst#
REEVES 160	[REDACTED]	151857	ALL <i>NE 1/4</i>	6	54	04S	T & P RY CO	5791
REEVES 160	[REDACTED]	151743	ALL <i>NE 1/4</i>	6	54	04S	T & P RY CO	5768
REEVES 160	[REDACTED]	95255	ALL <i>SE 1/4</i>	6	54	04S	T & P RY CO	1998
REEVES 160 640	[REDACTED]	131402	ALL <i>SW 1/4</i>	6	54	04S	T & P RY CO	4224

TERMS OFFERED

Primary Term: 5 years
 Bonus/Acre: \$300.00
 Rental/Acre: \$1.00
 Royalty: 1/5

TERMS RECOMMENDED

Primary Term: 5 years
 Bonus/Acre: \$300.00
 Rental/Acre: \$1.00
 Royalty: 1/5

COMPARISONS

MF #	Lessee	Date	Term	Bonus/Ac.	Rental/Ac.	Royalty	Distance
							Last Lease

Comments: Also: Miller Hamilton with 160 acres. 4th year rental will be \$200.00 per acre.

Approved: PACB 10.24.05

RELINQUISHMENT ACT LEASE APPLICATION

Texas General Land Office

Jerry Patterson, Commissioner

TO: Jerry Patterson, Commissioner
Larry Laine, Chief Clerk
Bill Warnick, General Counsel
Louis Renaud, Deputy Commissioner

DATE: 24-Oct-05

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

Applicant:	Chalfant Properties, Inc.	County:	REEVES
Prim. Term:	5 years	Bonus/Acre	\$300.00
Royalty:	1/5	Rental/Acre	\$1.00

Consideration

Recommended: PAB

Date: 10.24.05

Not Recommended: _____

Comments: Also: Miller Hamilton with 160 acres. 4th year rental will be \$200.00 per acre.

Lease Form

Recommended: RLH

Date: 11/24/05

Not Recommended: _____

Comments:

Louis Renaud, Deputy Commissioner

Date: 11/28/05

Recommended: CCR

Not Recommended: _____

Bill Warnick, General Counsel

Date: 11/30/05

Recommended: WBN

Not Recommended: _____

Larry Laine, Chief Clerk

Date: 12/1/05

Approved: LL

Not Approved: _____

Jerry Patterson, Commissioner

Date: 5 Dec 05

Approved: JP

Not Approved: _____

File No. MF706569

Bank Review

Date Filed: 5/17/06

Jerry E. Patterson, Commissioner

By [Signature]

June 9, 2006

General Land Office of the State of Texas
Attn: Drew Reid
1700 Congress Avenue, Room 600
Austin, TX 78701-1495

RE: MIRROR AND VERMEJO PROSPECT
Oil and Gas Leases -Reeves County, Texas

Dear Mr. Reid:

Enclosed are the Certified Recorded copies of the Oil & Gas Leases executed by the designated Agents for the State of Texas. These are the Leases we have agreed to on the following properties in Reeves County, Texas:

All of the N/2NW/4 of Section 6, Block 54, T&P Ry. Co. Survey

- (1). Oil & Gas Lease dated May 5, 2006 executed by Camp Colorado Investments, L.P., as recorded in the VOL: 733, PG: 305, OPR.
- (2). Oil & Gas Lease dated May 16, 2006 executed by Austen S. Campbell as recorded in the VOL: 733, PG: 295, OPR.

All of the E/2 of Section 6, Block 54, T-4 T&P Ry. Co. Survey

- (3). Oil & Gas Lease dated April 4, 2006 executed by The Hamilton Family Living Revocable Trust, as recorded in the VOL: 732, PG: 199, OPR.

All of the NE/4 of Section 6, Block 54, T-4 T&P Ry. Co. Survey

- (4). Oil & Gas Lease dated April 4, 2006 executed by The Clifford H. Blatchley and Betty Blatchley Revocable Declaration of Trust, U/A/D 12/11/2000, as recorded in the VOL: 732, PG: 189, OPR.

All of the SW/4 of Section 6, Block 54, T-4 T&P Ry. Co. Survey

- (5). Oil & Gas Lease dated April 21, 2006 executed by Mary Louise Cardwell, as recorded in the VOL: 732, PG: 179, OPR.

All of the S/2NW/4 of Section 6, Block 54, T&P Ry. Co. Survey

- (6). Oil & Gas Lease dated April 21, 2006 executed by Lawrence Wayne McGee, as recorded in the VOL: 732, PG: 169, OPR.

SE/4 SE/4 Section 8, Block 55, T-4, T&P Ry. Co. Survey

- (7). Oil & Gas Lease dated January 30, 2006 executed by M. Brad Bennett as recorded in the VOL: 733, PG: 260, OPR.

All of Section 16, Less & except the NE/4NE/4, Block 54, T-4, T&P Ry. Co. Survey

- (8). Oil & Gas Lease dated March 16, 2006 executed by R.C. Slack as recorded in the VOL: 733, PG: 280, OPR.
- (9). Oil & Gas Lease dated February 23, 2006 executed by Nancy Dean Investment Corporation, Robert C. Dean, President as recorded in the VOL: 733, PG: 270, OPR.

All of the SE/2 of Section 36, Block 2, H &GN RR. Co. Survey

- (10). Oil & Gas Lease dated February 14, 2006 executed by Jack Frey Cochran as recorded in the VOL: 732, PG: 322, OPR.

(11). Oil & Gas Lease dated April 19, 2006 executed by Kelly H. Baxter as recorded in the VOL: 732, PG: 228, OPR.

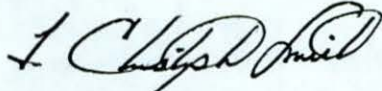
Also enclosed are the following checks:

- a) Perry & Perry check no. 5346 of \$79,916.67 as bonus consideration on leases 1 thru 6;
- b) Perry & Perry check no. 5349 of \$150.00 as filing fee for the lease 1 thru 6;
- c) Perry & Perry check no. 5333 of \$10,025.00 as bonus consideration and filing fee for lease 7;
- d) Perry & Perry check no. 5344 of \$22,500.00 as bonus consideration on leases 8 thru 9;
- e) Perry & Perry check no. 5347 of \$50.00 as filing fee for the lease 8 thru 9;
- f) Perry & Perry check no. 5345 of \$6,631.25 as bonus consideration on lease 10;
- g) Perry & Perry check no. 5348 of \$25.00 as filing fee for the lease 10; and
- h) Perry & Perry check no. 5335 of \$4,918.75 as bonus consideration and filing fee for lease 11.

Please advise as soon as formal approval is granted and mineral file number is assigned.

Thank you and should you have any questions please call me at 432-682-7861.

Yours truly,

A handwritten signature in cursive script, appearing to read "L. Christopher Smith".

L. Christopher Smith

2.

File No. MF706569

Letter

Date Filed: 6/14/06

Jerry E. Patterson, Commissioner

By [Signature]

FILE# 2517

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 4th day of April, 2006, between the State of Texas, acting by and through its agent, The Hamilton Family Living Revocable Trust of 416 Bedford, El Paso, Texas 79922-1204 (Give Permanent Address) said agent herein referred to as the owner of the soil (whether one or more), and Forest Oil Corporation of 707 17th Street, Suite 3600, Denver, Colorado 80202 (Give Permanent Address) hereinafter called Lessee.

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:

All of the E/2 of Section 6, Block 54, T-4, T & P Ry. Co. Survey

SEE EXHIBIT "A" ATTACHED HERETO AND MADE APART HEREOF

containing 320.00 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Thirty Six Thousand and no/100's Dollars (\$36,000.00)

To the owner of the soil: Thirty Six Thousand and no/100's Dollars (\$36,000.00)

Total bonus consideration: Seventy Two Thousand and no/100's Dollars (\$72,000.00)

The total bonus consideration paid represents a bonus of Three Hundred and no/100's Dollars (\$300.00) per acre, on 240.00 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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Reeves County
Clerks Office

00474

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 _____

RENTALS ARE PAID UP _____ 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: Rentals have been prepaid. See paragraph 40.
Dollars (\$ _____)

To the State of Texas: Rentals have been prepaid. See paragraph 40.
Dollars (\$ _____)

Total Delay Rental: Rentals have been prepaid. See paragraph 40.
Dollars (\$ _____)

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

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

(A) OIL. Royalty payable on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also as all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, shall be 1/4 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 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 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 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's or the Commissioner of the General Land Office's right to take its royalty in kind shall not diminish or negate the owner of the soil's or the Commissioner of the General Land Office's rights or Lessee's obligations, whether express or implied, under this lease.

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

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

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

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

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

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

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

11. DRY HOLE/CESSATION OF PRODUCTION DURING PRIMARY TERM. If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if during the primary term hereof and after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall not terminate if on or before the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or pays or tenders the next annual delay rental in the same manner as provided in this lease. If, during the last year of the primary term or within sixty (60) days prior thereto, a dry hole be completed and abandoned, or the production of oil or gas should cease for any cause, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term; and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking



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operations pursuant to Paragraph 13, using the expiration of the primary term as the date of cessation of production under Paragraph 13. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in oil or gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided herein on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in oil or gas well and upon the failure to make such payment, this lease shall ipso facto terminate. If at the expiration of the primary term or any time thereafter a shut-in oil or gas well is located on the leased premises, payments may be made in accordance with the shut-in provisions hereof.

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

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

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

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

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

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

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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.

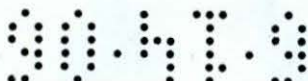
30. DISCLOSURE CLAUSE. All provisions pertaining to the lease of the above-described land have been included in this instrument, including the statement of the true consideration to be paid for the execution of this lease and the rights and duties of the parties. Any collateral agreements concerning 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.

LESSEE

BY: *J. Christopher Jones*

Title: Agent for Forest Oil Corporation

Date: 5/5/06

STATE OF TEXAS

The Hamilton Family Living Revocable Trust

BY: *Ralph E. Hamilton*

Ralph E. Hamilton, Co-Trustee

Individually and as agent for the State of Texas

Date: April 24, 2006

STATE OF TEXAS

The Hamilton Family Living Revocable Trust

BY: *Nancy Hamilton*

Nancy Hamilton, Co-Trustee

Individually and as agent for the State of Texas

Date: April 24, 2006



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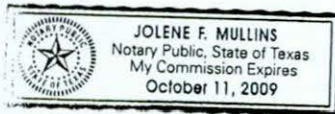
STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF midland

BEFORE ME, the undersigned authority, on this day personally appeared L. Christopher Smith
known to me to be the person whose name is subscribed to the foregoing instruments as Agent for Forest Oil Corporation, A New York Corporation
of Forest Oil Corporation and acknowledged to me that he
executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this the 5 day of May, 2006.



Jolene F. Mullins
Notary Public in and for State of Texas

STATE OF _____

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____
known to me to be the person whose name is subscribed to the foregoing instruments as _____
of _____ and acknowledged to me that he
executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

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

Notary Public in and for _____

STATE OF TEXAS

(INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF EIPASO

BEFORE ME, the undersigned authority, on this day personally appeared Ralph E. Hamilton, Co-Trustee of The Hamilton Family Living
Revocable Trust
known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the
purposes and consideration therein expressed.

Given under my hand and seal of office this the 24 day of April, 2006.



Steven Brandon
Notary Public in and for Bank of America

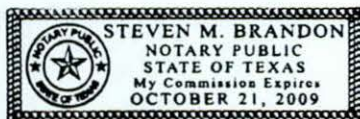
STATE OF TEXAS

(INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF EIPASO

BEFORE ME, the undersigned authority, on this day personally appeared Nancy Hamilton, Co-Trustee of The Hamilton Family Living
Revocable Trust
known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the
purposes and consideration therein expressed.

Given under my hand and seal of office this the 24 day of April, 2006.



Steven Brandon
Notary Public in and for Bank of America

00479



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

EXHIBIT "A"

In the event of conflict or inconsistency between the printed terms of this lease and these added terms of this lease, the added terms shall control and be deemed to supersede the printed terms of the Lease.

40. Rentals for years two and three of this lease have been prepaid and are included in the bonus consideration described in paragraph 3 above. One half (1/2) of this amount has been paid to the Lessor and one half (1/2) has been paid to the State of Texas. At the end of the third anniversary date of this lease, Lessee shall have the option to renew this lease for an additional two (2) years by delivering rentals for the fourth year in the amount of \$72,000.00. One half (1/2) of the fourth year rental will be paid to the Lessor and one half (1/2) will be paid to the State of Texas. Rental for the fifth year are included in the fourth year rental and if the fourth year rental is paid then no additional rentals are due under this lease.

FILE NO. 2517

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

FILED FOR RECORD ON THE 17TH DAY OF MAY A.D. 2006 10:20 A. M.DULY RECORDED ON THE 22ND DAY OF MAY A.D. 2006 11:00 A. M.BY: Dianne O. Florez, DEPUTY

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS



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

90479

3

File No. 106569

Lease

Date Filed: 6/14/06

Jerry E. Patterson, Commissioner

By O-H

3
Lease
106569 - 111

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. 732
PAGE 199 THRU 208 OFFICIAL PUBLIC RECORDS

I hereby certified on MAY 24, 2006



DIANNE O. FLORES, COUNTY CLERK
REEVES COUNTY, TEXAS

BY

Josie Flores
JOSIE FLORES

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

August 31, 2006

Attn: L. Christopher Smith
Perry & Perry, Inc.
214 Texas Ave. Suite 1200
Midland, Texas 79702

Re: RELINQUISHMENT ACT LEASE No. M-106569
320.00 acres out of Section 6, Blk. 54, T-4, T&P Ry. Co. Survey,
Reeves County, Texas

Dear Mr. Smith:

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-106569. Please refer to this number in all future correspondence concerning the lease.

Your remittance of \$48,125.00, has been applied as the state's portion of the cash bonus \$48,000.00, along with a processing and filing fee in the amount of \$125.00. Please let me know if you should have any questions.

Sincerely,

Drew Reid by ms

Drew Reid
Minerals Leasing
Energy Resources
(512) 475-1534

MS/DR

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

Q.

File No. MF 106569

920 letter

Date Filed: 9/31/86

Jerry E. Patterson, Commissioner

By [Signature]

FOREST OIL CORPORATION

Check No. 811713

IN PAYMENT OF DELAY RENTAL SHUT-IN ROYALTY/MIN. ROYALTY TO PARTY OR PARTIES NAMED BELOW PURSUANT TO THE TERMS OF LEASE IDENTIFIED HEREIN

LEASE NO.	LEASE DATE	COUNTY	ST.	BOOK	RECORDED PAGE	RENTAL PERIOD MOS.	BEGINNING
05036-000016-A	04/04/06	REEVES	TX	732	199	12	04/04/09

STATE OF TEXAS

PROPERTY DESCRIPTION:DEPOSIT TO THE CREDIT OF:

Prospect: MIRROR

Twp Blk Sec
T&P RR CO SURVEY 54 6
Gr acs: 160.0000 Net acs: 160.0000
SE

mf106569 (A)

121

PAYABLE TO:

COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
1700 NORTH CONGRESS AVENUE
AUSTIN, TX 78701

TOTAL AMOUNT: 36,000.00
RENTAL AMOUNT: 36,000.00
BANK CHARGE

File No. MF106569

Rental Payment

5

Date Filed: 3/17/2009

Jerry E. Patterson, Commissioner

By

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

PA11-100

Unit Number 5025

Operator Name **ENERGEN RESOURCES CORPORATION** Effective Date 6/7/2011

Customer ID C000043130 Unitized For Oil & Gas

Unit Name State 54-6 #1 Unit Term 0 Months

County1 Reeves

County2 0

County3 0

RRC District: 08 0

Unit Type: Permanent 0

State Royalty Interest: 0.1250000000 0

State Part in Unit: 1.0000000000

Unit Depth Well: Other

Below Depth 7850 TVD Formation: Bone Spring, Upper Wolfcamp

Above Depth 11550 MD Participation Basis: Surface Acreage

[If Exclusions Apply: See Remarks]

MF Number MF106569 ^{GA} Tract Number 1

Lease Acres 240 / Total Unit Acres 320 =

Tract Participation: 0.7500000 X

Lease Royalty 0.125 = Manual Tract Participation:

	0
	0

 See Remark

Tract Royalty Participation 0.0937500 Manual Tract Royalty:

	0
	0

Tract Royalty Reduction No

Tract Royalty Rate 0

Tract On-Line Date:

160 Ac 80 Ac

[Redacted]

Pooling Committee Report

To: School Land Board
Date of Board Meeting: June 7, 2011
Effective Date: 6/7/2011
Unit Expiration Date: Permanent
Applicant: ENERGEN RESOURCES CORPORATION
Attorney Rep: Mickey R Olmstead
Operator: ENERGEN RESOURCES CORPORATION
County 1: Reeves
County 2:
County 3:
Unit Name: State 54-6 #1
Field Name: Two Georges (Bone Spring)

<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	MF106569	0.125	4/4/2011	5 years	320	240	0.0937500
RAL	MF112611	0.125	4/4/2011	5 years	160	80	0.0312500

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

Private Acres:	0
State Acres:	320
Total Unit Acres:	320

<u>Participation Basis:</u>	
Surface Acreage	
<u>State Acreage:</u>	100.00%
<u>State Unit Royalty:</u>	12.50%

<u>Unit Type:</u>	<u>Unitized for:</u>
Permanent	Oil & Gas
<u>Term:</u>	0 Months

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

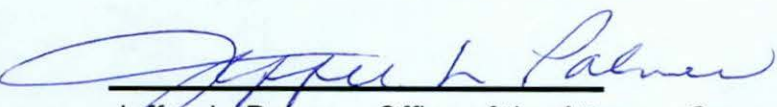
<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Special Field Rule	320 acres

REMARKS:

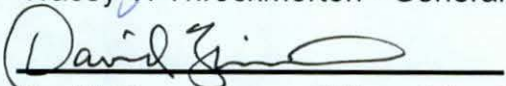
- Energen Resources Corporation is requesting permanent oil and gas pooling of the Bone Spring and Upper Wolfcamp Formations defined as the stratigraphic interval or the correlative equivalent occurring from 7,850 feet to 11,550 feet MD as seen on the electric log of the Vermejo 58-1well (API 42-301-31248).
- The applicant spud the unit well on March 6, 2011 and is currently drilling to a proposed total depth of 10,500 feet TVD. A 4000 foot lateral will then be drilled.
- With approval of the unit the State's unit royalty participation will be 12.50%.
- The unit well will drill the unit to density.
- Approval by the School Land Board in no way ratifies the State lease included in this unit.

POOLING COMMITTEE RECOMMENDATION:

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


Jeffee L. Palmer - Office of the Attorney General


Tracey T. Throckmorton - General Land Office


David Zimmerman - Office of the Governor

5-25-11
Date:

5-25-11
Date:

5-25-11
Date:

T&P RR CO
A-772

T&P RR CO
A-5685

T&P RR CO
A-5791

#1 SL

#1 Prop
Pen PT. $\emptyset$

6

T&P RR CO
A-5768

MF112611

T&P RR CO
A-774

T&P RR CO
A-4224

MF106569

#1 PBHL

T&P RR CO
A-1998

15

T&P RR CO
A-778

T&P RR CO
A-5077



Energien Resources Corporation
State 54-6 #1 Unit
Two Georges (Bone Spring) Field
MF106569, MF112611
Reeves County
Unit #5025
PA11-100

1,400 700 0 1,400
Feet

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



Map Generated by
Zeke Guillen
IS/BAS/GIS
March 17, 2014

POOLING AGREEMENT
ENERGEN RESOURCES CORPORATION
STATE 54-6 #1 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 Energen Resources Corporation, herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", in consideration of the mutual agreements hereinafter set forth and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and for the purposes and upon the terms and conditions which follow:

PURPOSES:

1.

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

UNIT DESCRIPTION:

2.

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

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit in the Bone Spring and Upper Wolfcamp Formations, together defined as the stratigraphic interval or its correlative equivalent occurring from 7,850 feet to 11,550 feet as seen on the Density/Neutron log of the Vermejo 58-1 well, API# 42-301-31248 ("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.
- (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 320 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;

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

8.

9.

10.

11.

12.

13.

