MF108655

INUT - 9008 - TERMINATED JH KS

TERMINATION
DATE 07/01/2020
LEASING DB
MAPS JH
GIS MC

Lease Type
RAL

Control	Basefile	County
07-106446	092704	REEVES
07-106605	092700	REEVES
07-106632	092701	REEVES

Survey	Public School Land		
Block	71		
Block Name			
Township			
Section/Tract	26, 3, 33		
Land Part			
Acres	Net: ~~953.200000~~ 360	Gross: ~~953.200000~~ 360	
Depth Below	Depth Above	Depth Other	
0	11193	Specified Depths	
Name	ENCANA OIL & GAS (USA) INC		
Lease Date	9/23/2007		
Primary Term	3 years		
Bonus	$0.00		
Lease Royalty	0.12500000		
Paid Up	Yes		

Leasing: DB
Maps: JH
GIS: MC
Scanlab:



CAUTION

Documents in this file have been placed in Table of Contents order and scanned.

Please help keep documents in content order and let the ScanLab know when new documents are added to this file.

Thank you for your assistance.

Archives and Records Staff

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scanned 01/28/09 LA

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scanned 8/31/09 LA

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scanned pf 1 June 2021

See #35 in MF 104585: Termination Packet

scanned pf 2 Mar 2022

DOUG FERGUSON
OIL & GAS LANDMAN
606 WEST TENNESSEE, SUITE 100
MIDLAND, TEXAS 79701
P.O. BOX 432, MIDLAND, TEXAS 79702
TEL. 432 684-4542
FAX 432 683-8450
dwf@oilproperties.com

New (1)

August 6, 2007

Via LoneStar Overnight

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

Re: S/2 Section 3, Block 71, PSL Survey;
S/2 Section 26, Block 71, PSL Survey;
NW/4, W/2NE/4, & N/2SW/4 Section 33, Block 71, PSL Survey;
Reeves County, Texas

Dear Mr. Reid:

I have reached an agreement with the owners of the soil to purchase an Oil and Gas Lease on the captioned lands upon expiration of the current lease on September 22, 2007. Terms are as follows:

Bonus:	$300.00 per net mineral acre
Term:	3 years
Royalty:	1/5th

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

Sincerely,

D.F.

Doug Ferguson

DWF:kll
Enclosure

File No. MF 086555

Letter

Date Filed: 8/7/07

Jeff E. Patterson, Commissioner

By

RAL REVIEW SHEET

Transaction # 5811

Lessor: Darden, Ellington L.

Lessee: EnCana Oil & Gas (USA), Inc.

Geologist: R. Widmayer

Lease Date: 9/23/2007 **UL** ☐

Gross Acres: 953.2

Net Acres: 238.3

LEASE DESCRIPTION

County		PIN#	Base File No	Part	Sec.	Block	Twp	Survey	Abst#
REEVES	320.0	07-106446 ✓	92704	S/2	3	71	00	PUBLIC SCHOOL LAND	2456
REEVES	320.0	07-106605	92700	S/2	26	71	00	PUBLIC SCHOOL LAND	2452 320
REEVES	320.0	07-106632	92701	NW/4, W W/2 NE/4, N/2 SW/4	33	71	00	PUBLIC SCHOOL LAND	2453 320
	960.0								

TERMS OFFERED

Primary Term:	3 years
Bonus/Acre:	$300.00
Rental/Acre:	$1.00
Royalty:	1/5

TERMS RECOMMENDED

Primary Term	3 years
Bonus/Acre	$325.00
Rental/Acre	$1.00
Royalty	1/4

COMPARISONS

MF #	Lessee	Date	Term	Bonus/Ac.	Rental/Ac.	Royalty	Distance Last Lease
Pending	Pinnacle Land	6-27-07	5Yrs	$325.00	$1.00	1/4	2 Miles North

Comments: Will lease when current lease (MF104527) expires.

Approved: PAR 8.9.07

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: 09-Aug-07

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

Applicant:	EnCana Oil & Gas (USA), Inc.			County:	REEVES
Prim. Term:	3 years		Bonus/Acre		$325.00
Royalty:	1/4		Rental/Acre		$1.00

Consideration

Recommended: RAC Date: 8.9.07

Not Recommended: _____

Comments: Will lease when current lease (MF104527) expires.

Lease Form

Recommended: RSH Date: 8/9/07

Not Recommended: _____

Comments:

Louis Renaud, Deputy Commissioner Date: 8/9/07

Recommended: LLR

Not Recommended: _____

Bill Warnick, General Counsel Date: 8/23/07

Recommended: WFW

Not Recommended: _____

Larry Laine, Chief Clerk Date: 8/23/07

Approved: LL

Not Approved: _____

Jerry Patterson, Commissioner Date: 24 AUG 07

Approved: JP

Not Approved: _____

2.

File No. MF 108655

Date Filed: 8/9/07

Jerry E. Patterson, Commissioner

By

DOUG FERGUSON
OIL & GAS LANDMAN
606 WEST TENNESSEE, SUITE 100
MIDLAND, TEXAS 79701
P.O. BOX 432, MIDLAND, TEXAS 79702
TEL. 432 684-4542
FAX 432 683-8450
dwf@oilproperties.com

December 4, 2007

Mr. Drew Reid
General Land Office
1700 N. Congress Ave.
Austin, TX 78701-1495

RE: Mineral Classified Lease
S/2 Sec 3, Block 71, PSL Survey;
S/2 Sec 26, Block 71, PSL Survey;
NW/4, W/2NE/4, & N/2SW/4 Sec 33, Blk 71, PSL Survey
Reeves County, Texas

Dear Drew:

Enclosed please find check #315660 payable to the General Land Office of the State of Texas in the amount of $38,723.75 from EnCana Oil & Gas (USA) Inc. covering the state's bonus for the surface of the captioned land. Also enclosed please find check #315659 payable in the amount of $100.00 to cover the filing fee for this lease. The certified copy of the lease is included with the checks.

Please call if you have any questions.

Sincerely,

Doug Ferguson

DWF: klm
Enclosures

08006667

ENCANA.

EnCana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700 (303) 623-2300
Denver, CO 80202

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	AMOUNT
TEXAS GENERAL LAND OFFICE	2053910	Nov-07-2007	315660	$38,723.75

VOUCHER	VENDOR INV. #	INV. DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
7922362	2053910-103007C	10/30/07	38723.75	.00	38723.75
Cherrie Lane Watson					
TOTAL INVOICES PAID			38723.75	.00	38723.75

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Attn: Drew Reid

08006668

ENCANA

EnCana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700 (303) 623-2300
Denver, CO 80202

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	AMOUNT
TEXAS GENERAL LAND OFFICE	**2053910**	**Nov-07-2007**	**315659**	**$100.00**

VOUCHER	VENDOR INV. #	INV. DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
7922358	2053910-103007	10/30/07	100.00	.00	100.00
Cherrie Lane Watson					
TOTAL INVOICES PAID			100.00	.00	100.00

121

ENCANA

EnCana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700 (303) 623-2300
Denver, CO 80202

08006665

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	AMOUNT
TEXAS GENERAL LAND OFFICE	2053910	Nov-07-2007	315661	$38,723.75

VOUCHER	VENDOR INV. #	INV. DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
7922360	2053910-103007A	10/30/07	38723.75	.00	38723.75
Elmore Family Partneship					
TOTAL INVOICES PAID			38723.75	.00	38723.75

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Attn: Drew Reid

08006666

ENCANA

EnCana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700 (303) 623-2300
Denver, CO 80202

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	AMOUNT
TEXAS GENERAL LAND OFFICE	2053910	Nov-07-2007	315662	$100.00

VOUCHER	VENDOR INV. #	INV. DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
7922361	2053910-103007B	10/30/07	100.00	.00	100.00
Elmore Family Partneship					
TOTAL INVOICES PAID			100.00	.00	100.00

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3

File No. MF 108655

Letter, bonus + fee

Date Filed: 12/5/07

Jerry E. Patterson, Commissioner

By

DOUG FERGUSON
OIL & GAS LANDMAN
606 WEST TENNESSEE, SUITE 100
MIDLAND, TEXAS 79701
P.O. BOX 432, MIDLAND, TEXAS 79702
TEL. 432 684-4542
FAX 432 683-8450
dwf@oilproperties.com

January 28, 2008

Mr. Drew Reid
General Land Office
1700 N. Congress Ave.
Austin, TX 78701-1495

RE: Mineral Classified Lease
S/2 Sec 3, Block 71, PSL Survey;
S/2 Sec 26, Block 71, PSL Survey;
NW/4, W/2NE/4, & N/2SW/4 Sec 33, Blk 71, PSL Survey
Reeves County, Texas

Dear Drew:

Enclosed please find check #333443 payable to the General Land Office of the State of Texas in the amount of $38,723.75 from EnCana Oil & Gas (USA) Inc. covering the state's bonus for the surface of the captioned land. Also enclosed please find check #333444 payable in the amount of $100.00 to cover the filing fee for this lease. The certified copy of the lease is included with the checks.

Please call if you have any questions.

Sincerely,

D.F

Doug Ferguson

DWF: klm
Enclosures

ENCANA

EnCana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700 (303) 623-2300
Denver, CO 80202

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	AMOUNT
TEXAS GENERAL LAND OFFICE	2053910	Dec-28-2007	333443	$38,723.75

VOUCHER	VENDOR INV. #	INV. DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
8150777	2053910-122707	12/27/07	38723.75	.00	38723.75
Bonus Consideration					
TOTAL INVOICES PAID			38723.75	.00	38723.75

Attn: Drew Reid

121

08010631

ENCANA

EnCana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700 (303) 623-2300
Denver, CO 80202

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	AMOUNT
TEXAS GENERAL LAND OFFICE	2053910	Dec-28-2007	333444	$100.00

VOUCHER	VENDOR INV. #	INV. DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
8150778	2053910-122707A	12/27/07	100.00	.00	100.00
Filing Fee					
TOTAL INVOICES PAID			100.00	.00	100.00

121

08010632

4.

File No. MF 108655

Letter, bonus + fee

Date Filed: 1/31/08

Jerry E. Patterson, Commissioner

By _____

FILE# 183

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 6th day of November, 2007, between the State of Texas, acting by and through its agent, Ellington L. Darden

of 12803 Water Point Boulevard, Windermere, Florida 34786
(Give Permanent Address)

said agent herein referred to as the owner of the soil (whether one or more), and EnCana Oil & Gas (USA) Inc.

of 14001 North Dallas Parkway, Suite 1000, Dallas, Texas 75240 hereinafter called Lessee.
(Give Permanent Address)

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

South-Half (S/2) Section 3, Block 71, PSL Survey; South-Half (S/2) Section 26, Block 71, PSL Survey; Northwest-Quarter (NW/4), West-Half of the Northeast-Quarter (W/2NE/4) and North-Half of the Southwest-Quarter (N/2SW/4) of Section 33, Block 71, PSL Survey, less & except two tracts more particularly describef as the "Second Tract" & the "Third Tract" by metes & bounds in that certain Warranty Deed from J.H. Shoaf to The Texas and Pacific Railway Company, dated August 16, 1928, recorded in Vol 67 Page 319 of the Deed Records of Reeves County, Texas (said tracts comprising a total of 6.80 acres, more or less)

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

containing 953.20 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Thirty eight thousand seven hundred twenty-three and 75/100----------
Dollars ($38,723.75)

To the owner of the soil: Thirty eight thousand seven hundred twenty-three and 75/100----------
Dollars ($38,723.75)

Total bonus consideration: Seventy seven thousand four hundred fourty-seven and 50/100----------
Dollars ($77,447.50)

The total bonus consideration paid represents a bonus of Three hundred twenty-five and NO/100----------
---------- Dollars ($325.00) per acre, on 238.30 net acres.

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

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

3. DELAY RENTALS. If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the _____ _____ Bank, at _____, or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:

To the owner of the soil: One hundred nineteen and 15/100---------- Dollars ($119.15)

To the State of Texas: One hundred nineteen and 15/100---------- Dollars ($119.15)

Total Delay Rental: Two hundred thirty eight and NO/100---------- Dollars ($238.30)

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 1/4th 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 1/4th 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 1/4th 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 1/4th 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.

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

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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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.

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

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: Encana Oil & Gas (USA) Inc.
BY: _____
Title: Attorney-in-Fact
Date: 1/02/2008

STATE OF TEXAS
BY: _____
Individually and as agent for the State of Texas
Date: _____

STATE OF TEXAS
BY: _____
Individually and as agent for the State of Texas
Date: _____

STATE OF TEXAS
BY: _____
Individually and as agent for the State of Texas
Date: _____

STATE OF TEXAS
BY: _____
Individually and as agent for the State of Texas
Date: _____

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

STATE OF TEXAS (CORPORATION ACKNOWLEDGMENT)

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared MARK A. VIRANT known to me to be the person whose name is subscribed to the foregoing instruments as ATTORNEY-IN-FACT of EnCana Oil+Gas (USA) Inc. 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 2nd day of January, 2008.

DEBRA A. MITCHELL
MY COMMISSION EXPIRES
October 7, 2009

Debra A. Mitchell
Notary Public in and for the 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 Florida (INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF Orange

BEFORE ME, the undersigned authority, on this day personally appeared Ellington L. Darden _____ 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 14 day of Nov. 2007.

Jane F Abbott
My Commission DD299332
Expires May 25, 2008

Jane F. Abbott
Notary Public in and for

STATE OF _____ (INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF _____

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

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

_____
Notary Public in and for _____

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

FILE# 183

FILED FOR RECORD ON THE 16TH DAY OF JANUARY A.D. 2008 1:52 P. M.

DULY RECORDED ON THE 18TH DAY OF JANUARY A.D. 2008 8:30 A. M.

BY: Doris Jones, DEPUTY

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

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

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

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office, found in VOL. 781, PAGE 650 THRU 658. OFFICIAL PUBLIC RECORDS

I hereby certified on 01/22/2008

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY Jessie Flores DEPUTY

FILE #4710

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 23rd day of September, 2007, between the State of Texas, acting by and through its agent, Cherrie Lane Watson

of 210 W. Davis, Suite 201, Conroe, Texas 77301
(Give Permanent Address)

said agent herein referred to as the owner of the soil (whether one or more), and EnCana Oil & Gas (USA) Inc.

of 14001 North Dallas Parkway, Suite 1000, Dallas, Texas 75240 hereinafter called Lessee.
(Give Permanent Address)

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

South-Half (S/2) Section 3, Block 71, PSL Survey; South-Half (S/2) Section 26, Block 71, PSL Survey; Northwest-Quarter (NW/4), West-Half of the Northeast-Quarter (W/2NE/4) and North-Half of the Southwest-Quarter (N/2SW/4) of Section 33, Block 71, PSL Survey, less & except two tracts more particularly describef as the "Second Tract" & the "Third Tract" by metes & bounds in that certain Warranty Deed from J.H. Shoaf to The Texas and Pacific Railway Company, dated August 16, 1928, recorded in Vol 67 Page 319 of the Deed Records of Reeves County, Texas (said tracts comprising a total of 6.80 acres, more or less)

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

containing 953.20 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Thirty eight thousand seven hundred twenty-three and 75/100----------
Dollars ($38,723.75)

To the owner of the soil: Thirty eight thousand seven hundred twenty-three and 75/100----------
Dollars ($38,723.75)

Total bonus consideration: Seventy seven thousand four hundred fourty-seven and 50/100----------
Dollars ($77,447.50)

The total bonus consideration paid represents a bonus of Three hundred twenty-five and NO/100----------
---------- Dollars ($325.00) per acre, on 238.30 net acres.

2. TERM. Subject to the other provisions in this lease, this lease shall be for a term of Three 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.

STATE OF TEXAS * REEVES COUNTY *
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3. DELAY RENTALS. If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the _____ _____ Bank , at _____, or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:

To the owner of the soil: One hundred nineteen and 15/100---------- Dollars ($119.15)

To the State of Texas: One hundred nineteen and 15/100---------- Dollars ($119.15)

Total Delay Rental: Two hundred thirty eight and NO/100---------- Dollars ($238.30)

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 1/4th 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 1/4th 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 1/4th part of the residue gas and the liquid hydrocarbons e xtracted 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 1/4th 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: _____ W-8BEN

Title: MARK A. VIRANT, ATTORNEY-IN-FACT/AGENT

Date: 10/30/2007

STATE OF TEXAS

BY: Cherrie L. Watson

Individually and as agent for the State of Texas

Date: Oct. 2, 2007

Cherrie Lane Watson

STATE OF TEXAS

BY: _____

Individually and as agent for the State of Texas

Date: _____

STATE OF TEXAS

BY: _____

Individually and as agent for the State of Texas

Date: _____

STATE OF TEXAS

BY: _____

Individually and as agent for the State of Texas

Date: _____

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STATE OF TEXAS (CORPORATION ACKNOWLEDGMENT)

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared MARK A. VIRANT known to me to be the person whose name is subscribed to the foregoing instruments as ATTORNEY-IN-FACT of EnCana Oil + Gas (USA) Inc. 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 30th day of October, 2007.

DEBRA A. MITCHELL
MY COMMISSION EXPIRES
October 7, 2009

Debra A. Mitchell
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 Montgomery

BEFORE ME, the undersigned authority, on this day personally appeared Cherrie Lane Watson _____ 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 2nd day of October, 2007.

PEGGY INGLET
Notary Public, State of Texas
My Commission Expires
October 31, 2008

Peggy Inglet
Notary Public in and for the State of Texas

STATE OF _____ (INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF _____

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

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

_____
Notary Public in and for _____

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

FILE# 4710

FILED FOR RECORD ON THE 19TH DAY OF NOVEMBER A.D. 2007 11:47 A. M.

DULY RECORDED ON THE 28TH DAY OF NOVEMBER A.D. 2007 8:00 A. M.

BY: _____ DEPUTY

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

STATE OF TEXAS * REEVES COUNTY *

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

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

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office, found in VOL. 778 PAGE 292, THRU 300.

OFFICIAL PUBLIC RECORDS

I hereby certified on 11/30/2007

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY _____ DEPUTY

FILE #4709

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 23rd day of September, 2007, between the State of Texas, acting by and through its agent, Elmore Family Partnership LLC

of PO Box 805, Willis, Texas 77378
(Give Permanent Address)

said agent herein referred to as the owner of the soil (whether one or more), and EnCana Oil & Gas (USA) Inc.

of 14001 North Dallas Parkway, Suite 1000, Dallas, Texas 75240 hereinafter called Lessee.
(Give Permanent Address)

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

South-Half (S/2) Section 3, Block 71, PSL Survey; South-Half (S/2) Section 26, Block 71, PSL Survey; Northwest-Quarter (NW/4), West-Half of the Northeast-Quarter (W/2NE/4) and North-Half of the Southwest-Quarter (N/2SW/4) of Section 33, Block 71, PSL Survey, less & except two tracts more particularly described as the "Second Tract" & the "Third Tract" by metes & bounds in that certain Warranty Deed from J.H. Shoaf to The Texas and Pacific Railway Company, dated August 16, 1928, recorded in Vol 67 Page 319 of the Deed Records of Reeves County, Texas (said tracts comprising a total of 6.80 acres, more or less)

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

containing 953.20 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Thirty eight thousand seven hundred twenty-three and 75/100
Dollars ($38,723.75)

To the owner of the soil: Thirty eight thousand seven hundred twenty-three and 75/100
Dollars ($38,723.75)

Total bonus consideration: Seventy seven thousand four hundred fourty-seven and 50/100
Dollars ($77,447.50)

The total bonus consideration paid represents a bonus of Three hundred twenty-five and NO/100
Dollars ($325.00) per acre, on 238.30 net acres.

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

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3. DELAY RENTALS. If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the _____ Bank , at _____, or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:

To the owner of the soil: One hundred nineteen and 15/100---------- Dollars ($119.15)

To the State of Texas: One hundred nineteen and 15/100---------- Dollars ($119.15)

Total Delay Rental: Two hundred thirty eight and NO/100---------- Dollars ($238.30)

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 1/4th 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 1/4th 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 1/4th part of the residue gas and the liquid hydrocarbons e xtracted 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 1/4th 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.

STATE OF TEXAS REEVES COUNTY

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

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: _____ W.O.T.H.

Title: MARK A. VIRANT, ATTORNEY-IN-FACT

Date: 10/30/2007

Elmore Family Partnership LLC

STATE OF TEXAS

BY: Marshall B. Elmore
Individually and as agent for the State of Texas

Date: 10-1-07

By: Marshall B. Elmore

STATE OF TEXAS

BY: _____
Individually and as agent for the State of Texas

Date: _____

STATE OF TEXAS

BY: _____
Individually and as agent for the State of Texas

Date: _____

STATE OF TEXAS

BY: _____
Individually and as agent for the State of Texas

Date: _____

STATE OF TEXAS
REEVES COUNTY

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

STATE OF TEXAS (CORPORATION ACKNOWLEDGMENT)

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared MARK A. VIRANT known to me to be the person whose name is subscribed to the foregoing instruments as ATTORNEY-IN-FACT of EnCana Oil & Gas (USA) Inc. 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 30th day of October, 2007.

DEBRA A. MITCHELL
MY COMMISSION EXPIRES
October 7, 2009

Debra A. Mitchell
Notary Public in and for State of Texas

STATE OF Texas (CORPORATION ACKNOWLEDGMENT)

COUNTY OF Montgomery

BEFORE ME, the undersigned authority, on this day personally appeared Marshall B. Elmore known to me to be the person whose name is subscribed to the foregoing instruments as _____ of Elmore Family Partnership LLC 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 1 day of October, 2007.

BRENDA MARIE BURNS
NOTARY PUBLIC
STATE OF TEXAS
COMM. EXPIRES 04-21-2011

Notary Public in and for Montgomery County, Texas

STATE OF _____ (INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____

known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed.

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

Notary Public in and for _____

STATE OF _____ (INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____

known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed.

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

Notary Public in and for _____

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

FILE# 4709

FILED FOR RECORD ON THE 19TH DAY OF NOVEMBER A.D. 2007 11:47 A. M.

DULY RECORDED ON THE 28TH DAY OF NOVEMBER A.D. 2007 8:00 A.M.

BY: _____ DEPUTY

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

STATE OF TEXAS REEVES COUNTY

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

5.

File No. WT 108655

Date Filed: 11/30/07

Jerry E. Patterson, Commissioner

By

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 778 PAGE 283, THRU 291. OFFICIAL PUBLIC RECORDS

I hereby certified on 11/30/2007

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY _____ DEPUTY

TEXAS GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

February 26, 2008

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

Re: Relinquishment Act Lease **MF-108655**
714.90 acres out of Sections 3, 26 & 33,
Blk. 71, Reeves County, Texas

Dear Mr. Ferguson:

The certified copy of the Relinquishment Act lease covering the above referenced tracts has been approved and filed in our records under Mineral File number **M-108655. Please refer to this number when making payments to the State and in all future correspondence concerning the lease. Failure to include the mineral file number may delay processing of any payments towards the lease.**

Your remittance of **$116,296.25,** has been applied as the state's portion of the cash bonus **$116,171.25,** 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

6.

File No. MF108655

Dtd letter

Date Filed: 2/26/08

Jerry E. Patterson, Commissioner

By

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:

ENCANA

EnCana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700 (303) 623-2300
Denver, CO 80202

RENTAL RECEIPT/ SHUT IN RECEIPT

CITIBANK, DELAWARE
One Penn's Way
New Castle, DE 19720

DATE **Aug-06-2008** NO. **405496**

LEASE RECORDS ACCOUNT				RENTAL PERIOD		
COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO
REEVES	TEXAS	778-292	09/23/07	12	09/23/08	09/23/09

LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER	PAY EXACTLY
877955.004	CHERRIE LANE WATSON	**$119.15**

PAY TO THE ORDER OF **TEXAS GENERAL LAND OFFICE**
Stephen F Austin Bldg
1700 N Congress Ave
Austin TX 787011495
United States

121

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
** DELAY RENTALS ** MF-108655 A Texas General Land Office Stephen F Austin Bldg 1700 N Congress Ave Austin, TEXAS 787011495 TRACT 58791 PSL SVY BLOCK 71 SEC 3: S/2 (320) SEC 26: S/2 (320) SEC 33: NW/4, W/NE/4 & N/2SW/4 LESS AND EXC 2 TRACTS MORE PARTICULARLY DESC AS THE "SECOND TRACT" AND THE "THIRD TRACT" BY METES ***More Legal Description On File***	$119.15	

08024060

08-23-9

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.
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ENCANA

EnCana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700 (303) 623-2300
Denver, CO 80202

RENTAL RECEIPT/ SHUT IN RECEIPT

CITIBANK, DELAWARE
One Penn's Way
New Castle, DE 19720

DATE **Aug-06-2008** NO. **405495**

LEASE RECORDS ACCOUNT				RENTAL PERIOD		
COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO
REEVES	TEXAS	776-10	09/23/07	12	09/23/08	09/23/09

LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER	PAY EXACTLY
877955.005	ELMORE FAMILY PTNRSP LLC	**$119.15**

PAY TO THE ORDER OF **TEXAS GENERAL LAND OFFICE**
Stephen F Austin Bldg
1700 N Congress Ave
Austin TX 787011495
United States

121

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.

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TO BE CREDITED TO	RENTAL AMOUNT	BANK
** DELAY RENTALS ** MF-108655 B Texas General Land Office Stephen F Austin Bldg 1700 N Congress Ave Austin, TEXAS 787011495 TRACT 58791 PSL SVY BLOCK 71 SEC 3: S/2 (320) SEC 26: S/2 (320) SEC 33: NW/4, W/NE/4 & N/2SW/4 LESS AND EXC 2 TRACTS MORE PARTICULARLY DESC AS THE "SECOND TRACT" AND THE "THIRD TRACT" BY METES ***More Legal Description On File***	$119.15	

08024059

08-23-8

File No. MF 100655

Rental Payment

Date Filed: 8/25/08

Jerry E. Patterson, Commissioner

By _____

7

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.
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WHEN SIGNED, PLEASE MAIL TO:

ENCANA.

EnCana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700 (303) 623-2300
Denver, CO 80202

RENTAL RECEIPT/
SHUT IN RECEIPT

CITIBANK N.A
One Penn's Way
New Castle, DE 19720

DATE **Oct-06-2008** NO. **425329**

LEASE RECORDS ACCOUNT				RENTAL PERIOD		
COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO
REEVES	TEXAS	781-650	11/06/07	12	11/06/08	11/06/09

LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER	PAY EXACTLY
877955.006	ELLINGTON L DARDEN	**$119.15**

PAY TO THE ORDER OF **TEXAS GENERAL LAND OFFICE**
Stephen F Austin Bldg
1700 N Congress Ave
Austin TX 787011495
United States

YOUR COPY

121

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
C ** DELAY RENTALS ** MCL 108655 Texas General Land Office Stephen F Austin Bldg 1700 N Congress Ave Austin, TEXAS 787011495 TRACT 58791 PSL SVY BLOCK 71 SEC 3: S/2 (320) SEC 26: S/2 (320) SEC 33: NW/4, W/NE/4 & N/2SW/4 LESS AND EXC 2 TRACTS MORE PARTICULARLY DESC AS THE "SECOND TRACT" AND THE "THIRD TRACT" BY METES ***More Legal Description On File***	$119.15	

00003350

08-13-01

File No. 108655

RENTAL PAYMENT

Date Filed: 10/21/08

Jerry E. Patterson, Commissioner

By

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.
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WHEN SIGNED, PLEASE MAIL TO:

ENCANA.

EnCana Oil & Gas (USA) Inc. ✓
370 17th Street, Suite 1700 (303) 623-2300
Denver, CO 80202

RENTAL RECEIPT/
SHUT IN RECEIPT

CITIBANK N.A
One Penn's Way
New Castle, DE 19720

DATE **Jul-06-2009** NO. **505857**

LEASE RECORDS ACCOUNT				RENTAL PERIOD		
COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO
REEVES	TEXAS	778-292	09/23/07	12	09/23/09	09/23/10

LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER	PAY EXACTLY
877955.004	CHERRIE LANE WATSON	**$119.15**

PAY TO THE ORDER OF **TEXAS GENERAL LAND OFFICE**
Stephen F Austin Bldg
1700 N Congress Ave
Austin TX 787011495
United States

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
** DELAY RENTALS ** MF-108655 A Texas General Land Office Stephen F Austin Bldg 1700 N Congress Ave Austin, TEXAS 787011495 TRACT 58791 PSL SURVEY, BLK 71 SEC 3 S2, A-2456	X $119.15	

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:

ENCANA

EnCana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700 (303) 623-2300
Denver, CO 80202

RENTAL RECEIPT/
SHUT IN RECEIPT

CITIBANK N.A
One Penn's Way
New Castle, DE 19720

DATE **Jul-06-2009** NO. **505856**

LEASE RECORDS ACCOUNT				RENTAL PERIOD		
COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO
REEVES	TEXAS	776-10	09/23/07	12	09/23/09	09/23/10

LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER	PAY EXACTLY
877955.005	ELMORE FAMILY PTNRSP LLC	**$119.15**

PAY TO THE ORDER OF **TEXAS GENERAL LAND OFFICE**
Stephen F Austin Bldg
1700 N Congress Ave
Austin TX 787011495
United States

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.

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TO BE CREDITED TO	RENTAL AMOUNT	BANK
** DELAY RENTALS ** MF-108655 B Texas General Land Office Stephen F Austin Bldg 1700 N Congress Ave Austin, TEXAS 787011495 TRACT 58791 PSL SURVEY, BLK 71 SEC 3 S2, A-2456	$119.15	

(9)

File No. MF 108655

RENTAL PAYMENT "A,B"

Date Filed: 7/15/09

Jerry E. Patterson, Commissioner

By RM

ENCANA.

EnCana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700 (303) 623-2300
Denver, CO 80202

CITIBANK N.A
One Penn's Way
New Castle, DE 19720
62-20/311

No. **521104**

DATE: **Sep-03-2009**

LAND LEASE ACCOUNT

COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	RENTAL PERIOD MONTHS	FROM	TO
REEVES	TEXAS	781-650	11/06/07	12	11/06/09	11/06/10

LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER	PAY EXACTLY
877955.006	ELLINGTON L DARDEN	$119.15

PAY EXACTLY $119dols15cts

VOID IF NOT PRESENTED FOR PAYMENT WITHIN 90 DAYS

COPY
NON-NEGOTIABLE

9-3-09

PAY TO THE ORDER OF TEXAS GENERAL LAND OFFICE

Stephen F Austin Bldg
1700 N Congress Ave
Austin TX 787011495
United States

MF: 108655 C

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:

ENCANA.