Date Executed 11/16/11

STATE OF TEXAS

106
Pur
11

By: Jerry E. Patterson
Jerry E. Patterson, Commissioner
of the General Land Office

Date Executed

6/17/11

ENERGEN RESOURCES CORPORATION

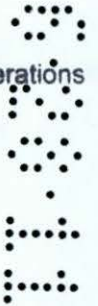
By:



REN

Its:

Joe D. Niederhofer
Energen Resources Corporation
Vice President - Permian Basin Operations



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 7th day of June, 2011, 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 1st day of July, 2011.


Secretary of the School Land Board

STATE OF TEXAS

COUNTY OF

Midland

This instrument was acknowledged before me on

6/17

, 2011, by

Joe D. Niederhofer

as

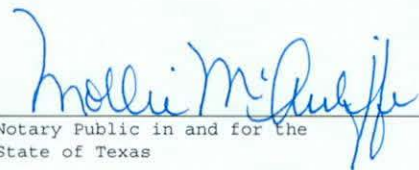
VP - Permian Basin Operations

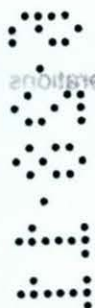
of Energen Resources Corporation, a

Alabama

corporation, on behalf of said corporation.




Notary Public in and for the
State of Texas



Joe D. Westerhofer
Evergreen Resources Corporation
Vice President - Permian Basin Operations



EXHIBIT "A"

Attached to Pooling Agreement for the State 54-6 #1 Unit, dated effective 6/7/2011, between the Commissioner of the General Land Office, on behalf of the State of Texas, as Lessor and Energen Resources Corporation, as Lessee.

General Land Office Oil and Gas Lease File No: 106569

Lease 1:

Date: April 4, 2006
Recorded: Volume 732, Page 199, OPR of Reeves County, Texas
Lessor: State of Texas, acting by and through its agent, The Hamilton Family Living Revocable Trust
Lessee: Forest Oil Corporation
Lands: E/2 of Section 6, Block 54, Township 4, T&P Railroad Company Survey
Primary Term: Five (5) years

Lease 2:

Date: April 4, 2006
Recorded: Volume 732, Page 189, OPR of Reeves County, Texas
Lessor: State of Texas, acting by and through its agent, Clifford H. Blatchley and Betty Blatchley
Revocable Declaration of Trust, u/a/d 12/11/2000
Lessee: Forest Oil Corporation
Lands: NE/4 of Section 6, Block 54, Township 4, T&P Railroad Company Survey
Primary Term: Five (5) years

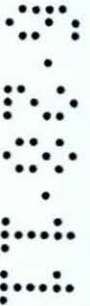


EXHIBIT "B"

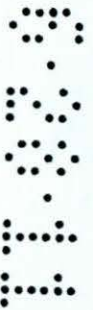
Attached to Pooling Agreement for the State 54-6 #1 Unit, dated effective 6/7/2011, between the Commissioner of the General Land Office, on behalf of the State of Texas, as Lessor and Energen Resources Corporation, as Lessee.

Lands Covered: E/2 of Section 6, Block 54, Township 4, T&P Railroad Company Survey, Reeves County, Texas

General Land Office Oil and Gas Lease File No MF - 106569 (described on Exhibit "A"):

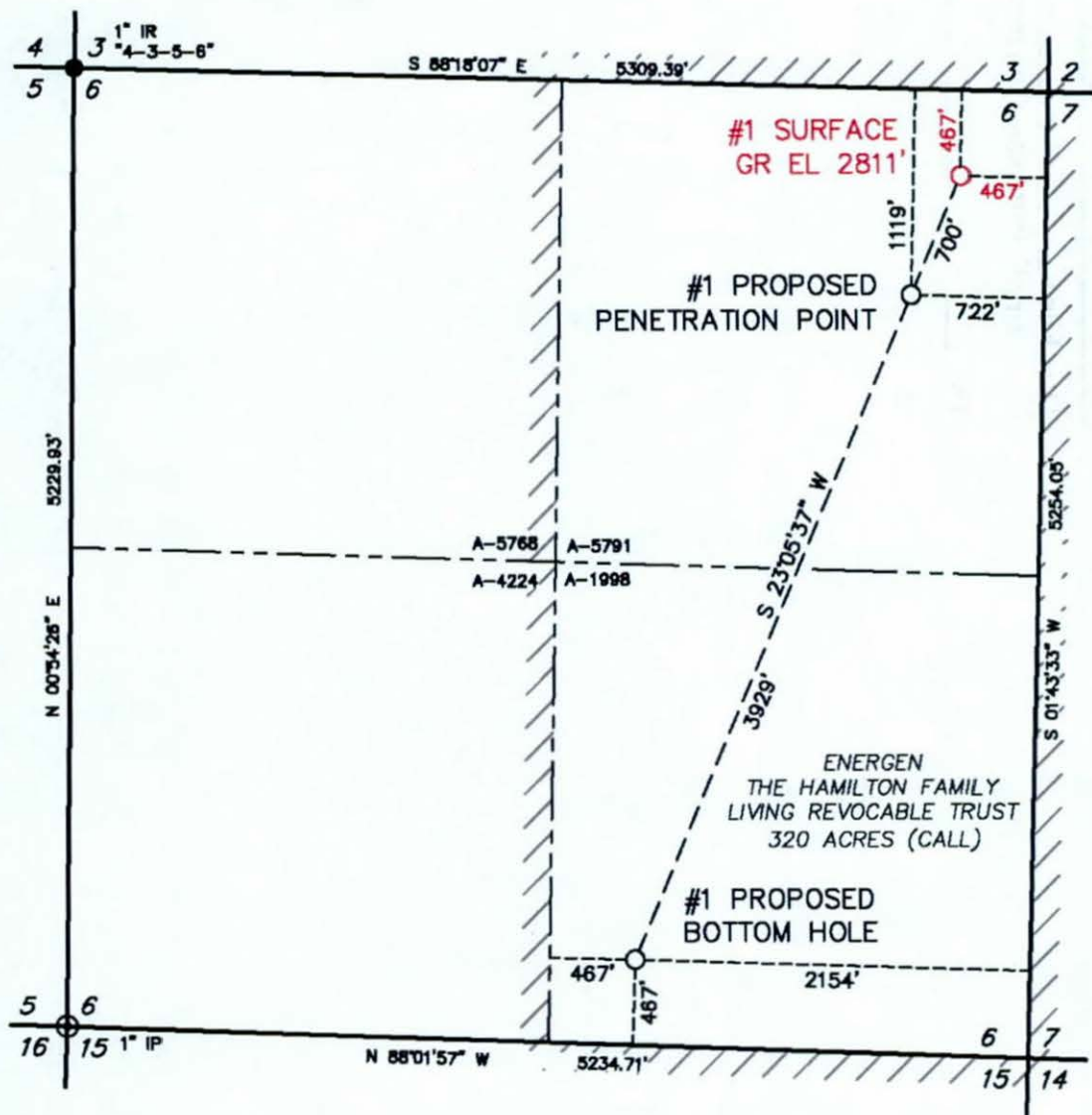
Lease 1: E/2 of Section 6, Block 54, Township 4, T&P Railroad Company Survey, Reeves County, Texas

Lease 2: NE/4 of Section 6, Block 54, Township 4, T&P Railroad Company Survey, Reeves County, Texas



End of Exhibit

A-1998

SECTION 6, BLOCK 54, T-4-S, T & P RR SURVEY**NAD 83, TEXAS CENTRAL ZONE****NAD 27, TEXAS CENTRAL ZONE**

S/L: N=10568776.2', E=1257351.1' LAT=31.6206557 N, LONG=103.6725496 W.	S/L: N=726200.1', E=960887.6' LAT=31.6205256 N, LONG=103.6720892 W.
P/P: N=10568132.3', E=1257076.5' LAT=31.6188637 N, LONG=103.6733692 W.	P/P: N=725556.2', E=960613.1' LAT=31.6187336 N, LONG=103.6729088 W.
B/H: N=10564518.2', E=1255535.4' LAT=31.6088053 N, LONG=103.6779688 W.	B/H: N=721942.2', E=959072.0' LAT=31.6086751 N, LONG=103.6775083 W.

APPROXIMATELY 16.7 MILES NW OF PECOS, TEXAS

NOTE: THIS PERMIT PLAT HAS BEEN PREPARED FROM A CERTIFIED SURVEY PLAT ON FILE IN THE OFFICE OF WATSON PROFESSIONAL GROUP INC, MIDLAND, TEXAS.

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



- ☼ GAS WELL
- ▲ WATER INJECTION WELL
- OIL WELL
- LOCATED WELL
- DRY HOLE
- WATER WELL
- SHUT IN WELL

W.D. Watson, Jr. TEXAS R.P.L.S. No. 1989
FILE: T:REEVES/BLOCK 54 T4S.dwg

2/8/11
DATE

1000 0 1000 2000 FEET

**Watson
Professional
Group Inc**



4500 W. ILLINOIS
SUITE 201 (79703)
P.O. DRAWER 11186
MIDLAND, TEXAS 79702
(432) 520-9200
FAX (432) 520-9212
wdwatson@wpg-usa.com

CONSULTING ENGINEERS, LAND SURVEYORS & PLANNERS

PERMIT PLAT
ENERGEN RESOURCES
STATE 54-6 WELL #1
S/L: 467' FNL & 467' FEL
PROPOSED P/P: 1119' FNL & 722' FEL
PROPOSED B/H: 467' FSL & 2154' FEL
SECTION 6, BLOCK 54, T-4-S, T & P RR SURVEY
REEVES COUNTY, TEXAS

DATE: FEBRUARY 7, 2011

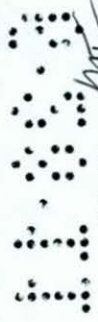
DATE SURVEYED: 2/7/11

JOB NO.: 10-1280-01 FIELD BOOK 694/17

DRAFT TA

REV. 1

6.



File No. MP 106569
#5025, State 546#1, Pooling
Committee Report + Pooling
Date Received 6/7/11 Agreement
Gerry E. Patterson, Commissioner
Patterson

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

July 26, 2011

Energen Resources Corp.
605 Richard Arrington Jr Blvd. N
Birmingham, AL 35203-2707

Re: State Lease MF112611, MF106569
State 54-6 #1
43TX54601

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

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

Sincerely,

Beverly Boyd, Lease Analyst
Mineral Leasing Division

COPY

DIVISION ORDER

To: **ENERGEN RESOURCES CORPORATION**
605 RICHARD ARRINGTON JR BLVD N
BIRMINGHAM, AL 35203-2707

DIVISION ORDER NO 43TX54601
Date: July 12th, 2011
Effective Date: June 1st, 2011

Property Name: **STATE 54-6 # 1**
Operator: **ENERGEN RESOURCES CORPORATION**
County and State: **REEVES COUNTY, TEXAS**
Property Description: **E/2 OF SECTION 6, BLOCK 54, T-4-S, T&P RR COUNTY SURVEY**
Production: Oil X , Gas X , Other .

Owner Name	Owner Number	Type Interest	Interest
Commissioner of the General Land Office Stephen F Austin Building 1700 North Congress Avenue Austin, Texas 78701	7808	RY	1/2 * 1/4 * 1/2 plus 1/2 * 1/4 * 1/2 = 0.1250000

The undersigned owner certifies the ownership of the decimal interest in production or proceeds as described above payable by Energen Resources Corporation, hereinafter referred to as "Energen."

The undersigned owner will be paid in accordance with the applicable state statute regarding the accumulation of proceeds, or in the absence of a state statute, when accumulated proceeds equal \$50.00, or more, or by December 31st of each year, whichever comes first.

The undersigned owner agrees to notify Energen, in writing, of any change in ownership, decimal interest, or payment address. All such changes shall be effective the first day of the month following receipt of such notice.

In the event a claim or dispute that affects title to the decimal interest claimed herein, Energen is authorized to withhold payments accruing to such interest until the claim or dispute is settled. The undersigned agrees to indemnify and reimburse payor any amount attributable to an interest to which the undersigned is not entitled.

This Division Order does not amend any lease or operating agreement between the undersigned and the lessee or operator or any other contracts for the purchase of oil (including liquid hydrocarbons) or gas (including all casinghead gas and other gaseous hydrocarbons).

In addition to the terms and conditions of this Division Order, the undersigned and Energen may have certain statutory rights under the laws of the state in which the property is located.

WITNESSES

By: _____

Tax ID or Social Security Number

Telephone Number

"RETAIN FOR YOUR RECORDS"



July 12th, 2011

Re: **Division Order**
State 54-6 # 1 in Reeves County, Texas

Dear Owner:

Enclosed are two copies of Energen Resources Corporation's Division Order concerning the State 54-6 # 1 which had first sales in June 2011. The Division Order sets out your interest in the well and directs Energen Resources Corporation to make payments to you at the address shown.

Please execute both copies, in accordance with the enclosed instruction sheet, and return one fully executed Division Order to the undersigned. Please retain one copy of the Division Order for your personal records. A business reply envelope is enclosed for your convenience.

Your interest in this property has been placed in a pay status.

Please note that Energen is pleased to offer direct deposit of payments to our interest owners. Now you can have your funds automatically deposited into your checking or savings account. If interested, please contact Energen Resources Owner Relations at revinquiry@energen.com or 1-800-292-4005 ext 8139 for further information and forms.

If you have any questions regarding the enclosed Division Order, I can be reached at 205-326-8121.

Sincerely,

ENERGEN RESOURCES CORPORATION

A handwritten signature in black ink that reads "Jacy Myhand". The signature is fluid and cursive, with the first name "Jacy" and last name "Myhand" clearly distinguishable.

Jacy Myhand
Division Order Analyst III

/jym

Enclosures

7.

File No. MF 106569
54-6 #1 well,

DIVISION ORDER

Date Feb. 6/1/11
Jerry E. Patterson, Commissioner

By [Signature]

2011



September 13, 2011

Mr. J. Daryl Morgan, CPL
Texas General Land Office – Energy Resources
1700 N. Congress Ave.
Austin, Texas 78701

M-106569

Re: State 54-6 #1 Unit Pooling Agreement

Dear Mr. Morgan:

Enclosed please find a file-marked copy of the above described Pooling Agreement. If you need anything further to complete this transaction, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in blue ink that reads "Mollie McAuliffe".

Mollie McAuliffe
Land Analyst

/mm

Enclosure

POOLING AGREEMENT
ENERGEN RESOURCES CORPORATION
STATE 54-6 #1 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 Energen Resources Corporation, herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", in consideration of the mutual agreements hereinafter set forth and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and for the purposes and upon the terms and conditions which follow:

PURPOSES:

1.

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

UNIT DESCRIPTION:

2.

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

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit in the Bone Spring and Upper Wolfcamp Formations, together defined as the stratigraphic interval or its correlative equivalent occurring from 7,850 feet to 11,550 feet as seen on the Density/Neutron log of the Vermejo 58-1 well, API# 42-301-31248 ("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.
- (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 320 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 June 7, 2011.

TERM:

9.

This Agreement shall remain in effect so long as the pooled mineral is being produced from said unit, or so long as all leases included in the pooled unit are maintained in force by payment of delay rentals or shut-in oil or gas well royalties, by drilling or rework, or by other means, in accordance with the terms of said leases. 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 7/1/2011

STATE OF TEXAS

Legal
Content
Geology
Executive

Handwritten signature

By: *Jerry E. Patterson*
Jerry E. Patterson, Commissioner
of the General Land Office

Date Executed

6/17/11

ENERGEN RESOURCES CORPORATION

By:



RAM

Joe D. Niederhofer

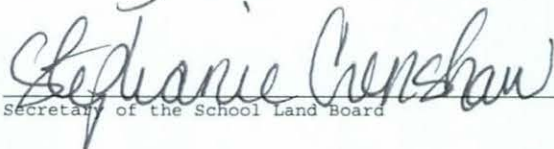
Its Energen Resources Corporation

Vice President - Permian Basin Operations

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 7th day of June, 2011, 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 1st day of July, 2011.


Secretary of the School Land Board

STATE OF TEXAS

COUNTY OF

Midland

This instrument was acknowledged before me on 6/17, 2011, by Joe D. Niederhofer
as Vice President - Permian Basin Operations of Energen Resources Corporation, an Alabama
corporation, on behalf of said corporation.

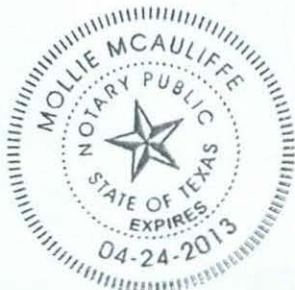

Notary Public in and for the
State of Texas

EXHIBIT "A"

Attached to Pooling Agreement for the State 54-6 #1 Unit, dated effective 6/7/2011, between the Commissioner of the General Land Office, on behalf of the State of Texas, as Lessor and Energen Resources Corporation, as Lessee.

General Land Office Oil and Gas Lease File No: 106569

Lease 1:

Date: April 4, 2006

Recorded: Volume 732, Page 199, OPR of Reeves County, Texas

Lessor: State of Texas, acting by and through its agent, The Hamilton Family Living Revocable Trust

Lessee: Forest Oil Corporation

Lands: E/2 of Section 6, Block 54, Township 4, T&P Railroad Company Survey

Primary Term: Five (5) years

Lease 2:

Date: April 4, 2006

Recorded: Volume 732, Page 189, OPR of Reeves County, Texas

Lessor: State of Texas, acting by and through its agent, Clifford H. Blatchley and Betty Blatchley
Revocable Declaration of Trust, u/a/d 12/11/2000

Lessee: Forest Oil Corporation

Lands: NE/4 of Section 6, Block 54, Township 4, T&P Railroad Company Survey

Primary Term: Five (5) years

End of Exhibit

EXHIBIT "B"

Attached to Pooling Agreement for the State 54-6 #1 Unit, dated effective 6/7/2011, between the Commissioner of the General Land Office, on behalf of the State of Texas, as Lessor and Energen Resources Corporation, as Lessee.

Lands Covered: E/2 of Section 6, Block 54, Township 4, T&P Railroad Company Survey, Reeves County, Texas

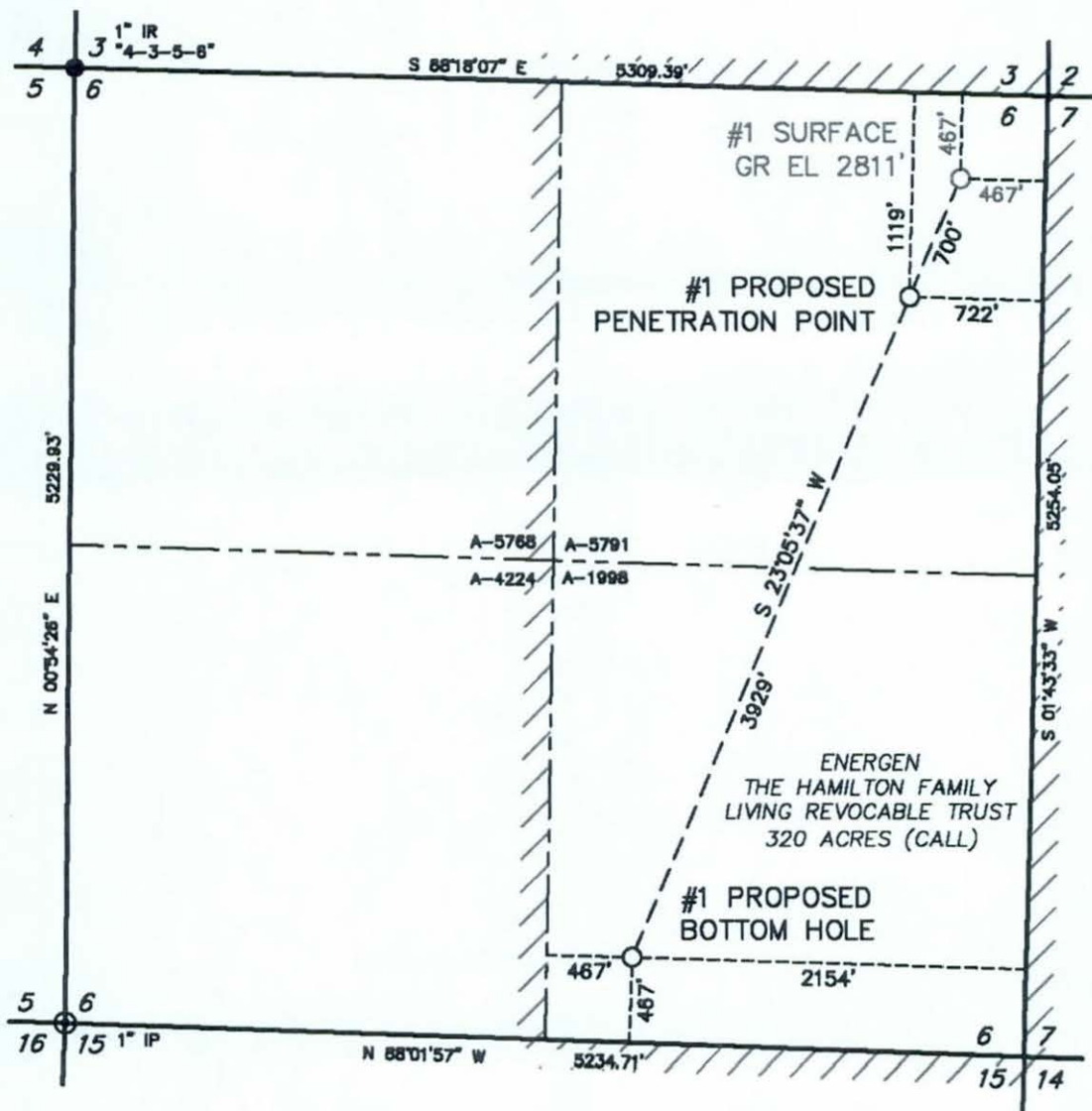
General Land Office Oil and Gas Lease File No MF - 106569 (described on Exhibit "A"):

Lease 1: E/2 of Section 6, Block 54, Township 4, T&P Railroad Company Survey, Reeves County, Texas

Lease 2: NE/4 of Section 6, Block 54, Township 4, T&P Railroad Company Survey, Reeves County, Texas

End of Exhibit

A-1998

SECTION 6, BLOCK 54, T-4-S, T & P RR SURVEY

NAD 83, TEXAS CENTRAL ZONE	NAD 27, TEXAS CENTRAL ZONE
S/L: N=10568776.2', E=1257351.1' LAT=31.6208557 N, LONG=103.6725496 W	S/L: N=726200.1', E=960887.6' LAT=31.6205256 N, LONG=103.6720892 W
P/P: N=10568132.3', E=1257076.5' LAT=31.6188637 N, LONG=103.6733692 W	P/P: N=725556.2', E=960613.1' LAT=31.6187336 N, LONG=103.6729088 W
B/H: N=10564518.2', E=1255535.4' LAT=31.6088053 N, LONG=103.6779688 W	B/H: N=721942.2', E=959072.0' LAT=31.6086751 N, LONG=103.6775083 W

APPROXIMATELY 16.7 MILES NW OF PECOS, TEXAS

NOTE: THIS PERMIT PLAT HAS BEEN PREPARED FROM A CERTIFIED SURVEY PLAT ON FILE IN THE OFFICE OF WATSON PROFESSIONAL GROUP INC, MIDLAND, TEXAS.

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



- ☼ GAS WELL
- △ WATER INJECTION WELL
- OIL WELL
- LOCATED WELL
- DRY HOLE
- WATER WELL
- SHUT IN WELL

W.D. Watson, Jr. TEXAS R.P.L.S. No. 1989
FILE: T:REEVES/BLOCK 54 T4S.dwg

2/8/11
DATE

1000 0 1000 2000 FEET

**Watson
Professional
Group Inc**



4500 W. ILLINOIS
SUITE 201 (79703)
P.O. DRAWER, 11166
MIDLAND, TEXAS 79702
(432) 520-9200
FAX (432) 520-9212
wdwatson@wpg-usa.com

CONSULTING ENGINEERS, LAND SURVEYORS & PLANNERS

PERMIT PLAT
ENERGEN RESOURCES
STATE 54-6 WELL #1
S/L: 467' FNL & 467' FEL
PROPOSED P/P: 1119' FNL & 722' FEL
PROPOSED B/H: 467' FSL & 2154' FEL
SECTION 6, BLOCK 54, T-4-S, T & P RR SURVEY
REEVES COUNTY, TEXAS

DATE: FEBRUARY 7, 2011

DATE SURVEYED: 2/7/11

JOB NO.: 10-1280-01 FIELD BOOK 694/17

DRAFT TA REV. 1

Certificate of Record

39.00

Recording Fee

Certified Copy Fee

39.00

Total Paid

Return to:

Eneigen

005509

FILED FOR RECORD

2011 AUG -9 PM 4:00

CLERK OF REEVES COUNTY, TX

[Signature]

COMPARED

THE STATE OF TEXAS, }
COUNTY OF REEVES. }

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.

I, hereby certify that this instrument with its certificates of authenticity was FILED on this
date and at the time stamped hereon and was duly RECORDED in the OFFICIAL PUBLIC
RECORDS of Real Property of Reeves County, Texas, as indicated.

OPR VOL. 894 PAGE 432 DATE RECORDED 08/26/11



DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

By *[Signature]*, Deputy

8

M-106569

File No. M-106569
Letter From Engoron with recorded
State 54-6 #1, Unit
Date Filed: 9/15/11
Jerry E. Patterson, Commissioner
By Kathy Morgan

2011

Well Inventory Detail

MF106569

RRC Well Number: 1
RRC Number: 707783
RRC District: 08
RRC Lease Type: ALLOCATED
API Number: 4238932727

RRC Field Name: TWO GEORGES
Pool Name: BONE SPRINGS
Formation: BONE SPRING
Primary Product Code: O
Well Type: A

Last Month Oil Production:
819

Last 12 Months Oil Production:
27117

Last Month Gas Production:
5470

Last 12 Months Gas Production:
84093

Last Month Water Production:
0

Last 12 Months Water Production:
0

Current Well Status: A
Well Completion Date: 06/30/2011

First Production Date: 03/01/2011
Last Production Date: 03/31/2012

Total Measured Depth: 14880
Wellbore Direction: H

Top Depth: 0
Base Depth: 0

Surface Latitude: 31.6086700000

Surface Longitude: -103.6775100000

GLO Lease Number: MF106569

GLO Unit Number: 5025

RRC Lease Name: STATE 54-6 #1
RRC Operator: ENERGEN RESOURCES CORPORATION
Oil Purchaser/Transporter:
Gas Purchaser/Transporter:

Last IHSE Update: 06/28/2012

County: REEVES

DrillingInfo One-Page Production Summary



[Tag This Element](#)

API# 42-389-32727
 Well# 1
 Lease STATE 54-6
 Field TWO GEORGES (BONE SPRING)
 Lease ENERGEN RESOURCES CORPORATION
 Operator [Well Op History](#)
 County Reeves
 State Texas
 Location 550.0 S / 2050.0 E, T&P RR CO/CASE, H W
 A-5791 Block:54 T4S Section:6

Elevation

Date Spud --

Date TD --

Logs Run

Prod.	First Production	Most Recent Production	Cumulative (MCF & BBL)	Gravity (SG & API)	Gatherer
Oil	3/1/11	6/1/12	29,735	0.00	
Gas	3/1/11	6/1/12	90,542	0.00	

Most Recently Reported Monthly Production (12 Months)

Mo/Yr	Gas (MCF)					Oil (BBL)				Water (BW)	#Wells Flowing	#Wells Other	Avg Gas (MCF/D)	Avg Oil (BBL/D)	Avg Wtr (BW/D)
	Produced	Sold	Used	Vented/Flared	Other	Produced	Sold	Other	Closing						
7/2011	26,336	0	0	0	0	6,047	4,987	0	0	0	---	---	849.55	195.06	0.00
8/2011	8,067	0	0	0	0	3,742	4,945	0	0	0	---	---	260.23	120.71	0.00
9/2011	9,132	0	0	0	0	2,888	2,638	0	0	0	---	---	304.40	96.27	0.00
10/2011	6,465	0	0	0	0	2,576	2,457	0	0	0	---	---	208.55	83.10	0.00
11/2011	6,352	0	0	0	0	2,197	2,486	0	0	0	---	---	211.73	73.23	0.00
12/2011	6,492	0	0	0	0	1,947	1,466	0	0	0	---	---	209.42	62.81	0.00
1/2012	6,765	0	0	0	0	1,826	1,921	0	0	0	---	---	218.23	58.90	0.00
2/2012	5,997	0	0	0	0	1,180	1,151	0	0	0	---	---	206.79	40.69	0.00
3/2012	5,470	0	0	0	0	819	733	0	0	0	---	---	176.45	26.42	0.00
4/2012	2,645	0	0	0	0	831	920	0	0	0	---	---	88.17	27.70	0.00
5/2012	3,364	0	0	0	0	902	1,081	0	0	0	---	---	108.52	29.10	0.00
6/2012	440	0	0	0	0	862	1,110	0	0	0	---	---	14.67	28.73	0.00
Totals	87,525	0	0	0	0	25,817	25,895	0	0	0	---	---	---	---	---

Annual Production

Year	Gas (MCF)	Oil (BBL)	Water (BW)	#Wells Flowing	#Wells Other	Avg Gas (MCF/D)	Avg Oil (BBL/D)	Avg Wtr (BW/D)	Annual Dec. Gas	Annual Dec. Oil
2011	65,861	23,315	---	---	---	270.81	95.87	0.00	---	---
2012	24,681	6,420	---	---	---	135.31	35.20	0.00	62.5%	72.5%
Totals	90,542	29,735	---	---	---	---	---	---	---	---

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Operator/Wellbore/PDQ Results

[Print](#)

OPERATOR/WELLBORE

API: 389-32757

WELLBORE STATUS	OPEN
LAST PERMIT ISSUED	710521
LAST PERMIT OPERATOR NUMBER	252002
LAST PERMIT OPERATOR	ENERGEN RESOURCES CORPORATION
LAST PERMIT LEASE NAME	STATE 54-6
TOTAL DEPTH	10559
SURFACE LOCATION	Land
ABSTRACT	4224
SURVEY	T&P RR CO / MILLER, MRS J B
BLOCK	54 T4S
SECTION	6
DISTANCE 1	300
DIRECTION 1	SOUTH
DISTANCE 2	300
DIRECTION 2	WEST

[Oil/Gas Imaged Records for API: 389-32757](#)

COMPLETION INFORMATION

PRORATION SCHEDULE	OIL
DISTRICT	08
LEASE/ID	41565
OPERATOR NUMBER	252002
OPERATOR	ENERGEN RESOURCES CORPORATION
LEASE NAME	STATE 54-6
FIELD	TWO GEORGES (BONE SPRING)
WELL NUMBER	2
TYPE WELL	PRODUCING
ON SCHEDULE	YES

[Production Data Query\(PDQ\)](#)[Oil/Gas Imaged Records for Lease/ID: 41565](#)

PLUGGING INFORMATION

DATE PLUGGED	
PLUG DEPTH	
PLUGGING OPERATOR	
PLUGGED LEASE	

DrillingInfo One-Page Production Summary


Tag This
Element

API# 42-389-32757
 Well# 2
 Lease STATE 54-6
 Field TWO GEORGES (BONE SPRING)
 Lease ENERGEN RESOURCES CORPORATION
 Operator Well Op History
 County Reeves
 State Texas
 Location 300.0 SOUTH / 300.0 WEST, T&P RR
 CO/MILLER, MRS J B A-4224 Block:54 T4S
 Section:6
 Elevation 2839 GR
 Date Spud --
 Date TD --
 Logs Run COMBO,OF,INDUCTION/NEUTRON/DENSITY,

Prod.	First Production	Most Recent Production	Cumulative (MCF & BBL)	Gravity (SG & API)	Gatherer
Oil	6/1/11	6/1/12	26,830	0.00	PLAML
Gas	6/1/11	6/1/12	82,060	0.00	SOUUG

Most Recently Reported Monthly Production (12 Months)

Mo/Yr	Gas (MCF)					Oil (BBL)				Water (BW)	# Wells Flowing	# Wells Other	Avg Gas (MCF/D)	Avg Oil (BBL/D)	Avg Wtr (BW/D)
	Produced	Sold	Used	Vented/Flared	Other	Produced	Sold	Other	Closing						
7/2011	19,696	0	0	19,696	0	5,460	4,607	0	2,202	0	---	---	635.35	176.13	0.00
8/2011	4,259	4,259	0	0	0	3,383	4,265	0	434	0	1	---	137.39	109.13	0.00
9/2011	6,962	6,962	0	0	0	2,236	1,864	0	806	0	1	---	232.07	74.53	0.00
10/2011	5,036	5,036	0	0	0	2,154	2,449	0	511	0	1	---	162.45	69.48	0.00
11/2011	5,328	5,328	0	0	0	1,867	1,708	0	670	0	1	---	177.60	62.23	0.00
12/2011	5,157	5,157	0	0	0	1,756	1,684	0	742	0	1	---	166.35	56.65	0.00
1/2012	5,676	5,676	0	0	0	1,559	1,687	0	614	0	1	---	183.10	50.29	0.00
2/2012	5,057	5,057	0	0	0	1,359	1,147	0	826	0	1	---	174.38	46.86	0.00
3/2012	4,572	4,572	0	0	0	837	1,107	0	556	0	1	---	147.48	27.00	0.00
4/2012	2,655	2,655	0	0	0	455	179	0	832	0	1	---	88.50	15.17	0.00
5/2012	2,714	2,714	0	0	0	879	918	0	793	0	1	---	87.55	28.35	0.00
6/2012	808	808	0	0	0	595	753	0	635	0	1	---	26.93	19.83	0.00
Totals	67,920	48,224	0	19,696	0	22,540	22,368	0	9,621	0	---	---	---	---	---

Annual Production

Year	Gas (MCF)	Oil (BBL)	Water (BW)	#Wells Flowing	#Wells Other	Avg Gas (MCF/D)	Avg Oil (BBL/D)	Avg Wtr (BW/D)	Annual Dec. Gas	Annual Dec. Oil
2011	60,578	21,146	---	1	---	284.67	99.37	0.00	---	---
2012	21,482	5,684	---	1	---	117.77	31.16	0.00	64.5%	73.1%
Totals	82,060	26,830	---	---	---	---	---	---	---	---

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Oil & Gas Data Query

Query Menu Help

Specific Lease Query Results

Query Path: [Search Criteria](#) > District: 08Date Range: Jul 2011 to Jun 2012

Related Links

[O&G Directory](#)
[O&G Proration Schedule](#)
[Offshore County Map](#)
[Production and Total Disposition](#) [Disposition Details](#) [County Production](#)

Search Criteria:

Lease Name: **STATE 54-6**, Lease No.: **41565**

Well Type: Oil

District: 08

Lease Production and Disposition

Date Range: Jul 2011 - Jun 2012

1 - 10 of 12 results

[<<First] [<Previous] [Next>] [Last>>] | Page: 1 2 of 2

Page Size: 10

Date	OIL (BBL)		Casinghead (MCF)		Operator Name	Operator No.	Field Name	Field No.
	Production	Disposition	Production	Disposition				
Jul 2011	5,460	4,607	19,696	19,696	ENERGEN RESOURCES CORPORATION	252002	TWO GEORGES (BONE SPRING)	92100050
Aug 2011	3,383	4,265	4,259	4,259				
Sep 2011	2,236	1,864	6,962	6,962				
Oct 2011	2,154	2,449	5,036	5,036				
Nov 2011	1,867	1,708	5,328	5,328				
Dec 2011	1,756	1,684	5,157	5,157				
Jan 2012	1,559	1,687	5,676	5,676				
Feb 2012	1,359	1,147	5,057	5,057				
Mar 2012	837	1,107	4,572	4,572				
Apr 2012	455	179	2,655	2,655				

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⑨

File No. MF106569

Production Review

Date Filed: 09/07/2012

Jerry E. Patterson, Commissioner

By JEP

From: Linda Price
 To: Ronald Widmayer
 Date: 10/1/2012 9:34 AM
 Subject: Unit 5025: MF106569 & MF112611

Ron:

Harriet wanted me to get with you regarding Unit 5025: MF106569 & MF112611.

The Unit Agreement states on the fourth page that the well will be spud on March 6, 2011. According to Drilling Info, the date of 1st production for 389-32727, State 54-6, Well #1 was 03/01/2011.

In GLOBase, the unit is listed as "Active" with a status date of 06/07/2011, the effective date of the unit.

Specifically, she wanted me to ask you to reconcile the dates so that we can update GLOBase to correctly reflect the production status and dates.

If you want to look at them, I have the files.

Thanks.
 Linda

Ron got w/ me on 10/10/2012

All in unit = No non-unit Ac 106569 ~~Ac~~ Producing

~~Ac added to unit~~ = Producing

Eff. date

~~June 28, 2012~~

Unit

07/01/2011

1st production

MF ~~112~~ 611

Change GBase to 80 ac.

No-non unit acres

UAG Memo attributes 320 ac. ^{lease ac., not unit,} to MF106569.

Producing

MF106569A Lease contains 240 ac.

MF106569B Lease contains (ed) 80 ac.

B Lease is listed in GLOBase as "Cancelled" status Date 04/06/2011

See Pooling Committee Report (Copy highlighted attached)

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

PA11-100

Unit Number 5025
Operator Name **ENERGEN RESOURCES CORPORATION** Effective Date 6/7/2011
Customer ID C000043130 Unitized For Oil & Gas
Unit Name State 54-6 #1 Unit Term 0 Months
County1 Reeves
County2
County3
RRC District: 08
Unit Type: Permanent
State Royalty Interest: 0.1250000000
State Part in Unit: 1.0000000000
Unit Depth Well: Other
Below Depth 7850 TVD Formation: Bone Spring, Upper Wolfcamp
Above Depth 11550 MD Participation Basis: Surface Acreage
[If Exclusions Apply: See Remarks]

MF Number MF106569^{DA} Tract Number 1
Lease Acres 240 / Total Unit Acres 320 =
Tract Participation: 0.7500000 X
Lease Royalty 0.125 = Manual Tract Participation: 0 See Remark
Tract Royalty Participation 0.0937500 Manual Tract Royalty: 0
Tract Royalty Reduction No
Tract Royalty Rate 0
Tract On-Line Date: 160 ac 80 ac
07-109531 07-109540

MF Number MF112611

Tract Number 2

Lease Acres 80 / Total Unit Acres 320 =

Tract Participation: 0.2500000 X

Lease Royalty 0.125 =

Manual Tract Participation: 0 See Remark

Tract Royalty Participation 0.0312500

Manual Tract Royalty: 0

Tract Royalty Reduction No

Tract Royalty Rate 0

Tract On-Line Date:

API Number RRC Number

423893272700 0

Remarks:

Prepared By:

REW

Prepared Date:

6-7-11

GLO Base Updated By:

REW

GLOBase Date:

6-7-11

RAM Approval By:

JK

RAM Approval Date:

6-10-2011

GIS By:

ZG

GIS Date:

7-25-2011

Pooling Committee Report

To: School Land Board
Date of Board Meeting: June 7, 2011
Effective Date: 6/7/2011
Unit Expiration Date: Permanent
Applicant: ENERGEN RESOURCES CORPORATION
Attorney Rep: Mickey R Olmstead
Operator: ENERGEN RESOURCES CORPORATION
County 1: Reeves
County 2:
County 3:
Unit Name: State 54-6 #1
Field Name: Two Georges (Bone Spring)

<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	MF106569	0.125	4/4/2011	5 years	320	240	0.0937500
RAL	MF112611	0.125	4/4/2011	5 years	160	80	0.0312500

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

Private Acres:	0
State Acres:	320
Total Unit Acres:	320

<u>Participation Basis:</u>	
Surface Acreage	
<u>State Acreage:</u>	100.00%
<u>State Unit Royalty:</u>	12.50%

<u>Unit Type:</u>	<u>Unitized for:</u>
Permanent	Oil & Gas
<u>Term:</u>	0 Months

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

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Special Field Rule	320 acres

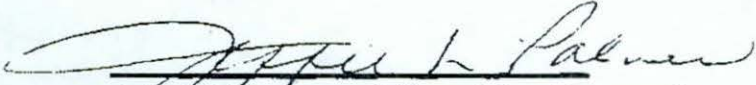
REMARKS:

Pooling Agreement Number: PA11-100

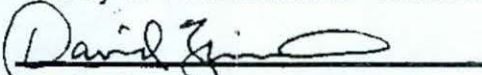
- Energen Resources Corporation is requesting permanent oil and gas pooling of the Bone Spring and Upper Wolfcamp Formations defined as the stratigraphic interval or the correlative equivalent occurring from 7,850 feet to 11,550 feet MD as seen on the electric log of the Vermejo 58-1 well (API 42-301-31248).
- The applicant spud the unit well on March 6, 2011 and is currently drilling to a proposed total depth of 10,500 feet TVD. A 4000 foot lateral will then be drilled.
- With approval of the unit the State's unit royalty participation will be 12.50%.
- The unit well will drill the unit to density.
- Approval by the School Land Board in no way ratifies the State lease included in this unit.