EnCana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700 (303) 623-2300
Denver, CO 80202

RENTAL RECEIPT/ SHUT IN RECEIPT

CITIBANK N.A
One Penn's Way
New Castle, DE 19720

DATE **Sep-03-2009** NO. **521104**

LEASE RECORDS ACCOUNT

COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	RENTAL PERIOD MONTHS	FROM	TO
REEVES	TEXAS	781-650	11/06/07	12	11/06/09	11/06/10

LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER	PAY EXACTLY
877955.006	ELLINGTON L DARDEN	**$119.15**

PAY TO THE ORDER OF **TEXAS GENERAL LAND OFFICE**
Stephen F Austin Bldg
1700 N Congress Ave
Austin TX 787011495
United States

Please Sign and Return

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

** DELAY RENTALS **
MCL 108655
Texas General Land Office
Stephen F Austin Bldg
1700 N Congress Ave
Austin, TEXAS 787011495

$119.15

TRACT
58791
PSL SURVEY, BLK 71 SEC 3 S2, A-2456
SEC 26 S2, A-2452 SEC 33 NW, W2NE,
N2SW LESS AND EXCEPT 2 TRACTS MORE
PARTICULARLY DESC AS THE "SECOND
TRACT" AND THE "THIRD TRACT" BY METES
More Legal Description On File

11

File No. MF-108655

~~RENTAL~~ PAYMENT

Date Filed: 9-29-09

Jerry E. Patterson, Commissioner

By

TEXAS GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

December 3, 2009

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

Re: State Lease MF108655, etal - **Please refer to this lease number with all correspondence**
Darden State 71-26 1H Revised
625175

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

Beverly Boyd, Lease Analyst
Mineral Leasing Division

DIVISION ORDER

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

PROPERTY NO: 625175
EFFECTIVE: 6/3/2009
PREPARED BY: ANITA ROBINSON
DATE PREPARED: 11/24/2009
PRODUCT/ZONE: OIL & GAS

This agreement is made and entered into on November 24, 2009.

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

OPERATOR: CHESAPEAKE OPERATING, INC.
OWNER NO: 646157
INT TYPE: 5 (1 = WI, 2 = RI, 3 = ORI)

PROPERTY: DARDEN STATE 71-26 1H REVISED 11-12-09
OWNER: **STATE OF TEXAS**

LEGAL DESCRIPTION: SEC 33, BLK 71, PSL
REEVES, TEXAS
UNIT ACRES: 1280.000000

varLeaseNumb	intUnitNumber	varLeaseName
MF108655	4385	DARDEN STATE 71-26 1H
MF104586	4385	DARDEN STATE 71-26 1H
MF109559	4385	DARDEN STATE 71-26 1H
MF109480	4385	DARDEN STATE 71-26 1H
MF104585	4385	DARDEN STATE 71-26 1H
MF109479	4385	DARDEN STATE 71-26 1H

Status	BPO Net Ac	BPO Lse NRI/RI	BPO Unit Int.	APO1 Net Ac
SM	600.000000	0.25000000	0.11718750	N/A

DIVISION OF INTEREST

THIS AGREEMENT DOES NOT AMEND ANY LEASE OR OPERATING AGREEMENT BETWEEN THE INTEREST OWNERS AND THE LESSEE OR OPERATOR OR ANY OTHER CONTRACTS FOR THE PURCHASE OF OIL OR GAS.

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

TERMS OF SALE: The undersigned will be paid in accordance with the division of interest set out above. The payor shall pay all parties at the price agreed to by the operator for oil and gas to be sold pursuant to this division order. Purchaser shall compute quantity and make corrections for gravity and temperature and make deductions for impurities in the oil.

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

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

DISPUTE; WITHHOLDING OF FUNDS: If a suit is filed that affects the interest of the owner, written notice shall be given to payor by the owner together with a copy of the complaint or petition filed. In the event of a claim or dispute that affects title to the division of interest credited herein, payor is authorized to withhold payments accruing to such interest, without interest unless otherwise required by applicable statute, until the claim or dispute is settled.

TERMINATION: Termination of this agreement is effective on the first day of the month that begins after the 30th day after the date written notice of termination is received by either party.

NOTICES: The owner agrees to notify payor in writing of any change in the division of interest, including changes of interest contingent on payment of money or expiration of time. No change of interest is binding on payor until the recorded copy of the instrument of change or documents satisfactorily evidencing such change are furnished to payor at the time the change occurs. Any change of interest shall be made effective on the first day of the month following receipt of such notice by payor. Any correspondence regarding this agreement shall be furnished to the addresses listed unless otherwise advised by either party. In addition to the legal rights provided by the terms and provisions of this division order, an owner may have certain statutory rights under the laws of this state.

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

WORK PHONE NUMBER: ( )
HOME PHONE NUMBER: ( )
FAX NUMBER: ( )

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

THIS COPY CAN BE RETAINED FOR YOUR RECORDS

DIVISION ORDER

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

PROPERTY NO: 625175
EFFECTIVE: 6/3/2009
PREPARED BY: ANITA ROBINSON
DATE PREPARED: 11/24/2009
PRODUCT/ZONE: OIL & GAS

This agreement is made and entered into on November 24, 2009.

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OPERATOR: CHESAPEAKE OPERATING, INC.
OWNER NO: 646157
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PROPERTY: DARDEN STATE 71-26 1H REVISED 11-12-09
OWNER: **STATE OF TEXAS**

LEGAL DESCRIPTION: SEC 33, BLK 71, PSL
UNIT ACRES: 1280.000000

REEVES, TEXAS
COMMENTS: N/A

Status	BPO Net Ac	BPO Lse NRI/RI	BPO Unit Int.	APO1 Net Ac	APO1 Lse NRI/RI	APO1 Unit Int.	APO2 Net Ac	APO2 Lse NRI/RI	APO2 Unit Int.
SM	0.000000	0.12500000	0.06594834	N/A	N/A	N/A	N/A	N/A	N/A

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			CORRESPONDENCE ADDRESS

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LEGAL DESCRIPTION: SEC 33, BLK 71, PSL
UNIT ACRES: 1280.000000

REEVES, TEXAS
COMMENTS: N/A

Status	BPO Net Ac	BPO Lse NRI/RI	BPO Unit Int.	APO1 Net Ac	APO1 Lse NRI/RI	APO1 Unit Int.	APO2 Net Ac	APO2 Lse NRI/RI	APO2 Unit Int.
SM	4.689000	0.20000000	0.00073266	N/A	N/A	N/A	N/A	N/A	N/A

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File No. MF108655 12.

DIVISION ORDER

Date Filed: 12/3/09

Jerry E. Patterson, Commissioner

By

MEMO TO FILES MF 104585, 104586, 108655, 109559, 109479, 109480-Unit 4385

Date: July 6, 2010

From: Harriet Dunne

Re: Unit 4385 (Chesapeake is Operator) expired 5-18-10; status of these leases

All the leases headlined in this memo became producing as part of Unit 4385 as of June 2009 when the Darden State 71-26 #1H Well began producing. The status of the leases was not changed in Globase for any of the leases except MF 104585, the surface location of this well.

The Darden State 71-26 #1H completed 6/03/09.
API 389 32585
RRC Lease #253047 Dist 08

Unit 4385, which was a temporary unit for 18 months, expired on May 18, 2010. The leases which are not along the well bore path are no longer participating in the royalty from this well and are no longer producing.

The leases still participating in the royalty from this well are:
MF 104585 (fee) Primary term expired 1/18/10; 2 year vertical and horizontal pugh clause.

MF 108655 (RAL) Primary term expires on 2 leases 9/23/10 and on 1 lease 11/06/10. Rentals are pd to end of primary term.

MF 104586 (fee) Primary term expired 1/18/10; 2 year vertical and horizontal pugh clause.

We need to determine the participation of each lease in the production of the well. The ownership of the royalty under MF 108655 is different than the other two leases.

The pooling agreement and division orders referred to on the Contents Card in the files of the following leases are no longer valid. These leases are "Active" so long as rental obligations are met and they are within their primary term.

Lease **MF 109559** (fee) is dated Oct 7, 2008 for a 5 yr term. Second yr rental was pd in 2009.

Leases (3) **MF 109479** (RAL) are dated July 11, 2008 for a 5 yr term. Rentals are prepaid through July 11, 2011.

Lease **MF 109480** (RAL) is dated September 10, 2008 for a 3 yr term. Second and third year rentals are paid up. However, paragraph 41 of the lease states, "Lessee…shall have the right to keep this lease in force and effect for the 4th and 5th years of the primary term … by tendering a payment of $400 per net acre on or before Sept 10, 2011." Robert states that this lease will expire on Sept 10, 2011 because it is a 3 year term lease. I will notify the working interest owner of this fact. Chesapeake appears to be the largest owner of working interest under this lease.

See each producing file for GIS plat, RRC production figures and P-15 for the Darden State 71-26 #1H. Also see file folder for Chesapeake allocation of interest for each producing lease.

File No. MF 108655

Memo to file – Lease/unit status

Date Filed: 7/6/10

Jerry E. Patterson, Commissioner

By _____

B.

From: Chris McClaine <chris.mcclaine@chk.com>
To: '"ronald.widmayer@glo.state.tx.us"' <ronald.widmayer@glo.state.tx.us>
Date: 7/29/2010 7:44 PM
Subject: RE: Darden State 71-26 #1H Plat
Attachments: Darden State 71-26 1H - New Unit Configuration - GLO.xlsx

Ron,
Don't hold me to this, as it still has to be run through final processing in our division order group (they love to point out my mistakes), but attached is what I come up with for the production allocation for this well. I will be out tomorrow, but should be in all next week if you have any questions.
Thanks,
Chris

From: Chris McClaine
Sent: Tuesday, July 13, 2010 3:38 PM
To: 'ronald.widmayer@glo.state.tx.us'
Subject: Darden State 71-26 #1H Plat

Ron,
Sorry for the delay. A breakdown of which leases will receive what royalties will follow in the next few days.

Thanks,
Chris McClaine
District Landman - Rockies/Permian
Chesapeake Energy Corporation
Phone: (405) 935-4808
Email: chris.mcclaine@chk.com

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

7/6/10 (See memo to file for history)
Ron,
Need help to determine the participation of each of these leases in the production of the Darden State 71-26 #1H well.
Hope you have something from or can secure something from Chesapeake that shows how they are allocating production under each lease. Thanks

Darden State 71-26 1H

Original Unit Gross Acre - 1280.00
Revised Unit Gross Acres - 632

CHK Lease	GLO Lease	Revised Gross Acres	Revised Unit Net Acres	Lease Royalty	% of wellbore on tract	Lease NRI/Royalty
TX3231437-000	MF108655	360	90	0.25	0.519127939	3.244550%
TX3231438-000	MF108655	360	180	0.25	0.519127939	6.489099%
TX3231439-000	MF108655	360	90	0.25	0.519127939	3.244550%
TX3231441-000	MF104585	240	240	0.25	0.336360777	8.409019%
TX3231442-000	MF104586	32	32	0.25	0.144511284	3.612782%
Total		**632**	**632**			**25.000000%**

RAL State = 1/2

fee

fee

9/16/10
Have this info to Lourice

18.3594% until 5-18-10

6.4890995

Since 5-18-10
18.5109005

12.978199%
÷ 2 = 6.4890995%

TOPOGRAPHIC

Surveying • Mapping • GIS • GPS

2903 N. BIG SPRING • MIDLAND, TEXAS 79705

TELEPHONE: (432) 682-1653 (800) 767-1653 • FAX (432) 682-1743

"AS-DRILLED"

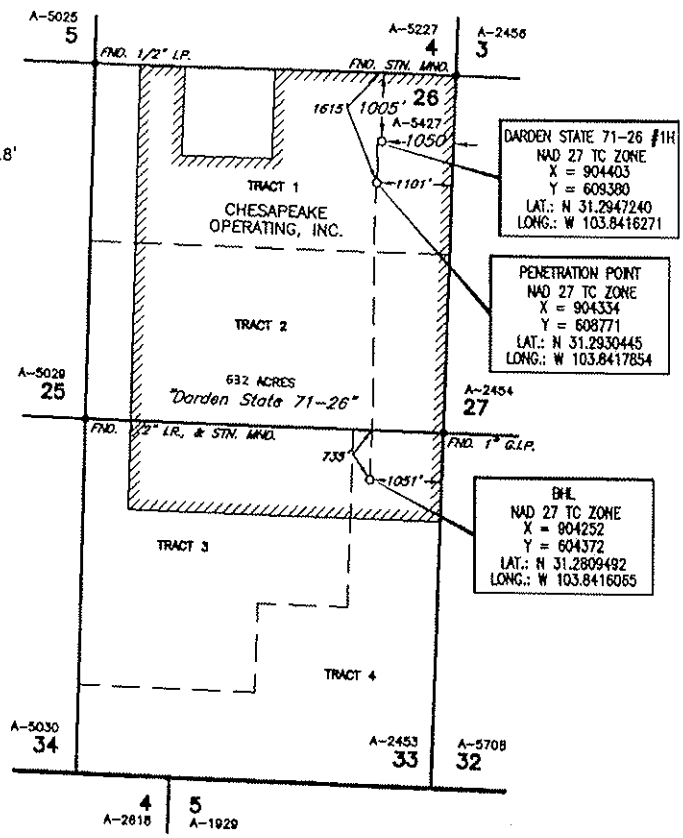
REEVES County, Texas

Description SHL= 1005' FNL & 1050' FEL (SEC. 26)
BHL= 735' FNL & 1051' FEL (SEC. 33)

SECTION 26, BLOCK 71, PUBLIC SCHOOL LAND, A-5427

NAD 27 GRID BEARINGS

TOTAL LATERAL LENGTH: 5086.8'
SECTION 26: 4351.7'
SECTION 33: 735.1'
TRACT 1: 1711.0'
TRACT 2: 2640.6'
TRACT 2: 735.1'



AS-DRILLED INFORMATION PROVIDED BY CHESAPEAKE OPERATING, INC.

SCALE: 1" = 2000'

0' 1000' 2000'

This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us. This plat does not in any way represents a "Boundary Survey", and does not comply with current T.B.P.L.S. Minimum Standards of Procedures for Boundary Surveys. Lease is shown as the west half of the section and does not agree with the occupied lines.

Operator Chesapeake OPERATING, INC.

Date Staked OCTOBER 1, 2008

Lease Name & Well No. DARDEN STATE 71-26 #1H Ground Elev. 3029'

Topography & Vegetation LOW BRUSH

Nearest Town in County ±3.8 MILES NORTHWEST OF KENT, TEXAS

Driving Directions FROM THE JUNCTION OF HWY. 2903 & COUNTY ROAD 225, GO WEST 3.0 MILES ON HWY. 225 3.0 MILES TO LEASE ROAD, THENCE SOUTH 1.5 MILES ON LEASE ROAD TO A POINT 1.3 MILES WEST OF LOCATION.

STATE OF TEXAS REGISTERED ROBERT JAMES OVERTON JR. 5916 PROFESSIONAL LAND SURVEYOR

Invoice # 149387/578SE
L.A.S.
REVISED: 3/22/10; EVO

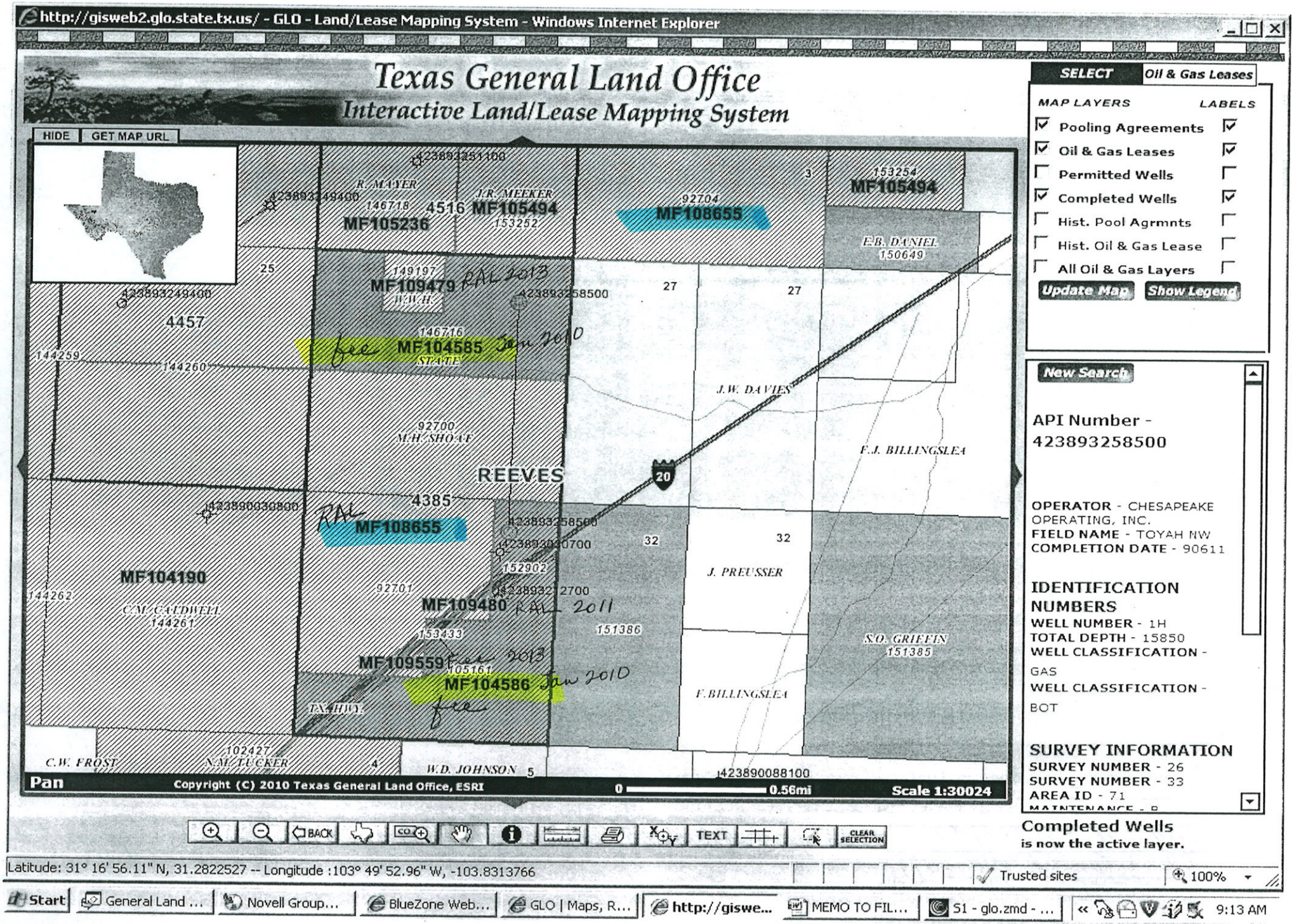
CERTIFICATION:

I, Robert J. Overton, Jr., a Registered Professional Land Surveyor, and an authorized agent of Topographic Land Surveyors, do hereby certify that in my professional opinion the above described well location was surveyed and staked on the ground as shown. *This plat is for Texas Railroad Commission permitting only.*

Robert J. Overton Jr.

Texas Reg. No. 5916

File No. MF 108655 14
Chesapeake allocation
by revenue
Date Filed: 7-29-10
Jerry E. Patterson, Commissioner
By


http://gisweb2.glo.state.tx.us/ - GLO - Land/Lease Mapping System - Windows Internet Explorer
Texas General Land Office
Interactive Land/Lease Mapping System
HIDE
GET MAP URL
SELECT
Oil & Gas Leases
MAP LAYERS
LABELS
Pooling Agreements
Oil & Gas Leases
Permitted Wells
Completed Wells
Hist. Pool Agrmnts
Hist. Oil & Gas Lease
All Oil & Gas Layers
Update Map
Show Legend
New Search
API Number - 423893258500
OPERATOR - CHESAPEAKE OPERATING, INC.
FIELD NAME - TOYAH NW
COMPLETION DATE - 90611
IDENTIFICATION NUMBERS
WELL NUMBER - 1H
TOTAL DEPTH - 15850
WELL CLASSIFICATION - GAS
WELL CLASSIFICATION - BOT
SURVEY INFORMATION
SURVEY NUMBER - 26
SURVEY NUMBER - 33
AREA ID - 71
Completed Wells
is now the active layer.
MF105236
MF105494
MF108655
MF109479
MF104585
MF104190
MF109480
MF109559
MF104586
REEVES
Pan
Copyright (C) 2010 Texas General Land Office, ESRI
Scale 1:30024
Latitude: 31° 16' 56.11" N, 31.2822527 -- Longitude :103° 49' 52.96" W, -103.8313766
Trusted sites
100%
Start
General Land ...
Novell Group...
BlueZone Web...
GLO | Maps, R...
http://giswe...
MEMO TO FIL...
S1 - glo.zmd - ...
9:13 AM

15.

File No. MF 108655
GIS Plat & leases
enrolled on well
Date Filed: 7-6-10
Jerry E. Patterson, Commissioner
By

09:12:09 Tue Jul 06, 2010

DISTRICT > 08 GAS LEDGER INQUIRY
FIELD > TOYAH, NW (SHALE) # 90890 700
OPERATOR > CHESAPEAKE OPERATING, INC. # 147715
LEASE > DARDEN STATE 71-26 # 253047 WELL # 1H

MM/YYYY	ALLOW		GAS PROD	GAS LIFT	* DISPOSITIONS * AMT	CODE	AMT	CODE	CUMU STAT	G/C RATIO (MCF/BBL)
06/2009	**0**		**137766**	**0**	**6923**	**1**	**130843**	**#**	**137766**	**998**
07/2009	254971	X	117205	0	6557	1	110648	#	0	987
08/2009	**0**	**W**	**137607**	**0**	**7206**	**1**	**130401**	**2**	**137607**	
09/2009	0	W	95298	0	5123	1	90175	2	232905	
10/2009	**0**	**W**	**97473**	**0**	**4018**	**1**	**93455**	**2**	**330378**	
11/2009	0	W	77499	0	3872	1	73627	2	407877	
12/2009	**0**	**W**	**66865**	**0**	**3714**	**1**	**63151**	**2**	**474742**	
01/2010	0	W	58856	0	58856	2			533598	
02/2010	**0**	**W**	**59877**	**0**	**59877**	**2**			**593475**	
03/2010	0	W	55289	0	55289	2			648764	
04/2010	**0**	**W**	**25263**	**0**	**25263**	**2**			**674027**	
05/2010	0	W	58141	0	58141	2			732168	

GO TO DIST > GAS RRC ID # >
PF1=HELP PF2=COND PF3=MENU PF4=PROD RMKS PF6=PROD PF7=SCHEDULE PF8=P4 PF9=LDGR
PF10=G10 PF11=STATUS PF12=G-1 _ PF17=P-17 PMT _ PF18=T-1 _ PF19=HIST LDG
NO MORE LEDGER DATA FOR THIS RRCID

16.

File No. MF10855
Production unit

Date Filed: 7-6-10

Jerry E. Patterson, Commissioner

By _____

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

STATEMENT OF PRODUCTIVITY OF ACREAGE ASSIGNED TO PRORATION UNITS

The undersigned states that he is authorized to make this statement; that he has knowledge of the facts concerning the CHESAPEAKE OPERATING INC (OPERATOR), DARDEN STATE 71-26 (LEASE), No. 1H (WELL); that such well is completed in the TOYAH, NW (SHALE) Field, REEVES County, Texas and that the acreage claimed, and assigned to such well for proration purposes as authorized by special rule and as shown on the attached certified plat embraces 1280 acres which can reasonably be considered to be productive of hydrocarbons.

- CERTIFICATE -

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

Date 06/11/2009 Signature [signature]

Telephone (AREA CODE) (405)935-8323 Title REG. COMP. SPECIALIST

RECEIVED
RRC OF TEXAS
JUL 20 2009
O&G
MIDLAND

File No. ME 108655 17.
RRC P-15

Date Filed: 6-11-09

Jerry E. Patterson, Commissioner

By _____

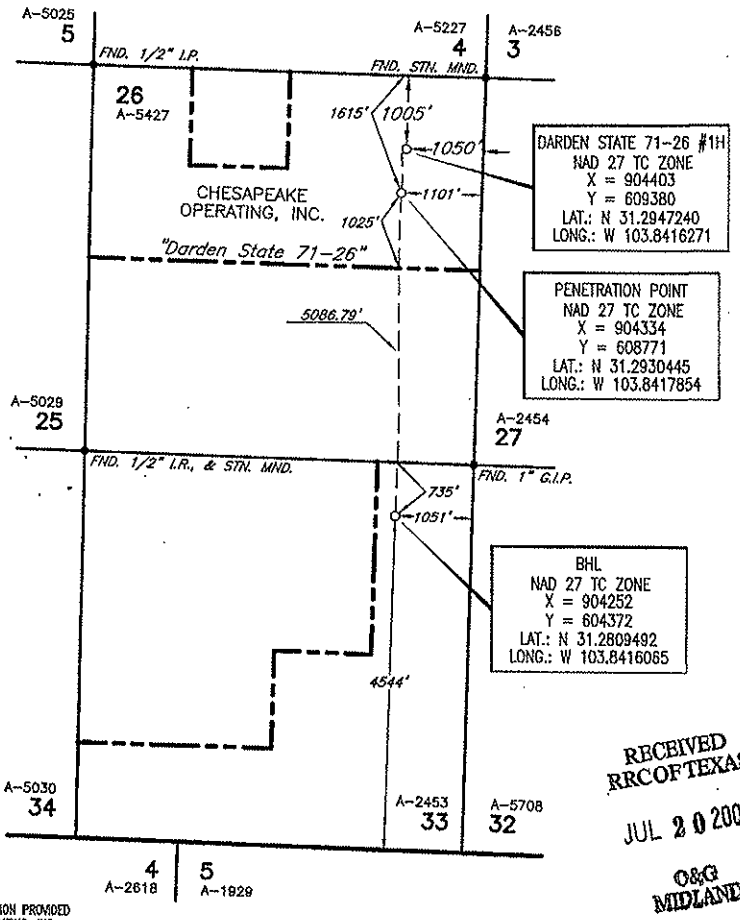
TOPOGRAPHIC

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SECTION 26, BLOCK 71, PUBLIC SCHOOL LAND, A-5427



AS-DRILLED INFORMATION PROVIDED BY CHESAPEAKE OPERATING, INC.

RECEIVED
RRC OF TEXAS
JUL 20 2009
O&G
MIDLAND

This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us. This plat does not in any way represents a "Boundary Survey", and does not comply with current T.B.P.L.S. Minimum Standards of Procedures for Boundary Surveys.

SCALE: 1" = 2000'
0' 1000' 2000'

Operator CHESAPEAKE OPERATING, INC. Date Staked OCTOBER 1, 2008

Lease Name & Well No. DARDEN STATE 71-26 #1H Ground Elev. 3029'

Topography & Vegetation LOW BRUSH

Nearest Town in County **±3.8 MILES NORTHWEST OF KENT, TEXAS**

Driving Directions FROM THE JUNCTION OF HWY. 2903 & COUNTY ROAD 225, GO WEST 3.0 MILES ON HWY. 225 3.0 MILES TO LEASE ROAD, THENCE SOUTH 1.5 MILES ON LEASE ROAD TO A POINT 1.3 MILES WEST OF LOCATION.

STATE OF TEXAS
REGISTERED
ROBERT JAMES OVERTON JR.
5916
PROFESSIONAL
LAND SURVEYOR

CERTIFICATION:

I, Robert J. Overton, Jr., a Registered Professional Land Surveyor, and an authorized agent of Topographic Land Surveyors, do hereby certify that in my professional opinion the above described well location was surveyed and staked on the ground as shown. *This plat is for Texas Railroad Commission permitting only.*

Robert J. Overton Jr.

Texas Reg. No. 5916

Invoice # 146314/578SE
L.A.S.
REVISED: 4/27/09; EUO

File No. MF 108655

Plat of horizontal well

Date Filed: 10-1-08

Jerry E. Patterson, Commissioner

By _____

18.

From: Lannie Stimson
To: Harriet Dunne
Date: 1/13/2011 3:47 PM
Subject: Fwd: RE: Darden State 71- 26 1H - MF 104585, 104586, 108655

Yup that's what Kim had told me yesterday that she was getting her numbers from Chesapeake DO who, according to Kim was getting them from Chesapeake Land.

That's when I decided to bring it to you. I've notified Kim that she should be hearing from someone in her land dept., and essentially put the ball back in their court.

Thanks for looking in to this mess.

Lannie

>>> Harriet Dunne 1/13/2011 3:05 PM >>>
Lannie,
Just finished a discussion with Beverly Boyd. She was trying to process some division orders from Chesapeake on this well and found the same problem. So Kim's numbers are coming from the Division Order department and that is where the problem lies. It appears the D/O folks are using surface acres of an imaginary unit and are not aware of the new rules about length of well bore calculations. You might want to be sure Kim talks to Chris McClaine in trying to figure this out.
Harriet

>>> Lannie Stimson 1/13/2011 2:33 PM >>>
Thank you Harriet for clearing this up. I will contact Kim and make sure they are all on the same page on their end.

Lannie

>>> Harriet Dunne 1/13/2011 2:02 PM >>>
Lannie,
We all agree here in Energy that Chris McClaine's numbers are correct (the schedule you sent Kim Haley). Kim's schedule is based on acres in an imaginary unit surface acres (since the only unit was temporary and Chesapeake turned down our permanent unit agreement). The royalty revenue should be allocated by length of well bore which is the calculations I originally sent you in September.

Daryl has spoken to Chris McClaine and Chris has assured Daryl he will talk to Kim Haley to explain to her why the revenue numbers on his schedule are correct. If you do not hear back from Kim in an appropriate length of time (whatever that is), let me know.

Thanks,
Harriet

>>> Lannie Stimson 1/12/2011 3:50 PM >>>

>>> Kim Haley <kim.haley@chk.com> 1/12/2011 10:51 AM >>>

Please see the following attachment, for what I have calculated to be the tract percentages and payment decimal. How would we report three leases with no unit?
Thanks!

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

From: Lannie Stimson [mailto:Lannie.Stimson@GLO.STATE.TX.US]
Sent: Tuesday, January 11, 2011 5:17 PM
To: Kim Haley
Subject:RE: Darden State 71- 26 1H

Kim,

Now I remember it. I reviewed the info I sent you from Harriet. I don't believe this is going to be a unit situation anymore--hence no new unit number.

From reading Harriet's notes it looks like the state participation from the well went from the original 6 state tracts down to 3 and that the state's participation is based on % of wellbore on state tract instead of surface acreage.

If I recall correctly Harriet told me that the percentages on the pdf I had sent came from Chesapeake land. Check with them and see if that is the case. From what I calculated off that the total NRI to GLO would be .185109, approx.

If all this is true we still need to figure out how to report it I guess

Let me know.

Thanks

Lannie

>>> Kim Haley <kim.haley@chk.com> 1/11/2011 1:57 PM >>>

This was the one that we talked on the phone about, in which you sent me the memo from Harriet Dunne about.
The unit has been reduced to 632 acres, and only 3 of the 6 leases are now active.

Thanks Lannie.

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

From: Lannie Stimson [mailto:Lannie.Stimson@GLO.STATE.TX.US]
Sent: Tuesday, January 11, 2011 12:58 PM
To: Kim Haley
Subject: Re: Darden State 71- 26 1H

Kim,

Have we corresponded about this one before? What I can see for sure in the GLO lease management system is that the original unit #4385 was set up as a Temporary 18 month unit in November 2008 which means as of May 2010 that unit number is no longer valid---this squares with your 06/10 time frame for changes.

At this time though, I don't show ,set up in the GLO system, another unit by that same name or any other unit associated with any of the 6 State leases in the original unit 4385.

Lannie

>>> Kim Haley <kim.haley@chk.com> 1/11/2011 11:45 AM >>>

Hi Lannie,

Can you please confirm that the attached revision to the above referenced well corresponds to what you show? Also, did the unit number change from the original- 4385? I show the changes take effect starting with 06/10 production. DO changed the DOI and the PPA's were processed this month.

See "Royalty Set-Up for GLO" attached.

Thanks!

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

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

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ROYALTY SET-UP FOR GLO

Unit Name Darden State 71-26 #1H

Temporary

Unit # 4385 **Effective Date:** 11/18/2008

Roy. Reduction N **Online Production/Sales by:**

Unit Acres: 632 **Type (O/G):**

Tract Acres:	240	32	360	
Tract #	1	2	3	
Tract %	0.379746835	0.050632911	0.569620253	
State Lease #	**M-104585**	**M-104586**	**M-108655**	
Royalty %	0.25	0.25	0.125	
NRI	0.09493671	0.01265823	0.07120253	0.17879747

First Sales:

19.

File No. MF 108655
email - royalty set-up

Date Filed: 1-13-11
Jerry Patterson, Commissioner

By CB

Harriet Dunne - Re: MF108655, MF104585 & MF104586 - Darden State 71-26 1H

From: Susan Wauer
To: Harriet Dunne
Date: 6/26/2013 4:28 PM
Subject: Re: MF108655, MF104585 & MF104586 - Darden State 71-26 1H

Harriet,
The Royalty Decimal the paid agreed with GloBase

Tract Participation Factor (way off):
MF104585 = 0.336361
MF104586 = 0.144511
MF108655 = 0.519125
MF109479 = 0.03125
MF109480 = 0.0053125
MF109559 = 0.0036633

MF109479, MF109480 & MF109559 haven't been reported on since 201103

Susan

>>> Harriet Dunne 6/17/2013 10:45 AM >>>
Susan,
They have not been on my list until now. The Darden State 71-26 definitely needs an iNut setup internally.

I would like to see the revenue interest Chesapeake has been paying since Unit 4385 expired on May 18, 2010. Please send that to me when you can.

I do not have (or am unable to find) the length of lateral in this well nor the state's share of the length of lateral to do you an iNut today. I will send today a request through my contact at Shell to see if I can get the necessary info to set up an iNut.

I know you are out of town until Wed/Thurs. I will try to have something for you by then.

Thanks,
Harriet

>>> Susan Wauer 6/14/2013 2:15 PM >>>
Hi Harriet,
I was wondering if this/these were on your list of iNuts that you are putting together. Shell is trying to set these up and I didn't know if they had an iNut in their future before I approve them.

Thanks,
Susan

File No. MF 108655 20.
Email re: NRI under
Darden-State well
Date Filed: 6-26-13
Jerry E. Patterson, Commissioner
By _____

Harriet Dunne - RE: Need info for Darden State 71-26 well #1H in Reeves Co TX

From: <Meredith.MacAllister@shell.com>
To: <kirk.malveaux@shell.com>, <brian.chaffee@shell.com>, <RScott.Fields@she...
Date: 7/1/2013 2:34 PM
Subject: RE: Need info for Darden State 71-26 well #1H in Reeves Co TX
CC: <Susan.Wauer@GLO.TEXAS.GOV>, <Harriet.Dunne@GLO.TEXAS.GOV>
Attachments: Darden State 71-26.pdf

Harriet,

Please let me know if you need anything else.

1) The length of lateral of the subject well.
   5086.8'

2) The length of lateral crossing each of the three state leases (MF104585, MF104586, MF108655)
   MF104585 (Tract 1 on attached plat) – 1,711.0'
   MF104586 (Tract 4 on attached plat) – 735.1'
   MF108655 (Tracts 2 & 3 on attached plat) – 2640.6'

3) An "as drilled" plat of a size sufficient to show the footages of the take points across each lease.
   See attached

Meredith MacAllister, CPLTA
Senior Lease Analyst
Shell Exploration & Production Company
200 N. Dairy Ashford, Room WCK 4356, Houston, TX 77079
United States of America

Tel: +1 281-544-3566
Email: meredith.macallister@shell.com

From: Malveaux, Kirk W SEPCO-UAU/L/UV
Sent: Monday, June 17, 2013 2:53 PM
To: Chaffee, Brian D SEPCO-UAU/L/UP; MacAllister, Meredith R SEPCO-UAU/L/A; Fields, R Scott S SEPCO-UAU/L/A
Cc: Susan Wauer; Harriet Dunne
Subject: RE: Need info for Darden State 71-26 well #1H in Reeves Co TX

Brian, Meredith and/or Scott,

Please respond to the attached inquiry from Harriet Dunne (Texas GLO) and/or forward to the appropriate party for

handling. Thanks.

Kirk

From: Harriet Dunne [mailto:Harriet.Dunne@GLO.TEXAS.GOV]
Sent: Monday, June 17, 2013 2:40 PM
To: Malveaux, Kirk W SEPCO-UAU/L/UV
Cc: Susan Wauer
Subject: Need info for Darden State 71-26 well #1H in Reeves Co TX

Kirk,
Please pass this along to the appropriate person who can send me help.....land/land administration/royalties payable, etc.

The subject well is RRC # 08 253047, API 4238932585, located in Sec 26 and 33, Block 71, Reeves Co TX.

Chesapeake formed a unit for this well which was approved by the State (Unit 4385) but which was temporary and expired May 18, 2010. When the unit expired, the well became a lease well crossing three state leases. Chesapeake land dept sent the GLO some revenue figures for each lease's share of the royalty revenue. We do not have a record of those calculations that we can find. The folks handling this in 2010-2011 time period at the GLO are no longer here.

We are requesting the following information:
1) The length of lateral of the subject well.
2) The length of lateral crossing each of the three state leases (MF104585, MF104586, MF108655)
3) An "as drilled" plat of a size sufficient to show the footages of the take points across each lease.

Your (Shell) royalty revenue folks are trying to set up the correct payments and production reports with the GLO. We need the requested numbers to be sure we can prove the calculations used to set up the GLO revenue receivables and to allow Shell to begin reporting and paying.

Thank you for your help.

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

625175

Revised Plat

TOPOGRAPHIC

SURVEYING • MAPPING • GIS • GPS
2903 N. BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 (800) 767-1653 • FAX (432) 682-1743

"AS-DRILLED"

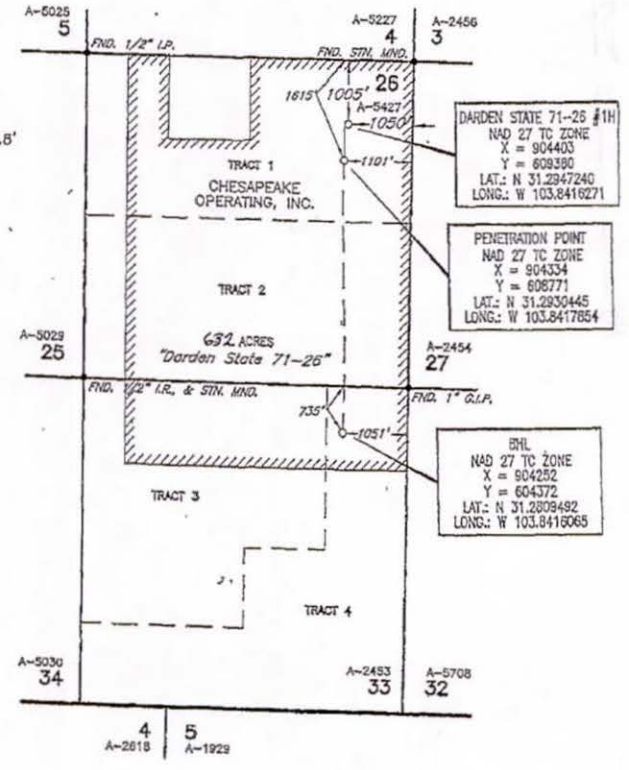
REEVES County, Texas
Description SHL= 1005' FNL & 1050' FEL (SEC. 26)
BHL= 735' FNL & 1051' FEL (SEC. 33)

SECTION 26, BLOCK 71, PUBLIC SCHOOL LAND, A-5427

NAD 27 GRID BEARINGS

TOTAL LATERAL LENGTH: 5086.8'
SECTION 26: 4351.7'
SECTION 33: 735.1'
TRACT 1: 1711.0'
TRACT 2: 2540.8'
TRACT 2: 735.1'

RECEIVED
RRC OF TEXAS
JUN 30 2010
O&G
AUSTIN TX



AS-DRILLED INFORMATION PROVIDED BY CHESAPEAKE OPERATING, INC.
SCALE: 1" = 2000'
0' 1000' 2000'

This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us. This plat does not in any way represent a "Boundary Survey", and does not comply with correct T.B.P.L.S. Minimum Standards of Procedures for Boundary Surveys. Lease is shown as the east half of the section and does not agree with the occupied lot.

Operator Chesapeake OPERATING, INC. Date Staked OCTOBER 1, 2008

Lease Name & Well No. DARDEN STATE 71-26 #1H Ground Elev. 3029'

Topography & Vegetation LOW BRUSH

Nearest Town in County ±3.8 MILES NORTHWEST OF KENT, TEXAS

Driving Directions FROM THE JUNCTION OF HWY. 2903 & COUNTY ROAD 225, GO WEST 3.0 MILES ON HWY. 225 3.0 MILES TO LEASE ROAD, THENCE SOUTH 1.5 MILES ON LEASE ROAD TO A POINT 1.3 MILES WEST OF LOCATION.

STATE OF TEXAS
REGISTERED
ROBERT JAMES OVERTON JR.
5916
PROFESSIONAL
LAND SURVEYOR

Invoice # 149367/578SE
L.A.S.
REVISED: 3/22/10; EUO

CERTIFICATION:

I, Robert J. Overton, Jr., a Registered Professional Land Surveyor, and an authorized agent of Topographic Land Surveyors, do hereby certify that in my professional opinion the above described well location was surveyed and staked on the ground as shown. *This plat is for Texas Railroad Commission permitting only.*

Robert J. Overton Jr.

Texas Reg. No. 5916

21.

File No. MF-108655

Email re: length of lateral with plat

Date Filed: 7-1-13

Jerry E. Patterson, Commissioner

By _____

Information for processing an Internal Non Unit Transaction (iNut)

iNut No. 9008

GENERAL INFORMATION

Name of Well Darden State 71-26 Well #1H — API # 389-32585

Name of Operator SWEPI — RRC # 08-253047

Operator Contact Person Kirk Malveaux — Phone (832) 337-2640

Counties Reeves

Basis of participation √ Length of Lateral ____ Surface acres

I. ALLOCATION BY LATERAL FEET ON A STATE LEASE

Lease Type	Lease No.	Lease Date	Term	Lease Roy Dec	Total Lateral Length in ft	State Lateral Length in ft	State Participation by Lease
SF	MF104585	01/18/05	5 yr	.25	5086.8	1711	0.0840901
SF	MF104586	01/18/05	5 yr	.25	5086.8	735.1	0.0361278
RAL	MF108655	09-23-07 - 11-06-07	3 yr	.125	5086.8	2640.6	0.0648885

State Net Royalty Revenue in Well= 0.1851064

Was this lease or were these leases in a Unit that expired? √ Yes ___ No

If yes, Unit # 4385 Date unit expired May 18, 2010

If no, participation from Date of First Production? ___ Yes ___ No

Date of first production _____

If no participation from Date of First Production, participation beginning _____.

Comments:

This revenue by lease should have been paid beginning May 19, 2010 when the Unit 4385 expired.

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types:
Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW)

PSA = Production Sharing Agreement

Prepared by JeDunne

Globase updated by JeDunne

RAM approval by DWalker 8-7-13

GIS updated by _____

625175

Revised Plat

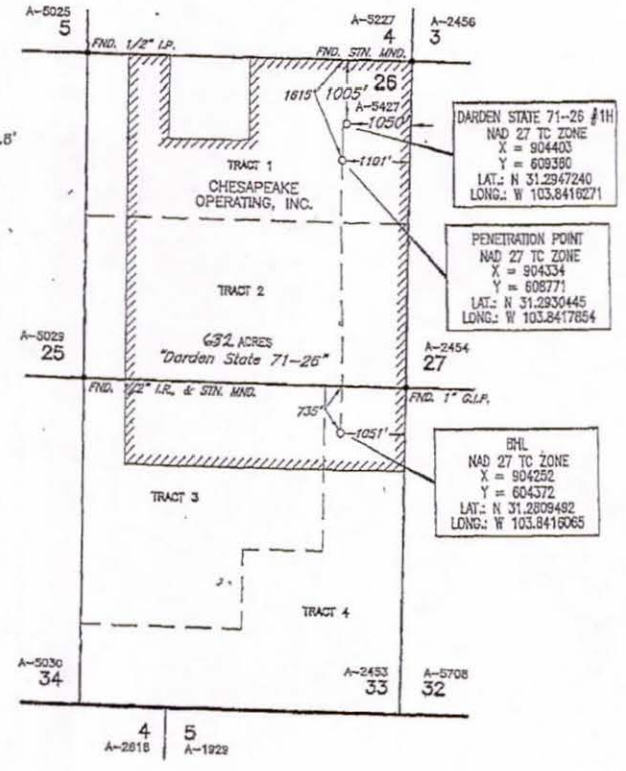
TOPOGRAPHIC

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TELEPHONE: (432) 682-1653 (800) 767-1653 • FAX (432) 682-1743

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REEVES County, Texas
Description SHL= 1005' FNL & 1050' FEL (SEC. 26)
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RECEIVED
RRC OF TEXAS
JUN 30 2010
O&G
AUSTIN TX

AS-DRILLED INFORMATION PROVIDED BY CHESAPEAKE OPERATING, INC.
SCALE: 1" = 2000'
0' 1000' 2000'

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Operator Chesapeake OPERATING, INC.

Date Staked OCTOBER 1, 2008

Lease Name & Well No. DARDEN STATE 71-26 #1H Ground Elev. 3029'

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STATE OF TEXAS
REGISTERED
ROBERT JAMES OVERTON JR.
5916
PROFESSIONAL
LAND SURVEYOR

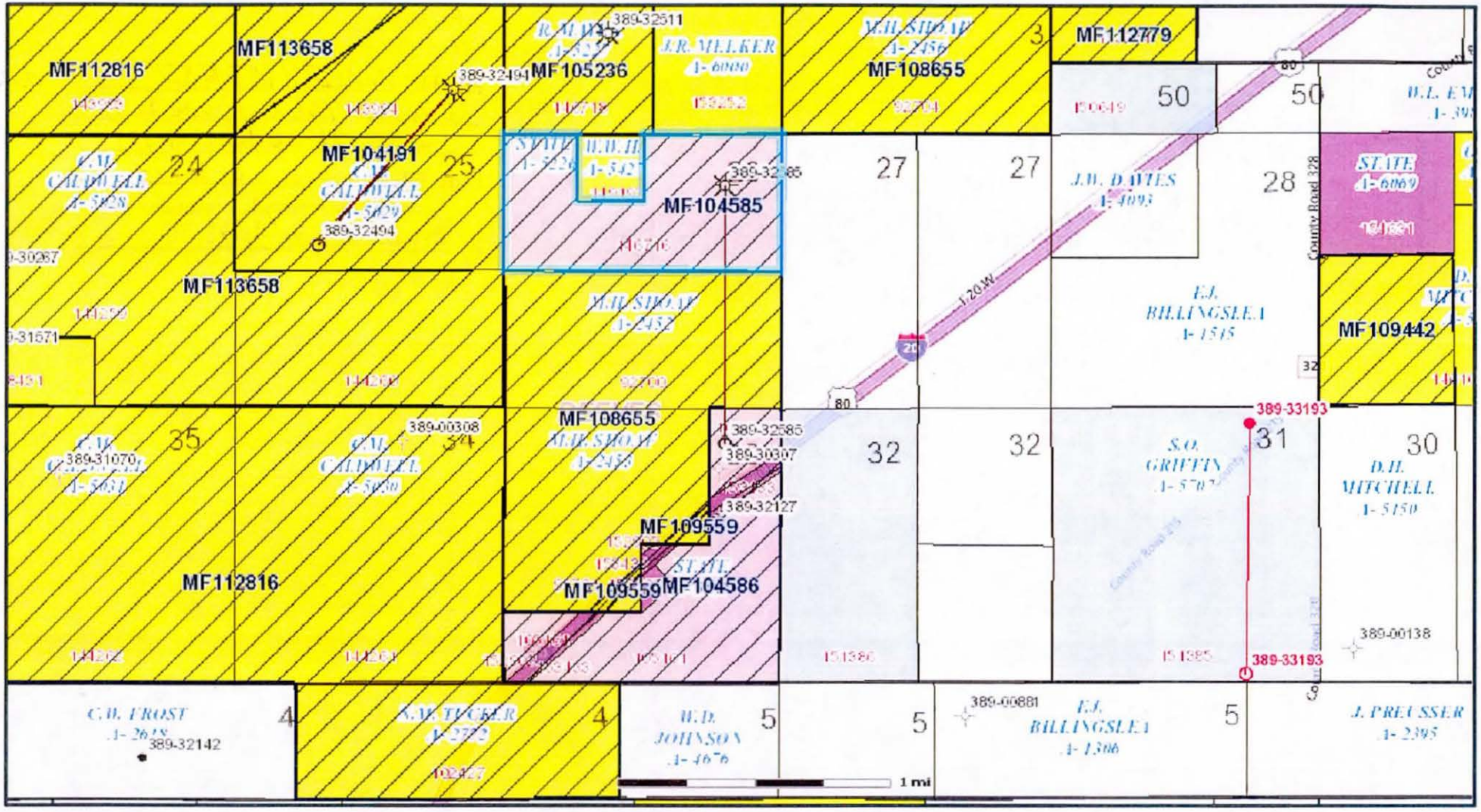
Invoice # 149367/578SE
L.A.S.
REVISED: 3/22/10; EUO

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Robert J. Overton Jr.

Texas Reg. No. 5916



MF104585-104586-108655

Darden State 71-26 1H

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

Printed: Jun 17, 2013

File No. MF 108655

in Nest 9008 Dardey State 71-26 Well # 1H

Date Filed: 8-8-13

Jerry E. Patterson, Commissioner

By _____

Texas General Land Office
Reconciliation Billing

Jerry Patterson, Commissioner

PO Box 12873
Austin, TX 78711-2873
(800) 998-4456
7:30 - 5:30 M-F

COPY

SWEPI LP
PO Box 576
Houston, TX 77001-0576

Billing Date: 7/17/2014
Billing Due Date: 8/16/2014
Customer Number: C000044963

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
14I00481	MF104586	$5,640.48	$0.00	$564.05	$208.79	$6,413.32
14I00482	MF104585	$13,126.66	$0.00	$1,312.68	$485.92	$14,925.26
14I00484	MF108655	$10,128.26	$0.00	$1,012.82	$374.94	$11,516.02
Total Due		$28,895.40	$0.00	$2,889.55	$1,069.65	**$32,854.60**

Penalty and interest have been calculated thru 7/31/2014. Payment remitted after 7/31/2014 will result in additional penalty and interest charges.

Contact Info: Shirley Chou (512) 463-5408 or shirley.chou@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

SWEPI LP
Billing Date: 7/17/2014
Billing Due Date: 8/16/2014
Customer Number: C000044963

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
14I00481	MF104586	$5,640.48	$0.00	$564.05	$208.79	$6,413.32
14I00482	MF104585	$13,126.66	$0.00	$1,312.68	$485.92	$14,925.26
14I00484	MF108655	$10,128.26	$0.00	$1,012.82	$374.94	$11,516.02
Total Due		$28,895.40	$0.00	$2,889.55	$1,069.65	**$32,854.60**
Amt. Paid						

Customer ID: C000044963
Invoice Number:
GLO Lease: MF108655
GLO Review: SWEPI LP
Review Period APRIL 2013 THROUGH OCT 2013

Auditor/AE: schou
Billing Date: 7/16/2014
P&I Calculation Date: 7/31/2014
Royalty Rate: 12.50%

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
Month / Year	RRC Number	Gas Volume	Tract Participation Rate	Price	BTU	Gross Value (2)x(3)x(4)	Royalty Due (5) * Royalty Rate	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty From Additional Royalty	Interest From Additional Royalty	Revenue Due (8)+(11)+(12)
Apr-13	08-253047	0	1	$ -	0.000000	$0.00	$4,024.07	$0.00	$4,024.07	411	4.250000%	$402.41	$164.93	$4,591.41
May-13	08-253047	17,134	8,894	$ 4.250000	1.000000	$37,799.50	$4,724.94	$0.00	$4,724.94	381	4.250000%	$472.49	$177.15	$5,374.58
Aug-13	08-253047	15,504	8,048	$ 3.623877	1.009800	$29,450.78	$3,681.35	$2,875.82	$805.53	289	4.250000%	$80.55	$21.57	$907.65
Oct-13	08-253047	13,734	7,129	$ 3.785000	1.028600	$27,754.99	$3,469.37	$2,895.65	$573.72	228	4.250000%	$57.37	$11.29	$642.38
TOTALS		46,372	24,072			$95,005.27	$15,899.73	$5,771.47	$10,128.26			$1,012.82	$374.94	$11,516.02

COMMENTS: COLUMN (1) VOLUME : REPRESENTS THE TRANSMISSION LINE VOLUME FROM RRC # 08-253047 (DARDEN STATE 71-26) FOR 5/2013, 8/2013 AND 10/2013.
FOR 4/2013 BILLED THE ROYALTY DIFFERENCE BETWEEN GLO-2 REPORT AND GLO-3 REPORT.

COLUMN (3) PRICE: PER HOUSTON SHIP CHANNEL PRICE LIST DUE TO NO GLO-2 PRODUCTION REPORT RECEIVED FOR 5/2013.
PER GLO-2 PRODUCTION REPORT FOR 8/2013 AND 10/2013.

COLUMN (4) BTU: BTU OF 1.000000 USED AS INDEX PRICE USE IS A MCF PRICE FOR 5/2013, PER GLO-2 PRODUCTION REPORT FOR 8/2013 AND 10/2013.

COLUMN (10), (11), (12) : SEE ATTACHMENT III, SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES", FOR EXPLANATION OF PENALTY AND INTEREST CALCULATION.

SALES VOLUME REPORTED TO THE GLO WAS COMPARED TO VOLUMES REPORTED TO THE RRC, VOLUMES WERE UNDER REPORTED TO THE GLO RESULTING IN UNDER PAID ROYALTY.

NOTE 1 : PAYMENT OF THIS INVOICE SHOULD BE SUBMITTED SEPARATELY FROM MONTHLY ROYALTY PAYMENTS, THE PAYMENT CAN BE SUBMITTED BY A HAND CHECK OR A WIRE, DO NOT SUBMIT THE GLO-3E REPORT FOR THIS PAYMENT.

ATTENTION: KAMALAKAR BALGI CERTIFIED MAIL: 70111150000124192588

(23)

File No. MF 104187

Reeves County

Reconciliation Billing

Date Filed: 3/24/15.

George P. Bush, Commissioner

By Nayda Ramirez

TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

August 5, 2016

Certified USPS # 7011 1150 0001 2414 3993

COG Operating, LLC
Attn: Traci Conner
600 West Illinois
Midland, TX 78401-2401

Re: State Lease Nos. MF104585; MF104586; and MF108655
Darden State 71-26 Well 1H / API No. 42-389-325585 / RRC No. 08-253047

State Lease No. MF104585: 280 acres, being the NE/4, W/2NW/4, and the SE/4NW/4 of Section 26, Block 71, Public School Land Survey, Abstract No. 5226, Reeves County, Texas;

State Lease No. MF104586: 320 acres, being the SE/4, S/2SW/4, and the E/2NE/4 of Section 33, Block 71, Public School Land Survey, Abstract No. 3097, Reeves County, Texas; and

State Lease No. MF108655: 953.20 acres, comprised of the following three (3) tracts, to wit: 1) 320 acres, being the S/2 of Section 3, Block 71, Public School Land Survey, Abstract No. 2456, Reeves County, Texas; 2) 320 acres, being the S/2 of Section 26, Block 71, Public School Land Survey, Abstract No. 2452, Reeves County, Texas; and 3) 320 acres, being the NW/4, W/2NE/4, and the N/2SW/4 of Section 33, Block 71, Public School Land Survey, Abstract No. 2453, Reeves County, Texas, SAVE AND EXCEPT 6.8 acres more particularly described as the "Second Tract" and the "Third Tract" in that certain Warranty Deed dated August 16, 1928, recorded in Volume 67, Page 319 of the Deed Records of Reeves County, Texas.

Dear Traci Conner,

The Texas General Land Office (GLO) has completed a review of the above captioned State Leases of which COG Operating LLC is the current listed operator. The review of our internal records indicated that the GLO has not received a Partial Release as required under the Retained Acreage clause located in Paragraph No. 7 (MF104585 and MF104586) and Paragraph No. 16 (MF108655) of the above referenced State Leases.

In accordance with said Retained Acreage clauses, it appears the above referenced State Leases have terminated as to all acreage and depths located outside the 632 acre proration unit allocated to the Darden State 71-26 Well 1H (API No. 42-389-32585). Furthermore, with respect to the 632 acres comprising the proration unit allocated to the Darden State 71-26 Well 1H, it appears the above referenced State Leases have terminated as to all depths lying below 10,783' subsurface within said 632 acre proration unit, being 100' below the total depth drilled under the Darden State 71-26 Well 1H (API No. 42-389-32585).

Please provide the GLO with a Partial Release of the above referenced State Leases as to the terminated acreage and depths as required under the respective Retained Acreage clauses. Additionally, Title 31, §9.92, of the Texas Administrative Code requires that a recorded original or certified copy of the Partial Release, along with a filing fee of twenty-five dollars ($25.00) for each State Lease affected by said Partial Release, is to be filed with our office.

Should you disagree with this assessment please provide evidence to the GLO at the address shown below within thirty (30) days of receipt of this letter. If you have questions concerning this matter, please feel free to e-mail me at the address below my signature.

Best,

Dustin Brian Oslick
Mineral Leasing, Energy Resources
512-475-0593
Dustin.Oslick@glo.texas.gov

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File No. MF 108655

Reeves County

Request for Ptl Release

Date Filed: 5 Aug 2016

George P. Bush, Commissioner

By DBO

7011 1150 0001 2414 4006

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MF108655

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10/6/2016

Sent To COG Operating, LLC

Attn: Patrick Godwin

Street, Apt. i or PO Box N 600 West Illinois

City, State, z Midland, TX 78401-2401

PS Form 3800, August 2006 **See Reverse for Instructions**

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PS Form 3800, August 2006 *(Reverse)* PSN 7530-02-000-9047

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- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

COG Operating, LLC
Attn: Patrick Godwin
600 West Illinois
Midland, TX 78401-2401

9590 9403 0521 5173 3065 89

2. Article Number (Transfer from service label)

7011 1150 0001 2414 4006

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X J. Smith ☐ Agent ☐ Addressee

B. Received by (Printed Name) Jenn Smith

C. Date of Delivery 10/11/16

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If YES, enter delivery address below: ☐ No

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MF MF108655
Dustin Brian Oslick
Texas General Land Office
P.O. Box 12873
Austin, TX 78711-2873

USPS TRACKING#

9590 9403 0521 5173 3065 89

TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

October 6, 2016

Certified USPS # 7011 1150 0001 2414 4006

COG Operating, LLC
Attn: Patrick Godwin
600 West Illinois
Midland, TX 78401-2401

Re: State Lease No. MF108655: 953.20 acres, comprised of the following three (3) tracts, to wit: 1) 320 acres, being the S/2 of Section 3, Block 71, Public School Land Survey, Abstract No. 2456, Reeves County, Texas; 2) 320 acres, being the S/2 of Section 26, Block 71, Public School Land Survey, Abstract No. 2452, Reeves County, Texas; and 3) 320 acres, being the NW/4, W/2NE/4, and the N/2SW/4 of Section 33, Block 71, Public School Land Survey, Abstract No. 2453, Reeves County, Texas, SAVE AND EXCEPT 6.8 acres more particularly described as the "Second Tract" and the "Third Tract" in that certain Warranty Deed dated August 16, 1928, recorded in Volume 67, Page 319 of the Deed Records of Reeves County, Texas.

Darden State 71-26 Well 1H / API No. 42-389-325585 / RRC No. 08-253047

Dear Patrick Godwin,

The Texas General Land Office (GLO) has completed a review of the above captioned State Lease of which COG Operating LLC is the current listed operator. The review of our internal records indicated that the GLO has not received the full bonus consideration payment for MF108655. In the alternative, it appears an undivided one-fourth of the mineral estate under the above referenced mineral file is unleased and subject to the Proportionate Reduction clause located in Paragraph 20(A) of the above referenced State Lease.

The contents of MF108655 include the following three (3) leases, to wit:

1) An Oil, Gas and Mineral Lease dated September 27, 2007, from the State of Texas, acting by and through its agent, Cherrie Lane Watson, Lessor, in favor of EnCana Oil & Gas (USA) Inc., Lessee, recorded in Volume 292, Page 300, Official Public Records of Reeves County, Texas, covering 953.20 gross acres, with the total bonus consideration of $325.00 per acre paid on 238.30 net acres;

2) An Oil, Gas and Mineral Lease dated September 27, 2007, from the State of Texas, acting by and through its agent, Elmore Family Partnership LLC, Lessor, in favor of EnCana Oil & Gas (USA) Inc., Lessee, recorded in Volume 283, Page 291, Official Public Records of Reeves County, Texas, covering 953.20 gross acres, with the total bonus consideration of $325.00 per acre paid on 238.30 net acres.

3) An Oil, Gas and Mineral Lease dated November 6, 2007, from the State of Texas, acting by and through its agent, Ellington L. Darden, Lessor, in favor of EnCana Oil & Gas (USA) Inc., recorded in Volume 292, Page 300, Official Public Records of Reeves County, Texas, covering 953.20 gross acres, with the total bonus consideration of $325.00 per acre paid on 238.30 net acres.

Based on the net acres reflected in the above three (3) leases it appears an undivided one-fourth (1/4) interest remains unleased; however, a review of the Reeves County Appraisal District indicated the above referenced Relinquishment Act tracts are owned as follows:

1) Cherrie Lane Watson, an undivided one-fourth (1/4) interest;

2) Ellington L. Darden, an undivided one-fourth (1/4) interest; and

3) C. A. Johnson c/o Evelyn-Marshall-Kyle Elmore, an undivided one-half (1/2) interest.

Please review any title opinions or other documentation which COG Operating, LLC may have in its possession in order to confirm or refute the above assumption the GLO has made in regard to the surface ownership and lease status of the above referenced Relinquishment Act tracts based upon our review of Reeves County Appraisal District records.

Should your review indicate the above assumptions are correct, please submit to the Texas General Land Office: 1) an Amendment to the Oil, Gas and Mineral Lease dated September 27, 2007, from the State of Texas, acting by and through its agent, Elmore Family Partnership LLC, Lessor, in favor of EnCana Oil & Gas (USA) Inc., Lessee, recorded in Volume 283, Page 291, Official Public Records of Reeves County, Texas, which corrects the net acres covered to 476.60 acres; and 2) remit payment to the GLO in the amount of $38,723.75 for the unpaid bonus consideration, being one-half (1/2) of the total bonus consideration of $325.00 per acre paid on 238.30 net acres.

Should you disagree with this assessment please provide evidence to the GLO at the address shown below within thirty (30) days of receipt of this letter. If you have questions concerning this matter, please feel free to e-mail me at the address below my signature.