POOLING COMMITTEE RECOMMENDATION:

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


Jeffrey L. Palmer - Office of the Attorney General


Tracey T. Throckmorton - General Land Office


David Zimmerman - Office of the Governor

5-25-11

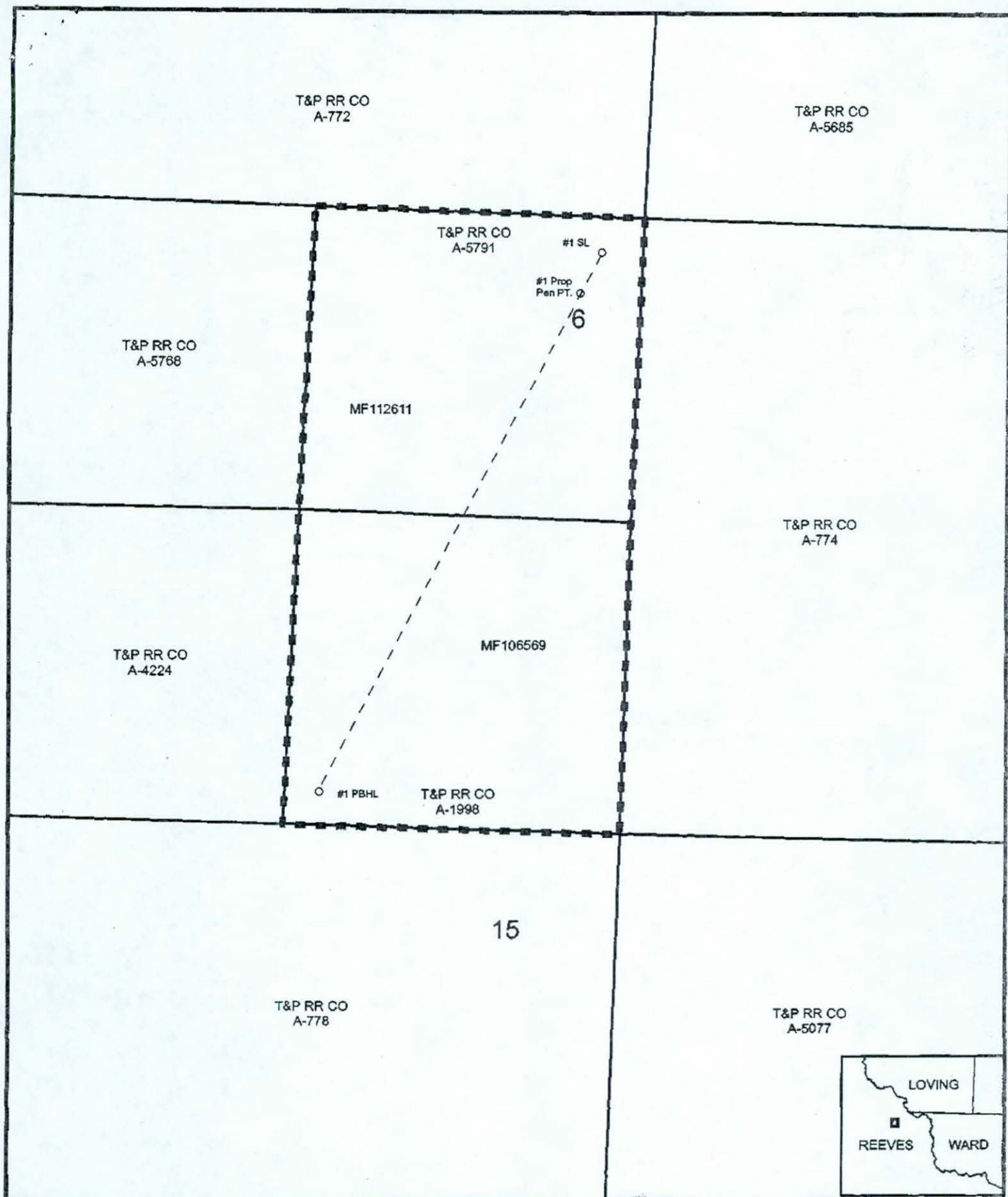
Date:

5-25-11

Date:

5-25-11

Date:



Energen Resources Corporation
 State 54-6 #1 Unit
 Two Georges (Bone Spring) Field
 MF106569, MF112611
 Reeves County
 Unit #5025
 PA11-100

1,400 700 0 1,400
 Feet

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

Map Generated by
 Zane Gullis
 IS/BASGIS
 March 27, 2014

File No. MF 106569 10

Unit Review

Date Filed: 10/01/2012

Jerry E. Patterson, Commissioner

By [Signature]

 ONLINE SYSTEM

Oil & Gas Data Query

[Query Menu](#) [Help](#)

Specific Lease Query Results

Query Path: [Search Criteria](#) > District: 08Date Range: Jan 2012 to Dec 2012

Related Links

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[O&G Proration Schedule](#)
[Offshore County Map](#)[Production and Total Disposition](#) [Disposition Details](#) [County Production](#)

Search Criteria:

Lease Name: STATE 54-6 , Lease No.: 41565

Well Type: Oil

District: 08

Lease Production and Disposition

Date Range: Jan 2012 - Dec 2012

11 - 12 of 12 results

[\[<<First\]](#) [\[<Previous\]](#) [\[Next>\]](#) [\[Last>>\]](#) | Page: 1 2 of 2

Page Size: 10

Date	OIL (BBL)		Casinghead (MCF)		Operator Name	Operator No.	Field Name	Field No.
	Production	Disposition	Production	Disposition				
Nov 2012	79	0	230	230	ENERGEN RESOURCES CORPORATION	252002	TWO GEORGES (BONE SPRING)	92100050
Dec 2012	695	757	1,846	1,846				
Total	9,849	10,253	31,448	31,448				

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 ONLINE SYSTEM

Oil & Gas Data Query

Query Menu Help

Specific Lease Query Results

Query Path: [Search Criteria](#) > District: 08

Date Range: Jan 2012 to Dec 2012

Submit

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[Production and Total Disposition](#) [Disposition Details](#) [County Production](#)

Search Criteria:

Lease Name: STATE 54-6 , Lease No.: 41565

Well Type: Oil

District: 08

Lease Production and Disposition

Date Range: Jan 2012 - Dec 2012

Return

1 - 10 of 12 results

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Page Size: 10

Date	OIL (BBL)		Casinghead (MCF)		Operator Name	Operator No.	Field Name	Field No.
	Production	Disposition	Production	Disposition				
Jan 2012	1,559	1,687	5,676	5,676	ENERGEN RESOURCES CORPORATION	252002	TWO GEORGES (BONE SPRING)	92100050
Feb 2012	1,359	1,147	5,057	5,057				
Mar 2012	837	1,107	4,572	4,572				
Apr 2012	455	179	2,655	2,655				
May 2012	879	918	2,714	2,714				
Jun 2012	801	754	808	808				
Jul 2012	1,030	1,496	2,658	2,658				
Aug 2012	605	180	839	839				
Sep 2012	970	1,121	3,130	3,130				
Oct 2012	580	907	1,263	1,263				

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File No. MF106569 (11)
Production Review

Date Filed: 02/21/2013

Jerry E. Patterson, Commissioner

By JEP

PAYMENT IS MADE UNDER INSTRUMENT DESCRIBED BELOW, PLEASE DEPOSIT AMOUNT OF CHECK TO THE CREDIT OF PARTY OR PARTIES NAMED.
DATE, SIGN AND RETURN THIS RECEIPT ON THE DAY YOU RECEIVE IT.
THIS PAYMENT IS MADE IN A MANNER TO CONFORM TO THE TERMS OF THE INSTRUMENT REFERRED TO WHEREIN YOU ARE NAMED DEPOSITORY.

WHEN SIGNED, PLEASE MAIL TO:

ENERGEN RESOURCES CORPORATION
605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-8139

**RENTAL RECEIPT/
SHUT IN RECEIPT**

Wells Fargo
BIRMINGHAM, ALABAMA

Page 1 of 1

DATE **02/12/2013**

NO. **33247**

LEASE RECORDS ACCOUNT

RENTAL PERIOD

COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO
REEVES	TEXAS	732-199	04/04/06	12	04/04/13	04/04/14

LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER	PAY EXACTLY
TX439051-01P	HAMILTON FAMILY TRUST ST OF TX MF-106569	\$18,000.00

PAY TO THE
ORDER OF

STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TX 78701-1495

RECEIVED ON _____ 20____
THE AMOUNT SHOWN ABOVE

NAME OF BANK, CORPORATION OR INDIVIDUAL

BY _____

RECEIPT IS HEREBY ACKNOWLEDGED OF THE AMOUNT STATED
WHICH IS IN FULL SETTLEMENT OF RENTAL/SHUT-IN DUE PARTY
NAMED COVERING OUR INTEREST IN OIL AND GAS
LEASE DESCRIBED HEREIN.

PAYEE WILL PLEASE DATE, SIGN AND RETURN THIS RECEIPT
BY NEXT MAIL. OFFICERS SIGNING FOR CORPORATIONS WILL
PLEASE GIVE FULL NAME AND TITLE.

TO BE CREDITED TO

RENTAL AMOUNT

BANK

ENERGEN RESOURCES CO** DELAY RENTALS **
STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TEXAS 78701-1495
TRACT
52777
T&PRR A-1998 54 T4S 6
More Tracts On Lease

X \$18,000.00

13706660

121

PAYMENT IS MADE UNDER INSTRUMENT DESCRIBED BELOW. PLEASE DEPOSIT AMOUNT OF CHECK TO THE CREDIT OF PARTY OR PARTIES NAMED.
DATE, SIGN AND RETURN THIS RECEIPT ON THE DAY YOU RECEIVE IT.
THIS PAYMENT IS MADE IN A MANNER TO CONFORM TO THE TERMS OF THE INSTRUMENT REFERRED TO WHEREIN YOU ARE NAMED DEPOSITORY.

WHEN SIGNED, PLEASE MAIL TO: ENERGEN RESOURCES CORPORATION 605 Richard Arrington Blvd North Birmingham, Alabama 35203-2707 Telephone (205) 326-8139		RENTAL RECEIPT/ SHUT IN RECEIPT Wells Fargo BIRMINGHAM, ALABAMA		Page 1 of 1	
		DATE	02/12/2013	NO.	33247
LEASE RECORDS ACCOUNT			RENTAL PERIOD		
COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM TO
REEVES	TEXAS	732-199	04/04/06	12	04/04/13 04/04/14
LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER			PAY EXACTLY	
TX439051-01P	HAMILTON FAMILY TRUST ST OF TX MF-106569			\$18,000.00	
PAY TO THE ORDER OF		STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE 1700 NORTH CONGRESS AVENUE STEPHEN F AUSTIN BUILDING AUSTIN, TX 78701-1495		RECEIVED ON: 02/19/13 THE AMOUNT SHOWN ABOVE FLO NAME OF BANK, CORPORATION OR INDIVIDUAL BY: [Signature]	

RECEIPT IS HEREBY ACKNOWLEDGED OF THE AMOUNT STATED WHICH IS IN FULL SETTLEMENT OF RENTAL SHUT-IN DUE PARTY NAMED COVERING OUR INTEREST IN OIL AND GAS LEASE DESCRIBED HEREIN.

PAYEE WILL PLEASE DATE, SIGN AND RETURN THIS RECEIPT BY NEXT MAIL. OFFICERS SIGNING FOR CORPORATIONS WILL PLEASE GIVE FULL NAME AND TITLE.

TO BE CREDITED TO

RENTAL AMOUNT

BANK

ENERGEN RESOURCES CO** DELAY RENTALS **
STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TEXAS 78701-1495
TRACT
52777
T&PRR A-1998 54 T4S 6
More Tracts On Lease

X \$18,000.00

13706660

121

PLEASE DETACH THIS PORTION BEFORE DEPOSITING THIS CHECK

THIS CHECK HAS A COLORED BACKGROUND AND CONTAINS MULTIPLE SECURITY FEATURES - SEE BACK FOR DETAILS

ENERGEN RESOURCES CORPORATION
605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-8139

Wells Fargo
BIRMINGHAM, ALABAMA

No. 33247

DATE: 02/12/2013

13706660

LEASE RECORDS ACCOUNT		RENTAL PERIOD			
COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM TO
REEVES	TEXAS	732-199	04/04/06	12	04/04/13 04/04/14
LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER			PAY EXACTLY	
TX439051-01P	HAMILTON FAMILY TRUST ST OF TX			\$18,000.00	

PAY TO THE ORDER OF \$18,000.00dols00cts

PAY TO THE ORDER OF

STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TX 78701-1495

TREASURER

PRESIDENT





February 15, 2013

State of Texas
Commissioner of the General Land Office
1700 North Congress Avenue
Stephen F Austin Building
Austin, TX 78701-1436

RE:

Please find enclosed the option payments due under the terms of the oil and gas leases identified below for the month of April, 2013.

<u>Check No</u>	<u>File No.</u>	<u>Lessor</u>	<u>Due Date</u>
33247	TX439051-01P	ST OF TX MF-106569	04-04-13
33223	TX439051-02P	ST OF TX MF-112611	04-04-13
33224	TX439052-01P	ST OF TX MF-106229	04-21-13
33225	TX439053-00P	ST OF TX MF- 106567	04-21-13

According to paragraph 16 (B) We have the option to pay on or before 2 years after the primary term or extended term, an amount equal to $\frac{1}{2}$ the original bonus paid to extend the deeper rights for an additional period of 2 years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths covered by this lease.

To confirm for our files that you have received the above mentioned payment(s) please fill in the RECEIVED ON date of the check copy and return it to Energen Resources Corporation in the enclosed return envelope.

Thank you for your consideration in this matter.

Yours truly,

Energen Resources Corporation

Cathy Carter Hitt
Lease Analyst III

File No. NF 106569 (12)
1/2 Bonus paid to extend deep rights

Date Filed: 02/19/2013

Jerry E. Patterson, Commissioner

By JEP

MEMO TO FILE MF106569

Date: 02/21/2013

From: Linda Price

RE: Deep Rights Extension, Original Bonus Payment & Rental Payment

As provided for under Paragraph 16(B) of the subject lease, Energen Resources paid \$18,000.00, ½ of the original bonus amount of \$36,000.00, on the unexpired lease acreage in order to extend the deep rights of that lease acreage for two additional years. Those rights will expire April 4, 2015 unless there is production from the deeper depths to hold the deep rights at that time.

There was no copy of the payment of the original bonus for MF106569 in the file. However, a printout from GLOBase Revenue Details (copy attached) shows a payment of \$48,000.00 as a bonus. The bonus due for MF106569 was \$36,000.00. It was surmised that the \$12,000 additional bonus was in payment of the bonus for MF106569B, which was subsequently cancelled and transferred to a new mineral file number, MF112611. At the time of this review, MF112611 did not contain a copy of an original bonus payment nor did GLOBase show any bonus credited to MF112611 lease as payment of the original bonus amount.

Additionally, there was no payment found in MF112611 for the \$12,000.00 rentals due at the end of the third anniversary date of the lease (see Paragraph 40) to extend the lease an additional two years, nor did GLOBase Revenue Details show any payment of the rentals due (printout attached). However, Forest Oil's check number 811715 issued in the amount of \$12,000.00 was found in MF106569. It was identified by the lease recording book and page notation typed on the check as correctly belonging to MF112611. It was removed from MF106569 and placed in MF112611 and the rentals were credited to MF112611 in the Energy Resources edit version of GLOBase. Financial Management was notified so that the Revenue Details of GLOBase could be corrected.

MF106569 had a primary term of 3 years with an option to pay a rental payment of \$36,000.00 at the end of the third anniversary date (see Paragraph 40) to extend the lease an additional two years. The rental payment was found as Document 5 in MF106569.

This application will soon be replaced by the new ALAMO application!



Parallel testing of the ALAMO application begins July 18. Please assist us in testing by selecting the ALAMO icon in your NAL window. If you do not see the icon in your NAL window, please refresh it by hitting the (F5) key. For further assistance, please contact TSC at 3-8877.



GLOBase Main Menu | Business Entity Search | Energy Paper Search | PSF Land Search | Well Inventory Search

Oil and/or Gas Lease Financial Details

Lease: MF106569

Bonus Payments:

Related Business Entities | Related Counties | Related Leases/Units | Related PSF Land

Bonus Payment Information

Fiscal Year	Register No.	Bonus Payment Amount	Revenue Code	USAS Number	GLO Number	Received Date	Remitter
2006	06045918	\$48,000.00	3315005			06/14/2006	PERRY & PERRY

For technical support please contact the Technical Support Center at 463-8877
This page last updated on 4 November 2000



This application will soon be replaced by the new ALAMO application!



Parallel testing of the ALAMO application begins July 18. Please assist us in testing by selecting the ALAMO icon in your NAL window. If you do not see the icon in your NAL window, please refresh it by hitting the (F5) key. For further assistance, please contact TSC at 3-8877.



GLOBase Main Menu | Business Entity Search | Energy Paper Search | PSF Land Search | Well Inventory Search

Oil and/or Gas Lease Financial Details

Lease: MF106569

Rental Payments:

Related Business Entities | Related Counties | Related Leases/Units | Related PSF Land

Rental Payment Information

Fiscal Year	Register No.	Rental Payment Amount	Revenue Code	USAS Number	GLO Number	Received Date	Remitter
2009	09011286	\$12,000.00	3316005			03/17/2009	FOREST OIL CORP
2009	09011287	\$36,000.00	3316005			03/17/2009	FOREST OIL CORP

For technical support please contact the Technical Support Center at 463-8877
This page last updated on 4 November 2000



File No. MF 106569 (13)

Memo To File re Deep Rights Extension,
Original Bonus Payment & Rentals

Date Filed: 02/21/2013

Jerry E. Patterson, Commissioner

By JEP

From: Linda Price
To: Daphne Grantham
Date: 2/22/2013 11:05 AM
Subject: MF106229A, MF106567, MF 106569 & MF112611
Attachments: MF112611 and MF106569 Bonus and MF112611 rental payment.pdf

Daphne:

We have received checks for Deep Rights Extensions. The checks are not yet listed in GLOBase but should be credited as "Bonus". The checks (copy attached) & their corresponding lease numbers are as follows:

<u>Register No.</u>	<u>Lease No.</u>
13706660	MF106569
13706661	MF112611
13706662	MF106229A
13706663	MF106567

While processing the extensions, I discovered that MF112611 did not have a bonus payment in the file, nor did GLOBase list a bonus payment for it. Conversely, MF106569 only required a \$36,000 bonus, yet GLOBase lists it with a \$48,000.00 bonus. Likewise, the rental required to extend MF106569 for an additional two years beyond its 3-year primary term was \$36,000.00, yet GLOBase lists it as being credited with \$48,000.00 in rentals. The rental required to extend MF112611 an additional two years was \$12,000.00. MF112611 file does not contain a copy of a payment of the rental and GLOBase does not list it as being credited with the rental.

MF106569 originally contained 2 leases, A & B. In consulting with staff who was working at the GLO at the time, I was told when Lease B was cancelled, the same interest was leased as MF112611 although there was no comment in GLOBase or note in the file to that effect. Apparently, the bonus and rental money paid for Lease B were never transferred over to MF112611 in GLOBase or in the file. Attached to this email is a copy of the GLOBase Revenue Details for both leases. As you will see, MF106569 has one bonus payment listed in the amount of \$48,000.00. It has two rental payments listed, one for \$12,000 and one for \$36,000.00. And MF112611 has no bonus and no rental in GLOBase. To correct the money, on our end, we have credited the \$12,000.00 excess bonus and the \$12,000.00 excess rental from MF106569 to MF112611.

Please let me know if this does not make sense. I will keep the files for a few days in case you have any questions.