Best,



Dustin Brian Oslick
Mineral Leasing, Energy Resources
512-475-0593
Dustin.Oslick@glo.texas.gov

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File No. MF108655

Reeves County

Request for Unpaid Bonus ¢

Date Filed: 6 October 2016

George P. Bush, Commissioner

By DBD

COPY

RASH, CHAPMAN, SCHREIBER & PORTER, L.L.P.

ATTORNEYS AT LAW
WHITE-SPRINGFIELD HOUSE
2112 RIO GRANDE STREET
AUSTIN, TEXAS 78705-5526

J. WINSTON CHAPMAN, JR.
LAUREN K. DAVIS
MARK K. LEAVERTON
RICHARD L. MORRISON
JERRY D. PORTER
RALPH A. RASH
WESLEY G. RITCHIE
MARK B. SCHREIBER
J. PHILLIP SMITH

AREA CODE 512
TELEPHONE 477-7543
TELECOPIER 474-0954
EMAIL rmorrison@rcsp.com

November 13, 2008

SECOND SUPPLEMENTAL DRILLING AND DIVISION ORDER TITLE OPINION

Chesapeake Exploration, LLC
P.O. Box 18496
Oklahoma City, OK 73154-0496

Attention: Mr. Kent Curran

RE: CHERRIE LANE WATSON ET AL OIL AND GAS LEASES covering the following land in Reeves County, Texas:

Tract 1: The N/2 of Section 26, Block 71, Public School Land Survey, **SAVE AND EXCEPT** the NE/4 NW/4 of Section 26 (Tract 2 described below), Abstract No. 5226, containing 280 acres; and

Tract 2: The NE/4 NW/4 of Section 26, Block 71, Public School Land Survey, Abstract No. 5427, containing 40 acres; and

Tract 3: The S/2 of Section 26, Block 71, Public School Land Survey, Abstract No. 2452, containing 320 acres; and

Tract 4: The NW/4, W/2 NE/4 and N/2 SW/4 of Section 33, Block 71, Public School Land Survey, Abstract No. 2453, **SAVE AND EXCEPT** Tracts 5, 6, 7 and 8 described below, containing 308.511 acres, more or less; and

Tract 5: 3.2 acres out of and a part of the W/2 NE/4 of Section 33, Block 71 (Tract 4 described above), being the same land conveyed by J.H. Shoaf to the Texas and Pacific Railway Company and described as the "Second Tract" in Deed recorded in Volume 67, Page 619, Deed Records of Reeves County, Texas. A field note description of Tract 5 is attached to this Opinion as **Exhibit "A"**; and

Acctg —
DO's —
Mktg —
Misc —
Purch —
Req's —
Title Opn X
Transfers —
Wk Notes —

Tract 6: 3.6 acres out of and a part of the N/2 SW/4 of Section 33, Block 71 (Tract 4 described above), being the same land conveyed by J.H. Shoaf to the Texas and Pacific Railway Company and described as the "Third Tract" in Deed recorded in Volume 67, Page 619, Deed Records of Reeves County, Texas. A field note description of Tract 6 is attached to this Opinion as **Exhibit "B"**; and

Tract 7: 2.603 acres out of and a part of the N/2 SW/4 of Section 33, Block 71 (Tract 4 described above), being the same land conveyed by George B. Darden and C.A. Johnson to the State of Texas for highway right-of-way, and described as "Parcel No. 11, Part 1" in Deed recorded in Volume 267, Page 858, Deed Records of Reeves County, Texas. A field note description of Tract 7 is attached to this Opinion as **Exhibit "C"**; and

Tract 8: 2.086 acres out of and a part of the W/2 NE/4 of Section 33, Block 71 (Tract 4 described above), being the same land conveyed by George B. Darden and C.A. Johnson to the State of Texas for highway right-of-way, and described as "Parcel No. 11, Part 2" in Deed recorded in Volume 267, Page 858, Deed Records of Reeves County, Texas. A field note description of Tract 8 is attached to this Opinion as **Exhibit "D"**; and

Tract 9: The SE/4, E/2 NE/4 and S/2 SW/4 of Section 33, Block 71, Public School Land Survey, Abstract Nos. 3097 and 5922, containing 320 acres, more or less (together, Tracts 1-9 are referred to herein as the "Captioned Land").

Ladies and Gentlemen:

In order to determine the ownership of the surface, mineral, and leasehold estates located in captioned land, we have examined the following:

RUNSHEETS

You have furnished to us two separate Runsheets, with copies attached, which cover all of the Captioned Land from sovereignty to April 18, 2008 at 5:00 p.m.

PRIOR OPINIONS

(1) Original Drilling and Division Order Title Opinion by this firm covering the Captioned Land, dated August 27, 2008.

(2) First Supplemental Drilling and Division Order Title Opinion by this firm covering the Captioned Land, dated November 10, 2008. **This opinion is being updated to correct our prior assumptions regarding the division of the working interest in Lease Nos. 6-10. We previously assumed that these leases would be split equally between Chesapeake Exploration, LLC and EnCana Oil & Gas (USA), Inc. (as Lease Nos. 1-5 are). You have informed us by telephone conference of November 13, 2008 that Lease Nos. 6 through 10 will be owned 100% by Chesapeake Exploration, LLC.**

ADDITIONAL DOCUMENTS

We have received several packages of additional documents and curative material from Pinnacle Land Services, Inc., dated September 11, September 15, September 16, September 22, September 26, October 2, October 3 and October 10, 2008. The materials included in these packages are incorporated into this First Supplemental Opinion. They include, among other documents, an updated Title Runsheet with copies attached dated from April 18, 2008 through September 9, 2008 at 5:00 p.m.

We also received a copy of an Oil & Gas Lease covering a total of 6.8 acres out of Section 33 (Tracts 5 & 6) from Union Pacific Railroad to Pinnacle Land Services, Inc., which has been executed by UPR but not by Pinnacle. It has also not been recorded in Reeves County, Texas. For purposes of this Opinion, we have treated this Lease (Lease No. 6 analyzed below) as though it will be fully executed, recorded in Reeves County, and assigned in equal shares to Chesapeake Exploration LLC and EnCana Oil & Gas USA, Inc. **(See Title Requirement No. 8(b) below).**

Amendment and Ratification of Oil & Gas Lease, which amends Lease No. 2 described below, which is executed by Elmore Properties, L.P. but is not executed by Chesapeake or EnCana.

RECORDS IN GENERAL LAND OFFICE

Records in the General Land Office of the State of Texas were examined concerning all of the Captioned Land as of August 15, 2008.

DESCRIPTION OF LAND

1. Section 26, Block 71:

Tract 1 was forfeited to the State of Texas for failure to pay the interest due on the State debt against the Tract, on January 15, 1941. The State of Texas is the current owner of both the surface and mineral estate in all of Tract 1. The surface estate of Tract 1 is subject to a grazing lease from the State of Texas to Lee Caldwell. We believe that this surface lease was renewed as of May 1, 2008, and likely has a term of 5 years, though we did not receive a copy of the newest lease. The General Land Office records state that the lease remains in effect as of August 15, 2008, though no copy was located in the GLO file.

We find no evidence that **Tract 2** was ever patented. Tract 2 was granted to Mrs. M.H. Shoaf by Certificate of Occupancy dated January 6, 1910, and was eventually conveyed to W.W. Hubbard and William L. Kerr by Deed dated March 8, 1933 and recorded in Volume 79, Page 107, Deed Records of Reeves County. Though no patent was issued, the debt due to the State of Texas against Tract 2 was paid in full on January 14, 1950. The State of Texas retained all of the minerals in Tract 2 in the original grant, and Tract 2 is subject to the Texas Relinquishment Act, as is Tract 3 described below.

Tract 3, being the S/2 of Section 26, was patented to Mrs. M.H. Shoaf by Patent dated October 1, 1945 and recorded in Volume 5, Page 519, Patent Records of Reeves County, Texas. Tract 3 was patented with a "mineral classification", and its ownership and leasing are therefore subject to the provisions of the Texas Relinquishment Act. Under the Act, the owner of the surface estate is authorized to execute an oil and gas lease as Agent for the State of Texas. All bonus, delay rentals, and royalty payable under such oil and gas leases are shared equally between the surface owner and the State.

2. Section 33, Block 71:

Tracts 4, 5, 6, 7 and 8 together comprise all of the NW/4, N/2 SW/4, and the W/2 NE/4 of Section 33, totaling 320 acres. Tracts 4, 5, 6, 7 and 8 were patented to Mrs. M.H. Shoaf by Patent dated October 1, 1945 and recorded in Volume 5, Page 520, Patent Records of Reeves County, Texas. They were patented with a "mineral classification", and are therefore subject to the provisions of the Texas Relinquishment Act. **Tract 4** contains all of the original 320 acre tract, save and except those portions sold to the Texas & Pacific Railway (Tracts 5 and 6) and to the State of Texas for highway right-of-way (Tracts 7 and 8), and contains 308.511 acres, more or less.

Tracts 5 and 6 were conveyed to the Texas and Pacific Railway Company by J.H. Shoaf, in Deed recorded in Volume 67, Page 619, Deed Records of Reeves County, Texas. Tract 5 is stated to contain 3.2 acres, and is situated in the W/2 NE/4 of Section 33. Tract 6 is stated to contain 3.6 acres, and is situated in the N/2 SW/4 of Section 33.

Field note descriptions of Tracts 5 and 6 are attached to this Opinion as Exhibits "A" and "B", respectively. As stated above, each of Tracts 5 and 6 are mineral-classified lands, and are subject to the Texas Relinquishment Act.

Tracts 7 and 8 were conveyed to the State of Texas by George B. Darden and C.A. Johnson, in Deed recorded in Volume 267, Page 858, Deed Records of Reeves County, Texas. Tract 7 is stated to contain 2.603 acres, and is situated in the N/2 SW/4 of Section 33. Tract 8 is stated to contain 2.086 acres, and is situated in the W/2 NE/4 of Section 33. Field note descriptions of Tracts 7 and 8 are attached to this Opinion as Exhibits "C" and "D", respectively. As stated above, each of Tracts 7 and 8 are mineral-classified lands, and are subject to the Texas Relinquishment Act. **See Title Requirement No. 7 below.**

Tract 9 was forfeited to the State of Texas for failure to pay the interest due on the State debt against the Tract, on September 22, 1925. The State of Texas is the current owner of both the surface and mineral estate in all of Tract 9. The State of Texas conveyed 29.21 acres out of Tract 9 to the Texas Highway Department on June 1, 1954, and again conveyed 9.653 acres out of Tract 9 to the Texas Highway Department on September 19, 1967. Both of these tracts were for widening of the right-of-way for U.S. Highway 80 / Interstate 20. As the State of Texas retains title to all of Tract 9, it may all be leased as one tract, under the procedure for leasing surveyed Public School Lands in which the State of Texas owns the entire fee interest.

FEE TITLE

Surface:

Tract 1: ***N/2 of Section 26, SAVE AND EXCEPT the NE/4 NW/4***

State of Texas (Lease No. 1) ---------- ALL

Tract 2: ***NE/4 NW/4 of Section 26***

Barbara A. Hubbard (Lease No. 8) ---------- 1/4 50/50
Ted M. Kerr, as separate property (Lease No. 10) ---------- 3/8 50/50
Harris E. Kerr, Clair K. Flynn and William M. Kerr, Jr.
Successor Co-Trustees Under
Will of Frances H. Kerr (Lease No. 9) ---------- 3/8 50/50

Tract 3: ***S/2 of Section 26***

Ellington L. Darden (Lease No. 4) ---------- 1/4
Cherrie Lane Watson (Lease No. 3) ---------- 1/4
Elmore Properties, L.P. (Lease No. 2) ---------- 1/2 *

* **See Title Requirement No. 6 below.**

Tract 4: ***NW/4. W/2 NE/4 and N/2 SW/4 of Section 33, SAVE AND EXCEPT 11.489 acres described as Tracts 5-8 below***

Ellington L. Darden (Lease No. 4) ---------- 1/4
Cherrie Lane Watson (Lease No. 3) ---------- 1/4
Elmore Properties, L.P. (Lease No. 2) ---------- 1/2 *

* **See Title Requirement No. 6 below.**

Tract 5: ***3.2 acres out of the W/2 NE/4 of Section 33***

Union Pacific Railroad Company (Lease No. 6) ---------- ALL

Tract 6: ***3.6 acres out of the N/2 SW/4 of Section 33***

Union Pacific Railroad Company (Lease No. 6) ---------- ALL

Tract 7: ***2.603 acres out of the N/2 SW/4 of Section 33***

State of Texas (Lease No. 7) ---------- ALL

Tract 8: ***2.086 acres out of the W/2 NE/4 of Section 33***

State of Texas (Lease No. 7) ---------- ALL

Tract 9: ***SE/4, S/2 SW/4 and E/2 NE/4 of Section 33***

State of Texas (Lease No. 5) ---------- ALL

Minerals:

All of Tracts 1 through 9, inclusive:

State of Texas ---------- ALL [1]

[1] The ownership of these mineral interests is subject to the provisions of the Relinquishment Act. The above owners of the surface estate are authorized to execute oil and gas leases as Agents for the State of Texas. All bonus, delay rentals, and royalty payable under any such lease is to be paid equally to the lessor and the State of Texas.

EFFECTIVE OIL AND GAS LEASES

Lease No. 1:

Dated:	January 18, 2005
Recorded:	Volume 697, Page 585, Official Public Records
Lessors:	Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas
Lessee:	Roger A. Soape, Inc.
Land Covered	All of the NE/4; and the W/2 and SE/4 of the NW/4 of Section 26, Block 71, PSL, Reeves County containing 280 acres (Tract 1)
Interest Covered:	All of the oil and gas estate located in and under Tract 1.
Primary Term:	5 years
Royalty:	1/4 on oil and gas.
Minimum Royalty:	Yes. See Paragraph 4(I).
Shut-in Gas Royalty:	Yes, See Paragraph 11 of the Lease.
Delay Rentals:	$1,400 due on each of 1st and 2nd anniversaries of the Lease, and $7,000 due on each of the 3rd and 4th anniversaries of the Lease. Note that the first three of these payments were due on January 18, 2006, 2007 and 2008.
Pooling Clause:	None provided in the Lease.
Special Provisions:	Your particular attention is directed to Paragraph 5 which governs the payment of royalty and providing of information to the State of Texas, and provides for penalties for failure to make such payments or reports in a timely and proper manner; Paragraph 6 which requires the furnishing of information and drilling records to the State; Paragraph 7 which contains a retained acreage provision; Paragraph 8 which governs offset wells; Paragraph 12 which sets forth compensatory royalties for draining

wells; Paragraph 17 which requires the filing of assignments with the General Land Office; and Paragraph 20 which provides for the forfeiture of this Lease for failure to file reports, give notices, and pay royalty.

Lease No. 2:

Dated:	September 23, 2007
Recorded:	Volume 778, Page 283, Official Public Records
Lessor:	Elmore Family Partnership, LLC, as Agent for the State of Texas **(See Title Requirement No. 6 below)**
Lessee:	EnCana Oil & Gas (USA), Inc.
Land Covered	S/2 Section 3, Block 71, PSL Survey; S/2 Section 26, Block 71, PSL Survey **(Tract 3)**; and all of the NW/4, the W/2 NE/4 and the N/2 SW/4 of Section 33, Block 71, PSL Survey, SAVE AND EXCEPT two tracts more particularly described as the "Second Tract" and the "Third Tract" by metes and bounds in that certain Warranty Deed from J.H. Shoaf to the Texas and Pacific Railway Company recorded in Volume 67, Page 319, Deed Records of Reeves County **(Tract 4); See Title Requirement No. 7 below.**
Interest Covered:	1/2 of the oil and gas estate located in and under Tracts 3 and 4. **See Title Requirement No. 6 below.**
Primary Term:	3 years
Royalty:	1/4 on oil and gas.
Minimum Royalty:	Yes. See Paragraph 5.
Shut-in Gas Royalty:	Yes, See Section 14 of the Lease.
Delay Rentals:	$119.15 due to each of the Owner of the Soil and to the State of Texas on each anniversary of the Lease unless operations have commenced on the leased premises prior to such

anniversary. **Note that the first of these payments will be due on September 23, 2008.**

Pooling Clause:

See Paragraph 34 of the Lease. Broad pooling authority is granted, on such terms as may be approved by the School Land Board and the General Land Office of the State of Texas.

Special Provisions:

Your particular attention is directed to Paragraph 9 which governs the payment of royalty and provides for penalties for failure to make such payments in a timely and proper manner; Paragraph 10 which requires the furnishing of information, contracts, agreements, etc. and requires notices of operations to be given to the State (General Land Office); Paragraph 11 which governs operations and production during the primary term (with continuous operations required after production to maintain the Lease during the primary term); Paragraph 12 which allows for the drilling of an initial well at and after the end of the primary term; Paragraph 13 which governs operations and production at and after the end of the primary term; Paragraph 15 which sets forth compensatory royalties for draining wells; Paragraph 16 which provides for retained acreage under this Lease after the end of the primary term; Paragraph 17 which governs off-set wells; Paragraph 27 which requires the filing of assignments with the General Land Office (and which provides for forfeiture of the Lease for failure to do so); Paragraph 32 which provides for the forfeiture of this Lease for failure to file reports, give notices, and pay royalty; and

Paragraph 39 which requires that a copy of this Lease be filed with the General Land Office.

Lease Nos. 3 and 4 are on the same form (General Land Office Relinquishment Act Lease Form, Revised Sept. 1997) and contain the same terms and provisions as Lease No. 2, except as set forth below.

Lease No. 3:

Dated:	September 23, 2007
Recorded:	Volume 778, Page 292, Official Public Records
Lessors:	Cherrie Lane Watson, Individually and as Agent for the State of Texas.
Lessee:	EnCana Oil & Gas (USA), Inc.
Land Covered	S/2 Section 3, Block 71, PSL Survey; S/2 Section 26, Block 71, PSL Survey **(Tract 3)**; and all of the NW/4, the W/2 NE/4 and the N/2 SW/4 of Section 33, Block 71, PSL Survey, SAVE AND EXCEPT two tracts more particularly described as the "Second Tract" and the "Third Tract" by metes and bounds in that certain Warranty Deed from J.H. Shoaf to the Texas and Pacific Railway Company recorded in Volume 67, Page 319, Deed Records of Reeves County **(Tract 4); See Title Requirement No. 7 below.**
Interest Covered:	1/4 of the oil and gas estate located in and under Tracts 3 and 4.
Delay Rentals:	Same delay rental provision and amount as Lease No. 2. **You should note that the first delay rental payment is due on September 23, 2008.**

Lease No. 4:

Dated:	November 6, 2007
Recorded:	Volume 781, Page 650, Official Public Records

Lessors:	Ellington L. Darden, Individually and as Agent for the State of Texas
Lessee:	EnCana Oil & Gas (USA), Inc.
Land Covered	Same land as Leases 2 and 3 (Tracts 3 and 4 and other lands). **See Title Requirement No. 7 below.**
Interest Covered:	1/4 of the oil and gas estate located in and under Tracts 3 and 4.
Delay Rentals:	Same delay rental provision and amount as Lease No. 2. **You should note that the first delay rental payment is due on November 6, 2008.**

Lease No. 5:

Dated:	January 18, 2005
Recorded:	Volume 697, Page 591, Official Public Records.
Lessors:	Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas
Lessee:	Roger A. Soape, Inc.
Land Covered	The SE/4, S/2 SW/4 and E/2 NE/4 of Section 33, Block 71, PSL, Reeves County (Tract 9)
Interest Covered:	All of the oil and gas estate located in and under Tract 9
Primary Term:	5 years
Royalty:	1/4 on oil and gas
Delay Rentals:	$1,600 due on each of 1st and 2nd anniversaries of the Lease, and $8,000 due on each of the 3rd and 4th anniversaries of the Lease. Note that the first three of these payments were due on January 18, 2006, 2007 and 2008.
Special Provisions:	See the Special Provisions detailed under Lease No. 1 above. Lease Nos. 1 and 5 are on the same Lease Form (State of Texas Surveyed School Land Form, Revised 10/99) and contain the same provisions.

Lease No. 6 is on the same form (General Land Office Relinquishment Act Lease Form, Revised Sept. 1997) and contain the same terms and provisions as Lease No. 2 described above, except as set forth below.

Lease No. 6:

Dated:	September 10, 2008
Recorded:	**Currently Unrecorded**
Lessors:	Union Pacific Railroad, Individually and as Agent for the State of Texas.
Lessee:	Pinnacle Land Services, Inc.
Land Covered	3.2 acres out of and a part of the W/2 NE/4 of Section 33, Block 71, PSL, Reeves County, described as "Second Tract" in Deed recorded in Volume 67, Page 619, Deed Records of Reeves County (**Tract 5**); and 3.6 acres out of and a part of the W/2 NE/4 of Section 33, Block 71, PSL, Reeves County, described as "Third Tract" in Deed recorded in Volume 67, Page 319, Deed Records of Reeves County (**Tract 6**).
Interest Covered:	All of the oil and gas estate located in and under Tracts 5 and 6.
Delay Rentals:	Delay rentals are paid up for the second and third years of the primary term. Delay rentals for the 4th and 5th years of the primary term, in the amount of $400 per acre, are due on or before September 10, 2011 (See Paragraph 41 of the Lease).
Special Provisions:	Paragraph 40 of the Addendum to the Lease contains a 180 day continuous development provision.

Lease No. 7:

Note: We have not reviewed a copy of Lease No. 7. We are aware that you solicited a lease from the State of Texas covering all of Tracts 7 and 8 at the General Land Office's Sealed Bid Lease Sale on October 7, 2008, and you have informed us that you were awarded the Lease on that date. As of the date of this Opinion however, the State of Texas has not delivered the executed Lease to you. We have analyzed this Lease based on our prior knowledge of the Lease form and the terms of the Lease as given to us by you. **See Title Requirement No. 12 below.**

Dated:	October 7, 2008
Recorded:	**Currently unrecorded.**
Lessors:	Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas
Lessee:	Chesapeake Exploration, LLC
Land Covered	A total of 4.689 acres, more or less, out of the N/2 SW/4 and the W/2 NE/4 of Section 33, Block 71, PSL (**Tracts 7 & 8**).
Interest Covered:	All of the oil and gas estate located in and under Tracts 7 & 8
Primary Term:	5 years **(We have assumed this to be the primary term, based on similar leases)**
Royalty:	Variable (We assume this to be true, based on similar leases)
Delay Rentals:	**Unknown at this time.**
Special Provisions:	See the Special Provisions detailed under Lease No. 1 above. Lease Nos. 1, 5 and 7 are on the same Lease Form (State of Texas Surveyed School Land Form, Revised 10/99) and contain the same general provisions.

Lease Nos. 8, 9 and 10 are on the same form (General Land Office Relinquishment Act Lease Form, Revised Sept. 1997) and contain the same terms and provisions as Lease No. 2, except as set forth below.

Lease No. 8:

Dated:	July 11, 2008
Recorded:	**No recording data provided.**
Lessors:	Barbara A. Hubbard, Individually and as Agent for the State of Texas.
Lessee:	Pinnacle Land Services, Inc.
Land Covered	NE/4 NW/4 Section 26, Block 71, PSL Survey **(Tract 2)**
Interest Covered:	1/4 of the oil and gas estate located in and under Tract 2.
Delay Rentals:	Delay rentals are paid up for the second and third years of the primary term. Delay rentals for the 4th and 5th years of the primary term, in the amount of $400 per acre, are due on or before July 11, 2011 (See Paragraph 41 of the Lease).
Special Provisions:	Paragraph 40 of the Addendum to the Lease contains a 180 day continuous development provision.

Lease No. 9:

Dated:	July 11, 2008
Recorded:	**No recording data provided.**
Lessors:	Harris E. Kerr, Trustee U/W/O Frances Kerr, Individually and as Agent for the State of Texas.
Lessee:	Pinnacle Land Services, Inc.
Land Covered	NE/4 NW/4 Section 26, Block 71, PSL Survey **(Tract 2)**
Interest Covered:	3/8 of the oil and gas estate located in and under Tract 2.
Delay Rentals:	Delay rentals are paid up for the second and third years of the primary term. Delay rentals for the 4th and 5th years of the primary term, in the amount of $400 per acre, are due on

	or before July 11, 2011 (See Paragraph 41 of the Lease).
Special Provisions:	Paragraph 40 of the Addendum to the Lease contains a 180 day continuous development provision.

Lease No. 10:

Dated:	July 11, 2008
Recorded:	**No recording data provided.**
Lessors:	Ted M. Kerr, Individually and as Agent for the State of Texas.
Lessee:	Pinnacle Land Services, Inc.
Land Covered	NE/4 NW/4 Section 26, Block 71, PSL Survey **(Tract 2)**
Interest Covered:	3/8 of the oil and gas estate located in and under Tract 2.
Delay Rentals:	Delay rentals are paid up for the second and third years of the primary term. Delay rentals for the 4th and 5th years of the primary term, in the amount of $400 per acre, are due on or before July 11, 2011 (See Paragraph 41 of the Lease).
Special Provisions:	Paragraph 40 of the Addendum to the Lease contains a 180 day continuous development provision.

POOLING AUTHORITY

Each of Lease Nos. 2, 3, 4, 6, 7, 8 and 9 is on the Texas General Land Office Relinquishment Act Lease Form, Revised September 1997. Paragraph 34 of this form allows you to pool or unitize the interest covered by the Lease on the same terms as may be approved by the School Land Board and the Commissioner o the GLO, pursuant to Sections 52.151-52.154 of the Texas Natural Resources Code. Related regulations pertaining to pooling are provided in the Texas Administrative Code, Title 31, Part 1, Chapter 9, Subchapter E, Rule 9.81. Any pooling agreements obtained should be carefully examined as additional provisions may be added to both temporary and permanent pooling agreements by the School Land Board as conditions to pooling. Furthermore, you should review the Leases in light of the retained acreage provisions (Paragraph 16 in Leases 2, 3, 4 and 6 through 9, and Paragraph 7 in Leases 1, 5 and 6) and any continuous development provisions that may have been added in an addendum to the Leases.

Lease Nos. 1, 5 and 7 are on the Texas General Land Office Surveyed School Land Lease Form, Revised October 1999, and do not contain a specific pooling provision. Nevertheless, pooling of the interests covered by this Lease is governed by the same statutes and rules as under Lease Nos. 2, 3, 4 and 6 through 9. You must obtain a pooling agreement from the State of Texas to pool any of the interests covered by any of the Leases.

ASSIGNMENTS OF LEASES

1. By Assignment dated May 2, 2005, recorded in Volume 703, Page 257, Official Public Records, Roger A. Soape, Inc. assigned Lease Nos. 1 and 5 to Brown Ranger Properties, LLC.

2. By Articles of Merger dated effective as of September 15, 2005 and filed with the Texas Secretary of State on August 31, 2005, Brown Ranger Properties, LLC was merged into EnCana Oil & Gas (USA), Inc., with EnCana being the surviving entity.

3. By Assignment dated July 15, 2008, recorded in Volume 800, Page 29, Official Public Records, EnCana Oil & Gas (USA), Inc. assigned an undivided 50% interest in and to Lease Nos. 1 through 5 to Chesapeake Exploration, L.L.C.

OWNERSHIP OF LEASEHOLD ESTATE
(Individual Tract basis)

N/2 of Section 26, SAVE AND EXCEPT the NE/4 NW/4 (Tract 1)

Chesapeake Exploration, LLC ---------- 50% WI (.37500000 Net Revenue Interest) [1]

EnCana Oil & Gas (USA), Inc. ---------- 50% WI (.37500000 Net Revenue Interest) [1]

[1] **See Title Requirement No. 8 below.**

NE/4 NW/4 of Section 26 (Tract 2)

Chesapeake Exploration, LLC ---------- 100% WI (.75000000 Net Revenue Interest) [1]

[1] **See Title Requirement No. 8 below.**

S/2 of Section 26 (Tract 3)

Chesapeake Exploration, LLC ---------- 50% WI (.37500000 Net Revenue Interest) [1,2]
EnCana Oil & Gas (USA), Inc. ---------- 50% WI (.37500000 Net Revenue Interest) [1,2]

1 **See Title Requirement No. 8 below.**
2 **See Title Requirement No. 6 below.**

NW/4, W/2 NE/4 and N/2 SW/4 of Section 33, SAVE AND EXCEPT Tracts 5, 6, 7 and 8 (Tract 4)

Chesapeake Exploration, LLC ---------- 50% WI (.37500000 Net Revenue Interest) [1,2]
EnCana Oil & Gas (USA), Inc. ---------- 50% WI (.37500000 Net Revenue Interest) [1,2]

1 **See Title Requirement No. 8 below.**
2 **See Title Requirement No. 6 below.**

6.8 acres out of the W/2 NE/4 of Section 33 (Tracts 5 and 6 combined)

Chesapeake Exploration, LLC ---------- 100% WI (.75000000 Net Revenue Interest) [1]

1 **See Title Requirement No. 8 below.**

4.689 acres out of the N/2 SW/4 of Section 33 (Tracts 7 and 8 combined)

Chesapeake Exploration, LLC ---------- 100% WI (.75000000 Net Revenue Interest) [1]

1 **See Title Requirement No. 8 below.**

SE/4, E/2 NE/4 and S/2 SW/4 of Section 33 (Tract 9)

Chesapeake Exploration, LLC ---------- 50% WI (.37500000 Net Revenue Interest) [1]
EnCana Oil & Gas (USA), Inc. ---------- 50% WI (.37500000 Net Revenue Interest) [1]

[1] **See Title Requirement No. 8 below.**

OWNERSHIP OF LEASEHOLD ESTATE AS TO 1,280 ACRES COMPRISED OF ALL OF THE CAPTIONED LAND

DIVISION OF INTEREST IN THE EVENT OF PRODUCTION [1]

[1] Assumes creation of a 1,280 acre unit, and applies tract participation factors to each of Tracts 1 through 9. Ownership of separate leasehold interests in each of Tracts 1 through 9 is set out above.

Working Interest (Costs Bearing):

Chesapeake Exploration, LLC ---------- 52.011289% [1]
EnCana Oil & Gas (USA), Inc. ---------- 47.988711% [1]
100.000000%

[1] These calculations are subject to the assumptions regarding future assignments of Lease Nos. 6, 7, 8, 9 and 10 discussed in **Title Requirement No. 8 below.**

Royalty:

State of Texas ---------- 0.18386850 [2]
Ted M. Kerr, as separate property ---------- 0.00146484
Harris E. Kerr, Trustee UWO Frances Kerr ---------- 0.00146484
Barbara A. Hubbard, as separate property ---------- 0.00097656
Union Pacific Railroad ---------- 0.00066406
Elmore Properties, L.P. ---------- 0.03068902 [1]
Cherrie Lane Watson ---------- 0.01534451
Ellington L. Darden ---------- 0.01534451
Total Royalty: 0.24981684

[1] **See Title Requirement No. 6 below.**
[2] **See Title Requirement No. 12 below.**

Net Revenue Interest:

Chesapeake Exploration, LLC	00.39026783 [1]
EnCana Oil & Gas (USA), Inc.	00.35991533 [1]
Total:	**00.75018316**

[1] These calculations are subject to the assumptions regarding future assignments of Lease Nos. 6, 7, 8, 9 and 10 discussed in **Title Requirement No. 8 below,** and the assumptions regarding royalty payable under Lease No. 7, discussed in **Title Requirement No. 12 below.**

LIENS

None shown of record which burden the surface estate of the Captioned Land. As you are aware, each of the Leases grants a lien to the State of Texas to secure payment of Royalty, and any joint operating agreements to which you are a party or which burden the Captioned Land may contain lien provisions as well, though we have seen no such agreements.