Thank you.
Linda

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

PAYMENT IS MADE UNDER INSTRUMENT DESCRIBED BELOW. PLEASE DEPOSIT AMOUNT OF CHECK TO THE CREDIT OF PARTY OR PARTIES NAMED.
DATE, SIGN AND RETURN THIS RECEIPT ON THE DAY YOU RECEIVE IT.
THIS PAYMENT IS MADE IN A MANNER TO CONFORM TO THE TERMS OF THE INSTRUMENT REFERRED TO WHEREIN YOU ARE NAMED DEPOSITORY.

WHEN SIGNED, PLEASE MAIL TO:		RENTAL RECEIPT/ SHUT IN RECEIPT		Wells Fargo BIRMINGHAM, ALABAMA		Page 1 of 1
ENERGEN RESOURCES CORPORATION 605 Richard Arrington Blvd North Birmingham, Alabama 35203-2707 Telephone (205) 326-8139		DATE 02/12/2013		NO. 33247		
LEASE RECORDS ACCOUNT		RENTAL PERIOD				
COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO
REEVES	TEXAS	732-199	04/04/06	12	04/04/13	04/04/14
LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER				PAY EXACTLY	
TX439051-01P	HAMILTON FAMILY TRUST ST OF TX MF-106569				\$18,000.00	
PAY TO THE ORDER OF		STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE 1700 NORTH CONGRESS AVENUE STEPHEN F AUSTIN BUILDING AUSTIN, TX 78701-1495		RECEIVED ON 02/19/13 THE AMOUNT SHOWN ABOVE NAME OF BANK, CORPORATION OR INDIVIDUAL BY <i>[Signature]</i>		

RECEIPT IS HEREBY ACKNOWLEDGED OF THE AMOUNT STATED
WHICH IS IN FULL SETTLEMENT OF RENTAL SHUT-IN DUE PARTY
NAMED COVERING OUR INTEREST IN OIL AND GAS
LEASE DESCRIBED HEREIN.

PAYEE WILL PLEASE DATE, SIGN AND RETURN THIS RECEIPT
BY NEXT MAIL. OFFICERS SIGNING FOR CORPORATIONS WILL
PLEASE GIVE FULL NAME AND TITLE.

TO BE CREDITED TO

RENTAL AMOUNT

BANK

ENERGEN RESOURCES CO** DELAY RENTALS **
STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TEXAS 78701-1495

X \$18,000.00

TRACT
52777
T&PRR A-1998 54 T&S 6
More Tracts On Lease

13706660

121

PLEASE DETACH THIS PORTION BEFORE DEPOSITING THIS CHECK

THIS CHECK HAS A COLORED BACKGROUND AND CONTAINS MULTIPLE SECURITY FEATURES - SEE BACK FOR DETAILS

ENERGEN RESOURCES CORPORATION 605 Richard Arrington Blvd North Birmingham, Alabama 35203-2707 Telephone (205) 326-8139		Wells Fargo BIRMINGHAM, ALABAMA		No. 33247	
DATE: 02/12/2013		13706660			
LEASE RECORDS ACCOUNT		RENTAL PERIOD			
COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM TO
REEVES	TEXAS	732-199	04/04/06	12	04/04/13 04/04/14
LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER				PAY EXACTLY
TX439051-01P	HAMILTON FAMILY TRUST ST OF TX				\$18,000.00
PAY TO THE ORDER OF		STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE 1700 NORTH CONGRESS AVENUE STEPHEN F AUSTIN BUILDING AUSTIN, TX 78701-1495			
EXACTLY \$18,000.00		TREASURER <i>[Signature]</i> PRESIDENT <i>[Signature]</i>			

PAYMENT IS MADE UNDER INSTRUMENT DESCRIBED BELOW PLEASE DEPOSIT AMOUNT OF CHECK TO THE CREDIT OF PARTY OR PARTIES NAMED.
DATE, SIGN AND RETURN THIS RECEIPT ON THE DAY YOU RECEIVE IT.
THIS PAYMENT IS MADE IN A MANNER TO CONFORM TO THE TERMS OF THE INSTRUMENT REFERRED TO WHEREIN YOU ARE NAMED DEPOSITORY.

WHEN SIGNED, PLEASE MAIL TO: ENERGEN RESOURCES CORPORATION 605 Richard Arrington Blvd North Birmingham, Alabama 35203-2707 Telephone (205) 326-8138		RENTAL RECEIPT/ SHUT IN RECEIPT		Wells Fargo BIRMINGHAM, ALABAMA		Page 1 of 1	
		DATE		02/12/2013		NO. 33249	
		LEASE RECORDS ACCOUNT		RENTAL PERIOD			
COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO	
REEVES	TEXAS	732-189	04/04/06	12	04/04/13	04/04/14	
LEASE NUMBER		ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER				PAY EXACTLY	
TX439051-02P		CLIFFORD H BLATCHLEY ST OF TX MF-112611				\$6,000.00	
PAY TO THE ORDER OF		STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE 1700 NORTH CONGRESS AVENUE STEPHEN F AUSTIN BUILDING AUSTIN, TX 78701-1495				RECEIVED ON 02/19/13 THE AMOUNT SHOWN ABOVE FLO NAME OF BANK CORPORATION OR INDIVIDUAL BY <i>[Signature]</i>	

RECEIPT IS HEREBY ACKNOWLEDGED OF THE AMOUNT STATED WHICH IS IN FULL SETTLEMENT OF RENTALS DUE PARTY NAMED COVERING OUR INTEREST IN OIL AND GAS LEASE DESCRIBED HEREIN.

PAYEE WILL PLEASE DATE, SIGN AND RETURN THIS RECEIPT BY NEXT MAIL. OFFICERS SIGNING FOR CORPORATIONS WILL PLEASE GIVE FULL NAME AND TITLE.

TO BE CREDITED TO

RENTAL AMOUNT

BANK

ENERGEN RESOURCES CO** DELAY RENTALS **
STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TEXAS 78701-1495

X \$6,000.00

TRACT
52778
T&PFR A-5791 54 T4S 6

13706661

121

PLEASE DETACH THIS PORTION BEFORE DEPOSITING THIS CHECK

THIS CHECK HAS A COLORED BACKGROUND AND CONTAINS MULTIPLE SECURITY FEATURES - SEE BACK FOR DETAILS

ENERGEN RESOURCES CORPORATION 605 Richard Arrington Blvd North Birmingham, Alabama 35203-2707 Telephone (205) 326-8138		Wells Fargo BIRMINGHAM, ALABAMA		DATE: 02/12/2013		No. 33249 13706661	
		LEASE RECORDS ACCOUNT		RENTAL PERIOD			
COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO	
REEVES	TEXAS	732-189	04/04/06	12	04/04/13	04/04/14	
LEASE NUMBER		ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER				PAY EXACTLY	
TX439051-02P		CLIFFORD H BLATCHLEY ST OF TX				\$6,000.00	
PAY TO THE ORDER OF		STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE 1700 NORTH CONGRESS AVENUE STEPHEN F AUSTIN BUILDING AUSTIN, TX 78701-1495				TREASURER <i>[Signature]</i> PRESIDENT <i>[Signature]</i>	

PAYMENT IS MADE UNDER INSTRUMENT DESCRIBED BELOW. PLEASE DEPOSIT AMOUNT OF CHECK TO THE CREDIT OF PARTY OR PARTIES NAMED.
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WHEN SIGNED, PLEASE MAIL TO:		RENTAL RECEIPT/ SHUT IN RECEIPT		Wells Fargo BIRMINGHAM, ALABAMA		Page 1 of 1	
ENERGEN RESOURCES CORPORATION 605 Richard Arrington Blvd North Birmingham, Alabama 35203-2707 Telephone (205) 326-8139		DATE		02/12/2013	NO.		33251
LEASE RECORDS ACCOUNT		RENTAL PERIOD					
COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO	
REEVES	TEXAS	732-169	04/21/06	12	04/21/13	04/21/14	
LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER		PAY EXACTLY				
TX439052-01P	LAWRENCE WAYNE MCGEE ST OF TX		MF-106229A \$1,500.00				
PAY TO THE ORDER OF		STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE 1700 NORTH CONGRESS AVENUE STEPHEN F AUSTIN BUILDING AUSTIN, TX 78701-1495		RECEIVED ON 2-19 2013 THE AMOUNT SHOWN ABOVE FLO NAME OF BANK, CORPORATION OR INDIVIDUAL Wells Fargo			

RECEIPT IS HEREBY ACKNOWLEDGED OF THE AMOUNT STATED
WHICH IS IN FULL SETTLEMENT OF RENTALS/SHUT-IN DUE PARTY
NAMED COVERING OUR INTEREST IN OIL AND GAS
LEASE DESCRIBED HEREIN.

PAYEE WILL PLEASE DATE, SIGN AND RETURN THIS RECEIPT
BY NEXT MAIL. OFFICERS SIGNING FOR CORPORATIONS WILL
PLEASE GIVE FULL NAME AND TITLE.

TO BE CREDITED TO

RENTAL AMOUNT BANK

ENERGEN RESOURCES CO** DELAY RENTALS **
STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TEXAS 78701-1495

X \$1,500.00

13706662

TRACT
52674
T&PRR A-5768 54 T&S 6

121

PLEASE DETACH THIS PORTION BEFORE DEPOSITING THIS CHECK.

THIS CHECK HAS A COLORED BACKGROUND AND CONTAINS MULTIPLE SECURITY FEATURES - SEE BACK FOR DETAILS

ENERGEN RESOURCES CORPORATION 605 Richard Arrington Blvd North Birmingham, Alabama 35203-2707 Telephone (205) 326-8139		Wells Fargo BIRMINGHAM, ALABAMA		DATE: 02/12/2013		13706662	
LEASE RECORDS ACCOUNT		RENTAL PERIOD					
COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO	
REEVES	TEXAS	732-169	04/21/06	12	04/21/13	04/21/14	
LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER		PAY EXACTLY				
TX439052-01P	LAWRENCE WAYNE MCGEE ST OF TX		\$1,500.00				
PAY TO THE ORDER OF		STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE 1700 NORTH CONGRESS AVENUE STEPHEN F AUSTIN BUILDING AUSTIN, TX 78701-1495		TREASURER Charles V. Porter PRESIDENT J. D. Richardson			

PAYMENT IS MADE UNDER INSTRUMENT DESCRIBED BELOW. PLEASE DEPOSIT AMOUNT OF CHECK TO THE CREDIT OF PARTY OR PARTIES NAMED.
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WHEN SIGNED, PLEASE MAIL TO: ENERGEN RESOURCES CORPORATION 605 Richard Arrington Blvd North Birmingham, Alabama 35203-2707 Telephone (205) 326-8139		RENTAL RECEIPT/ SHUT IN RECEIPT		Wells Fargo BIRMINGHAM, ALABAMA		Page 1 of 1	
		DATE		02/12/2013		NO. 33253	
		LEASE RECORDS ACCOUNT		RENTAL PERIOD			
COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO	
REEVES	TEXAS	732-179	04/21/06	12	04/21/13	04/21/14	
LEASE NUMBER		ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER			PAY EXACTLY		
TX439053-00P		MARY LOUISE CARDWELL ST OF TX MF-106567			\$12,000.00		
PAY TO THE ORDER OF		STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE 1700 NORTH CONGRESS AVENUE STEPHEN F AUSTIN BUILDING AUSTIN, TX 78701-1495			RECEIVED ON 02/19 THE AMOUNT SHOWN ABOVE GLO NAME OF BANK, CORPORATION OR INDIVIDUAL BY <i>[Signature]</i>		

RECEIPT IS HEREBY ACKNOWLEDGED OF THE AMOUNT STATED WHICH IS IN FULL SETTLEMENT OF RENTAL SHUT-IN DUE PARTY NAMED COVERING OUR INTEREST IN OIL AND GAS LEASE DESCRIBED HEREIN.

PAYEE WILL PLEASE DATE, SIGN AND RETURN THIS RECEIPT BY NEXT MAIL. OFFICERS SIGNING FOR CORPORATIONS WILL PLEASE GIVE FULL NAME AND TITLE.

TO BE CREDITED TO

RENTAL AMOUNT BANK

ENERGEN RESOURCES CO** DELAY RENTALS **
STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TEXAS 78701-1495
TRACT
52779
T&PRR A-4224 54 T&S 6

X \$12,000.00

121 13706663

PLEASE DETACH THIS PORTION BEFORE DEPOSITING THIS CHECK.

THIS CHECK HAS A COLORED BACKGROUND AND CONTAINS MULTIPLE SECURITY FEATURES - SEE BACK FOR DETAILS

ENERGEN RESOURCES CORPORATION 605 Richard Arrington Blvd North Birmingham, Alabama 35203-2707 Telephone (205) 326-8139		Wells Fargo BIRMINGHAM, ALABAMA		DATE: 02/12/2013		13706663 No. 33253	
		LEASE RECORDS ACCOUNT		RENTAL PERIOD			
COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO	
REEVES	TEXAS	732-179	04/21/06	12	04/21/13	04/21/14	
LEASE NUMBER		ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER			PAY EXACTLY		
TX439053-00P		MARY LOUISE CARDWELL ST OF TX			\$12,000.00		
PAY TO THE ORDER OF		STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE 1700 NORTH CONGRESS AVENUE STEPHEN F AUSTIN BUILDING AUSTIN, TX 78701-1495			TREASURER <i>[Signature]</i> PRESIDENT <i>[Signature]</i>		

EXACTLY \$12,000.00dols00cts

This application will soon be replaced by the new ALAMO application!



Parallel testing of the ALAMO application begins July 18. Please assist us in testing by selecting the ALAMO icon in your NAL window. If you do not see the icon in your NAL window, please refresh it by hitting the (F5) key. For further assistance, please contact TSC at 3-8877.

[GLOBase Main Menu](#)[Business Entity Search](#)[Energy Paper Search](#)[PSF Land Search](#)[Well Inventory Search](#)

Oil and/or Gas Lease Financial Details

Lease: MF106569

Bonus Payments:

[Related Business Entities](#)[Related Counties](#)[Related Leases/Units](#)[Related PSF Land](#)

Bonus Payment Information

Fiscal Year	Register No.	Bonus Payment Amount	Revenue Code	USAS Number	GLO Number	Received Date	Remitter
2006	06045918	\$48,000.00	3315005			06/14/2006	PERRY & PERRY



For technical support please contact the Technical Support Center at 463-8877
This page last updated on 4 November 2000

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[GLOBase Main Menu](#)
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[Energy Paper Search](#)
[PSF Land Search](#)
[Well Inventory Search](#)

Oil and/or Gas Lease Financial Details

Lease: MF106569

Rental Payments:

[Related Business Entities](#)
[Related Counties](#)
[Related Leases/Units](#)
[Related PSF Land](#)

Rental Payment Information

Fiscal Year	Register No.	Rental Payment Amount	Revenue Code	USAS Number	GLO Number	Received Date	Remitter
2009	09011286	\$12,000.00	3316005			03/17/2009	FOREST OIL CORP
2009	09011287	\$36,000.00	3316005			03/17/2009	FOREST OIL CORP



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[Energy Paper
Search](#)

[PSF Land
Search](#)

[Well Inventory
Search](#)

Oil and/or Gas Lease Financial Details

Lease: MF112611

[Related Business Entities](#) | [Related Counties](#) | [Related Leases/Units](#) | [Related PSF Land](#)

Royalty Payment Breakdown

Gas Payment Total

\$19,657.27

Oil Payment Total

\$100,307.50

Royalty Payment Total

\$119,964.77

[View Royalty Payments](#)

Non-Oil/Gas Payment Total

\$0.00

[View Non-Oil/Gas Payments](#)

(source: tblOilPayment, tblGasPayment, and tblNonOilGasPayment (ELMS))

Rental Payment Breakdown

Rental Payments

\$0.00

[View Rental Payments](#)

Bonus Payments

\$0.00

[View Bonus Payments](#)

Hard Minerals Rental/Bonus Payments

\$0.00

View Hard Mineral Bonus/Rental
Payments

Other Payments

\$0.00

View Other Payments

Rental/Bonus/Other Payment
Total

\$0.00

View Rental/Bonus/Other Payments

(source: tblTOSIRental (ELMS))

Royalty and Rental Payment Information

Payment Grand Total

\$119,964.77



*For technical support please contact the Technical Support Center at 463-8877
This page last updated on 4 November 2000*

File No. MF106569 (14)
Email to Fin Man re bonus & rentals

Date Filed: 02/22/2013

Jerry E. Patterson, Commissioner

By JEP

Harriet Dunne - Re: Fwd: MF106229A, MF106567, MF 106569 & MF112611

From: Harriet Dunne
To: Tonya Allen
Subject: Re: Fwd: MF106229A, MF106567, MF 106569 & MF112611

Tonya,

The only way Linda knew it was bonus to extend deep rights was from the attached letter which apparently you did not see. I see no way to avoid this except that the mailroom scans everything that comes with the checks, which might not be a bad idea. I'll let you and Daphne decide about that.

To clarify Linda's message below, please make these changes:

Reg #06045918 for \$48,000 should be allocated to:
 MF106569, \$36,000 bonus
 MF112611, \$12,000 bonus

Reg #09011286 for \$12,000 should be allocated to:
 MF112611 rental

Thanks for asking about the extension bonuses and thanks for making these corrections.
 Harriet

>>> Tonya Allen 2/22/2013 2:30 PM >>>
 Hello.

Can you look below and help me? Was there anything on these that would determine they were deep rights or would it have had to be done by researching like Linda did? They look just like the other 20+ checks that were received from Energen that stated delay rental. Please advise....thanks.

Tonya D. Allen 
 Receipts Accountant, Cash Management Division
 Financial Management Program Area
 Texas General Land Office and Veterans' Land Board
 512-463-5080
 512-305-9273 fax
 email: tonya.allen@glo.texas.gov

>>> Linda Price 2/22/2013 11:05 AM >>>
 Daphne:

We have received checks for Deep Rights Extensions. The checks are not yet listed in GLOBase but should be credited as "Bonus". The checks (copy attached) & their corresponding lease numbers are as follows:

Register No.	Lease No.
13706660	MF106569
13706661	MF112611
13706662	MF106229A
13706663	MF106567

While processing the extensions, I discovered that MF112611 did not have a bonus payment in the file, nor did GLOBase list a bonus payment for it. Conversely, MF106569 only required a \$36,000 bonus, yet GLOBase lists it with a \$48,000.00 bonus. Likewise, the rental required to extend MF106569 for an additional two years beyond its 3-year

primary term was \$36,000.00, yet GLOBase lists it as being credited with \$48,000.00 in rentals. The rental required to extend MF112611 an additional two years was \$12,000.00. MF112611 file does not contain a copy of a payment of the rental and GLOBase does not list it as being credited with the rental.

MF106569 originally contained 2 leases, A & B. In consulting with staff who was working at the GLO at the time, I was told when Lease B was cancelled, the same interest was leased as MF112611 although there was no comment in GLOBase or note in the file to that effect. Apparently, the bonus and rental money paid for Lease B were never transferred over to MF112611 in GLOBase or in the file. Attached to this email is a copy of the GLOBase Revenue Details for both leases. As you will see, MF106569 has one bonus payment listed in the amount of \$48,000.00. It has two rental payments listed, one for \$12,000 and one for \$36,000.00. And MF112611 has no bonus and no rental in GLOBase. To correct the money, on our end, we have credited the \$12,000.00 excess bonus and the \$12,000.00 excess rental from MF106569 to MF112611.

Please let me know if this does not make sense. I will keep the files for a few days in case you have any questions.

Thank you.

Linda

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

File No. NF106569

15

Email from/to Fin Man re.
bonus & rental

Date Filed: 02/25/2013

Jerry E. Patterson, Commissioner

By JEP

MF 106569, MF112671

RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

Tracking No.: 22097

Status: Submitted

This facsimile W-2 was generated electronically
from data submitted to the RRC.

API No. 42- 389-32727

7. RRC District No.
08

8. RRC Lease No.

41565

Oil Well Potential Test, Completion or Recompletion Report, and Log

1. FIELD NAME (as per RRC Records or Wildcat)
TWO GEORGES (BONE SPRING)

2. LEASE NAME
STATE 54-6

9. Well No.
1

3. OPERATOR'S NAME (Exactly as shown on Form P-5, Organization Report)
ENERGEN RESOURCES CORPORATION

RRC Operator No.
252002

10. County of well site
REEVES

4. ADDRESS
3300 NORTH A ST BLDG 4 STE 100 MIDLAND, TX 79705-0000

5. If Operator has changed within last 60 days, name former operator

11. Purpose of filing
Initial Potential ☒
Retest ☐
Reclass ☐
Well record only
(Explain in remarks) ☐

6a. Location (Section, Block, and Survey)
6, 54 T4S, T&P RR CO / CASE, H W, A-5791

6b. Distance and direction to nearest town in this county.
16.7 MILES NW OF PECOS

12. If workover or reclass, give former field (with reservoir) & Gas ID or oil lease no.
FIELD & RESERVOIR

GAS ID or
OIL LEASE #

Oil-0
Gas-G

Well #

N/A

13. Type of electric or other log run
None

14. Completion or recompletion date
06/28/2011

SECTION I- POTENTIAL TEST DATA IMPORTANT: Test should be for 24 hours unless otherwise specified infield rules.

15. Date of test 06/30/2011		16. No. of hours tested 24		17. Production method (Flowing, Gas Lift, Jetting, Pumping- Size & Type of pump) Flowing		18. Choke size 18/64	
19. Production during Test Period		Oil - BBLs 267.0	Gas - MCF 1222	Water - BBLs 960	Gas - Oil Ratio 4576	Flowing Tubing Pressure 2350.0 PSI	
20. Calculated 24-Hour Rate		Oil - BBLs 267.0	Gas - MCF 1222	Water - BBLs 960	Oil Gravity-API-60° 44.0	Casing Pressure 0.0 PSI	
21. Was swab used during this test? Yes ☐ No ☒				22. Oil produced prior to test (New & Reworked wells) 4400.0		23. Injection Gas-Oil Ratio	
REMARKS: N/A							

INSTRUCTIONS: File an original and one copy of the completed Form W-2 in the appropriate RRC District Office within 30 days after completing a well and within 10 days after a potential test. If an operator does not properly report the results of a potential test within the 10-day period, the effective date of the allowable assigned to the well will not extend back more than 10 days before the W-2 was received in the District Office. (Statewide Rules 16 and 51) To report a completion or recompletion, fill in both sides of this form. To report a retest, fill in only the front side.

WELL TESTERS CERTIFICATION

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I conducted or supervised this test by observation of (a) meter readings or (b) the top and bottom gauges of each tank into which production was run during the test. I further certify that the potential test data shown above is true, correct, and complete, to the best of my knowledge.

Signature: Well Tester

Name of Company

RRC Representative

OPERATOR'S CERTIFICATION

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

ENERGEN RESOURCES CORPORATION

Type or printed name of operator's representative

(432) 684-3692

09/06/2011

Telephone: Area Code Number Month Day Year

Asst. Supervisor Reg/Admin

Title of Person

Tracie Cherry

Signature

SECTION III DATA ON WELL COMPLETION AND LOG (Not Required on Re-test)			
24. Type of Completion New Well ☒ Deepening ☐ Plug Back ☐ Other ☐		25. Permit to Drill, Plug Back or Deepen DATE 02/11/2011 PERMIT NO. 707783 Rule 37 Exception CASE NO.	
26. Notice of Intention to Drill this well was filed in Name of ENERGEN RESOURCES CORPORATION		Water Injection Permit PERMIT NO. Salt Water Disposal Permit PERMIT NO. Other PERMIT NO.	
27. Number of producing wells on this lease in this field (reservoir) including this well 1	28. Total number of acres in this lease 640.0		
29. Date Plug Back, Deepening, Workover or Drilling Operations: Commenced 03/06/2011 Completed 05/25/2011	30. Distance to nearest well, Same Lease & Reservoir 2384.0		

31. Location of well, relative to nearest lease boundaries 467.0 Feet From North Line and 467.0 Feet from East Line of the STATE 54-6 Lease	
32. Elevation (DF, RKB, RT, GR ETC.) 2811 GR	33. Was directional survey made other than inclination (Form W-12)? ☒ Yes ☐ No
34. Top of Pay 10529 MD:11140	35. Total Depth 10509 MD:14880
36. P. B. Depth 10509 MD:14880	37. Surface Casing Determined by Field Rules ☐ Recommendation of T.D.W.R. ☒ Railroad Commission (Special) ☒ Dt. of Letter 01/03/2011 Dt. of Letter 01/06/2011
38. Is well multiple completion? ☐ Yes ☒ No	
39. If multiple completion, list all reservoir names (completions in this well) and Oil Lease or Gas ID No. FIELD & RESERVOIR	
40. Intervals Drilled by: Rotary Tools ☒ Cable Tools ☐	
41. Name of Drilling Contractor NABORS F03	
42. Is Cementing Affidavit Attached? ☒ Yes ☐ No	

43. CASING RECORD (Report All Strings Set in Well)							
CASING SIZE	WT #/FT.	DEPTH SET	MULTISTAGE TOOL DEPTH	TYPE & AMOUNT CEMENT (sacks)	HOLE SIZE	TOP OF CEMENT	SLURRY VOL. cu. ft.
9 5/8	40.0	4327		C 1100	12 1/4	2021	2113.0
9 5/8	40.0	0	2021	C 750	12 1/4	SURF	1230.5
7	29.0	10580		50:50 POX H & TXI 800	8 3/4	5980	1548.0
7	29.0	0	5980	50:50 P9OZ H & TXI 800	8 3/4	4790 CBL	1778.0

44. LINER RECORD				
Size	Top	Bottom	Sacks Cement	Screen
4 1/2	9989	14880		PACKERS PLUS OPEN HOLE SYSTEM

45. TUBING RECORD			46. Producing Interval (this completion) Indicate depth of perforation or open hole	
Size	Depth Set	Packer Set	From	To
2 7/8	9929	9919	L1 11307	14880
			From	To
			From	To
			From	To

47. ACID, SHOT, FRACTURE, CEMENT SQUEEZE. ETC.		
Depth Interval		Amount and Kind of Material Used
4294.0	5500.0	SET CMT RETAINER SQZ OPEN HOLE W/800 SX CMT FOR WATERFLOW.
6417.0	6480.0	PUMP 300 SX C (TOC 6414) TO SIDETRACK HOLE AROUND FISH LOST WHILE DRILLING. PERFORM CHEMICAL SQZ TO STOP WATERFLOW. PUMP ADDITIONAL 3750 SX CMT PLUG BUT CMT DID NOT SET.
11307.0	14880.0	FRAC W/20,572 TOTAL FLUID & 1,183,372# PROPANT

48. FORMATION RECORD (LIST DEPTHS OF PRINCIPAL GEOLOGICAL MARKERS AND FORMATION TOPS)			
Formations	Depth	Formations	Depth
AVALON	7780.0 MD: 7780.0		
2ND BONE SPRING	8730.0 MD: 8730.0		
3RD BONE SPRING	10264.0 MD: 10295.0		

REMARKS: KOP 10032. PACKERS PLUS OPEN HOLE SYSTEM, TOP PACKER @ 111146, TOP PORT @ 11307.

FISH

LOST CONSISTS OF BIT AND MANDREL.

11.03.01

Cementer: Fill in shaded areas.

Operator: Fill in other items

Form W-15

Cementing Report

Rev. 4/1/83

483-045

RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

1. Operator's Name (As shown on Form P-5, Organization Report) Energen Resources Corporation	2. RRC Operator No. 252002	3. RRC District No. 8	4. County of Well Site Reeves
5. Field Name (Wildcat or exactly as shown on RRC records) Two Georges (Bone Springs)	6. API No. 42-389-32727	7. Drilling Permit No. 707783	
8. Lease Name State 54-6	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well No. 1

CASING CEMENTING DATA:		Surface	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				Single String	Multiple Parallel Strings	Tool 8 1/2	Shoe
12. Cementing Date						3/14/2011	3/14/2011
13. ● Drilling hole size						12 1/4	12 1/4
● Est. % wash or hole enlargement							
14. Size of casing (in. O.D.)						9 5/8	9 5/8
15. Top of liner (ft.)						---	---
16. Setting depth (ft.)						2021	4327
17. Number of centralizers used							25
18. Hrs. waiting on cement before drill-out						+24	+24
1st Slurry	19. API cement used: No. of sacks ▶					550	900
	Class ▶					C	35:65 C
	Additives ▶					See Remarks 1	See Remarks 2
2nd Slurry	No. of sacks ▶					200	200
	Class ▶					C	C
	Additives ▶					See Remarks 3	See Remarks 4
3rd Slurry	No. of sacks ▶						
	Class ▶						
	Additives ▶						
1st	20. Slurry pumped: Volume (cu. ft.) ▶					962.5	1845
	Height (ft.) ▶					1591	1625
2nd	Volume (cu. ft.) ▶					268	268
	Height (ft.) ▶					430	396
3rd	Volume (cu. ft.) ▶						
	Height (ft.) ▶						
Total	Volume (cu. ft.) ▶						
	Height (ft.) ▶						
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?						Yes	Yes
22. Remarks							
1 C + 4% D020 + 0.1% D201 + 0.2% D046 + 0.125 PPS D130				4 C + 0.2% D013 + 3PPS D042 + 0.125 D130			
2 35/65 POZ/C + 6% D020 + 5% BWOW D044 + 0.2% D046 + 0.1% D13 + 3PPS D042 + 0.125 PPS D130 + 1% D112							
3 C + 3PPS D042 + 0.125 PPS D130				Circulated 100 bbl/ 270 sks to Surface			

11.03.01

CEMENTING TO PLUG AND ABANDON	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7	PLUG #8
23. Cementing date								
24. Size of hole or pipe plugged (in.)								
25. Depth to bottom of tubing or drill pipe (ft.)								
26. Sacks of cement used (each plug)								
27. Slurry volume pumped (cu. ft.)								
28. Calculated top of plug (ft.)								
29. Measured top of plug, if tagged (ft.)								
30. Slurry wt. (lbs/gal)								
31. Type cement								

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete to the best of my knowledge. This certification covers cementing data only.

Emily Long

Schlumberger Well Services

Name and title of cementer's representative

Cementing Company

Signature

1105 W. Bender

Hobbs, NM 88240

575.393.6186

3/14/2011 0:00

Address

City, State, Zip Code

Tel.: Area Code Number

Da

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Tracie J Cherry

Asst Sup Regulatory Admin

Signature

Typed or printed name of operator's representative

Title

3300 N. A, Bldg 4, Ste 100

Midland TX 79705

432.684.3692

09-05-11

Address

City, State, Zip Code

Tel.: Area Code Number

Date: mo. day yr.

Instructions to Form W-15, Cementing Report

IMPORTANT: Operators and cementing companies must comply with the requirements of the Commission's State Rules 8 (Water Protection), 13 (Casing, Cementing, Drilling, and Completion), and 14 (Well Plugging). For offshore operations, see the requirements of Rule 13 (c).

A. What to file. An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form. Form W-15 should be filed with the following:

- An initial oil or gas completion report, Form W-2 or G-1, as required by Statewide or special field rules;
- Form W-4, Application for Multiple Completion, if the well is a multiple parallel casing completion; and
- Form W-3, Plugging Record, unless the W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.

B. Where to file. The appropriate Commission District Office for the county in which the well is located.

C. Surface casing. An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Texas Department of Water Resources, Austin. Before drilling a well in any field or area in which no field rules are in effect or in which surface casing requirements are not specified in the applicable rules, an operator must obtain a letter from the Department of Water Resources stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.

D. Centralizers. Surface casing must be centralized at the shoe, above and below a stage collar or diverting tool, if run, and through usable-quality water zones. In nondeviated holes, a centralizer must be placed every fourth joint from the cement shoe to the ground surface or to the bottom of the cellar. All centralizers must meet API specifications.

E. Exceptions and alternative casing programs. The District Director may grant an exception to the requirements of Statewide Rule 13. In a written application, an operator must state the reason for the requested exception and outline an alternate program for casing and cementing through the protection depth for strata containing usable-quality water. The District Director may approve, modify, or reject a proposed program. An operator must obtain approval of any exception before beginning casing and cementing operations.

F. Intermediate and production casing. For specific technical requirements, operators should consult Statewide Rule 13 (b) (3) and (4).

G. Plugging and abandoning. Cement plugs must be placed in the wellbore as required by Statewide Rule 14. The District Director may require additional cement plugs. For onshore or inland wells, a 10-foot cement plug must be placed in the top of the well, and the casing must be cut off three feet below the ground surface. All cement plugs, except the top plug, must have sufficient slurry volume to fill 100 feet of hole, plus ten percent for each 1,000 feet of depth from the ground surface to the bottom of the plug.

To plug and abandon a well, operators must use only cementers approved by the Director of Field Operations. Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.

70-50-11

Cementer: Fill in shaded areas.

Operator: Fill in other items

Form W-15

Cementing Report

Rev. 4/1/83

483-045

RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

1. Operator's Name (As shown on Form P-5, Organization Report) Energren Resources Company	2. RRC Operator No. 252002	3. RRC District No. 8	4. County of Well Site Reeves
5. Field Name (Wildcat or exactly as shown on RRC records) Two Georges (Bone Spring)		6. API No. 42-389-32727	7. Drilling Permit No. 707783
8. Lease Name State 54-6	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well No. 1

CASING CEMENTING DATA:		Surface	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date							
13. ●Drilling hole size							
●Est. % wash or hole enlargement							
14. Size of casing (in. O.D.)							
15. Top of liner (ft.)							
16. Setting depth (ft.)							
17. Number of centralizers used							
18. Hrs. waiting on cement before drill-out							
1st Slurry	19. API cement used: No. of sacks ▶						
	Class ▶						
	Additives ▶						
2nd Slurry	No. of sacks ▶						
	Class ▶						
	Additives ▶						
3rd Slurry	No. of sacks ▶						
	Class ▶						
	Additives ▶						
1st	20. Slurry pumped: Volume (cu. ft.) ▶						
	Height (ft.) ▶						
2nd	Volume (cu. ft.) ▶						
	Height (ft.) ▶						
3rd	Volume (cu. ft.) ▶						
	Height (ft.) ▶						
Total	Volume (cu. ft.) ▶						
	Height (ft.) ▶						
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?							
22. Remarks							
1 3pps D042 + 0.125 pps D130 + 0.02 gps D177							
2							
3							

11.02.01

CEMENTING TO PLUG AND ABANDON	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7	PLUG #8
23. Cementing date	23-Mar							
24. Size of hole or pipe plugged (in.)	8 3/4							
25. Depth to bottom of tubing or drill pipe (ft.)	6444'							
26. Sacks of cement used (each plug)	300							
27. Slurry volume pumped (cu. ft.)	324							
28. Calculated top of plug (ft.)	5580							
29. Measured top of plug, if tagged (ft.)	6417'							
30. Slurry wt. (lbs/gal)	16.4							

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete to the best of my knowledge. This certification covers cementing data only.

Stanley Adams

Schlumberger Well Services

Name and title of cementer's representative

Cementing Company

Signature

1105 W. Bender

Hobbs, NM 88240

575.393.6186

3/23/2011 12:00AM/

Address

City, State, Zip Code

Tel.: Area Code Number

Date: mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Tracie J. Cherry

Asst Supr Regulatory Admin

Signature

Typed or printed name of operator's representative

Title

Signature

3300 N 'A', Bldg 4, Ste 100

Midland TX 79705

432/684-3692

10-19-11

Address

City, State, Zip Code

Tel.: Area Code Number

Date: mo. day yr.

Instructions to Form W-15, Cementing Report

IMPORTANT: Operators and cementing companies must comply with the requirements of the Commission's State Rules 8 (Water Protection), 13 (Casing, Cementing, Drilling, and Completion), and 14 (Well Plugging). For offshore operations, see the requirements of Rule 13 (c).

A. What to file. An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form. Form W-15 should be filed with the following:

- An initial oil or gas completion report, **Form W-2 or G-1**, as required by Statewide or special field rules;
- **Form W-4**, Application for Multiple Completion, if the well is a multiple parallel casing completion; and
- **Form W-3**, Plugging Record, unless the W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.

B. Where to file. The appropriate Commission District Office for the county in which the well is located.

C. Surface casing. An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Texas Department of Water Resources, Austin. Before drilling a well in any field or area in which no field rules are in effect or in which surface casing requirements are not specified in the applicable rules, an operator must obtain a letter from the Department of Water Resources stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.

D. Centralizers. Surface casing must be centralized at the shoe, above and below a stage collar or diverting tool, if run, and through usable-quality water zones. In nondeviated holes, a centralizer must be placed every fourth joint from the cement shoe to the ground surface or to the bottom of the cellar. All centralizers must meet API specifications.

E. Exceptions and alternative casing programs. The District Director may grant an exception to the requirements of Statewide Rule 13. In a written application, an operator must state the reason for the requested exception and outline an alternate program for casing and cementing through the protection depth for strata containing usable-quality water. The District Director may approve, modify, or reject a proposed program. **An operator must obtain approval of any exception before beginning casing and cementing operations.**

F. Intermediate and production casing. For specific technical requirements, operators should consult Statewide Rule 13 (b) (3) and (4).

G. Plugging and abandoning. Cement plugs must be placed in the wellbore as required by Statewide Rule 14. The District Director may require additional cement plugs. For onshore or inland wells, a 10-foot cement plug must be placed in the top of the well, and the casing must be cut off three feet below the ground surface. All cement plugs, except the top plug, must have sufficient slurry volume to fill 100 feet of hole, plus ten percent for each 1,000 feet of depth from the ground surface to the bottom of the plug.

To plug and abandon a well, operators must use only cementers approved by the Director of Field Operations. Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.

70-50-11

Cementer: Fill in shaded areas
Operator: Fill in other items

Form W-15
Cementing Report
Rev. 4/1/83
HLBRTN1096

RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

1. Operator's Name (As Shown on Form P-5, Organization Report) ENERGEN RESOURCES CORPORATION	2. RRC Operator No. 252002	3. RRC District No. 08	4. County of Well Site REEVES
5. Field Name (Wildcat or Exactly as Shown on RRC Records) Two Georges (Bone Springs)		6. API No. 42-389-32727	7. Drilling Permit No. 707783
8. Lease Name STATE 54-6	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well Number 1

CASING CEMENTING DATA:		SURFACE CASING	INTERMEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				SINGLE STRING	MULTIPLE PARALLEL STRINGS	TOOL	SHOE
12. Cementing Date							
13. *Drilled Hole Size							
*Ext. % Wash or Hole Enlargement							
14. Size of Casing (in. O.D.)							
15. Top of Liner (ft)							
16. Setting Depth (ft)							
17. Number of Centralizers Used							
18. Hrs. Waiting on Cement Before Drill-Out							
1st Slurry	19. API Cement Used: No. of Sacks >						
	Class >						
	Additives >						
2nd Slurry	No. of Sacks >						
	Class >						
	Additives >						
3rd Slurry	No. of Sacks >						
	Class >						
	Additives >						
1st	20. Slurry Pumped: Volume (cu.ft.) >						
	Height (ft) >						
2nd	Volume (cu.ft.) >						
	Height (ft) >						
3rd	Volume (cu.ft.) >						
	Height (ft) >						
	Volume (cu.ft.) >						
	Height (ft) >						
21. Was Cement Circulated to Ground Surface (or Bottom of Cellar) Outside Casing?							
22. Remarks 1 7/10% C-37 + 5% Salt 2 <i>Open hole sqz</i>							

OVER →

11.02.01

CEMENTING TO PLUG AND ABANDON	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7	PLUG #8
23. Cementing Date	3/25/2011							
24. Size of Hole or Pipe Plugged (in)	8 3/4"							
25. Depth to Bottom of Tubing or Drill Pipe (ft)	6200'							
26. Sacks of Cement Used (each plug)	375							
27. Slurry Volume Pumped (cu.ft.)	401							
28. Calculated Top of Plug (ft)	5304							
29. Measured Top of Plug, If Tagged (ft)	N/A							
30. Slurry Wt. (lbs/gal)	16.50							
31. Type Cement	C							

CEMENTERS CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

J. VASQUEZ SERVICE SUPERVISOR
Name and Title of Cementer's Representative

O-TEX PUMPING SERVICES
Cementing Company

Signature

611 East I-20
Address City State Zip Code

Midland, Texas 79706

432-686-8559

Tel: Area Code Number

Date: Mo. Day Yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Trace J Cherry
Typed or Printed Name of Operator's Representative

Asst Supervisor
Regulatory/Admin
Title

Signature

3300 N A, Bldg 4, Ste 100 Midland TX 79705
Address City State Zip Code

432/684-3692
Tel: Area Code Number

09-05-11
Date: Mo. Day Yr.