EASEMENTS

1. Blanket telephone lines, poles and facilities easement dated September 25, 1925, recorded in Volume 61, Page 28, Deed Records, from J.H. Shoaf and Mrs. M.H. Shoaf to American Telephone & Telegraph Company, covering all of Section 26, Block 71, PSL, Reeves County **(Tracts 1, 2 and 3).**

2. Telephone lines, poles and facilities easement dated April 22, 1925, recorded in Volume 61, Page 8, Deed Records, from Marvin Cowan to American Telephone & Telegraph Company, located "1,000 feet north of the railroad right-of-way in Section 33, Block 71, PSL, Reeves County.

3. Telephone lines, poles and facilities easement dated September 25, 1925, recorded in Volume 61, Page 23, Deed Records, from Mrs. M.H. Shoaf to American Telephone & Telegraph Company, located "1,000 feet north of the railroad right-of-way in Section 33, Block 71, PSL, Reeves County.

4. Highway right-of-way easement dated October 26, 1931, recorded in Volume 75, Page 482, Deed Records, from Ms. Mattie Maloney to the State of Texas covering 3.46 acres of the N/2 SW/4 of Section 33, Block 71, and 2.97 acres out of the W/2 NE/4 of Section 33, Block 71, PSL, Reeves County (US Highway 80 / IH 20 right-of-way).

5. Highway right-of-way easement recorded in Volume 154, Page 505, Deed Records, from C.A. Johnson and George B. Darden to the State of Texas covering 4.053

acres of the NE/4 SW/4 of Section 33, Block 71, and 3.444 acres out of the SW/4 NE/4 of Section 33, Block 71, PSL, Reeves County (US Highway 80 / IH 20 right-of-way).

6. Telephone lines easement dated July 7, 1995, recorded in Volume 552, Page 720, Official Public Records, from Missouri Pacific Railroad Company to Sprint Communications Co., L.P. **(Tracts 5 and 6)**

TAXES

We have been provided with tax certificates from the Reeves County Tax Assessor and Collector and the Pecos-Barstow-Toyah Independent School District, showing that all 2007 and prior ad valorem taxes against the Captioned Land have been paid in full, with the exception of one account for which neither entity has an owner's name or address. From the limited descriptions contained in the tax bills, it appears that this account is for a portion of the NW part of Section 33, and is likely part of Tract 4 described in this Opinion (owned by Ellington L. Darden (25%), Cherrie Land Watson (25%) and Elmore Properties, L.P. (50%)). The taxes on this account have not been paid for at least the past 20 years and total, as of September 9, 2008, $444.67 due to Reeves County and $4,108.13 due to the school district and hospital district. These taxes should be made current prior to commencing operations on Section 33. Note that 2008 ad valorem taxes are now due as well, and will become delinquent if not paid in full prior to February 1, 2009.

POSSESSION

As stated above, it appears that Tract 1 remains subject to a surface lease from the State of Texas to Lee Caldwell. We have now been provided with a Surface Tenant's Consent from Lee Caldwell to EnCana, dated September, 19, 2008. Our copy of the Consent is not recorded, but we have been informed by Melissa Bowen of Pinnacle Land Services, Inc. that the original was sent to Reeves County for recording.

We have also been provided with an Affidavit of Use and Possession dated September 26, 2008 and recorded in Volume 804, Page 222 of the Official Public Records of Reeves County, Texas, in which Bobby Dean states that he has personal knowledge that the stated owners of the Captioned Land have been in actual and exclusive use and possession of the property for at least 2 years, and that there has been no adverse claim of possession made as to any portion thereof. **Note that 2 years of possession is not sufficient to satisfy the minimum Texas adverse possession statute.**

TITLE REQUIREMENTS

General Requirements

1.

As you will note above, this Opinion is based upon two Runsheets which purport to contain all of the instruments on file with the District and County Clerks of Reeves County, Texas, from sovereignty to April 18, 2008 relating to the Captioned Land. We have no way of verifying that these compilations of instruments are without error and contain all of the pertinent instruments. This Opinion is qualified accordingly.

REQUIREMENT: (a) Advisory as to the above qualifications.

(b) In the event of production, and prior to the date of first runs, provide us with updated title information from April 18, 2008 to the present.

2.

You must satisfy yourself that there has been no possession of all or any part of Tracts 2 through 8 sufficient to divest title to the surface estate out of the current record owners. In addition, if a tenant is in possession of the Captioned Land, you must obtain from the tenant the usual "Tenant's Consent Agreement." We are aware that Lee Caldwell has leased the surface of Tract 1 from the State of Texas, as described above.

REQUIREMENT: **Satisfied as to Tract 1** and the Tenant's Consent obtained from Lee Caldwell. Advisory as to Tracts 2 – 8. You may choose to rely on the Affidavit of Use and Possession executed by Robert C. Dean to satisfy this Requirement.

3.

As noted above, a portion of the ad valorem taxes assessed against a part of the Captioned Land, which appears to be a part of Tract 4, have not been paid in at least 20 years. These taxes must be brought current prior to commencement of operations on Section 33. You should also insure that 2008 ad valorem taxes against all of the Captioned Land are paid, as they are now due. You should continue to monitor ad valorem tax payments for each year during which you have production from the Captioned Land, to insure that future ad valorem taxes do not become delinquent.

REQUIREMENT: Prior to commencing operations on the Captioned Land insure that the delinquent ad valorem taxes, as well as the

2008 ad valorem taxes against the Captioned Land have been paid in full.

4.

As noted above, the minerals underlying the Captioned Land are owned by the State of Texas. It is necessary to examine the records of the General Land Office of the State of Texas to confirm such matters as the proper filing of leases and assignments, payment of bonus and delay rentals, and other matters that may appear for the General Land Office records. We have inspected the records of the GLO with respect to the Captioned Land. As of August 15, 2008, the GLO's records contain all five of the current Leases, and the Assignment of Lease Nos. 1 and 5 from Roger A. Soape, Inc. to Brown Ranger Properties, LLC.

REQUIREMENT:

(a) Advisory as to the status of the GLO files as of August 15, 2008.

(b) You must file certified copies of Lease Nos. 6 through 10, as well as the Assignment of Lease Nos. 1-5 from EnCana to Chesapeake and any future Assignments of Lease Nos. 6 through 10 with the GLO, when they are available.

5.

There are contained in the instruments examined the following oil and gas leases, the primary terms of which have expired, but which have not been released of record:

1. Section 26.

(a) C.C. Gothard and Christy Antone leased the N/2 of Section 26 to R.T. Helm, by Oil and Gas Lease dated November 14, 1936, recorded in Volume 83, Page 186 and corrected in Volume 83, Page 535 of the Deed Records of Reeves County, Texas. The lease had a 10 year primary term.

(b) E.V. O'Neall leased the S/2 NE/4 of Section 26 to J.E. Cunningham by Oil and Gas Lease dated September 17, 1937, recorded in Volume 87, Page 177 of the Deed Records of Reeves County, Texas. The lease had a 5 year primary term.

(c) The State of Texas leased Tract 1 to Gulf Oil Company by Oil and Gas Lease dated May 7, 1968, recorded in Volume 276, Page 584 of the Deed Records of Reeves County, Texas. The lease had a 5 year primary term.

(d) The State of Texas leased Tract 1 to C&K Petroleum, Inc. by Oil and Gas Lease dated October 2, 1973, recorded in Volume 327, Page 99 of the Deed Records of Reeves County, Texas. The lease had a 5 year primary term.

(e) George & Barbara Darden, Mina Johnson, Individually and as Independent Executrix of the Estate of C.A. Johnson, and Evelynn Johnson Elmore leased Tract 3 (S/2 Section 26) to J.L. Irish by Oil and Gas Lease dated March 16, 1979, recorded in Volume 373, Page 745 of the Deed Records of Reeves County, Texas. The lease had a 5 year primary term. This lease was assigned to HNG Oil Company.

(f) Frances H. Kerr, Individually and as Trustee Under Will of William L. Kerr, Deceased, and Herman Hubbard leased Tract 2 to Griffin & Burnette, Inc. by Oil and Gas Lease dated April 4, 1979, recorded in Volume 375, Page 169 of the Deed Records of Reeves County, Texas. The lease had a 5 year primary term. This lease was assigned to HNG Oil Company.

(g) Frances H. Kerr, Individually and as Trustee Under Will of William L. Kerr, Deceased leased Tract 2 to Centex Energy Co. by Oil and Gas Lease dated March 4, 1997, recorded in Volume 574, Page 554 of the Official Public Records of Reeves County, Texas. The lease had a 3 year primary term. This lease was wholly assigned to Burlington Resources Oil & Gas Company, then to Texas Exploration and Production, Inc. and then to Locin Oil Corporation.

(h) Hermon P. Hubbard and Barbara A. Hubbard leased Tract 2 to Centex Energy Co. by Oil and Gas Lease dated March 4, 1997, recorded in Volume 574, Page 562 of the Official Public Records of Reeves County, Texas. The lease had a 3 year primary term. This lease was wholly assigned to Burlington Resources Oil & Gas Company, then to Texas Exploration and Production, Inc. and then to Locin Oil Corporation.

(i) The State of Texas leased Tract 1 to Michael Daily by Oil and Gas Lease dated April 1, 1997, recorded in Volume 575, Page 38 of the Official Public Records of Reeves County, Texas. The lease had a 3 year primary term. This lease was wholly assigned to Burlington Resources Oil & Gas Company, then to Texas Exploration and Production, Inc. and then to Locin Oil Corporation.

(j) Gerald J. Creighton, Jr., Independent Executor of the Estate of George B. Darden, Mina Johnson, a widow, and Evelynn Johnson Elmore leased Tract 3, Tract 4 and the S/2 of Section 3, Block 71, PSL Survey, Reeves County, to Contex Energy Company by Oil & Gas Lease dated January 15, 1997, recorded in Volume 575, Page 50, Official Public Records of Reeves County, Texas. This lease was wholly assigned to Burlington Resources Oil & Gas Company, then to Texas Exploration and Production, Inc. and then to Locin Oil Corporation.

(k) Cherrie Lane Watson leased Tracts 3 and 4 and the S/2 of Section 3, Block 71, PSL Survey, Reeves County, to Petro-Hunt, LLC by Oil and Gas Lease dated September 22, 2004, Recorded in Volume 689, Page 97, Official Public Records of Reeves County, Texas. The lease had a primary term of 3 years.

(l) Ellington L. Darden leased Tracts 3 and 4 and the S/2 of Section 3, Block 71, PSL Survey, Reeves County, to Petro-Hunt, LLC by Oil and Gas Lease dated September 22, 2004, Recorded in Volume 689, Page 106, Official Public Records of Reeves County, Texas. The lease had a primary term of 3 years.

(m) Elmore Family Partnership, LLC leased Tracts 3 and 4 and the S/2 of Section 3, Block 71, PSL Survey, Reeves County, to Petro-Hunt, LLC by Oil and Gas Lease dated September 22, 2004, Recorded in Volume 700, Page 73, Official Public Records of Reeves County, Texas. The lease had a primary term of 3 years.

2. Section 33.

(a) W.D. Cowan, Sr. leased the W/2 of Section 32, Block 71, PSL Survey, the W/2 of Section 4, Block C-17, PSL Survey, and all of Tract 9 to K.C. Tucker, by Oil and Gas Lease dated February 23, 1919, recorded in Volume 45, Page 61 of the Deed Records of Reeves County, Texas. The lease had a 5 year primary term.

(b) George & Barbara Darden, Mina Johnson, a widow, and Evelynn Johnson Elmore leased all of Tracts 4, 5, 6, 7 and 8 to David Y. Rogers by Oil and Gas Lease dated June 21, 1977, recorded in Volume 351, Page 53 of the Deed Records of Reeves County, Texas. The lease had a 5 year primary term. This lease was eventually assigned to Sun Oil Company.

(c) The State of Texas leased Tract 9 to Michael Daily by Oil and Gas Lease dated April 1, 1997, recorded in Volume 575, Page 44 of the Official Public Records of Reeves County, Texas. The lease had a 3 year primary term. This lease was wholly assigned to Burlington Resources Oil & Gas Company, then to Texas Exploration and Production, Inc. and then to Locin Oil Corporation.

(d) Gerald J. Creighton, Jr., Independent Executor of the Estate of George B. Darden, Mina Johnson, a widow, and Evelynn Johnson Elmore leased Tract 3, Tract 4 and the S/2 of Section 3, Block 71, PSL Survey, Reeves County, to Contex Energy Company by Oil & Gas Lease dated January 15, 1997, recorded in Volume 575, Page 50, Official Public Records of Reeves County, Texas. This lease was wholly assigned to Burlington Resources Oil & Gas Company, then to Texas Exploration and Production, Inc. and then to Locin Oil Corporation. (This is the same lease as item (j) under Section 26).

Leases (e), (f) and (g) listed below are the same leases as listed under (k), (l) and (m) under Section 26.

(e) Cherrie Lane Watson leased Tracts 3 and 4 and the S/2 of Section 3, Block 71, PSL Survey, Reeves County, to Petro-Hunt, LLC by Oil and Gas Lease dated September 22, 2004, Recorded in Volume 689, Page 97, Official Public Records of Reeves County, Texas. The lease had a primary term of 3 years.

(f) Ellington L. Darden leased Tracts 3 and 4 and the S/2 of Section 3, Block 71, PSL Survey, Reeves County, to Petro-Hunt, LLC by Oil and Gas Lease dated September 22, 2004, Recorded in Volume 689, Page 106, Official Public Records of Reeves County, Texas. The lease had a primary term of 3 years.

(g) Elmore Family Partnership, LLC leased Tracts 3 and 4 and the S/2 of Section 3, Block 71, PSL Survey, Reeves County, to Petro-Hunt, LLC by Oil and Gas Lease dated September 22, 2004, Recorded in Volume 700, Page 73, Official Public Records of Reeves County, Texas. The lease had a primary term of 3 years.

REQUIREMENT: **Satisfied.** We have been provided with an Affidavit of Use and Possession dated September 11, 2008 and recorded in Volume 803, Page 248, Official Public Records, in which Robert C. Dean states that he has personal knowledge that each of these Leases has terminated pursuant to their terms. We have also been provided with Railroad Commission information showing that all wells drilled pursuant to these Leases were classified as dry holes.

Requirements to be Satisfied Prior to Drilling

6.

This pertains to the ownership of the surface estate in Tracts 3 and 4 credited to Elmore Family Partnership, LLC. Tracts 3 and 4 were conveyed to George B. Darden and C.A. Johnson, in equal 1/2 shares, in Warranty Deed dated December 6, 1941 and recorded in Volume 95, Page 627, Deed Records of Reeves County, Texas. George Darden devised his 1/2 interest in these Tracts to Cherrie Lane Watson and Ellington L. Darden, in equal 1/4 shares, at his death. Ms. Watson and Ellington Darden executed Lease Nos. 3 and 4, respectively.

We have not seen any evidence of the disposition of C.A. Johnson's 1/2 interest in Tracts 3 and 4. We did note that on January 17, 1973, Mina Johnson executed an oil and gas lease covering Tracts 3 and 4, in her individual capacity as widow of C.A. Johnson and as the Independent Executrix of the Estate of C.A. Johnson, Deceased. We assume that C.A. Johnson's Will was probated and that his wife, Mina, was appointed executrix

of his estate. It appears from the documents of record that C.A. Johnson was a resident of Montgomery County, Texas, and his Probate proceedings may be of record in that county.

Later, on March 16, 1979, Mina Johnson again executed an oil and gas lease covering Tracts 3 and 4, both individually and in her capacity as executrix of the Estate of C.A. Johnson. In this lease (recorded in Volume 373, Page 745, Deed Records of Reeves County), Evelynn Johnson Elmore also joined as a lessor. We have assumed, for purposes of this Opinion, that Evelynn Johnson Elmore was an additional devisee under the Will of C.A. Johnson, or obtained an interest in Tracts 3 and 4 from Mina Johnson, though we have seen no evidence of such a transfer. We cannot document any origination of title in Evelynn Johnson Elmore.

On December 15, 1998, Kyle Lance Elmore, Marshall Barkley Elmore and Evelynn A. Elmore conveyed all of their interest in Tracts 3 and 4 to Elmore Properties, L.P., by Warranty Deed recorded in Volume 602, Page 508, Deed Records of Reeves County. We cannot document any origination of title in either of Kyle Lance Elmore or Marshall Barkley Elmore, though we assume that they obtained their interests either from Evelynn Johnson Elmore or Mina Johnson. We have also assumed that Evelynn A. Elmore and Evelynn Johnson Elmore are the same person.

Finally, we have noted that Lease No. 2 was executed by Mark A. Virant, Attorney in Fact for Marshall B. Elmore, on behalf of Elmore Family Partnership, LLC. We have seen no transfer of Tracts 3 or 4 out of Elmore Properties, L.P., and the Secretary of State's office of the State of Texas has no record of "Elmore Family Partnership, LLC" being registered in the State of Texas. The General Partner of Elmore Properties, L.P. is Elmore Management, LLC. Another entity, Elmore Family Partners, Ltd., is registered in Texas and has the same General Partner as Elmore Properties, L.P. It is possible that Lease No. 2 was executed by a non-existent entity and is not valid as to the Captioned Land.

We have credited the 1/2 interest in Tracts 3 and 4 originally owned by C.A. Johnson to Elmore Properties, L.P. subject to this Requirement, based upon our belief that title has passed as we have assumed.

REQUIREMENT:

(a) **Satisfied.** Obtain and provide us with copies of the Will and Order admitting it to Probate of C.A. Johnson, Deceased.

(b) **Satisfied.** Provide us with the Will and Order admitting it to Probate of Mina Johnson, or, if she is not deceased, provide us with evidence of the transfer of her interest in Tracts 3 and 4.

(c) **Satisfied.** Provide us with evidence that Evelynn A. Elmore and Evelynn Johnson Elmore are the same person. If Evelynn Johnson Elmore did not receive an interest in Tracts 3 and 4 from C.A. Johnson via his Will, provide us with evidence of the origination of title to an interest in Tracts 3 and 4 in Evelynn Johnson Elmore.

(d) **Satisfied.** Provide us with evidence of the origination of title to an interest in Tracts 3 and 4 in Kyle Lance Elmore and Marshall Barkley Elmore.

(e) **Partially Satisfied.** We have been provided with an Amendment and Ratification of Oil & Gas Lease executed by Elmore Properties, L.P. which corrects the name of the Lessor in Lease No. 2. Our copy is not executed by the Lessee, and has not been recorded in Reeves County, Texas, though you have informed us that this will be done. You must also file a certified copy of the amendment with the General Land Office of the State of Texas.

7.

This pertains to the description of the land covered by Lease Nos. 2, 3, and 4, and to the description of Tract 8. Each of these Leases states that it covers the NW/4, W/2 NE/4 and N/2 SW/4 of Section 33, Block 71, SAVE AND EXCEPT two tracts conveyed to the Texas and Pacific Railway Company (described herein as Tracts 5 and 6). In fact, these Leases can only cover Tract 4 as defined in this Opinion, which also excepts Tracts 7 and 8 as defined herein. Tracts 7 and 8 were conveyed to the State of Texas for highway purposes in Deed dated June 10, 1967 and recorded in Volume 267, Page 858, Deed Records of Reeves County, Texas. In that Deed, the grantors (George Darden and C.A. Johnson) purported to reserve to themselves all of the minerals in and under Tracts 7 and 8. As this land is mineral classified, this reservation was void as a matter of law, and the minerals under these Tracts are owned by the State of Texas.

Also, we plotted Tract 8 as described by field notes in the Deed recorded in Volume 267, Page 858, Deed Records (and attached hereto as Exhibit "D"), and were found that the described tract did not close. We believe that there is an error in the field note description of Tract 8. Prior to leasing Tract 8 from the State of Texas, you must verify the exact acreage contained therein with the State. In the event that Tract 8 is found to contain other than 2.086 acres, this Opinion must be updated to correctly set out the acreages of Tracts 4 and 8.

REQUIREMENT:

(a) Advisory as to the description of Tract 4 and the exclusion of Tracts 7 and 8 from Tract 4.

(b) **No longer applicable.** We understand that the State of Texas has now leased Tracts 7 and 8 under Lease No. 7 analyzed above.

8.

This pertains to the ownership of the leasehold estate. You have informed us that an agreement has been entered into between EnCana and Chesapeake whereby Chesapeake has been authorized to drill a well on the Captioned Land. If such well is completed, either as a commercial producer or dry hole, Chesapeake will earn a 50% working interest (on a 75.000000% net revenue interest basis). We have not seen the agreement.

REQUIREMENT:

(a) Advisory as to existence of the EnCana/Chesapeake agreement.

(b) **Satisfied.** We have been provided with an assignment of a 50% interest in each of Leases 1 through 5 from EnCana to Chesapeake. **You have informed us that Lease Nos. 6 through 10 will be owned 100% by Chesapeake Exploration, and are not subject to the EnCana agreement referenced above. We have calculated the working and net revenue interests in this Opinion on this basis.**

9.

This pertains to the Division of Interest calculations for the proposed Unit comprised of all of the Captioned Land. As you know, a portion of Section 26 (Tract 2) which totals 3.125% of the proposed Unit, is unleased as of the date of this Opinion. You have advised us that you are attempting to lease this tract, and we have therefore included it in the Division of Interest section above, on a unitized basis. This Opinion must be updated upon receipt of a lease or leases covering any or all of Tract 2, as well as any assignments of those leases.

REQUIREMENT:

No longer applicable. We have now been provided with leases covering all of the NE/4 NW/4 of Section 26, the previously unleased portion of the Captioned Land.

10.

This pertains to the calculation of net revenue interests in the proposed unit. Barbara A. Hubbard, Ted M. Kerr and Harris E. Kerr, et al, Co-Trustees under the Will of Frances H. Kerr (Tract 2) are each unleased surface owners in portions of the Captioned Land. As such, we have credited all of their cumulative unitized interest (which is 3.125%) to the State of Texas. We have also assumed, for purposes of this Opinion, that Tract 2 will not be leased but that the State will agree to a unitization agreement whereby it would be entitled to 3.125% of production from the entire unit. We understand that this will likely not be the final resolution of this issue, though we have made these assumptions in order to calculate unitized net revenue interests. **As you know, if any portion of the wellbore is situated on Tract 2 and this Tract remains unleased and the State does not enter into a unitization agreement, it will be entitled to 6.25% of total production from the well, in addition to its royalty payments under Lease Nos. 1, 5 and 7.**

REQUIREMENT: **No longer applicable.** Tract 2 is now leased, pursuant to Lease Nos. 8 through 10.

11.

This pertains to the ownership of the mineral estate in the Captioned Land. There are several deeds in the chain of title to both Sections 26 and 33 in which the grantors attempted to reserve to themselves various interests in the mineral estate only. The most recent of these deeds is dated April 8, 2004, is recorded in Volume 765, Page 30, Official Public Records of Reeves County, and purports to convey an undivided 1/8 of 40/100 mineral interest in the N/2 of Section 26. We have given no effect to any of these Deeds, as all of the Captioned Land is mineral classified and the mineral estate therein is owned by the State of Texas.

REQUIREMENT: Advisory.

12.

This pertains to the execution of Lease No. 7. As noted above, we have not yet reviewed a copy of this Lease, but have analyzed it herein based on our prior knowledge of the State of Texas Surveyed School Land lease form and information provided by you. In particular, we have assumed that this Lease will contain the State's usual variable royalty provisions, and further that you will obtain production within the first 18 months of the primary term of Lease No. 7 (which would result in a 20% royalty payable to the State). Upon receipt of the Lease from the State of Texas, we must be provided with a copy so that we may verify our assumptions made in this Opinion. Also, you must file the original of the Lease in Reeves County, and a certified copy in the records of the General Land Office.

REQUIREMENT:

(a) Advisory as to our assumptions about Lease No. 7 made in this Opinion.

(b) Provide us with a fully executed copy of Lease No. 7 upon your receipt of the same, at which time w may have further requirements.

(c) Record Lease No. 7 in the Official Public Records of Reeves County, and file a certified copy with the General Land Office of the State of Texas.

COMMENTS

This Opinion does not cover, and does not certify to, vacancies, conflicts in boundaries, encroachments or discrepancies in area, ownership of the minerals underlying the beds of navigable waterways or any other matter which a survey on the ground might disclose, or other latent defects, if any, not appearing in the materials examined, such as: the rights of persons in actual possession of captioned land other than the record owners thereof or their predecessors in title; the improper indexing of public records by the County and District Clerks of Reeves County, Texas; forgeries; the capacity of parties; improper delivery of deeds and other conveyances; liens for current ad valorem taxes not yet due and/or delinquent; unpaid bills for labor performed and/or materials furnished that might entitle a party to assert a statutory Mechanic's and Materialmen's Lien.

This Opinion does not cover matters related to environmental contamination of captioned land. You are advised that certain State and Federal laws and regulations may impose liability upon an owner of real property whether such owner or its predecessors in title caused environmental contamination. Environmental audits may serve to reduce or eliminate the risk of liability associated with your proposed operations on captioned land.

Further, as stated in the opening paragraph of this Opinion, the focus of this Opinion is on the ownership of the surface, mineral and leasehold estates. When referring to the ownership of the mineral and leasehold estates in this Opinion, our discussions and tabulations are limited to ownership of oil and gas and associated hydrocarbons produced with these substances. References to "oil and gas", "minerals", "mineral estate", "hydrocarbons" or "other minerals", if any, cover only oil and gas and related hydrocarbons. This Opinion does not cover the ownership of coal, lignite or any other mineral that has been or may be produced by methods that consume, deplete or destroy the surface of captioned land.

This Opinion is written solely for the benefit and use of Chesapeake Exploration, LLC. No one other than Chesapeake shall be entitled to rely on this Opinion without the prior written authorization and consent of the undersigned.

Respectfully submitted,

Rick Morrison

(26)

File No. MF 108655

Reeves County

Title Opinion

Date Filed: 13 Jan 2017

George P. Bush, Commissioner

By DBS

Dustin Oslick

From: Dustin Oslick
Sent: Friday, January 13, 2017 9:46 AM
To: 'Davis Armour'
Subject: RE: Improperly paid bonus

Thank you Davis. Please submit the unpaid bonus amount within the next 30 days using the following guidelines:

1) send your payment marked to my attention;
2) include the Mineral File number on your payment (MF108655); and
3) indicate the check is for "Corrected Bonus Payment" in order that our financial team properly credits your account.

Best,

dbo

From: Davis Armour [mailto:DArmour@concho.com]
Sent: Thursday, January 12, 2017 4:58 PM
To: Dustin Oslick <Dustin.Oslick@GLO.TEXAS.GOV>
Subject: Improperly paid bonus

Dustin,

Please see the title opinion attached. I think it confirms that the acreage is under lease and the bonus was improperly paid.

Thank you,
Davis

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(27)

File No. MF108655

Reeves County

email re: Payment

Date Filed: 13 Jan 2017

George P. Bush, Commissioner

By DBS

Dustin Oslick

From: Watson, Kyle <krwatson@winstead.com>
Sent: Tuesday, February 14, 2017 1:14 PM
To: Dustin Oslick
Cc: marshall elmore
Subject: Mineral File Number 108655 and 104586; RRC No. 08-253047
Attachments: Re: Phone Inquiry; RE: Phone Inquiry; RE: Phone Inquiry

Mineral File Number 108655 and 104586
RRC No. 08-253047

Dustin,

Greetings. I left you a lengthy voicemail today. I would like the GLO's assistance and to discuss with you our joint interest in Reeves Co. I represent the interests of landowners which are my mother, Cherrie Watson (25% owner), and my uncle, Ellington Darden (25% owner). Bubba Elmore (cc'd) represents the remaining 50% owner, Elmore Properties.

A gas well has existed on a unit for the Darden State 71-26 #1H Well for many years. We requested Concho and Endeavor (50-50% owners) provide a release for lands that should have been released long ago. Apache has been inquired for months and ready to lease such lands once the proper release is provided. It is my understanding that you also requested such release on behalf of the GLO back in October 2016. I have been pushing on COG and Endeavor for months and finally got the release. The Elmore Properties release is attached and the same releases for Watson and Darden have been executed and are being sent.

Apache is ready to provide us with the state lease covering these newly released lands. However, when I provided the release to Apache's landman, he responded that he believed COG and Endeavor may be retaining more acerage than the 320 acres permitted in section 16 of the subject lease. I would like to get your help and assistance here so we can work together to ensure we get all the acreage properly released so we can immediately lease it to Apache.

I have attached various emails and documents for your reference. Please contact me at your earliest convenience.

Kind regards,
Kyle

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, Texas 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

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--

Dustin Oslick

From: Randall Voorhies <rvoorhies@msn.com>
Sent: Tuesday, February 14, 2017 10:26 AM
To: Watson, Kyle
Subject: Re: Phone Inquiry
Attachments: Darden_ST 71-26_KW.pdf

Mr. Watson,

There are two items I wanted bring up.

First- I attached a plat showing the what the release describes. In my opinion the Unit appears to be about 640 acres however the retained acreage clause, paragraph 16 should limit it to 320 acres. You might get some GLO help on this. If you need a lease copy let me know.

In regards to CR3 and Section 3. I was just made aware Apache at one time made a Due Diligence investigation into CR3's holdings. In order to this they had to sign essentially a non compete agreement stating they would not Top Lease. I apologize, I thought the GLO was the only Top Lease hold up. I think Apache will sign a letter agreement in regards to Section 3. If you would like, please feel free to talk to Dion Alaniz directly about this. If you need his contact information please let me know.

Please let me know how to help on the release, at this time I think there is more land to be had.

Randy Voorhies
Mitchell Petroleum Land Services, Inc.
(817) 915-2767

From: Watson, Kyle <krwatson@winstead.com>
Sent: Monday, February 13, 2017 9:03 PM
To: 'Randall Voorhies (rvoorhies@msn.com)'
Subject: RE: Phone Inquiry

Please seek approval for the top lease on S/2 of Section 3. They are in section 8 right nearby at the moment and we want to go ahead with getting this leased now under the same terms. Thanks.

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, Texas 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

From: Watson, Kyle
Sent: Monday, February 13, 2017 1:52 PM
To: Randall Voorhies (rvoorhies@msn.com)
Subject: FW: Phone Inquiry

FYI.

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, Texas 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

From: Megan Flanagan [mailto:MFlanagan@concho.com]
Sent: Monday, February 13, 2017 1:47 PM
To: Watson, Kyle; WReid@eeronline.com
Cc: marshall elmore
Subject: RE: Phone Inquiry

The last two Releases are still in my VP's stack to be reviewed and executed. They will be exactly the same except for the lease information obviously and are on their way as well. I wanted to go ahead and get the first Release out to you so you could see the description. The other two should get back to me soon and I will get them over to Whitney asap. Sorry for the confusion, but they just are on their way.