Instruction to Form W-15, Cementing Report

IMPORTANT: Operators and cementing companies must comply with the requirements of the Commission's Statewide rules 8 (Water Protection), 13 (Casing, Cementing, Drilling, and Completion, and 14 (Well Plugging). For offshore operations, see the requirements of Rule 13 (c).

What to file. An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form. Form W-15 should be filed with the following:

- * An initial oil or gas completion report, **Form W-2 or G-1**, as required by Statewide or special field rules;
- * **Form W-4**, Application for Multiple Completion, if the well is a multiple parallel casing completion; and
- * **Form W-3**, Plugging Record, unless the W-3 is signed by the cementing company representative. When reporting **dry holes**, operators must complete **W-15**, in addition to **Form W-3**, to show any casing cemented in the hole.

Where to file. The appropriate Commission District Office for the county in which the well is located.

Surface casing. An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Texas Department of Water Resources, Austin. Before drilling a well in any field or area in which no field rules are in effect or in which surface casing requirements are not specified in the applicable rules, an operator must obtain a letter from the Department of Water Resources stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.

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Exceptions and alternative casing programs. The District Director may grant an exception to the requirements of Statewide Rule 13. In a written application, an operator must state the reason for the requested exception and outline an alternate program for casing and cementing through the protection depth for strata containing usable-quality water. The District Director may approve, modify, or reject a proposed program. **An operator must obtain approval of any exception before beginning casing and cementing operations.**

Intermediate and production casing. For specific technical requirements, operators should consult Statewide Rule 12 (b) (3) and (4).

Plugging and abandoning. Cement plugs must be placed in the wellbore as required by Statewide Rule 14. The District Director may require additional cement plugs. For onshore or inland wells, a 10-foot cement plug must be placed in the top of the well, and the casing must be cut off three feet below the ground surface. All cement plugs, except the top plug, must have sufficient slurry volume to fill 100 feet of hole, or ten percent for each 1000 feet of depth from the ground surface to the bottom of the plug.

To plug and abandon a well, operators must use only cementers approved by the Director of Field Operations. Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.

10-30-11

Cementer: Fill in shaded areas
Operator: Fill in other items

Form W-15
Cementing Report
Rev. 4/1/83
HLBRTN1096

RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

1. Operator's Name (As Shown on Form P-5, Organization Report)	2. RRC Operator No.	3. RRC District No.	4. County of Well Site
Energ Resources Corporation	252002	08	Reeves
5. Field Name (Wildcat or Exactly as Shown on RRC Records)	6. API No.	7. Drilling Permit No.	
Two Georges (Bone Springs)	42-389-32727	707723	
8. Lease Name	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well Number
State 54-6			1H

CASING CEMENTING DATA:		SURFACE CASING	INTERMEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				SINGLE STRING	MULTIPLE PARALLEL STRINGS	TOOL	SHOE
12. Cementing Date			3/28/2011				
13. *Drilled Hole Size			8 3/4"				
*Ext. % Wash or Hole Enlargement							
14. Size of Casing (in. O.D.)			---				
15. Top of Liner (ft)			---				
16. Setting Depth (ft)			---				
17. Number of Centralizers Used			---				
18. Hrs. Waiting on Cement Before Drill-Out			---				
1st Slurry	19. API Cement Used: No. of Sacks >		200				
	Class >		C				
	Additives >		Remark 1				
2nd Slurry	No. of Sacks >		600				
	Class >		C				
	Additives >		Remark 2				
3rd Slurry	No. of Sacks >						
	Class >						
	Additives >						
1st	20. Slurry Pumped: Volume (cu.ft.) >		310				
	Height (ft) >		Remark 3				
2nd	Volume (cu.ft.) >		804				
	Height (ft) >		Remark 3				
3rd	Volume (cu.ft.) >						
	Height (ft) >						
	Volume (cu.ft.) >		1114				
	Height (ft) >		Remark 3				
21. Was Cement Circulated to Ground Surface (or Bottom of Casing) Outside Casing?			No				
22. Remarks 1 10% Gypsum + 2% CaCl2 2 2% CaCl2 3 Squeezed Watertlow, Retainer set@4316'. Open hole 592							

OVER →

11.03.01

CEMENTING TO PLUG AND ABANDON	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7	PLUG #8
23. Cementing Date								
24. Size of Hole or Pipe Plugged (in)								
25. Depth to Bottom of Tubing or Drill Pipe (ft)								
26. Sacks of Cement Used (each plug)								
27. Slurry Volume Pumped (cu.ft.)								
28. Calculated Top of Plug (ft)								
29. Measured Top of Plug, If Tagged (ft)								
30. Slurry Wt. (lbs/gal)								
31. Type Cement								

CEMENTERS CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

Luis Rios Service Supervisor
Name and Title of Cementer's Representative

O-TEX PUMPING SERVICES
Cementing Company

[Signature]
Signature

611 East I-20 Midland, Texas 79706
Address City State Zip Code

432-686-8559
Tel: Area Code Number

3/29/2011
Date: Mo. Day Yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Tracie J Cherry
Typed or Printed Name of Operator's Representative

Asst Supervisor
Regulatory/Admin
Title

[Signature]
Signature

300 N'A, Bldg 4, Ste 100 Midland, TX 79705
Address City State Zip Code

432/684-3692
Tel: Area Code Number

09-05-11
Date: Mo. Day Yr.

Instruction to Form W-15, Cementing Report

IMPORTANT: Operators and cementing companies must comply with the requirements of the Commission's Statewide rules 8 (Water Protection), 13 (Casing, Cementing, Drilling, and Completion, and 14 (Well Plugging). For offshore operations, see the requirements of Rule 13 (c).

What to file. An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form. Form W-15 should be filed with the following:

- * An initial oil or gas completion report, **Form W-2 or G-1**, as required by Statewide or special field rules;
- * **Form W-4**, Application for Multiple Completion, if the well is a multiple parallel casing completion; and
- * **Form W-3**, Plugging Record, unless the W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete **Form W-15**, in addition to **Form W-3**, to show any casing cemented in the hole.

Where to file. The appropriate Commission District Office for the county in which the well is located.

Surface casing. An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Texas Department of Water Resources, Austin. Before drilling a well in any field or area in which no field rules are in effect or in which surface casing requirements are not specified in the applicable rules, an operator must obtain a letter from the Department of Water Resources stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.

Centralizers. Surface casing must be centralized at the shoe, above and below a stage collar or diverting tool, if run, and through usable-quality water zones. In nondeviated holes, a centralizer must be placed every fourth joint from the cement shoe to the ground surface or to the bottom of the cellar. All centralizers must meet API specifications.

Exceptions and alternative casing programs. The District Director may grant an exception to the requirements of Statewide Rule 13. In a written application, an operator must state the reason for the requested exception and outline an alternate program for casing and cementing through the protection depth for strata containing usable-quality water. The District Director may approve, modify, or reject a proposed program. **An operator must obtain approval of any exception before beginning casing and cementing operations.**

Intermediate and production casing. For specific technical requirements, operators should consult Statewide Rule 12 (b) (3) and (4).

Plugging and abandoning. Cement plugs must be placed in the wellbore as required by Statewide Rule 14. The District Director may require additional cement plugs. For onshore or inland wells, a 10-foot cement plug must be placed in the top of the well, and the casing must be cut off three feet below the ground surface. All cement plugs, except the top plug, must have sufficient slurry volume to fill 100 feet of hole, plus ten percent for each 1000 feet of depth from the ground surface to the bottom of the plug.

To plug and abandon a well, operators must use only cementers approved by the Director of Field Operations. Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.

703011

Cementer: Fill in shaded areas.
Operator: Fill in other items

Form W-15
Cementing Report
Rev. 4/1/83
483-045

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

1. Operator's Name (As shown on Form P-5, Organization Report) Energen Resources Corporation	2. RRC Operator No. 252002	3. RRC District No. 08	4. County of Well Site Reeves, TX
5. Field Name (Wildcat or exactly as shown on RRC records) Two Georges (Bone Spring)	6. API No. 42-389-32727		7. Drilling Permit No. 707783
8. Lease Name State 54-6	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well No. 1.

CASING CEMENTING DATA:		Surface	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				Single String	Multiple Parallel Strings	Tool 2nd Stage	Shoe 1st Stage
12. Cementing Date						5/10/2011	5/10/2011
13. ●Drilling hole size						8 3/4"	8 3/4"
●Est. % wash or hole enlargement						50	50
14. Size of casing (in. O.D.)						7	7
15. Top of liner (ft.)						---	---
16. Setting depth (ft.)						59'	10580
17. Number of centralizers used							36
18. Hrs. waiting on cement before drill-out						+24	+24
1st Slurry	19. API cement used: No. of sacks ▶					600	400
	Class ▶					50:50 Poz/H	50:50 Poz/H
	Additives ▶					See note below	See note below
2nd Slurry	No. of sacks ▶					200	400
	Class ▶					TXI	TXI
	Additives ▶					See note below	See note below
3rd Slurry	No. of sacks ▶						
	Class ▶						
	Additives ▶						
1st	20. Slurry pumped: Volume (cu. ft.) ▶					1506	1004
	Height (ft.) ▶					5780	3424
2nd	Volume (cu. ft.) ▶					272	544
	Height (ft.) ▶					1205	1827
3rd	Volume (cu. ft.) ▶						
	Height (ft.) ▶						
Total	Volume (cu. ft.) ▶					1778	1548
	Height (ft.) ▶					6985	5251
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?						NO	YES
22. Remarks							
1 1st Stage Lead: 200 SKS OF 50:50 POZ:H+10%D020+5%D044+0.2%D046+0.125PPS D130+1%D112+3PPS D042							
2 1st Stage Tail: 400 SKS OF TXI+0.3%D201+0.2%D065+0.4%D207+3PPSD042+0.2%D046							
3 2nd Stage Lead: 800 SKS OF 50:50 POZ:H+10%D020+5%D044+0.2%D046+0.125PPS D130+1%D112+3PPS D042							
4 2nd Stage Tail: 200 SKS OF TXI+0.3%D201+0.2%D065+0.4%D207+3PPSD042+0.2%D046							
50 sks circulated to surface on 2nd stage							

11.03.01

CEMENTING TO PLUG AND ABANDON	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7	PLUG #8
23. Cementing date								
24. Size of hole or pipe plugged (in.)								
25. Depth to bottom of tubing or drill pipe (ft.)								
26. Sacks of cement used (each plug)								
27. Slurry volume pumped (cu. ft.)								
28. Calculated top of plug (ft.)								
29. Measured top of plug, if tagged (ft.)								
30. Slurry wt. (lbs/gal)								
31. Type cement								

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

Jaime Antillon

Schlumberger Well Services

Name and title of cementer's representative	Cementing Company	Signature	
1105 W. Bender / P O Box 640	Hobbs, NM 88240	505.393.6186	5/10/2011 21:31
Address	City, State, Zip Code	Tel.: Area Code Number	Date: mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Tracie J Cherry

Asst Supr Regulatory Admin

Tracie J Cherry

Typed or printed name of operator's representative	Title	Signature	
3300 N'A Bldg 4, Ste 100	Midland TX 79705	432/684-3692	09-05-11
Address	City, State, Zip Code	Tel.: Area Code Number	Date: mo. day yr.

Instructions to Form W-15, Cementing Report

IMPORTANT: Operators and cementing companies must comply with the requirements of the Commission's State Rules 8 (Water Protection), 13 (Casing, Cementing, Drilling, and Completion), and 14 (Well Plugging). For offshore operations, see the requirements of Rule 13 (c).

A. What to file. An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form. Form W-15 should be filed with the following:

- An initial oil or gas completion report, **Form W-2 or G-1**, as required by Statewide or special field rules;
- **Form W-4**, Application for Multiple Completion, if the well is a multiple parallel casing completion; and
- **Form W-3**, Plugging Record, unless the W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.

B. Where to file. The appropriate Commission District Office for the county in which the well is located.

C. Surface casing. An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Texas Department of Water Resources, Austin. Before drilling a well in any field or area in which no field rules are in effect or in which surface casing requirements are not specified in the applicable rules, an operator must obtain a letter from the Department of Water Resources stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.

D. Centralizers. Surface casing must be centralized at the shoe, above and below a stage collar or diverting tool, if run, and through usable-quality water zones. In nondeviated holes, a centralizer must be placed every fourth joint from the cement shoe to the ground surface or to the bottom of the cellar. All centralizers must meet API specifications.

E. Exceptions and alternative casing programs. The District Director may grant an exception to the requirements of Statewide Rule 13. In a written application, an operator must state the reason for the requested exception and outline an alternate program for casing and cementing through the protection depth for strata containing usable-quality water. The District Director may approve, modify, or reject a proposed program. **An operator must obtain approval of any exception before beginning casing and cementing operations.**

F. Intermediate and production casing. For specific technical requirements, operators should consult Statewide Rule 13 (b) (3) and (4).

G. Plugging and abandoning. Cement plugs must be placed in the wellbore as required by Statewide Rule 14. The District Director may require additional cement plugs. For onshore or inland wells, a 10-foot cement plug must be placed in the top of the well, and the casing must be cut off three feet below the ground surface. All cement plugs, except the top plug, must have sufficient slurry volume to fill 100 feet of hole, plus ten percent for each 1,000 feet of depth from the ground surface to the bottom of the plug.

To plug and abandon a well, operators must use only cementers approved by the Director of Field Operations. Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.

70-30-11

Tracking No.: 22097

This facsimile L-1 was generated electronically from data submitted to the RRC.

Instructions

When to File Form L-1:

- with Forms G-1, W-2, and GT-1 for new and deepened gas, oil, and geothermal wells
- with Form W-3 for plugged dry holes
- when sending in a log which was held under a request for confidentiality and the period for confidentiality has not yet expired.

When is Form L-1 NOT required:

- with Forms W-2, G-1, and GT-1 filed for injection wells, disposal wells, water supply wells, service wells, re-test wells, re-classifications, and plugbacks of oil, gas or geothermal wells
- with Form W-3 for plugging of other than a dry hole

Where to File Form L-1:

- with the appropriate Commission district office

Filling out Form L-1:

- Section I and the signature section must be filled out for all wells
- complete only the appropriate part of Section II

Type of log required:

- any wireline survey run for the purpose of obtaining lithology, porosity, or resistivity information
- no more than one such log is required but it must be of the subject well
- if such log is NOT run on the subject well, do NOT substitute any other type of log; just select Section II, Part A below

SECTION I. IDENTIFICATION

Operator Name: ENERGEN RESOURCES CORPORATION	District No. 08	Completion Date: 06/28/2011
Field Name TWO GEORGES (BONE SPRING)	Drilling Permit No. 707783	
Lease Name STATE 54-6	Lease/ID No.	Well No. 1
County REEVES	API No. 42- 389-32727	

SECTION II. LOG STATUS (Complete either A or B)

☒ A. BASIC ELECTRIC LOG NOT RUN☐ B. BASIC ELECTRIC LOG RUN. (Select one)

- ☐ 1. Confidentiality is requested and a copy of the header for each log that has been run on the well is attached.
- ☐ 2. Confidentiality already granted on basic electric log covering this interval (applicable to deepened wells only).
- ☐ 3. Basic electric log covering this interval already on file with Commission (applicable to deepened wells only).
- ☐ 4. Log attached to (select one):

☐ (a) Form L-1 (this form). If the company/lease name on log is different from that shown in Section I, please enter name on log here: _____

Check here if attached log is being submitted after being held confidential. ☐

☐ (b) Form P-7, Application for Discovery Allowable and New Field Designation.

☐ (c) Form W-4, Application for Multiple Completion:

Lease or ID No(s). _____

Well No(s). _____

Tracie Cherry

Signature

ENERGEN RESOURCES CORPORATION

Name (print)

Asst. Supervisor Reg/Admin

Title

(432) 684-3692

Phone

09/06/2011

Date

-FOR RAILROAD COMMISSION USE ONLY-

22097

Tracking No.: 22097

77-02-01

APPLICATION FOR ALTERNATE SURFACE CASING PROGRAM
Statewide Rule 13(b)(2)(g)
RRC District 8/8A

7/03

Operator's Name and Address: ENERGEN RESOURCES CORPORATION 3300 North "A" St, Bldg 4, Ste 100 Midland, TX 79705	Lease: State 54-6	Well No.: 1
	Field: Two Georges (Bone Spring)	
	Drilling Permit No.: 707783	
	County: Reeves	RRC District: 08
	Location: Sec. 6 Block 54 Sur. T&P Twp. 4S	
Proposed TD: 10500		

Distance and Direction from nearest town: 16.7 miles NW from Pecos

Proposed injection or disposal well? ☐ Yes ☒ No NOTE: Special conditions may apply. See PROVISIONS below.

Usable-quality water strata (as determined by TCEQ "Waterboard" letter) occur to a depth of 600 ft, and from 1200 ft to 1700 ft, and from _____ ft to _____ ft.

Note: Please submit copy of TCEQ "Waterboard" letter with this request. Request cannot be processed without this information.

Distance and direction of nearest water well (within ¼ mile): NA

Type of water well (domestic, public, irrigation, stock, etc.): _____ Depth: _____

Proposed Casing and Cementing Program

Note: You may attach a wellbore diagram or cementing proposal to this application.

This application is for (check applicable boxes): ☐ Short surface casing ☒ Excess surface casing ☐ No surface casing

The proposed surface casing depth: 5000' TVD Multi-Stage tool depth (if applicable): _____

Intermediate or production casing depth: 14500' MD 10500' TVD Multi-Stage tool depth (if applicable): _____

Centralizer number and placement: 1 centralizer/Jt on bottom 3 jts then 1 every 3rd jt thereafter.

Does the cement across the critical zone have 72-hr compressive strength of at least 1,200 psi? ☒ Yes ☐ No

Does the filler cement have 24-hr compressive strength of at least 250 psi? ☒ Yes ☐ No

Do you plan on circulating cement to the surface on all casing strings protecting usable-quality water? ☒ Yes ☐ No

Reason for this request: Economics.

PROVISIONS APPLICABLE TO RULE 13 EXCEPTIONS:

Caution: If this well is being drilled for injection or disposal purposes, an injection or disposal well permit may be denied unless surface casing is set and cemented through all zones of usable-quality groundwater.

Centralizers must be used through all usable-quality waters. Refer to Rule 13(b)(2)(F).

Notify District Office 8 hours prior to setting casing.

Signature: Mary Ann Martinez Print Name: Mary Ann Martinez Date: 1-6-11 Phone: 432/688-3323

IF CEMENT IS NOT CIRCULATED TO THE GROUND SURFACE AS REQUIRED BY THIS EXCEPTION, YOU MUST IMMEDIATELY CONTACT THE DISTRICT 8/8A OFFICE AT 432-684-5581, AND FOLLOW THE PROCEDURES AS SET OUT IN RULE 13(B)(2)(g)(III) OR AS RECOMMENDED BY THE DISTRICT OFFICE.

RRC District Office Action:

☐ Approved ☒ Approved as Modified ☐ Denied

By: [Signature]

Date: 1-6-11

Remarks/Modifications: Critical zone Slurry required across all Water boards; DV Tool recommended @ 1750'

RECEIVED RRC OF TEXAS

JAN 6 2011



O&G
MIDLAND



Texas Commission
on Environmental Quality
Surface Casing Program

DEPTH OF USABLE-QUALITY GROUND WATER TO BE PROTECTED

Date January 3, 2011

TCEQ File No.: SC- 3375

***** EXPEDITED APPLICATION *****

API Number 38900000

Attention: MARY ANN MARTINEZ

RRC Lease No. 000000

SC_252002_38900000_000000_3375.pdf

--Measured--

2050 ft FEL

550 ft FSL

MRL: SURVEY

ENERGEN RESOURCES CORP
3300 NORTH A ST BLDG 4
STE 100
MIDLAND TX 79705

P-5# 252002

Digital Map Location:

X-coord/Long 103.67717

Y-coord/Lat 31.60890

Datum 27 Zone

County REEVES

Lease & Well No. STATE 54-6 #1

Purpose ND

Location SUR-T&P, BLK-54, TSHP-4S, SEC-6, --[TD=10500], [RRC 8],

To protect usable-quality ground water at this location, the Texas Commission on Environmental Quality recommends:

Water-bearing strata from the land surface to a depth of 600 feet and the RUSTLER, which is estimated to occur from 1200 to 1700 feet must be protected.