Thanks,

Megan Flanagan

Landman

COG Operating LLC

One Concho Center

600 W. Illinois Avenue

Midland, Texas 79701

(432)685-2588 (direct)

mflanagan@concho.com

CONCHO

From: Watson, Kyle [mailto:krwatson@winstead.com]
Sent: Monday, February 13, 2017 1:31 PM
To: Megan Flanagan; WReid@eeronline.com
Cc: marshall elmore
Subject: [External] FW: Phone Inquiry

Please see below. I made it very clear 3 months ago – back on November 17, 2016 – that Cherrie Watson and Ellington Darden should be included in the releases. This needs to be address immediately.

KRW

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, Texas 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

From: Watson, Kyle
Sent: Thursday, November 17, 2016 2:07 PM
To: 'Megan Flanagan'
Cc: marshall elmore
Subject: RE: Phone Inquiry

Thanks Megan. To be clear, I am inquiring on behalf my mother, Cherrie Watson, and Uncle, Ellington Darden, who are co-undivided interest owners with Elmore properties and should be included in any releases for the "Elmore leases" you reference below.

I look forward to hearing more from you or your legal group soon. Have a good day.

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, Texas 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

From: Megan Flanagan [mailto:MFlanagan@concho.com]
Sent: Thursday, November 17, 2016 1:10 PM
To: Watson, Kyle
Cc: marshall elmore
Subject: RE: Phone Inquiry

Kyle,

As of now the Release is still in the hands of our legal team. I will update you once they get to your Release and start working on it, but it could take some time. Due to the pugh clauses in the lease as well as the unit's subsequent reduction in size, I believe we are releasing Mr. Elmore's lease insofar as to the lands and depths outside of the Darden State 71-26 #1H well's new proration unit, equaling roughly 580 acres. The S/2 of Section 3, Block 71, PSL Survey has pughed out due to lack of production, as well as much of the leased acreage in Section 33, Block 71, PSL and some in the S/2 Section 26, Block 71, PSL Survey. We may need to have a surveyor go out there for the Release in order to accurately describe the portions of the lease that are active and which are not, but ultimately how the lands to be released are described in the Release is up to our legal team, so once they start working on this I may have a more definitive answer for you. I will keep you updated as I know more. I appreciate your continued patience.

Thanks,

Megan Flanagan

Landman

COG Operating LLC

One Concho Center

600 W. Illinois Avenue

Midland, Texas 79701

(432)685-2588 (direct)

mflanagan@concho.com



From: Watson, Kyle [mailto:krwatson@winstead.com]
Sent: Thursday, November 17, 2016 10:02 AM
To: Megan Flanagan

Cc: marshall elmore
Subject: [External] RE: Phone Inquiry

Hi Megan. Can you update us on this? We would like to get this done as expeditiously as possible. Also, please confirm the amount of acreage being released.

Thank you very much for your help.

Best,

Kyle

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, Texas 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

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From: Megan Flanagan [mailto:MFlanagan@concho.com]
Sent: Monday, November 14, 2016 2:38 PM
To: Watson, Kyle
Cc: marshall elmore
Subject: RE: Phone Inquiry

Good Afternoon,

I requested the Release of Oil and Gas Lease this morning. Concho requires our legal team to prepare all Releases so for now it is in the hands of Concho's legal department. Once the attorney assigned to your case has prepared the Release, they will send it to me and I will forward it on to you. I apologize for the "red tape", I will keep you and Mr. Elmore updated as I know more.

Thanks,

Megan Flanagan

Landman

COG Operating LLC

One Concho Center

600 W. Illinois Avenue

Midland, Texas 79701

(432)685-2588 (direct)

mflanagan@concho.com



From: Watson, Kyle [mailto:krwatson@winstead.com]
Sent: Monday, November 14, 2016 11:28 AM
To: 'marshall elmore'; Megan Flanagan
Subject: [External] RE: Phone Inquiry

**** External email. Use caution. ****

Good morning, Megan. Do you have an update on this?

Thanks in advance.

Kind regards,
Kyle

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, Texas 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

From: marshall elmore [mailto:bubbaelmore@outlook.com]
Sent: Tuesday, November 08, 2016 10:01 AM
To: Megan Flanagan
Subject: Re: Phone Inquiry

Megan

Attached is paper work that was signed that reduced the original pool from 314 to 180 acres. My question is can we get a release on the 134 acres so that we can lease this in the future. Thanks.

Bubba Elmore

Marshall "Bubba" Elmore
P.O. Box 805
Willis, TX 77378
936-760-9484
bubbaelmore@outlook.com

From: Megan Flanagan <MFlanagan@concho.com>
Sent: Monday, October 31, 2016 5:11 PM
To: bubbaelmore@outlook.com
Subject: Phone Inquiry

Mr. Elmore,

I am a landman at Concho Resources LLC and am contacting you in regards to your phone call about needing a release. If you could give me the lessor, lessee, and legal description of the lands your lease covers that would be great, as well as any other pertinent details or specifics regarding how I may help you.

I look forward to hearing from you—please do not hesitate to email or call as needed.

Thanks,

Megan Flanagan
Landman
COG Operating LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701
(432)685-2588 (direct)
mflanagan@concho.com

CONCHO

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TOPOGRAPHIC

Surveying • Mapping • GIS • GPS
2903 N. BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 (800) 767-1653 • FAX (432) 682-1743

"AS-DRILLED"

REEVES County, Texas
Description SHL= 1005' FNL & 1050' FEL (SEC. 26)
BHL= 735' FNL & 1051' FEL (SEC. 33)

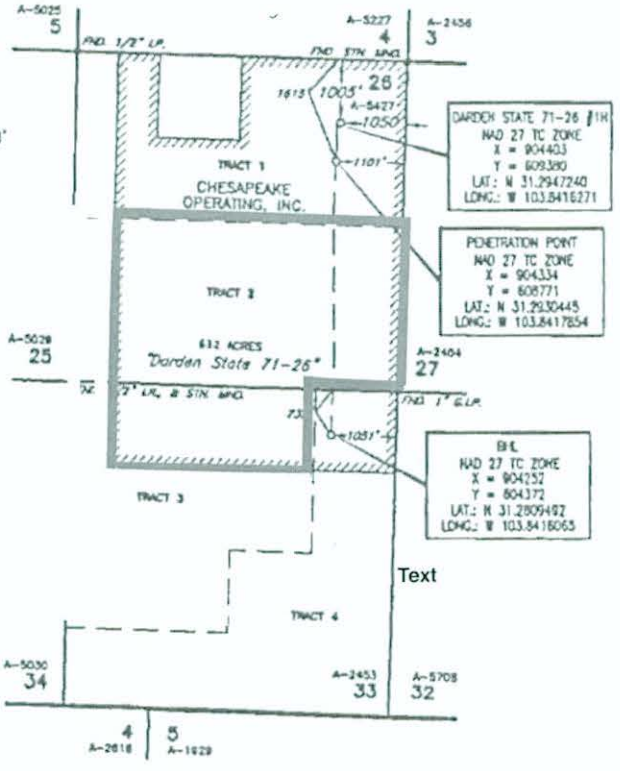
SECTION 26, BLOCK 71, PUBLIC SCHOOL LAND, A-5427

NAD 27 GRID BEARINGS

TOTAL LATERAL LENGTH: 5086.8'
SECTION 26: 4351.7'
SECTION 33: 735.1'
TRACT 1: 1711.0'
TRACT 2: 2640.6'
TRACT 2: 735.1'

Available at all depths

Available from 11,194 feet to the center of the earth



Text

AS-DRILLED INFORMATION PROVIDED BY CHESAPEAKE OPERATING, INC.
SCALE: 1" = 2000'
0' 1000' 2000'

This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available for use. This plat does not in any way represent a "Boundary Survey", and does not comply with certain T.A.P.L.S. Minimum Standards of Procedures for Boundary Surveys. Lease is shown on the west half of the section and does not agree with the occupied line.

Operator Chesapeake OPERATING, INC. Date Staked OCTOBER 1, 2008

Lease Name & Well No. DARDEN STATE 71-26 #1H Ground Elev. 3029'

Topography & Vegetation LOW BRUSH

Nearest Town in County ±3.8 MILES NORTHWEST OF KENT, TEXAS

Driving Directions FROM THE JUNCTION OF HWY. 2903 & COUNTY ROAD 225, GO WEST 3.0 MILES ON HWY. 225 3.0 MILES TO LEASE ROAD, THENCE SOUTH 1.5 MILES ON LEASE ROAD TO A POINT 1.3 MILES WEST OF LOCATION.

STATE OF TEXAS
REGISTERED
ROBERT JAMES OVERTON JR.
5916
PROFESSIONAL
LAND SURVEYOR

CERTIFICATION:

I, Robert J. Overton, Jr., a Registered Professional Land Surveyor, and an authorized agent of Topographic Land Surveyors, do hereby certify that in my professional opinion the above described well location was surveyed and staked on the ground as shown. *This plat is for Texas Railroad Commission permitting only.*

Robert J. Overton Jr.

Texas Reg. No. 5916

Invoice # 149367/578SE
L.A.S.
REVISED: 1/22/10 EJO

Dustin Oslick

From: Megan Flanagan <MFlanagan@concho.com>
Sent: Tuesday, February 14, 2017 11:07 AM
To: Watson, Kyle; WReid@eeronline.com
Cc: marshall elmore
Subject: RE: Phone Inquiry

I received the last two Releases back from my boss this morning and will take them over to Whitney after lunch.

Thanks,

Megan Flanagan
Landman
COG Operating LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701
(432)685-2588 (direct)
mflanagan@concho.com

CONCHO

From: Watson, Kyle [mailto:krwatson@winstead.com]
Sent: Monday, February 13, 2017 1:52 PM
To: Megan Flanagan; WReid@eeronline.com
Cc: marshall elmore
Subject: [External] RE: Phone Inquiry

Thank you. Please expedite.

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, Texas 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

From: Megan Flanagan [mailto:MFlanagan@concho.com]
Sent: Monday, February 13, 2017 1:47 PM
To: Watson, Kyle; WReid@eeronline.com
Cc: marshall elmore
Subject: RE: Phone Inquiry

The last two Releases are still in my VP's stack to be reviewed and executed. They will be exactly the same except for the lease information obviously and are on their way as well. I wanted to go ahead and get the first Release out to you so you could see the description. The other two should get back to me soon and I will get them over to Whitney asap. Sorry for the confusion, but they just are on their way.

Thanks,

Megan Flanagan

Landman
COG Operating LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701
(432)685-2588 (direct)
mflanagan@concho.com

CONCHO

From: Watson, Kyle [mailto:krwatson@winstead.com]
Sent: Monday, February 13, 2017 1:31 PM
To: Megan Flanagan; WReid@eeronline.com
Cc: marshall elmore
Subject: [External] FW: Phone Inquiry

Please see below. I made it very clear 3 months ago – back on November 17, 2016 – that Cherrie Watson and Ellington Darden should be included in the releases. This needs to be address immediately.

KRW

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, Texas 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

From: Watson, Kyle
Sent: Thursday, November 17, 2016 2:07 PM
To: 'Megan Flanagan'
Cc: marshall elmore
Subject: RE: Phone Inquiry

Thanks Megan. To be clear, I am inquiring on behalf my mother, Cherrie Watson, and Uncle, Ellington Darden, who are co-undivided interest owners with Elmore properties and should be included in any releases for the "Elmore leases" you reference below.

I look forward to hearing more from you or your legal group soon. Have a good day.

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, Texas 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

From: Megan Flanagan [mailto:MFlanagan@concho.com]
Sent: Thursday, November 17, 2016 1:10 PM
To: Watson, Kyle
Cc: marshall elmore
Subject: RE: Phone Inquiry

Kyle,

As of now the Release is still in the hands of our legal team. I will update you once they get to your Release and start working on it, but it could take some time. Due to the pugh clauses in the lease as well as the unit's subsequent reduction in size, I believe we are releasing Mr. Elmore's lease insofar as to the lands and depths outside of the Darden

State 71-26 #1H well's new proration unit, equaling roughly 580 acres. The S/2 of Section 3, Block 71, PSL Survey has pughed out due to lack of production, as well as much of the leased acreage in Section 33, Block 71, PSL and some in the S/2 Section 26, Block 71, PSL Survey. We may need to have a surveyor go out there for the Release in order to accurately describe the portions of the lease that are active and which are not, but ultimately how the lands to be released are described in the Release is up to our legal team, so once they start working on this I may have a more definitive answer for you. I will keep you updated as I know more. I appreciate your continued patience.

Thanks,

Megan Flanagan
Landman
COG Operating LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701
(432)685-2588 (direct)
mflanagan@concho.com



From: Watson, Kyle [mailto:krwatson@winstead.com]
Sent: Thursday, November 17, 2016 10:02 AM
To: Megan Flanagan
Cc: marshall elmore
Subject: [External] RE: Phone Inquiry

Hi Megan. Can you update us on this? We would like to get this done as expeditiously as possible. Also, please confirm the amount of acreage being released.

Thank you very much for your help.

Best,
Kyle

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, Texas 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

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From: Megan Flanagan [mailto:MFlanagan@concho.com]
Sent: Monday, November 14, 2016 2:38 PM
To: Watson, Kyle
Cc: marshall elmore
Subject: RE: Phone Inquiry

Good Afternoon,

I requested the Release of Oil and Gas Lease this morning. Concho requires our legal team to prepare all Releases so for now it is in the hands of Concho's legal department. Once the attorney assigned to your case has prepared the Release, they will send it to me and I will forward it on to you. I apologize for the "red tape", I will keep you and Mr. Elmore updated as I know more.

Thanks,

Megan Flanagan
Landman
COG Operating LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701
(432)685-2588 (direct)
mflanagan@concho.com

CONCHO

From: Watson, Kyle [mailto:krwatson@winstead.com]
Sent: Monday, November 14, 2016 11:28 AM
To: 'marshall elmore'; Megan Flanagan
Subject: [External] RE: Phone Inquiry

**** External email. Use caution. ****
Good morning, Megan. Do you have an update on this?

Thanks in advance.

Kind regards,
Kyle

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, Texas 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

From: marshall elmore [mailto:bubbaelmore@outlook.com]
Sent: Tuesday, November 08, 2016 10:01 AM
To: Megan Flanagan
Subject: Re: Phone Inquiry

Megan

Attached is paper work that was signed that reduced the original pool from 314 to 180 acres. My question is can we get a release on the 134 acres so that we can lease this in the future. Thanks.

Bubba Elmore

Marshall "Bubba" Elmore
P.O. Box 805
Willis, TX 77378
936-760-9484
bubbaelmore@outlook.com

From: Megan Flanagan <MFlanagan@concho.com>
Sent: Monday, October 31, 2016 5:11 PM

To: bubbaelmore@outlook.com
Subject: Phone Inquiry

Mr. Elmore,

I am a landman at Concho Resources LLC and am contacting you in regards to your phone call about needing a release. If you could give me the lessor, lessee, and legal description of the lands your lease covers that would be great, as well as any other pertinent details or specifics regarding how I may help you.

I look forward to hearing from you—please do not hesitate to email or call as needed.

Thanks,

Megan Flanagan
Landman
COG Operating LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701
(432)685-2588 (direct)
mflanagan@concho.com

CONCHO

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Dustin Oslick

From: Whitney Reid <WReid@eeronline.com>
Sent: Monday, February 13, 2017 9:40 AM
To: Watson, Kyle
Cc: Megan Flanagan; marshall elmore
Subject: RE: Phone Inquiry
Attachments: Elmore Family Partnership partial release in Reeves County, TX.pdf

Kyle: See attached copy of the release.

Megan: When's the best time to bring the release to you today?

From: Watson, Kyle [mailto:krwatson@winstead.com]
Sent: Friday, February 10, 2017 2:40 PM
To: Whitney Reid
Cc: Megan Flanagan; marshall elmore
Subject: RE: Phone Inquiry

Thanks! Please confirm it has been delivered to COG and send me the scanned copy.

Have a good weekend.

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, Texas 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

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From: Whitney Reid [mailto:WReid@eeronline.com]
Sent: Thursday, February 09, 2017 10:27 PM
To: Watson, Kyle
Cc: Megan Flanagan; marshall elmore
Subject: Re: Phone Inquiry

I got our CEO to execute it tonight!! I can run it over to COG tomorrow. I'll scan you a copy of it.

Thank you,

Whitney

On Feb 9, 2017, at 11:26 AM, Watson, Kyle <krwatson@winstead.com> wrote:

> Thanks. Let's please do that today.
>
> Then I can quit bugging you both. :)
>
> **Kyle R. Watson**, Shareholder
> Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, TX 77380
> 281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

On Feb 9, 2017, at 11:25 AM, Whitney Reid <WReid@eeronline.com> wrote:

Yes ma'am.

From: Megan Flanagan [mailto:MFlanagan@concho.com]
Sent: Thursday, February 09, 2017 10:43 AM
To: Whitney Reid; Watson, Kyle
Cc: marshall elmore
Subject: RE: Phone Inquiry

Once Endeavor executes the Release COG will send it out for recording asap.

Thanks,

Megan Flanagan
Landman
COG Operating LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701
(432)685-2588 (direct)
mflanagan@concho.com
<image001.jpg>

From: Whitney Reid [mailto:WReid@eeronline.com]
Sent: Thursday, February 09, 2017 10:31 AM
To: Watson, Kyle
Cc: Megan Flanagan; marshall elmore
Subject: [External] Re: Phone Inquiry

I haven't seen him today yet. I'm in meetings most of today. Hoping we both can find sometime tonight to do it. Will keep you updated.

Thank you,

Whitney

On Feb 9, 2017, at 10:27 AM, Watson, Kyle <krwatson@winstead.com> wrote:

Greetings, Whitney. Has your manager approved?

Once approved and executed, are you going to record the originals? Please send me a copy via scan/email as well.

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, Texas 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

From: Whitney Reid [mailto:WReid@eeronline.com]
Sent: Tuesday, February 07, 2017 9:28 AM

To: Watson, Kyle; 'Megan Flanagan'
Cc: marshall elmore
Subject: RE: Phone Inquiry

I got it last night. I should have it ready by Thursday if not before. I found out my manager is out today and tomorrow. He will be back Thursday morning though. I need his approval. There is a chance we will come in Wednesday night though.

From: Watson, Kyle [mailto:krwatson@winstead.com]
Sent: Tuesday, February 07, 2017 9:26 AM
To: 'Megan Flanagan'; Whitney Reid
Cc: marshall elmore
Subject: RE: Phone Inquiry

Good morning. Whitney – do you have the Release and when will it be executed and recorded?

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, Texas 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

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From: Megan Flanagan [mailto:MFlanagan@concho.com]
Sent: Monday, February 06, 2017 1:27 PM
To: Watson, Kyle; 'Whitney Reid'
Cc: marshall elmore
Subject: RE: Phone Inquiry

I received the Release back a few minutes ago and am taking it over to Whitney later this afternoon.

Thanks,

Megan Flanagan
Landman
COG Operating LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701
(432)685-2588 (direct)
mflanagan@concho.com
<image001.jpg>

From: Watson, Kyle [mailto:krwatson@winstead.com]
Sent: Monday, February 06, 2017 8:50 AM
To: 'Whitney Reid'; Megan Flanagan
Cc: marshall elmore
Subject: [External] RE: Phone Inquiry

Please confirm when you receive it. I cannot understand how this is continuing to drag on.

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, Texas 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

From: Whitney Reid [mailto:WReid@eeronline.com]
Sent: Friday, February 03, 2017 1:43 PM
To: Watson, Kyle; Megan Flanagan
Cc: marshall elmore
Subject: RE: Phone Inquiry

I haven't received it yet. I'll keep an eye out for it next week.

From: Watson, Kyle [mailto:krwatson@winstead.com]
Sent: Friday, February 03, 2017 12:52 PM
To: Megan Flanagan
Cc: Whitney Reid; marshall elmore
Subject: Re: Phone Inquiry

Hi Megan. Has your VP executed and you taken it to Endeavor?

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, TX 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

On Feb 1, 2017, at 2:02 PM, Megan Flanagan <MFlanagan@concho.com> wrote:

> Kyle,
>
> The final draft with the correct depth was approved by legal this morning, I just dropped it off with our VP of Land for her review, and then I will take it to Endeavor once she executes it. I apologize the Release has taken this long and that there were multiple unforeseen issues with the way this well was operated before COG acquired it, but it is in both our best interests to make sure the correct lands and depths are Released. I appreciate your patience and will let you know when I take it over to Endeavor.
>
> Thanks,
>
> Megan Flanagan
> Landman
> COG Operating LLC
> One Concho Center

600 W. Illinois Avenue
Midland, Texas 79701
(432)685-2588 (direct)
mflanagan@concho.com

From: Watson, Kyle [mailto:krwatson@winstead.com]
Sent: Wednesday, February 01, 2017 1:50 PM
To: Megan Flanagan; WReid@eeronline.com
Cc: 'marshall elmore'
Subject: [External] RE: Phone Inquiry

Megan,

We are we on this? I am not wanting to be pushy or rude but this is getting to the point of excessive. I do not want to lose another week on this and issues with the operators records was not created by the landowners and should not serve to cause further delay to the landowners by the lack of release which has been due for some time.

KRW

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, Texas 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

From: Megan Flanagan [mailto:MFlanagan@concho.com]
Sent: Monday, January 30, 2017 11:13 AM
To: Watson, Kyle; WReid@eeronline.com
Cc: 'marshall elmore'
Subject: RE: Phone Inquiry

Kyle,

Before legal passed it on to our VP they did a final check and found a discrepancy between the total depth drilled on the G-1 Completion Report originally filed by Chesapeake and our records as to how deep they actually drilled the well. Our records indicate that Chesapeake may have drilled deeper than the total depth they listed on the G-1. Our regulatory team is looking into why Chesapeake listed the depth they did, whether or not a Corrected G-1 needs to be filed, and if we can proceed as is with the Release we have prepared. Once they figure out the correct depth, we are ready to execute. I will let you know once regulatory makes a decision, I am pressing them to work quickly.

Thanks,

Megan Flanagan
Landman
COG Operating LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701
(432)685-2588 (direct)
mflanagan@concho.com
<image001.jpg>

From: Watson, Kyle [mailto:krwatson@winstead.com]
Sent: Monday, January 30, 2017 10:23 AM
To: Megan Flanagan; WReid@eeronline.com
Cc: 'marshall elmore'
Subject: [External] RE: Phone Inquiry

Good morning. Where are we on this? Weeks keep passing by and it is adversely affecting us. Please advise.

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, Texas 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

From: Watson, Kyle
Sent: Wednesday, January 25, 2017 10:55 AM
To: 'Megan Flanagan'; marshall elmore
Subject: RE: Phone Inquiry

Thank you.

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, Texas 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

From: Megan Flanagan [mailto:MFlanagan@concho.com]
Sent: Wednesday, January 25, 2017 10:54 AM
To: Watson, Kyle; marshall elmore
Subject: RE: Phone Inquiry

Kyle,

Legal approved the Release this morning—I will submit it to COG's VP of Land this afternoon and will send it to

Endeavor once she reviews and approves it. I will let you know when it is sent over to Endeavor.

Thanks,

Megan Flanagan
Landman
COG Operating LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701
(432)685-2588 (direct)
mflanagan@concho.com
<image001.jpg>

From: Watson, Kyle [mailto:krwatson@winstead.com]
Sent: Wednesday, January 25, 2017 8:55 AM
To: Megan Flanagan; marshall elmore
Subject: [External] RE: Phone Inquiry

Hi Megan. Where are things with the releases? We are three months from the initial request and need to get this done immediately.

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, Texas 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

From: Megan Flanagan [mailto:MFlanagan@concho.com]
Sent: Monday, January 23, 2017 7:46 AM
To: marshall elmore
Cc: Watson, Kyle
Subject: RE: Phone Inquiry

Mr. Elmore,

I apologize that I am just now getting back to you—I was out of town the past five days for a family event and had limited access to my phone and email. Yes sir, that is correct, the S/2 Section 3, Blk. 71 was included in your original lease, but it became inactive when your lease expired back in 2010 since the land was never developed. You do not need a Release to re-lease the lands that have pughed out of your lease to someone else/a different company, so that is fine that you have re-leased the S/2 Section 3 to someone else even though COG/Endeavor have not officially released it. The Darden State 71-26 #1H unit now comprises of 632 acres. Please feel free to call or email with any more questions. I am going to see where legal is on the

Release today and hopefully will be able to get something to you all soon.

Thanks,

Megan Flanagan
Landman
COG Operating LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701
(432)685-2588 (direct)
mflanagan@concho.com
<image001.jpg>

From: marshall elmore [mailto:bubbaelmore@outlook.com]
Sent: Friday, January 20, 2017 10:57 AM
To: Megan Flanagan
Subject: [External] Re: Phone Inquiry

Megan

In the paper work you sent Kyle Watson yo referenced the S/2 Section 3 Bk. 71 as part of the land that is being released. We have this land leased to another company and was wondering if COG had bought this lease and we didn't know about it. Also I was wondering if you can tell me the number of acres that we have that is in the unit agreement on the Darden State 71 well. Thanks you for your help.

Bubba

Marshall "Bubba" Elmore
P.O. Box 805
Willis, TX 77378
936-760-9484
bubbaelmore@outlook.com

From: Megan Flanagan <MFlanagan@concho.com>
Sent: Wednesday, November 9, 2016 10:45 AM
To: marshall elmore
Subject: RE: Phone Inquiry

Mr. Elmore,

The documentation you sent me is a big help. I apologize I missed your calls yesterday, I was out of the office for meetings the majority of the day. I will start working on this and will let you know when I have something prepared.

Thanks,

Megan Flanagan
Landman
COG Operating LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701
(432)685-2588 (direct)
mflanagan@concho.com
<image001.jpg>

From: marshall elmore [mailto:bubbaelmore@outlook.com]
Sent: Tuesday, November 08, 2016 10:01 AM
To: Megan Flanagan
Subject: [External] Re: Phone Inquiry

**** External email. Use caution. ****
Megan

Attached is paper work that was signed that reduced the original pool from 314 to 180 acres. My question is can we get a release on the 134 acres so that we can lease this in the future. Thanks.

Bubba Elmore

Marshall "Bubba" Elmore
P.O. Box 805
Willis, TX 77378
936-760-9484
bubbaelmore@outlook.com

From: Megan Flanagan <MFlanagan@concho.com>
Sent: Monday, October 31, 2016 5:11 PM
To: bubbaelmore@outlook.com
Subject: Phone Inquiry

Mr. Elmore,

I am a landman at Concho Resources LLC and am contacting you in regards to your phone call about

needing a release. If you could give me the lessor, lessee, and legal description of the lands your lease covers that would be great, as well as any other pertinent details or specifics regarding how I may help you.

I look forward to hearing from you—please do not hesitate to email or call as needed.

Thanks,

Megan Flanagan
Landman
COG Operating LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701
(432)685-2588 (direct)
mflanagan@concho.com
<image001.jpg>

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CONCHO

February 6, 2017

Endeavor Energy Resources, LP
Attn: Whitney Reid
110 N Marienfeld St., Suite 200
Midland, TX 79701

Re: Release of Leases
Reeves County, Texas

Ms. Reid,

Enclosed is a Joint Partial Release of Lease for the oil and gas lease described below:

Lease Date:	September 23, 2007
Lessor:	Elmore Family Partnership LLC
Lessee:	EnCana Oil & Gas (USA) Inc.
Recorded:	Book 778, Page 283, Official Public Records of Reeves County, Texas
Lands Covered:	South-Half (S/2) Section 3, Block 71, PSL Survey; South-Half (S/2) Section 26, Block 71, PSL Survey; Northwest-Quarter (NW/4), West-Half of the Northeast-Quarter (W/2NE/4) and North-Half of the Southwest-Quarter (N/2SW/4) of Section 33, Block 71, PSL Survey, less & except two tracts more particularly described as the "Second Tract" & the "Third Tract" by metes & bounds in that certain Warranty Deed from J. H. Shoaf to The Texas and Pacific Railway Company, dated August 16, 1928, recorded in Vol. 67 Page 319 of the Deed Records of Reeves County, Texas (said tracts comprising a total of 6.80 acres, more or less).

Please have the Joint Partial Release of Lease executed, notarized, and returned in the self-addressed, postage paid envelope provided, or feel free to walk it over. If you have any questions or need additional information please contact me directly at (432) 685-2588 or by e-mail at mflanagan@concho.com

Sincerely,

COG OPERATING LLC

Megan Flanagan
Landman

Enclosure

P F

JOINT PARTIAL RELEASE OF OIL AND GAS LEASE

STATE OF TEXAS §
§
COUNTY OF REEVES §

THIS Joint Partial Release of Oil and Gas Lease ("Partial Release") is made by COG Operating LLC, whose address is One Concho Center, 600 West Illinois Avenue, Midland, Texas 79701, and Endeavor Energy Resources, LP, whose address is 110 N. Marienfeld Street, Suite 200, Midland, Texas 79701 (hereinafter "Lessees"), who are the current Lessees of that certain oil and gas lease described on **Exhibit "A"** attached hereto and hereby made a part hereof (the "Lease").

By this Partial Release, Lessees do hereby RELEASE, RELINQUISH, SURRENDER and FOREVER QUITCLAIM unto the Lessors under the Lease, their heirs, successors and assigns, all of Lessees' right, title and interest in and to the Lease, **less and except** the Retained Interest described on **Exhibit "A"** attached hereto, and Lessees expressly RESERVE and EXCEPT solely unto themselves, their heirs, successors and assigns, all of Lessees' right, title and interest in and to the lands and depths described as the Retained Interest on **Exhibit "A"** hereto. THIS PARTIAL RELEASE IS TENDERED IN FULL SATISFACTION OF THE RELEASE OBLIGATIONS OF THE RELEVANT PROVISIONS OF THE LEASE.

IN WITNESS WHEREOF, this Partial Release is signed by Lessees as of the date of their respective acknowledgments below, but is effective for all purposes as of January 1, 2017. This Partial Release may be executed in multiple counterparts, which together shall constitute but one and singular Partial Release.

COG OPERATING LLC

By: Mona D. Ables
Name: Mona D. Ables
Title: Vice President of Land

ENDEAVOR ENERGY RESOURCES, LP

By:
Name: CHARLES A. MELDY
Title: CEO & PRESIDENT

[Acknowledgments on the following page]

ACKNOWLEDGMENTS

STATE OF TEXAS §
§
COUNTY OF MIDLAND §

This instrument was acknowledged before me this 18 day of February, 2017 by Mona D. Ables, Vice President of Land of COG Operating LLC, a Delaware limited liability company, on behalf of said limited liability company.

My Commission Expires:

BECKY ZINDEL
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 05-07-2017

Becky Zindel
Notary Public, State of Texas

STATE OF TEXAS §
§
COUNTY OF MIDLAND §

This instrument was acknowledged before me this 9th day of FEBRUARY, 2017 by CHARLES A. MELOY as CEO & PRESIDENT of Endeavor Energy Resources, LP, a TEXAS limited partnership, on behalf of said limited partnership.

My Commission Expires:

SARAH ADAMSON
Notary ID # 3844344
My Commission Expires
April 29, 2019

Sarah Adamson
Notary Public, State of Texas


SARAH ADAMSON
Notary ID # 3843 14
My Commission Expires
April 25 2015

EXHIBIT "A"

to Joint Partial Release of Oil and Gas Lease

Oil & Gas Lease:

Lease Date:	September 23, 2007
Lessor:	Elmore Family Partnership LLC, as Agent for the State of Texas
Lessee:	EnCana Oil & Gas (USA) Inc.
Recorded:	Book 778, Page 283, Official Public Records of Reeves County, Texas
Lands Covered:	South-Half (S/2) Section 3, Block 71, PSL Survey; South-Half (S/2) Section 26, Block 71, PSL Survey; Northwest-Quarter (NW/4), West-Half of the Northeast-Quarter (W/2NE/4) and North-Half of the Southwest-Quarter (N/2SW/4) of Section 33, Block 71, PSL Survey, less & except two tracts more particularly described as the "Second Tract" & the "Third Tract" by metes & bounds in that certain Warranty Deed from J. H. Shoaf to The Texas and Pacific Railway Company, dated August 16, 1928, recorded in Vol. 67 Page 319 of the Deed Records of Reeves County, Texas (said tracts comprising a total of 6.80 acres, more or less).

Retained Interest (Lands and Depths Reserved and Excepted by Lessees from this Partial Release):

All of Lessees' right, title and interest in and to the lands and depths described below, which Lessees are hereby reserving and retaining and which lands and depths are contained within the unit boundaries for the Darden State 71-26 #1H Well (API No. 42-389-32585):

Lands: SE/4 Section 26, Block 71, PSL Survey; SW/4, LESS THE W/2 W/2 SW/4 Section 26, Block 71, PSL Survey; NW/4 NE/4 Section 33, Block 71, PSL Survey; NE/4 NW/4 Section 33, Block 71, PSL Survey; E/2 NW/4 NW/4 Section 33, Block 71, PSL Survey, being a portion of the unit for the Darden State 71-26 #1H Well.

Depths: those depths from the surface of the earth down to a depth of 11,193' subsurface, being one hundred feet (100') below the total depth drilled in the Darden State 71-26 #1H Well.

End of Exhibit "A"

Dustin Oslick

From: Watson, Kyle <krwatson@winstead.com>
Sent: Tuesday, February 14, 2017 2:11 PM
To: Dustin Oslick
Subject: Fwd: Phone Inquiry
Attachments: image001.jpg; image001.jpg; image001.jpg; image001.jpg; image001.jpg; image001.jpg

Thanks for your call. FYI below. I will give you a call in a bit.

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, TX 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

Begin forwarded message:

From: Megan Flanagan <MFlanagan@concho.com>
Date: February 14, 2017 at 2:07:44 PM CST
To: "Watson, Kyle" <krwatson@winstead.com>, "WReid@eeronline.com" <WReid@eeronline.com>
Cc: marshall elmore <bubbaelmore@outlook.com>
Subject: RE: Phone Inquiry

The Darden State 71-26 1H now holds 632 acres, broken down as follows:
320 acres (field rules) + 32 acres (10% tolerance) + 280 acres (number of acres Rule 86 allows) = 632

Thanks,

Megan Flanagan
Landman
COG Operating LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701
(432)685-2588 (direct)
mflanagan@concho.com

From: Watson, Kyle [mailto:krwatson@winstead.com]
Sent: Tuesday, February 14, 2017 11:10 AM
To: Megan Flanagan; WReid@eeronline.com
Cc: marshall elmore
Subject: [External] RE: Phone Inquiry

Thank you very much.

Can you please tell me exactly how much acreage is being retained? It appears that you are retaining 640 acres but Paragraph 16 of the subject lease seems to only allow 320. Please advise ASAP. Time is of the essence.

Kind regards,
Kyle

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, Texas 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

---

From: Megan Flanagan [mailto:MFlanagan@concho.com]
Sent: Tuesday, February 14, 2017 11:07 AM
To: Watson, Kyle; WReid@eeronline.com
Cc: marshall elmore
Subject: RE: Phone Inquiry

I received the last two Releases back from my boss this morning and will take them over to Whitney after lunch.

Thanks,

Megan Flanagan
Landman
COG Operating LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701
(432)685-2588 (direct)
mflanagan@concho.com



From: Watson, Kyle [mailto:krwatson@winstead.com]
Sent: Monday, February 13, 2017 1:52 PM
To: Megan Flanagan; WReid@eeronline.com
Cc: marshall elmore
Subject: [External] RE: Phone Inquiry

Thank you. Please expedite.

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, Texas 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

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From: Megan Flanagan [mailto:MFlanagan@concho.com]
Sent: Monday, February 13, 2017 1:47 PM
To: Watson, Kyle; WReid@eeronline.com
Cc: marshall elmore
Subject: RE: Phone Inquiry

The last two Releases are still in my VP's stack to be reviewed and executed. They will be exactly the same except for the lease information obviously and are on their way as well. I wanted to go ahead and get the first Release out to you so you could see the description. The other two should get back to me soon and I will get them over to Whitney asap. Sorry for the confusion, but they just are on their way.

Thanks,

Megan Flanagan
Landman
COG Operating LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701
(432)685-2588 (direct)
mflanagan@concho.com

From: Watson, Kyle [mailto:krwatson@winstead.com]
Sent: Monday, February 13, 2017 1:31 PM
To: Megan Flanagan; WReid@eeronline.com
Cc: marshall elmore
Subject: [External] FW: Phone Inquiry

Please see below. I made it very clear 3 months ago – back on November 17, 2016 – that Cherrie Watson and Ellington Darden should be included in the releases. This needs to be address immediately.

KRW

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, Texas 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

From: Watson, Kyle
Sent: Thursday, November 17, 2016 2:07 PM
To: 'Megan Flanagan'
Cc: marshall elmore
Subject: RE: Phone Inquiry

Thanks Megan. To be clear, I am inquiring on behalf my mother, Cherrie Watson, and Uncle, Ellington Darden, who are co-undivided interest owners with Elmore properties and should be included in any releases for the "Elmore leases" you reference below.

I look forward to hearing more from you or your legal group soon. Have a good day.

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, Texas 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

From: Megan Flanagan [mailto:MFlanagan@concho.com]
Sent: Thursday, November 17, 2016 1:10 PM
To: Watson, Kyle
Cc: marshall elmore
Subject: RE: Phone Inquiry

Kyle,

As of now the Release is still in the hands of our legal team. I will update you once they get to your Release and start working on it, but it could take some time. Due to the pugh clauses in the lease as well as the unit's subsequent reduction in size, I believe we are releasing Mr. Elmore's lease insofar as to the lands and depths outside of the Darden State 71-26 #1H well's new proration unit, equaling roughly 580 acres. The S/2 of Section 3, Block 71, PSL Survey has pughed out due to lack of production, as well as much of the leased acreage in Section 33, Block 71, PSL and some in the S/2 Section 26, Block 71, PSL Survey. We may need to have a surveyor go out there for the Release in order to accurately describe the portions of the lease that are active and which are not, but ultimately how the lands to be released are described in the Release is up to our legal team, so once they start working on this I may have a more definitive answer for you. I will keep you updated as I know more. I appreciate your continued patience.

Thanks,

Megan Flanagan
Landman
COG Operating LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701
(432)685-2588 (direct)
mflanagan@concho.com

From: Watson, Kyle [mailto:krwatson@winstead.com]
Sent: Thursday, November 17, 2016 10:02 AM
To: Megan Flanagan
Cc: marshall elmore
Subject: [External] RE: Phone Inquiry

Hi Megan. Can you update us on this? We would like to get this done as expeditiously as possible. Also, please confirm the amount of acreage being released.

Thank you very much for your help.

Best,
Kyle

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, Texas 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

From: Megan Flanagan [mailto:MFlanagan@concho.com]
Sent: Monday, November 14, 2016 2:38 PM
To: Watson, Kyle

Cc: marshall elmore
Subject: RE: Phone Inquiry

Good Afternoon,

I requested the Release of Oil and Gas Lease this morning. Concho requires our legal team to prepare all Releases so for now it is in the hands of Concho's legal department. Once the attorney assigned to your case has prepared the Release, they will send it to me and I will forward it on to you. I apologize for the "red tape", I will keep you and Mr. Elmore updated as I know more.

Thanks,

Megan Flanagan
Landman
COG Operating LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701
(432)685-2588 (direct)
mflanagan@concho.com

From: Watson, Kyle [mailto:krwatson@winstead.com]
Sent: Monday, November 14, 2016 11:28 AM
To: 'marshall elmore'; Megan Flanagan
Subject: [External] RE: Phone Inquiry

**** External email. Use caution. ****
Good morning, Megan. Do you have an update on this?

Thanks in advance.

Kind regards,
Kyle

Kyle R. Watson, Shareholder
Winstead PC | 24 Waterway Ave. | Suite 500 | The Woodlands, Texas 77380
281.681.5957 *direct* | 281.681.5901 *fax* | krwatson@winstead.com | www.winstead.com

From: marshall elmore [mailto:bubbaelmore@outlook.com]
Sent: Tuesday, November 08, 2016 10:01 AM
To: Megan Flanagan
Subject: Re: Phone Inquiry

Megan

Attached is paper work that was signed that reduced the original pool from 314 to 180 acres. My question is can we get a release on the 134 acres so that we can lease this in the future. Thanks.

Bubba Elmore

Marshall "Bubba" Elmore
P.O. Box 805
Willis, TX 77378
936-760-9484
bubbaelmore@outlook.com

From: Megan Flanagan <MFlanagan@concho.com>
Sent: Monday, October 31, 2016 5:11 PM
To: bubbaelmore@outlook.com
Subject: Phone Inquiry

Mr. Elmore,

I am a landman at Concho Resources LLC and am contacting you in regards to your phone call about needing a release. If you could give me the lessor, lessee, and legal description of the lands your lease covers that would be great, as well as any other pertinent details or specifics regarding how I may help you.

I look forward to hearing from you—please do not hesitate to email or call as needed.

Thanks,

Megan Flanagan
Landman
COG Operating LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701
(432)685-2588 (direct)
mflanagan@concho.com



CONFIDENTIALITY NOTICE: The information in this email may be confidential and/or privileged. If you are not the intended recipient or an authorized representative of the intended recipient, you are hereby notified that any review, dissemination or copying of this email and its attachments, if any, or the information contained herein, is prohibited. If you have received this email in error, please immediately notify the sender by return email and delete this email from your system. Thank you.

Information contained in this transmission is attorney privileged and confidential. It is intended for the use of the individual or entity named above. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copy of this communication is strictly prohibited. If you have received this communication in error, please immediately notify us by telephone.

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(28)

File No. MF108655

Reeves County

Email Correspondence

Date Filed: 14 Feb 2016

George P. Bush, Commissioner

By DBD

15:09:06 Tue Feb 14, 2017

*** OIL AND GAS W-2/G-1 RECORD *** INQUIRY

API #: 389 32585 SOURCE: RRC
DIST: 08 LSE/ID: 253047 WELL#: 1H TYPE: GAS CNTY: REEVES
FLD: TOYAH, NW (SHALE) LSE: DARDEN STATE 71-26
OPER: COG OPERATING LLC

COMPLETION: 06 03 2009 DRILLING PERMIT #: 675427
W2-G1: 07 20 2009 BUILT: 02 09 2010 R-37 EXCEP CASE #:
ATTACHMENTS: ON FILE WATER INJECT PERM #:
KEY 'S' TO VIEW ATTACH: _ SALT WATER DISP #:
DOCKET NUMBER:

DRILL COMPLETED: 04 06 2009 DIST W3 APPR DATE: MM DD YYYY
ELEVATION: 3029 GR
TOTAL DEPTH: 10694 WELLBORE PLUGGED:
PLUGBACK DEPTH:

LOCATION SEC: 26 BLK: 71 ABST: 5427
SUR: PSL

SUR/SECT: 001005 FT FROM N AND 001050 FT FROM E
NOTE=> REMARKS ON FILE FOR THIS DATE
* SCREEN OPTIONS: 12=FORM/SQZE 13=REMARKS 14=WATER 19=PERMITS/WELLIDS
* SELECT OPTION: __ (01=WBTM, 00=HELP, 21=DIST PLUG)
PRESS 'ENTER' FOR NEXT SCREEN

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division
PO Box 12967
Austin TX 78711-2967
www rrc.state.tx us

CERTIFICATE OF COMPLIANCE AND TRANSPORTATION AUTHORITY

READ INSTRUCTIONS ON BACK

P-4
5/02—WWW-1

1. Field name exactly as shown on proration schedule	2. Lease name as shown on proration schedule			
TOYAH, NW (SHALE)	DARDEN STATE 71-26			
3 Current operator name exactly as shown on P-5 Organization Report	4 Operator P-5 no	5 Oil Lse/Gas ID no	6 County	7. RRC district
~~SWEPI LP dba~~ Shell Western E&P	774719	253047	REEVES	08
8 Operator address including city, state, and zip code	9 Well no(s) *(see instruction E)*			
200 NORTH DAIRY ASHFORD HOUSTON, TX 77079	1H			
	10. Classification ☐ Oil ☒ Gas ☐ Other *(see instruction A)*		11. Effective Date	4/1/13

12 Purpose of Filing (Complete section a or b below.) *(See instructions B and G)*

a. Change of: ☐ operator ☐ oil or condensate gatherer ☒ gas gatherer ☒ gas purchaser ☐ gas purchaser system code
☐ field name from _____
☐ lease name from _____

OR

b. New RRC Number for: ☐ oil lease ☐ gas well ☐ other well (specify) _____ **Due to:** ☐ new completion or recompletion ☐ reclass oil to gas ☐ reclass gas to oil ☐ consolidation, unitization, or subdivision (oil lease only)

13 Authorized GAS WELL GAS or CASINGHEAD GAS Gatherer(s) and/or Purchaser(s) *(See instruction G)*

Gatherer	Purchaser	Name of GAS WELL GAS or CASINGHEAD GAS Gatherer(s) or Purchaser(s) As Indicated in Columns to the Left *(Attach an additional sheet in same format if more space is needed)*	Purchaser's RRC Assigned System Code	Percent of Take	Full-well stream
X		ACCESS MLP OPERATING, LLC ACCMO	0001	100	
	X	SOUTHERN UNION GAS SERVICES, LTD. SOUG	0001	100	

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RRC OF TEXAS
JUN 07 2013
O&G
AUSTIN TX

14 Authorized OIL or CONDENSATE Gatherer(s) *(See instruction G)*

Name of OIL or CONDENSATE Gatherer(s) - List Highest Volume Gatherer First *(Attach an additional sheet in same format if more space is needed)*	Percent of Take
SUNOCO PTNRS. MKTG. & TERMINALS, LP SUNOC	100

RRC USE ONLY
Reviewer's initials: DB
Approval date: 6/11/13

15. PREVIOUS OPERATOR CERTIFICATION FOR CHANGE OF OPERATOR P-4 FILING. Being the PREVIOUS OPERATOR, I certify that operating responsibility for the well(s) designated in this filing, located on the subject lease has been transferred in its entirety to the above named Current Operator I understand, as Previous Operator, that designation of the above named operator as Current Operator is not effective until this certificate is approved by the Commission.

Name of Previous Operator _____ Signature _____

Name (print) _____ ☐ **Authorized Employee of previous operator** ☐ **Authorized agent of previous operator** *(see instruction G)*

Title _____ Date _____ Phone with area code _____

16. CURRENT OPERATOR CERTIFICATION. By signing this certificate as the Current Operator, I certify that all statements on this form are true and correct and I acknowledge responsibility for the regulatory compliance of the subject lease including plugging of well(s) pursuant to Rule 14 I further acknowledge that I assume responsibility for the physical operation, control, and proper plugging of each well designated in this filing I also acknowledge that I will remain designated as the Current Operator until a new certificate designating a new Current Operator is approved by the Commission

Jeffrey Stevenson
Name (print)

Jeffrey Stevenson
Signature

Regulatory Asset Lead - Permian
Title

☒ **Authorized Employee of current operator** ☐ **Authorized agent of current operator** *(see instruction G)*

Jeff.Stevenson@Shell.com
E-mail Address (optional)

6/4/2013
Date

(713) 454-3197
Phone with area code

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division
PO Box 12967
Austin TX 78711-2967
www.rrc.state.tx.us

CERTIFICATE OF COMPLIANCE AND TRANSPORTATION AUTHOR

READ INSTRUCTIONS ON BACK

P-4
5/02
www-1

1. Field name exactly as shown on proration schedule	2. Lease name as shown on proration schedule			
Toyah, NW (Shale)	DARDEN STATE 71-26			
3. Current operator name exactly as shown on P-5 Organization Report	4. Operator P-5 no.	5. Oil Lse/Gas ID no.	6. County	7. RRC district
Shell Western E&P	774719	253047	Reeves	08
8. Operator address including city, state, and zip code	9. Well no(s) *(see instruction E)*			
150 N. Dairy Ashford Houston, Texas 77079	1H			
	10. Classification ☐ Oil ☒ Gas ☐ Other *(see instruction A)*		11. Effective Date 4/1/13	

12. Purpose of Filing. (Complete section a or b below.) *(See instructions B and G)*

a. **Change of:** ☐ operator ☒ oil or condensate gatherer ☐ gas gatherer ☐ gas purchaser ☐ gas purchaser system code
☐ field name from. _____
OR ☐ lease name from: _____

b. **New RRC Number for:** ☐ oil lease ☐ gas well ☐ other well (specify)_____ **Due to:** ☐ new completion or recompletion ☐ reclass oil to gas ☐ reclass gas to oil ☐ consolidation, unitization, or subdivision (oil lease only)

13. Authorized GAS WELL GAS or CASINGHEAD GAS Gatherer(s) and/or Purchaser(s). *(See instruction G)*

Gatherer	Purchaser	Name of GAS WELL GAS or CASINGHEAD GAS Gatherer(s) or Purchaser(s) As Indicated in Columns to the Left *(Attach an additional sheet in same format if more space is needed)*	Purchaser's RRC Assigned System Code	Percent of Take	Full-well stream
X		Access MLP Operating, LLC	0001	100	
	X	Southern Union Gas Services, Ltd	0001	100	

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AUG 19 2013
OIL & GAS WELL COMPLIANCE
AUSTIN, TX

14. Authorized OIL or CONDENSATE Gatherer(s). *(See instruction G)*

Name of OIL or CONDENSATE Gatherer(s) - List Highest Volume Gatherer First *(Attach an additional sheet in same format if more space is needed)*	Percent of Take
Sunoco Ptnrs, Mktg & Terminals, LP	50
Eastex Crude Company	50

RRC USE ONLY
Reviewer's initials: DB
Approval date: 8/21/13

15. PREVIOUS OPERATOR CERTIFICATION FOR CHANGE OF OPERATOR P-4 FILING. Being the PREVIOUS OPERATOR, I certify that operating responsibility for the well(s) designated in this filing, located on the subject lease has been transferred in its entirety to the above named Current Operator. I understand, as Previous Operator, that designation of the above named operator as Current Operator is not effective until this certificate is approved by the Commission.

Name of Previous Operator _____ Signature _____

Name (print) _____ ☐ Authorized Employee of previous operator ☐ Authorized agent of previous operator *(see instruction G)*

Title _____ Date _____ Phone with area code _____

16. CURRENT OPERATOR CERTIFICATION. By signing this certificate as the Current Operator, I certify that all statements on this form are true and correct and I acknowledge responsibility for the regulatory compliance of the subject lease including plugging of well(s) pursuant to Rule 14. I further acknowledge that I assume responsibility for the physical operation, control, and proper plugging of each well designated in this filing. I also acknowledge that I will remain designated as the Current Operator until a new certificate designating a new Current Operator is approved by the Commission.

Jeffrey Stevenson _____

Name (print) Signature

Environmental and Regulatory Asset Lead

Title ☒ Authorized Employee of current operator ☐ Authorized agent of current operator *(see instruction G)*

jeff.stevenson@shell.com 8/14/2013 832-337-0694

E-mail Address (optional) Date Phone with area code

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division
PO Box 12967
Austin TX 78711-2967
www.rrc state tx us

CERTIFICATE OF COMPLIANCE AND TRANSPORTATION AUTHORITY

READ INSTRUCTIONS ON BACK

P-4
5/02—WWW-1

1. Field name exactly as shown on proration schedule	2. Lease name as shown on proration schedule			
Toyah, NW (Shale)	Darden State 71-26			
3. Current operator name exactly as shown on P-5 Organization Report	4. Operator P-5 no	5. Oil Lse/Gas ID no	6. County	7 RRC district
Shell Western E&P	774719	253047	Reeves	08
8. Operator address including city, state, and zip code	9. Well no(s) *(see instruction E)*			
200 North Dairy Ashford Houston, Texas 77079	1H			
	10 Classification ☐ Oil ☒ Gas ☐ Other *(see instruction A)*		11. Effective Date	10/01/12

12 Purpose of Filing (Complete section a or b below) *(See instructions B and G)*

a. Change of: ☒ operator ☐ oil or condensate gatherer ☐ gas gatherer ☐ gas purchaser ☐ gas purchaser system code
☐ field name from: _____
☐ lease name from: _____

OR

b. New RRC Number for: ☐ oil lease ☐ gas well ☐ other well (specify)_____ **Due to:** ☐ new completion or recompletion ☐ reclass oil to gas ☐ reclass gas to oil ☐ consolidation, unitization, or subdivision (oil lease only)

13 Authorized GAS WELL GAS or CASINGHEAD GAS Gatherer(s) and/or Purchaser(s) *(See instruction G)*

Gatherer	Purchaser	Name of GAS WELL GAS or CASINGHEAD GAS Gatherer(s) or Purchaser(s) As Indicated in Columns to the Left *(Attach an additional sheet in same format if more space is needed)*	Purchaser's RRC Assigned System Code	Percent of Take	Full-well stream
	X	CHESAPEAKE ENERGY MARKETING, INC.	0001	100	

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RRC OF TEXAS
OCT 29 2012
OIL & GAS WELL COMPLIANCE
AUSTIN, TX

14. Authorized OIL or CONDENSATE Gatherer(s) *(See instruction G)*

Name of OIL or CONDENSATE Gatherer(s) - List Highest Volume Gatherer First *(Attach an additional sheet in same format if more space is needed)*	Percent of Take
SUNOCO PTNRS. MKTG. & TERMINALS LP	100

RRC USE ONLY
Reviewer's initials: CL
Approval date: 3/29/13

15. PREVIOUS OPERATOR CERTIFICATION FOR CHANGE OF OPERATOR P-4 FILING. Being the PREVIOUS OPERATOR, I certify that operating responsibility for the well(s) designated in this filing, located on the subject lease has been transferred in its entirety to the above named Current Operator I understand, as Previous Operator, that designation of the above named operator as Current Operator is not effective until this certificate is approved by the Commission

Chesapeake Operating, Inc.
Name of Previous Operator

Signature

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RRC OF TEXAS
MAR 14 2013
O&G
AUSTIN TX

Douglas J. Jacobson
Name (print)

☒ **Authorized Employee of previous operator** ☐ **Authorized agent of previous operator** *(see instruction G)*

Executive Vice President - A & D
Title

10/29/12
Date

(405) 935-8000
Phone with area code

16. CURRENT OPERATOR CERTIFICATION. By signing this certificate as the Current Operator, I certify that all statements on this form are true and correct and I acknowledge responsibility for the regulatory compliance of the subject lease including plugging of well(s) pursuant to Rule 14 I further acknowledge that I assume responsibility for the physical operation, control, and proper plugging of each well designated in this filing. I also acknowledge that I will remain designated as the Current Operator until a new certificate designating a new Current Operator is approved by the Commission.

Sandy Sodersten
Name (print)

Signature

Vice President Onshore Gas
Title

☒ **Authorized Employee of current operator** ☐ **Authorized agent of current operator** *(see instruction G)*

9/26/12
Date

(281) 544-3744
Phone with area code

E-mail Address (optional)

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

PN 625175

BARRY T. SMITHERMAN, CHAIRMAN
DAVID PORTER, COMMISSIONER

GIL BUJANO, P.E.
ACTING DIRECTOR, O&G DIVISION

1701 N. CONGRESS — CAPITOL STATION - P.O. BOX 12967 AUSTIN, TEXAS 78711-2967

April 1, 2012

DIST: 08 REEVES API NO. 389-32585
DARDEN STATE 71-26 WELL NO. 1H
CHESAPEAKE OPERATING, INC.
TOYAH, NW (SHALE)
RRCID NO. 253047

RECEIVED
RRC OF TEXAS
APR 20 2012
OIL & GAS DIVISION
AUSTIN, TX

Dear Operator:

The final period of confidentiality for the log on the above property is due to expire at the end of this month. Under the provisions of Statewide Rule 16, the log must be submitted to the Railroad Commission by the expiration date. Failure to do so will result in your allowable being cancelled and/or penalty action pursuant to Title 3 of the Texas Natural Resource Code.

Please complete the bottom portion of this letter and return this letter with the log to the above address to the attention of Central Records. If you have any questions, contact Mike Partridge at (512) 463-6867 or Mike.Partridge@rrc.state.tx.us.

MIKE PARTRIDGE
ADMINISTRATION DIVISION

COMPLETE THE FOLLOWING AND RETURN THIS LETTER WITH THE LOG

	from	to	from	to
Log Interval(s):	1930'	9547'	1930'	9529'

Company/lease name if different from that above:

- - - -

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division
PO Box 12967
Austin TX 78711-2967
www.rrc.state.tx.us

CERTIFICATE OF COMPLIANCE AND TRANSPORTATION AUTHORITY

READ INSTRUCTIONS ON BACK

P-4
5/02
DBC0702

1. Field name exactly as shown on proration schedule	2. Lease name as shown on proration schedule			
TOYAH, NW (SHALE)	DARDEN STATE 71-26			
3. Current operator name exactly as shown on P-5 Organization Report	4. Operator P-5 no.	5. Oil Lse/Gas ID no.	6. County	7. RRC district
CHESAPEAKE OPERATING INC	147715	253047	REEVES	08
8. Operator address including city, state, and zip code	9. Well no(s) *(see instruction E)*			
PO BOX 18496 OKLAHOMA CITY, OK 73154	1H			
	10. Classification ☐ Oil ☒ Gas ☐ Other *(see instruction A)*		11. Effective Date 06/03/2009	

12. Purpose of Filing. (Complete section a or b below.) *(See instruction B and G)*

a. **Change of:** ☐ operator ☐ oil or condensate gatherer ☐ gas gatherer ☐ gas purchaser ☐ gas purchaser system code
☐ field name from _____
☐ lease name from: _____
..... **OR** .....

b. **New RRC Number for:** ☐ oil lease ☒ gas well ☐ other well (specify)_____ **Due to:** ☒ new completion or recompletion ☐ reclass oil to gas ☐ reclass gas to oil ☐ consolidation, unitization, or subdivision (oil lease only)

13. Authorized GAS WELL GAS or CASINGHEAD GAS Gatherers and/or Purchaser(s) *(See instruction G).*

Gatherer	Purchaser	Name of GAS WELL GAS or CASINGHEAD GAS Gatherer(s) or Purchaser(s) As Indicated in Columns to the Left *(Attach an additional sheet in same format if more space is needed)*	Purchaser's RRC Assigned System Code	Percent of Take	Full-well stream
X	X	CHESAPEAKE ENERGY MARKETING INC	0001	100	

14. Authorized OIL or CONDENSATE Gatherer(s). *(See instruction G)*

Name of OIL or CONDENSATE Gatherer(s) - List Highest Volume Gatherer First *(Attach an additional sheet in same format if more space is needed)*	Percent of Take
PLAINS MARKETING, LP	100

RRC USE ONLY
Reviewer's initials. mm
Approval date: 12/2/09

15. PREVIOUS OPERATOR CERTIFICATION FOR CHANGE OF OPERATOR P-4 FILING. Being the PREVIOUS OPERATOR, I certify that operating responsibility for the well(s) designated in this filing, located on the subject lease has been transferred in its entirety to the above named Current Operator. I understand, as Previous Operator, that designation of the above named operator as Current Operator is not effective until this certificate is approved by the Commission.

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MIDLAND

Name of Previous Operator _____ Signature _____

Name (print) _____ ☐ Authorized Employee of previous operator ☐ Authorized agent of previous operator *(see instruction G)*

Title _____ Date _____ Phone with area code _____

16. CURRENT OPERATOR CERTIFICATION. By signing this certificate as the Current Operator, I certify that all statements on this form are true and correct and I acknowledge responsibility for the regulatory compliance of the subject lease including plugging of well(s) pursuant to Rule 14. I further acknowledge that I assume responsibility for the physical operation, control, and proper plugging of each well designated in this filing. I also acknowledge that I will remain designated as the Current Operator until a new certificate designating a new Current Operator is approved by the Commission.

LINDSEY HILL — Name (print)
Lindsey Hill — Signature
REG. COMP. SPECIALIST — Title
☒ Authorized Employee of current operator ☐ Authorized agent of current operator *(see instruction G)*
06/11/2009 — Date
(405)935-8323 — Phone with area code
E-mail Address (optional)

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

625175

VICTOR G. CARRILLO, CHAIRMAN
ELIZABETH A. JONES, COMMISSIONER
MICHAEL L. WILLIAMS, COMMISSIONER

TOMMIE SEITZ
DIRECTOR, OIL AND GAS DIVISION
DORSEY V. TWIDWELL JR.
ASST.DIRECTOR, ADMN.COMPLIANCE

1701 N. CONGRESS CAPITOL STATION - P.O. BOX 12967 AUSTIN, TEXAS 78711-2967

April 1, 2010

DIST: 08 REEVES API NO. 389-32585
DARDEN STATE 71-26 WELL NO. 1H
CHESAPEAKE OPERATING, INC.
TOYAH, NW (SHALE)
RRCID NO. 253047

Dear Operator:

Our records indicate that you requested confidentiality for the basic electric log on the above property. The period of confidentiality is due to expire at the end of this month.

In accordance with Statewide Rule 16, the basic electric log or a request for an extension of two years additional confidentiality must be submitted by the expiration date. Failure to do so will result in your allowable being cancelled and/or penalty action pursuant to Title 3 of the Texas Natural Resources Code.

Please complete the bottom portion and return this letter with the log or as your request for an extension of confidentiality to the above address to the attention of Central Records. If you have any questions, contact Mike Partridge at (512) 463-1825 or Mike.Partridge@rrc.state.tx.us.