Please send the Gamma Ray log (above 2500') when it is available.

Note: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. Approval of the well completion methods for protection of this groundwater falls under the jurisdiction of the Railroad Commission of Texas. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operation into a nonproductive zone (RRC Form W-14).

If you have any questions, please contact us at 512-239-0515, sc@tceq.state.tx.us, or by mail MC-151.

Sincerely,

Digitally signed by Jack Oswalt
DN: c=US, st=Texas, l=Austin, ou=Surface
Casing, o=Texas Commission on
Environmental Quality, cn=Jack Oswalt,
email=joswalt@tceq.state.tx.us
Date: 2011.01.03 11:50:33 -0600

Jack M. Oswalt, P.G.

GEOLOGIST SEAL



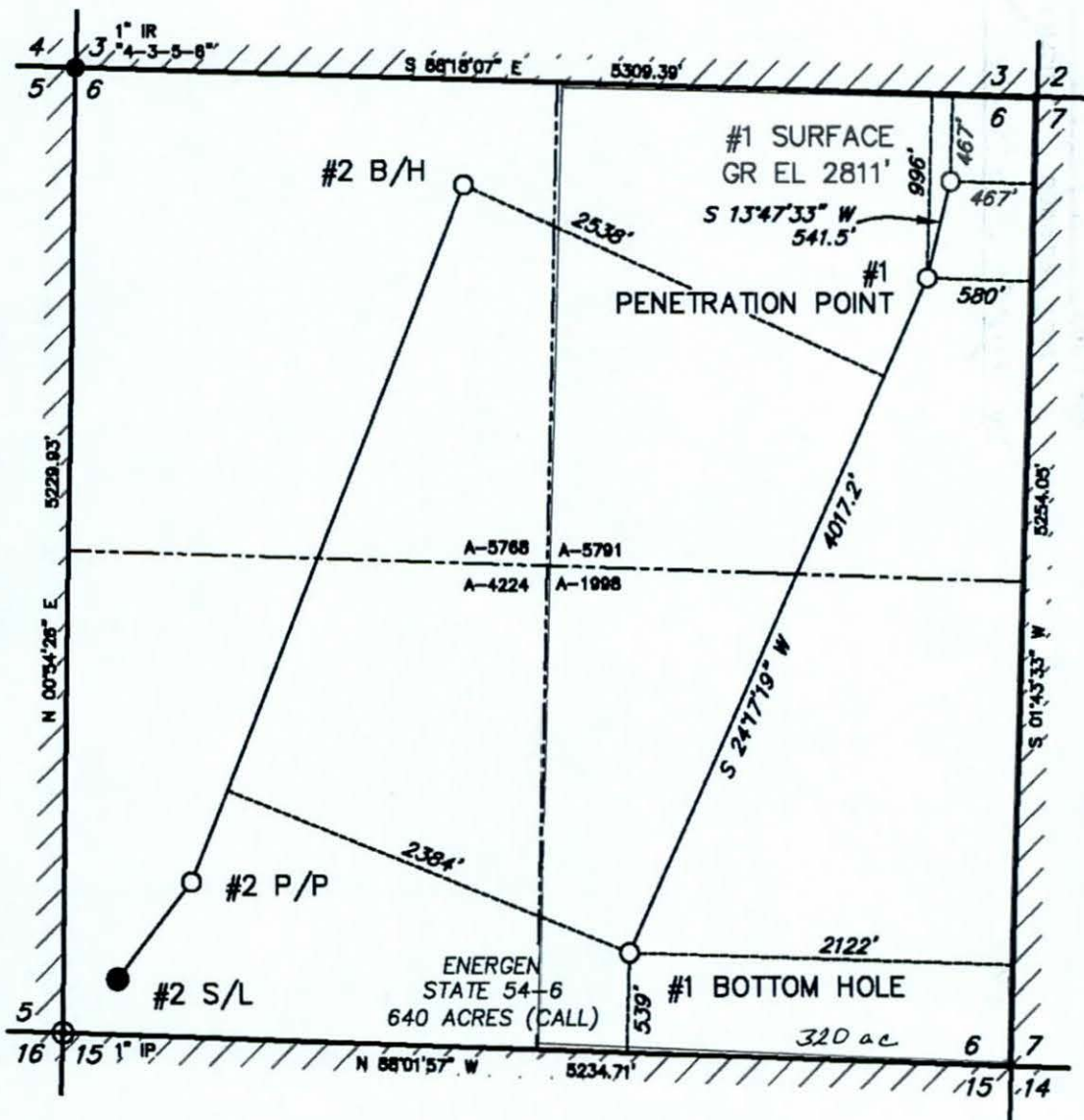
Geologist, Surface Casing Team
Waste Permits Division

The seal appearing on this document was authorized by Jack M. Oswalt on 1/3/2011
Note: Alteration of this electronic document will invalidate the digital signature.



A-1998

SECTION 6, BLOCK 54, T-4-S, T & P RR SURVEY



NAD 83, TEXAS CENTRAL ZONE

NAD 27, TEXAS CENTRAL ZONE

S/L: N=10568776.2', E=1257351.1' LAT=31.6206557 N, LONG=103.6725496 W	S/L: N=726200.1', E=960887.6' LAT=31.6205256 N, LONG=103.6720892 W
P/P: N=10568250.3', E=1257222.0' LAT=31.6191998 N, LONG=103.6729133 W	P/P: N=725674.2', E=960758.6' LAT=31.6190697 N, LONG=103.6724529 W
B/H: N=10564588.7', E=1255569.6' LAT=31.6090018 N, LONG=103.6778658 W	B/H: N=722012.7', E=959108.2' LAT=31.6088716 N, LONG=103.6774053 W

APPROXIMATELY 16.7 MILES NW OF PECOS, TEXAS

- NOTES: 1. THIS PERMIT PLAT HAS BEEN PREPARED FROM A CERTIFIED SURVEY PLAT ON FILE IN THE OFFICE OF WATSON PROFESSIONAL GROUP INC, MIDLAND, TEXAS.
2. DOWNHOLE INFORMATION PROVIDED BY ENERGEN PERSONNEL.
3. SURFACE LOCATION IS IN THE STAKED POSITION.

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



- ☼ GAS WELL
- △ WATER INJECTION WELL
- OIL WELL
- LOCATED WELL
- DRY HOLE
- ⊙ WATER WELL
- ⊘ SHUT IN WELL

W.D. Watson, Jr. TEXAS R.P.L.S. No. 1989
FILE: T:REEVES/BLOCK 54 T4S.dwg

7/29/11
DATE

1000 0 1000 2000 FEET

Watson
Professional
Group Inc



P.O. DRAWER 11186
MIDLAND, TEXAS 79702
(432) 520-9200
FAX (432) 520-9212
wdwatson@wpg-usa.com

AS-DRILLED PLAT
ENERGEN RESOURCES
STATE 54-6 WELL #1
SURFACE LOCATION: 467' FNL & 467' FEL
PENETRATION POINT: 996' FNL & 580' FEL
BOTTOM HOLE: 539' FSL & 2122' FEL
SECTION 6, BLOCK 54, T-4-S, T & P RR SURVEY
REEVES COUNTY, TEXAS

DATE: JULY 28, 2011

DATE SURVEYED: -

JOB NO.: 11-1150-00 FIELD BOOK -

DRAFT TA REV. 0

CONSULTING ENGINEERS, LAND SURVEYORS & PLANNERS

File No. MF106569

(16)

Wall Records: 42-389-32727

State 54-6 #1

Date Filed: 09/03/2013

Jerry E. Patterson, Commissioner

By JEP

File No. MF106229

(27)

w-2 / attachments

389-32727

Date Filed: 6/8/13

Jerry Patterson, Commissioner

By mBarnstone

U.S. Postal Service™
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☐ Return Receipt (electronic) \$ _____
☐ Certified Mail Restricted Delivery \$ _____
☐ Adult Signature Required \$ _____
☐ Adult Signature Restricted Delivery \$ _____

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MF 112611

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Total Postage and Fees

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Sent To

ENERGEN Resources Corp

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

7015 1520 0000 6667 3627
2999 0000 025T 5T02

Certified Mail service provides the following benefits:

- A receipt (this portion of the Certified Mail label).
- A unique identifier for your mailpiece.
- Electronic verification of delivery or attempted delivery.
- A record of delivery (including the recipient's signature) that is retained by the Postal Service™ for a specified period.

Important Reminders:

- You may purchase Certified Mail service with First-Class Mail®, First-Class Package Service®, or Priority Mail® service.
- Certified Mail service is *not* available for international mail.
- Insurance coverage is *not* available for purchase with Certified Mail service. However, the purchase of Certified Mail service does not change the insurance coverage automatically included with certain Priority Mail items.
- For an additional fee, and with a proper endorsement on the mailpiece, you may request the following services:
 - Return receipt service, which provides a record of delivery (including the recipient's signature). You can request a hardcopy return receipt or an electronic version. For a hardcopy return receipt, complete PS Form 3811, *Domestic Return Receipt*; attach PS Form 3811 to your mailpiece;

for an electronic return receipt, see a retail associate for assistance. To receive a duplicate return receipt for no additional fee, present this USPS®-postmarked Certified Mail receipt to the retail associate.

- Restricted delivery service, which provides delivery to the addressee specified by name, or to the addressee's authorized agent.
- Adult signature service, which requires the signee to be at least 21 years of age (not available at retail).
- Adult signature restricted delivery service, which requires the signee to be at least 21 years of age and provides delivery to the addressee specified by name, or to the addressee's authorized agent (not available at retail).
- To ensure that your Certified Mail receipt is accepted as legal proof of mailing, it should bear a USPS postmark. If you would like a postmark on this Certified Mail receipt, please present your Certified Mail item at a Post Office™ for postmarking. If you don't need a postmark on this Certified Mail receipt, detach the barcoded portion of this label, affix it to the mailpiece, apply appropriate postage, and deposit the mailpiece.

IMPORTANT: Save this receipt for your records.

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

ENERGEN Resources Corp
605 Richard Arrington Jr Blvd N
Birmingham, AL 35203



9590 9403 0495 5173 5819 75

2. Article Number (Transfer from service label)

7015 1520 0000 6667 3627

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Brenda Armstrong

☐ Agent☐ Addressee

B. Received by (Printed Name)

Brenda Armstrong

C. Date of Delivery

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery

d Mail

d Mail Restricted Delivery

(\$500)

☐ Priority Mail Express®☐ Registered Mail™☐ Registered Mail Restricted Delivery☐ Return Receipt for Merchandise☐ Signature Confirmation™☐ Signature Confirmation Restricted Delivery

UNITED STATES POSTAL SERVICE

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USPS
Permit No. G-10



Texas General Land Office

George P. Bush, Commissioner

P.O. Box 12873

Austin, Texas 78711-2873

ATTN. ANDREA CHARLTON

USPS TRACKING#



9590 9403 0495 5173 9814 75



Texas General Land Office

Reconciliation Billing

George P. Bush, Commissioner

PO Box 12873
Austin, TX 78711-2873
(800) 998-4456
8:00 - 5:00 M-F

Energen Resources Corporation
Attn: Cristy Vice
605 Richard Arrington Jr. Blvd. North
Birmingham, AL 35203-2707

COPY

Billing Date: 8/18/2016
Billing Due Date: 9/17/2016
Customer Number: C000043130

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
16I00685	MF106569	\$4,016.77	\$0.00	\$401.67	\$164.65	\$4,583.09
16I00686	MF106569	\$0.00	\$26,162.70	\$2,616.26	\$1,166.80	\$29,945.76
Total Due		\$4,016.77	\$26,162.70	\$3,017.93	\$1,331.45	\$34,528.85

Penalty and interest have been calculated thru 8/31/2016. Payment remitted after 8/31/2016 will result in additional penalty and interest charges.

Contact Info: Andrea Charlton (512) 463-5190 or acharlto@glo.texas.gov

NOTICE

- Please update GLO1 and GLO2 production reports to correct volumes.
- Please do not update GLO3 report to include billed royalty, penalty or interest. This receivable has already been recorded.
- For other royalty reporting questions, visit <http://www.glo.texas.gov>, call (512) 463-6850 or email us at glo123@glo.texas.gov.

This notice does not constitute an Audit Billing Notice as defined in Section 52.135 of the Texas Natural Resources Code and, consequently, does not preclude the TGLO from conducting further examinations of these leases, time periods or issues.

Detach and return with payment

Reconciliation Billing

Energen Resources Corporation

Billing Date: 8/18/2016

Billing Due Date: 9/17/2016

Customer Number: C000043130

Remit Payment To:

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
16I00685	MF106569	\$4,016.77	\$0.00	\$401.67	\$164.65	\$4,583.09
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Total Due		\$4,016.77	\$26,162.70	\$3,017.93	\$1,331.45	\$34,528.85
Amt. Paid						

COPY

**Energy Financial Management
SMAR Activity / Invoicing Approval**

Auditor/Account Examiner: Andrea Charlton
Company Name: ENERGEN RESOURCES CORPORATION
Customer Number: C000043130
Mineral File #: MF106569
Transaction Type: Volume Reconciliation
Other / Invoice #:

Previous Amount	Current Amount	Date	AE / Reviewer's Notes	Reviewer's Signature	AR Notes
	\$29,945.76	08/15/16	Under reported/paid sales volumes.	 MM 8/16/2016	

All original invoices must be approved.

All reductions in billing of more than \$1000 must be approved.

Customer ID: C000043130
 Invoice Number:
 GLO Lease: MF106569
 GLO Review: Energen Resources Corporation
 Review Period: JAN Through AUG 2015

Category: Oil
 Auditor/AE: Acharito
 Billing Date: 8/15/2016
 P&I Calculation Date: 8/31/2016
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Particip	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Ro	Number of Da	Interest Rate For	Penalty Rate For	Interest Rate For	Revenue Due
Jan-15	08-41565	856	1.00000000	45.87	1.00	\$39,267.80	\$4,908.48	\$0.00	\$4,908.48	545	4.25%	\$490.85	\$277.77	\$5,677.10
Feb-15	08-41565	143	1.00000000	47.35	1.00	\$6,771.14	\$846.39	\$0.00	\$846.39	514	4.25%	\$84.64	\$44.84	\$975.87
Mar-15	08-41565	572	1.00000000	45.41	1.00	\$25,976.06	\$3,247.01	\$0.00	\$3,247.01	484	4.25%	\$324.70	\$160.68	\$3,732.39
Apr-15	08-41565	666	1.00000000	51.24	1.00	\$34,122.71	\$4,265.34	\$0.00	\$4,265.34	453	4.25%	\$426.53	\$195.68	\$4,887.55
May-15	08-41565	422	1.00000000	56.97	1.00	\$24,040.12	\$3,005.01	\$0.00	\$3,005.01	423	4.25%	\$300.50	\$127.36	\$3,432.87
Jun-15	08-41565	683	1.00000000	57.82	1.00	\$39,492.97	\$4,936.62	\$0.00	\$4,936.62	392	4.25%	\$493.66	\$191.41	\$5,621.69
Jul-15	08-41565	548	1.00000000	50.81	1.00	\$27,843.28	\$3,480.41	\$0.00	\$3,480.41	361	4.25%	\$348.04	\$122.39	\$3,950.84
Aug-15	08-41565	272	1.00000000	43.34	1.00	\$11,787.53	\$1,473.44	\$0.00	\$1,473.44	331	4.25%	\$147.34	\$46.67	\$1,667.45
TOTALS		4,162				\$209,301.61	\$26,162.70	\$0.00	\$26,162.70			\$2,616.26	\$1,166.80	\$29,945.76

ATTENTION: Cristy Vice
 CERTIFIED MAIL: 7015 1520 0000 6667 3627

COMMENTS: SALES VOLUMES REPORTED TO THE GLO WERE COMPARED TO VOLUMES REPORTED TO THE RRC.
 IT HAS BEEN DETERMINED THAT THE SALES VOLUMES HAVE BEEN UNDER PAID.

COLUMN (3) RRC VOLUME - REPRESENTS UNDER REPORTED SALES VOLUMES TO THE GLO FROM RRC WELL ID# 08-41565
 COLUMN (5) PRICE - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE
 COLUMN (13)(14)(15) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy-business/oil-gas/trac/forms/penalty-interest-assessment-rules.pdf>

NOTE 1: PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS. THE PREFERRED METHOD OF PAYMENT IS BY CHECK
 ACCOMPANIED WITH THE BOTTOM HALF OF THE ATTACHED INVOICE. IF PAYMENT IS MADE THROUGH ACH DEBIT, NOTIFY THE AUDITOR AS TO THE
 REMITTANCE DATE SO THE INVOICE CAN BE PROPERLY CREDITED.

Energy Financial Management
SMAR Activity / Invoicing Approval

Auditor/Account Examiner: Andrea Charlton
Company Name: ENERGEN RESOURCES CORPORATION
Customer Number: C000043130
Mineral File #: MF106569
Transaction Type: Volume Reconciliation
Other / Invoice #:

Previous Amount	Current Amount	Date	AE / Reviewer's Notes	Reviewer's Signature	AR Notes
	\$4,583.09	08/15/16	Under reported/paid sales volumes.	MM 8/16/2016 	

All original invoices must be approved.

All reductions in billing of more than \$1000 must be approved.

Customer ID: C000043130
 Invoice Number:
 GLO Lease: MF106569
 GLO Review: Energen Resources Corporation
 Review Period: JAN Through AUG 2015

Category: Gas
 Auditor/AE: Acharito
 Billing Date: 8/15/2016
 P&I Calculation Date: 8/31/2016
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Particip	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Ro	Number of Da	Interest Rate For	Penalty Rate For	Interest Rate For	Revenue Due
Jan-15	08-41565	1,748	1.00000000	\$2.76	1.3324	\$8,415.42	\$801.93	\$0.00	\$801.93	535	4.25%	\$80.19	\$44.45	\$926.57
Apr-15	08-41565	1,195	1.00000000	\$2.69	1.3697	\$4,406.67	\$550.83	\$0.00	\$550.83	443	4.25%	\$55.08	\$24.63	\$630.54
May-15	08-41565	1,051	1.00000000	\$3.51	1.4984	\$5,534.20	\$691.78	\$0.00	\$691.78	413	4.25%	\$69.18	\$28.51	\$789.47
Jun-15	08-41565	1,149	1.00000000	\$3.32	1.4984	\$5,716.85	\$714.61	\$0.00	\$714.61	382	4.25%	\$71.46	\$26.88	\$812.95
Jul-15	08-41565	866	1.00000000	\$3.15	1.5208	\$4,145.85	\$518.23	\$0.00	\$518.23	351	4.25%	\$51.82	\$17.62	\$587.67
Aug-15	08-41565	1,359	1.00000000	\$2.86	1.5208	\$5,915.15	\$739.39	\$0.00	\$739.39	321	4.25%	\$73.94	\$22.56	\$835.89
TOTALS		7,366				\$32,134.14	\$4,016.77	\$0.00	\$4,016.77			\$401.67	\$164.65	\$4,583.09

ATTENTION: Cristy Vice
 CERTIFIED MAIL: 7015 1520 0000 6667 3627

COMMENTS: SALES VOLUMES REPORTED TO THE GLO WERE COMPARED TO VOLUMES REPORTED TO THE RRC.
 IT HAS BEEN DETERMINED THAT THE SALES VOLUMES HAVE BEEN UNDER PAID.

COLUMN (3) RRC VOLUME - REPRESENTS UNDER REPORTED SALES VOLUMES TO THE GLO FROM RRC WELL ID# 08-41565

COLUMN (5) PRICE - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE

COLUMN (6) BTU - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE

COLUMN (13)(14)(15) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:

<http://www.glo.texas.gov/energy-business/oil-gas/rrac/forms/penalty-interest-assessment-rules.pdf>

NOTE 1: PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS. THE PREFERRED METHOD OF PAYMENT IS BY CHECK ACCOMPANIED WITH THE BOTTOM HALF OF THE ATTACHED INVOICE. IF PAYMENT IS MADE THROUGH ACH DEBIT, NOTIFY THE AUDITOR AS TO THE REMITTANCE DATE SO THE INVOICE CAN BE PROPERLY CREDITED.

File No. MF 106569

County

ENERGEN Resources Corp.

Date Filed: 10-4-16

George P. Bush, Commissioner

By _____