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APR 1[illegible] 2010
AUSTIN TX
O&G

MIKE PARTRIDGE
ADMINISTRATION DIVISION

Return to Central Records

Log Interval(s): from to from to

_____ _____ _____ _____

CHECK AS APPROPRIATE

X Two-Year Extension of Confidentiality Requested

__ Basic Electric Log Attached

Company/Lease name on log if different from that above:

_____.

* General 1st Renewal Notice (On-shore/Offshore)

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division
PO Box 12967
Austin TX 78711-2967
www.rrc state tx.us

CERTIFICATE OF COMPLIANCE AND TRANSPORTATION AUTHORITY

READ INSTRUCTIONS ON BACK

P-4
5/02
DBC0702

1. Field name exactly as shown on proration schedule	2. Lease name as shown on proration schedule			
TOYAH, NW (SHALE)	DARDEN STATE 71-26			
3 Current operator name exactly as shown on P-5 Organization Report	4 Operator P-5 no.	5 Oil Lse/Gas ID no.	6. County	7. RRC district
CHESAPEAKE OPERATING, INC.	147715	253047	REEVES	08
8. Operator address including city, state, and zip code	9 Well no(s) *(see instruction E)*			
P. O. BOX 18496 OKLAHOMA CITY, OK 73154-0496	1H			
	10. Classification ☐ Oil ☒ Gas ☐ Other *(see instruction A)*		11. Effective Date	
			06/03/2009	

12. Purpose of Filing. (Complete section a or b below.) *(See instruction B and G)*

a. Change of: ☐ operator ☒ oil or condensate gatherer ☐ gas gatherer ☐ gas purchaser ☐ gas purchaser system code
☐ field name from _____
☐ lease name from. _____
OR

b. New RRC Number for: ☐ oil lease ☐ gas well **Due to:** ☐ new completion or recompletion ☐ reclass oil to gas ☐ reclass gas to oil
☐ other well (specify)_____ ☐ consolidation, unitization, or subdivision (oil lease only)

13. Authorized GAS WELL GAS or CASINGHEAD GAS Gatherers and/or Purchaser(s). *(See instruction G)*

Gatherer	Purchaser	Name of GAS WELL GAS or CASINGHEAD GAS Gatherer(s) or Purchaser(s) As Indicated in Columns to the Left *(Attach an additional sheet in same format if more space is needed)*	Purchaser's RRC Assigned System Code	Percent of Take	Full-well stream
X	X	CHESAPEAKE ENERGY MARKETING, INC.	0001	100	

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AUSTIN TX

14. Authorized OIL or CONDENSATE Gatherer(s). *(See instruction G)*

Name of OIL or CONDENSATE Gatherer(s) - List Highest Volume Gatherer First *(Attach an additional sheet in same format if more space is needed)*	Percent of Take
EASTEX CRUDE CO.	100

RRC USE ONLY
Reviewer's initials: fmc
Approval date: 7/23/10

15. PREVIOUS OPERATOR CERTIFICATION FOR CHANGE OF OPERATOR P-4 FILING. Being the PREVIOUS OPERATOR, I certify that operating responsibility for the well(s) designated in this filing, located on the subject lease has been transferred in its entirety to the above named Current Operator. I understand, as Previous Operator, that designation of the above named operator as Current Operator is not effective until this certificate is approved by the Commission.

Name of Previous Operator _____ Signature _____

Name (print) _____ ☐ Authorized Employee of previous operator ☐ Authorized agent of previous operator *(see instruction G)*

Title _____ Date _____ Phone with area code _____

16. CURRENT OPERATOR CERTIFICATION. By signing this certificate as the Current Operator, I certify that all statements on this form are true and correct and I acknowledge responsibility for the regulatory compliance of the subject lease including plugging of well(s) pursuant to Rule 14 I further acknowledge that I assume responsibility for the physical operation, control, and proper plugging of each well designated in this filing. I also acknowledge that I will remain designated as the Current Operator until a new certificate designating a new Current Operator is approved by the Commission.

BARBARA J. BALE — Barbara J Bale
Name (print) — Signature

SR. REGULATORY ANALYST — ☒ Authorized Employee of current operator ☐ Authorized agent of current operator *(see instruction G)*
Title

bbale@chkenergy.com — 07/21/2010 — (405)935-9112
E-mail Address (optional) — Date — Phone with area code

dist 08 Id #253047

389-32505

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

STATEMENT OF PRODUCTIVITY OF ACREAGE ASSIGNED TO PRORATION UNITS

The undersigned states that he is authorized to make this statement; that he has knowledge of the facts concerning the Chesapeake Operating, Inc. (OPERATOR), Darden State 71-26 (LEASE) 253047, No. 1H (WELL); that such well is completed in the Toyah (NW Shale) Field, Reeves County, Texas and that the acreage claimed, and assigned to such well for proration purposes as authorized by special rule and as shown on the attached certified plat embraces ~~640.00~~ 632 acres which can reasonably be considered to be productive of hydrocarbons.

- CERTIFICATE -

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

Date 05/05/2010 Signature Barbara J. Bale

Telephone (AREA CODE) (405) 935-9112 Title Sr. Regulatory Analyst

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~~* 592 max acres for 5/11/10~~

Max acres recalculated (see attached letter) EDL = 3200', Max acres = 632

625175
Revised Plat

TOPOGRAPHIC

SURVEYING • MAPPING • GIS • GPS
2903 N. BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 (800) 767-1653 • FAX (432) 682-1743

"AS-DRILLED"

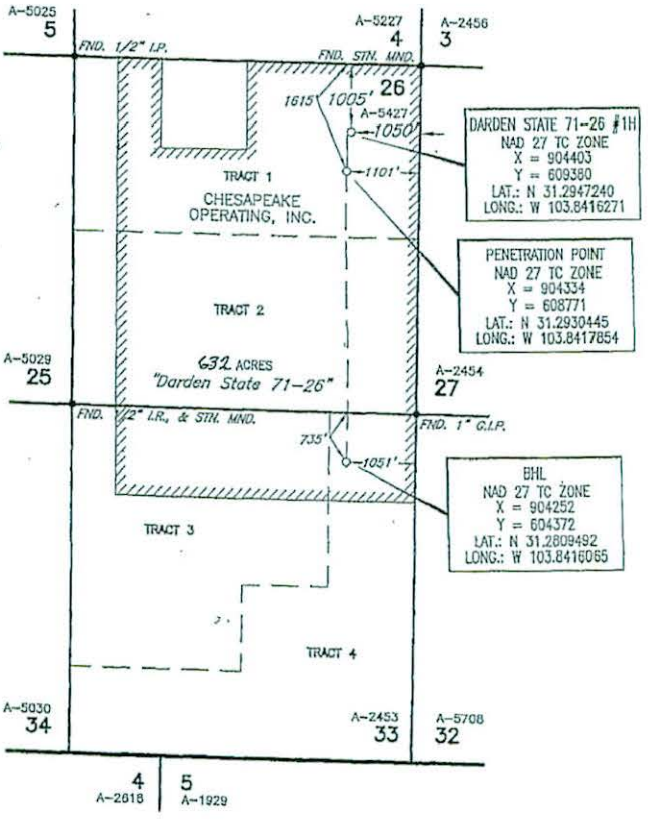
REEVES County, Texas
Description SHL= 1005' FNL & 1050' FEL (SEC. 26)
BHL= 735' FNL & 1051' FEL (SEC. 33)

SECTION 26, BLOCK 71, PUBLIC SCHOOL LAND, A-5427

NAD 27 GRID BEARINGS

TOTAL LATERAL LENGTH: 5086.8'
SECTION 26: 4351.7'
SECTION 33: 735.1'
TRACT 1: 1711.0'
TRACT 2: 2640.6'
TRACT 3: 735.1'

RECEIVED
RRC OF TEXAS
JUN 30 2010
O&G
AUSTIN TX



AS-DRILLED INFORMATION PROVIDED BY CHESAPEAKE OPERATING, INC.
SCALE: 1" = 2000'
0' 1000' 2000'

This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us. This plat does not in any way represents a "Boundary Survey", and does not comply with correct T.B.P.L.S. Minimum Standards of Procedures for Boundary Surveys. Lease is shown as the west half of the section and does not agree with the occupied line.

Operator Chesapeake OPERATING, INC. Date Staked OCTOBER 1, 2008

Lease Name & Well No. DARDEN STATE 71-26 #1H Ground Elev. 3029'

Topography & Vegetation LOW BRUSH

Nearest Town in County ±3.8 MILES NORTHWEST OF KENT, TEXAS

Driving Directions FROM THE JUNCTION OF HWY. 2903 & COUNTY ROAD 225, GO WEST 3.0 MILES ON HWY. 225 3.0 MILES TO LEASE ROAD, THENCE SOUTH 1.5 MILES ON LEASE ROAD TO A POINT 1.3 MILES WEST OF LOCATION.

STATE OF TEXAS REGISTERED ROBERT JAMES OVERTON JR. 5916 PROFESSIONAL LAND SURVEYOR

CERTIFICATION:

I, Robert J. Overton, Jr., a Registered Professional Land Surveyor, and an authorized agent of Topographic Land Surveyors, do hereby certify that in my professional opinion the above described well location was surveyed and staked on the ground as shown. *This plat is for Texas Railroad Commission permitting only.*

Robert J. Overton Jr.

Texas Reg. No. 5916

Invoice # 149367/578SE
L.A.S.
REVISED: 3/22/10; EUO

Chesapeake ENERGY

Regulatory Department

June 28, 2010

Mr. Scott Rosenquist
Oil & Gas Division of TRRC
P. O. Box 12967, Capitol Station
Austin, TX 78711-2967

RE: Darden State 7I-26- #1H, Reeves Co., TX
ID # 253047

Dear Scott:

Pursuant to our conversation, attached please find a plat for this well showing a unit area of 632 acres. I appreciate your help in getting the maximum acreage corrected to this number. Should you have any questions, please call me at the number given below.

Sincerely,

Chris McClaine

Landman - Rockies/Permian
Chesapeake Energy Corporation
Phone (405) 935-4808
E-mail: chris.mcclaine@chk.com

Copy: Lisa Eddins, Austin
Central File; E-Well

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RRC OF TEXAS
JUN 30 2010
O&G
AUSTIN TX

625175 - Revised Plat

TOPOGRAPHIC

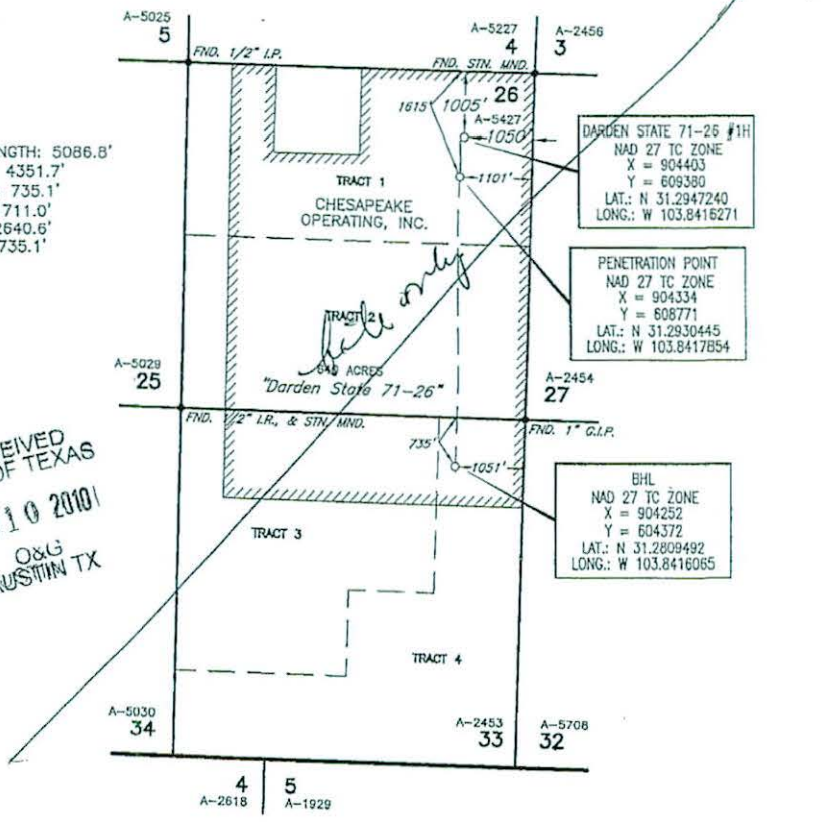
SURVEYING • MAPPING • GIS • GPS
2903 N. BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 (800) 767-1653 • FAX (432) 682-1743

"AS-DRILLED"

REEVES County, Texas
Description SHL= 1005' FNL & 1050' FEL (SEC. 26)
BHL= 735' FNL & 1051' FEL (SEC. 33)

SECTION 26, BLOCK 71, PUBLIC SCHOOL LAND, A-5427

TOTAL LATERAL LENGTH: 5086.8'
SECTION 26: 4351.7'
SECTION 33: 735.1'
TRACT 1: 1711.0'
TRACT 2: 2640.6'
TRACT 2: 735.1'



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RRC OF TEXAS
MAY 10 2010
O&G
AUSTIN TX

AS-DRILLED INFORMATION PROVIDED BY CHESAPEAKE OPERATING, INC.
SCALE: 1" = 2000'
0' 1000' 2000'

This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us. This plat does not in any way represents a "Boundary Survey", and does not comply with correct T.B.P.L.S. Minimum Standards of Procedures for Boundary Surveys. Lease is shown as the west half of the section and does not agree with the occupied line.

Operator Chesapeake OPERATING, INC.

Date Staked OCTOBER 1, 2008

Lease Name & Well No. DARDEN STATE 71-26 #1H Ground Elev. 3029'

Topography & Vegetation LOW BRUSH

Nearest Town in County ±3.8 MILES NORTHWEST OF KENT, TEXAS

Driving Directions FROM THE JUNCTION OF HWY. 2903 & COUNTY ROAD 225, GO WEST 3.0 MILES ON HWY. 225 3.0 MILES TO LEASE ROAD, THENCE SOUTH 1.5 MILES ON LEASE ROAD TO A POINT 1.3 MILES WEST OF LOCATION.

STATE OF TEXAS
REGISTERED
ROBERT JAMES OVERTON JR.
5916
PROFESSIONAL
LAND SURVEYOR

Invoice # 149367/578SE
L.A.S.
REVISED: 3/22/10; EVO

CERTIFICATION:

I, Robert J. Overton, Jr., a Registered Professional Land Surveyor, and an authorized agent of Topographic Land Surveyors, do hereby certify that in my professional opinion the above described well location was surveyed and staked on the ground as shown. *This plat is for Texas Railroad Commission permitting only.*

Robert J. Overton Jr.

Texas Reg. No. 5916

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division
PO Box 12967
Austin TX 78711-2967
www.rrc.state.tx.us

CERTIFICATE OF COMPLIANCE AND TRANSPORTATION AUTHORITY

READ INSTRUCTIONS ON BACK

P-4
5/02
DBC0702

1. Field name exactly as shown on proration schedule	2. Lease name as shown on proration schedule			
Toyah, NW (Shale)	Darden State 71-26			
3. Current operator name exactly as shown on P-5 Organization Report	4. Operator P-5 no.	5. Oil Lse/Gas ID no.	6. County	7. RRC district
COG Operating LLC	166150	253047	Reeves	08
8. Operator address including city, state, and zip code	9. Well no(s) *(see instruction E)*			
600 W Illinois Midland, TX 79701	1H			
	10. Classification ☐ Oil ☒ Gas ☐ Other *(see instruction A)*		11. Effective Date	01/01/2015

12. Purpose of Filing. (Complete section a or b below.) *(See instruction B and G)*

a. **Change of:** ☒ operator ☐ oil or condensate gatherer ☐ gas gatherer ☐ gas purchaser ☐ gas purchaser system code
☐ field name from: _____
OR ☐ lease name from: _____

b. **New RRC Number for:** ☐ oil lease ☐ gas well ☐ other well (specify)_____ **Due to:** ☐ new completion or recompletion ☐ reclass oil to gas ☐ reclass gas to oil ☐ consolidation, unitization, or subdivision (oil lease only)

13. Authorized GAS WELL GAS or CASINGHEAD GAS Gatherers and/or Purchaser(s). *(See instruction G).*

Gatherer	Purchaser	Name of GAS WELL GAS or CASINGHEAD GAS Gatherer(s) or Purchaser(s) As Indicated in Columns to the Left *(Attach an additional sheet in same format if more space is needed)*	Purchaser's RRC Assigned System Code	Percent of Take	Full-well stream
X		Access MLP Operating, L.L.C. (003389)	0001	100	
	X	Regency Field Services LLC (698769)	0001	100	

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JAN 05 2015
OIL & GAS WELL COMPLIANCE
AUSTIN, TX

14. Authorized OIL or CONDENSATE Gatherer(s). *(See instruction G)*

Name of OIL or CONDENSATE Gatherer(s) - List Highest Volume Gatherer First *(Attach an additional sheet in same format if more space is needed)*	Percent of Take
Sunoco Ptnrs. Mktg.&Terminals LP (829626	50
Eastex Crude Company (239232)	50

RRC USE ONLY
Reviewer's initials: _____
Approval date: 1/15/15

15. PREVIOUS OPERATOR CERTIFICATION FOR CHANGE OF OPERATOR P-4 FILING. Being the PREVIOUS OPERATOR, I certify that operating responsibility for the well(s) designated in this filing, located on the subject lease has been transferred in its entirety to the above named Current Operator. I understand, as Previous Operator, that designation of the above named operator as Current Operator is not effective until this certificate is approved by the Commission.

Shell Western E&P — Name of Previous Operator
Bruce Palfreyman — Signature
Bruce Palfreyman — Name (print)
☒ Authorized Employee of previous operator ☐ Authorized agent of previous operator *(see instruction G)*
Vice President - Unconventionals — Title
12/15/2014 — Date
(832)337-3423 — Phone with area code

16. CURRENT OPERATOR CERTIFICATION. By signing this certificate as the Current Operator, I certify that all statements on this form are true and correct and I acknowledge responsibility for the regulatory compliance of the subject lease including plugging of well(s) pursuant to Rule 14. I further acknowledge that I assume responsibility for the physical operation, control, and proper plugging of each well designated in this filing. I also acknowledge that I will remain designated as the Current Operator until a new certificate designating a new Current Operator is approved by the Commission.

Clay Bateman — Name (print)
Clay Bateman — Signature
Vice President of Texas — Title
☒ Authorized Employee of current operator ☐ Authorized agent of current operator *(see instruction G)*
_____ — E-mail Address (optional)
12/15/2014 — Date
(432)683-7443 — Phone with area code

TCEQ Letter Date: 11-24-08
TCEQ Depths: 1150-1400-1775
SWR 13 Exc. Date:
Surface Csg Depth: 1930
DV Depth:

Type or print only
483-047

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Form G-1
Rev. 4/1/83

API No. 42- 389-32585

7. RRC District No. 8

8. RRC Gas ID No. 253047

Gas Well Back Pressure Test, Completion or Recompletion Report and Log

1. FIELD NAME (as per RRC Records or Wildcat): Toyah (NW Shale)
2. LEASE NAME: Darden State 71-26
9. Well No.: 1H
3. OPERATOR'S NAME (Exactly as shown on Form P-5, Organization Report): Chesapeake Operating, Inc.
RRC Operator No.: 147715
10. County of well site: Reeves
4. ADDRESS: 6100 N. Western, Oklahoma City, OK 73118
11. Purpose of filing: Initial Potential [X]; Retest [ ]; Reclass [ ]; Well record only (Explain in remarks) [ ]
5. Location (Section, Block, and Survey): SEC 26, BLK 71, PSL SVY
5b. Distance and direction to nearest town in this county.: 38m NW from Kent
6. If operator has changed within last 60 days, name former operator
12. If workover or reclass, give former field (with reservoir) & Gas ID or oil lease no.

FIELD & RESERVOIR	GAS ID or OIL LEASE #	Oil - O Gas - G	WELL #

13. Pipe Line Connection: CEMI
14. Completion or recompletion date: 10/3/09
15. Any condensate on hand at time of workover or recompletion? [ ] Yes [ ] No
16. Type of Electric or other Log Run.: DL/SGR/CS/ITT/CN/PD

Section I — GAS MEASUREMENT DATA

Date of Test: 06/08 - 06/11/09
Gas Measurement Method (Check One): Orifice Meter [X] Flange Taps / Pipe Taps [X] Positive Choke [ ] Orifice Vent Meter [ ] Pitot Tube [ ] Critical-flow Prover [ ]
Gas produced during test: 18396 MCF

Run No.	Line Size	Orif or Choke Size	24 Hr. Coeff. Orif or Choke	Static P_m or Choke Press	Diff. h_w	Flow Temp. °F	Temp. Factor F_{tf}	Gravity Factor F_g	Compress Factor F_{pv}	Gas Rate MCF / DAY
1	3.068	2.125	32788.12	117	347.86	74	0.9868	0.9325	1.0089	6132
2										
3										
4										

Section II — FIELD DATA AND PRESSURE CALCULATIONS

Gravity (Dry Gas)	Gravity Liquid Hydrocarbon	Gas-Liquid Hydrocarbon Ratio	Gravity of Mixture	Avg. Shut-In Temp.	Bottom Hole Temp.
0.6900	59.72 Deg. API	468,092 CF/Bbl	G_{mix} = 0.6956	145 °F	217 °F @ 10694 ft (TVD)

$(D_{eff})^{8/3}$ = 64.762
$\sqrt{T_f} = \sqrt{622} =$ 24.94
$\sqrt{GL} = \sqrt{9040.713} =$ 95.083

$C = \frac{1118 \times (D_{eff})^{8/3}}{\sqrt{T}} = 1118 \times 64.762 / 24.94 = 2903.133$

$\frac{\sqrt{GL}}{C} =$ 95.083 / 2903.133 = 0.0328

Run No.	Time of Run Minutes	Choke Size	Wellhead Press. PSIA P_w	Wellhead Flow Temp. °F	P_w^2 (Thousands)	R	R^2 (Thousands)	P_1	P_w / P_1
Shut-In	24 hrs	SI	4295	74	18447.0	0.0	0.0000	4295	1.0000
1	4320	27/64	2000	107	4000.0	201.1	40.4531	4295	0.9950
2									
3									
4									

Run No.	F	K	$S = \frac{1}{z}$	E^{ks}	P_f and P_s	P_f^2 and P_s^2 (Thousands)	$P_f^2 - P_s^2$ (Thousands)
Shut-In	1.0000	0.2305	1.0350	1.2694	5452	29724	
1	0.9975	0.2237	1.1910	1.3052	2623	6880	22844
2							
3							
4							

Angle of Slope: Θ = 45.00°
n = 1.0000
Absolute Open Flow: 7,979 MCF / DAY

RECEIVED
RRC OF TEXAS
NOV 04 2009
O&G
AUSTIN TX

RECEIVED
RRC OF TEXAS
JUL 20 2009
O&G
MIDLAND

RECEIVED
RRC OF TEXAS
2010
CENTRAL RECORDS
FEB 11 2010
AUSTIN, TEXAS

WELL TESTER'S CERTIFICATION: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I conducted or supervised this test and that data and facts shown in Sections I and II above are true, correct, and complete, to the best of my knowledge. Bottomhole temperature and the diameter and length of flow string were furnished by the operator of the well.

Signature: Well Tester: Hong McNeely
Name of Company: FESCO, Ltd.
RRC Representative: Debbie Gallegos

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 I prepared or supervised and directed this report, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Signature: Operator's representative: Lindsay Hill Melott
Title: Reg. Comp. Spec.
Date: 07/10/09
Tel: (405) 935-8323
Area Code / Number

Section III — DATA ON WELL COMPLETION AND LOG (Not Required on Retest)

VALID PERMIT
DEC 02 2008

17. Type of Completion: New Well [X] Deepening [ ] Plug Back [ ] Other [ ]

18. Permit to Drill, Plug Back or Deepen — DATE 11/26/08 — PERMIT NO. 675427
Rule 37 Exception — CASE NO.
Water Injection Permit — PERMIT NO.
Salt Water Disposal Permit — PERMIT NO.
Other — PERMIT NO.

19. Notice of Intention to Drill this well was filed in the Name of: Chesapeake Operating Inc.

20. Number of producing wells on this lease in this field (reservoir) including this well: 1

21. Total number of acres in this lease: 1280

22. Date Plug Back, Deepening, WorkOver or Drilling Operations: Commenced 12/18/09 — Completed 1/4/09

23. Distance to nearest well, Same Lease & Reservoir: N/A

Job # 09-407

24. Location of well, relative to nearest lease boundaries of lease on which this well is located: 1005 Feet From North Line and 1050 Feet From East Line of the Darden State 71-26 Lease

25. Elevation (DF, RKB, RT, GR, ETC.): GR: 3029'

26. Was directional survey made other than inclination (Form W-12)? [X] Yes [ ] No

27. Top of Pay: 10259'

28. Total Depth: 15850 MD / 10094 TVD

29. P. B. Depth: ~~15707'~~

30. Surface Casing Determined by: Field Rules [ ] — Recommendation of T.D.W.R. [X] — Dt. of Letter 11/24/08; Railroad Commission (Special) [ ] — Dt. of Letter

31. Is well multiple completion? [ ] Yes [X] No

32. If multiple completion, list all reservoir names (completions in this well) and Oil Lease or Gas ID No.

FIELD & RESERVOIR	GAS ID or OIL LEASE #	Oil-O Gas-G	Well #

33. Intervals Drilled by: Rotary Tools X — Cable Tools

34. Name of Drilling Contractor: Trinidad 107

35. Is Cementing Affidavit Attached? [X] Yes [ ] No

36. 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.
13-3/8"	61	1930'		2150 C	17-1/2"	surface	3027'
9-5/8"	47	9562'		954 H	12-1/4"	4190'	1711'
5-1/2"	20	15850'		1540 H	8-1/2"	8000'	2144'

37. LINER RECORD

Size	TOP	Bottom	Sacks Cement	Screen

38. TUBING RECORD

Size	Depth Set	Packer Set

39. Producing Interval (this completion) indicate depth of perforation or open hole

From	10259 ft	To	10311 ft (MD)
From	10458 ft	To	10667 ft (MD)
From	11233 ft	To	15735 ft (MD)
From		To	

40. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

Depth Interval	Amount and Kind of Material Used
11233 - 15735'	1,201,500# 100 Mesh; 1,674,000# 40/80 31,987 Gal 15% HCl
10458 - 10667'	110,000# 100 Mesh; 252,500# 40/80
10259 - 10311'	99,860# 100 Mesh; 149,860# 40/80

41. FORMATION RECORD (LIST DEPTHS OF PRINCIPAL GEOLOGICAL MARKERS AND FORMATION TOPS)

Formations	Depth	Formations	Depth
Wolfcamp	9030'	Woodford	11040'
Morrow	9950'		
Barnett	10458'		

REMARKS:

NOTE: FESCO, Ltd. conducted this test as requested by the operator for the express purpose of satisfying RRC requirements. FESCO, Ltd. does not certify its suitability for any other purpose. If clarification is required, contact FESCO, Ltd.

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

GAS WELL CLASSIFICATION REPORT

Form G-5
Rev. 01/01/86

READ INSTRUCTIONS ON BACK

1. OPERATOR NAME (Exactly as shown on Form P-5, Organization Report)	3. RRC DISTRICT NO.	4. OIL LEASE NO. OR GAS WELL ID NO.
Chesapeake Operating, Inc.	8	
2. MAILING ADDRESS	**5. WELL NO.**	**6. API NO.**
6100 N. Western Oklahoma City, OK 73118	1H	42 - 389-32585
	7. COUNTY OF WELL SITE	
	Reeves	

8. FIELD NAME (as per RRC Records)	9. LEASE NAME
Toyah (NW Shale)	Darden State 71-26
10. LOCATION (Section, Block, and Survey)	**11. PIPELINE CONNECTION OR USE OF GAS**
Sec 26, BLK. 71, PSL Svy	CEMI

I. PRODUCTION TEST AT RATE ELECTED BY OPERATOR (data on 24-hour basis)

A. Date of Test	06/08 - 06/11/09	
B. Gas Volume	6132	(Mcf)
C. Oil or Condensate Volume	13.10	(Bbl)
D. Water Volume	512.60	(Bbl)
E. Gas/Liquid Hydrocarbon Ratio	468092	(Cf/Bbl)
F. Flowing Tubing Pressure	(Csg) 2000	(psia)
G. Choke Size	27/64	(in.)
H. Casing Pressure	Sealed	(psia)
I. Shut-in Wellhead Pressure-Tubing	(Csg) 4295	(psia)
J. Separator Operating Pressure	117	(psia)
K. Color of Stock Tank Liquid	Water White	
L. Gravity of Separator Liquid	59.72	°API
M. Gravity of Stock Tank Liquid	---	°API
N. Specific Gravity of the Gas (Air = 1)	0.6900	

II. A.S.T.M. DISTILLATION OF LIQUID SAMPLE. Distillation test is required for gas wells ONLY if the producing gas-liquid hydrocarbon ratio is less than 100,000 CF/barrel.

Date Liquid Sample Obtained: Not Required

Where Obtained: [X] Separator [ ] Stock Tank

% Over	Temp.(°F)	% Over	Temp.(°F)
Initial Boiling Temp.		60	
10		70	
20		80	
30		90	
40		95	
50		End Point	

Total Recovery _____ percent

Residue _____ percent

Loss _____ percent

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.

Doug McNeely - FESCO, Ltd.
NAME (Type or Print)

Doug McNeely Debbie Gallegos
SIGNATURE

District Manager - Odessa, TX
TITLE

06/26/09
DATE

Doug McNeely
CONTACT PERSON

PHONE NUMBER

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RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

Form W-12
(1-1-71)
FOD1296

INCLINATION REPORT
(One Copy Must Be Filed With Each Completion Report)

1. FIELD NAME (as per RRC Records or Wildcat): Toyah, NW (Shale)
2. LEASE NAME: Darden State 71-26
3. OPERATOR: Chesapeake Operating Inc.
4. ADDRESS: 6100 N. Western Avenue, Oklahoma City, OK 73118
5. LOCATION (Section, Block, and Survey): Sec 26, Blk. 71, PSL Survey
6. RRC District: 8
7. RRC Lease Number. (Oil completions only):
8. Well Number: 1H
9. RRC Identification Number (Gas completions only):
10. County: Reeves

RECORD OF INCLINATION

*11. Measured Depth (feet)	12. Course Length (Hundreds of feet)	*13. Angle of Inclination (Degrees)	14. Displacement per Hundred Feet (Sine of Angle x100)	15. Course Displacement (feet)	16. Accumulative Displacement (feet)
202	202	0.80	1.40	2.82	2.82
545	343	1.00	1.75	6.00	8.82
823	278	1.20	2.09	5.81	14.63
908	85	1.10	1.92	1.63	16.26
993	85	1.30	2.27	1.92	18.18
1084	91	1.30	2.27	2.06	20.24
1177	93	0.40	0.70	0.65	20.89
1269	92	0.40	0.70	0.64	21.53
1359	90	1.80	3.14	2.82	24.35
1755	396	1.75	3.05	12.07	36.42
2069	314	1.25	2.18	6.84	43.26
2176	107	1.00	1.75	1.87	45.13
2301	125	0.75	1.31	1.63	46.76
2461	160	0.75	1.31	2.09	48.85
2552	91	0.50	0.87	0.79	49.64

If additional space is needed, use the reverse side of this form.

17. Is any information shown on the reverse side of this form? ☑ yes ☐ no
18. Accumulative total displacement of well bore at total depth of 10,496.00 feet = 165.04 feet.
*19. Inclination measurements were made in - ☐ Tubing ☐ Casing ☐ Open hole ☑ Drill Pipe
20. Distance from surface location of well to the nearest lease line ..... 1005 feet.
21. Minimum distance to lease line as prescribed by field rules ..... 467 feet.
22. Was the subject well at any time intentionally deviated from the vertical in any manner whatsoever? yes
(If the answer to the above question is "yes," attach written explanation of the circumstances.)

INCLINATION DATA CERTIFICATION

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have personal knowledge of the inclination data and facts placed on both sides of this form and that such data and facts are true, correct, and complete to the best of my knowledge. This certification covers all data as indicated by asterisks (*) by the item numbers on this form.

Rita Coffey
Signature of Authorized Representative
Rita Coffey, Senior Administrator, OP
Name of Person and Title (type or print)
Trinidad Drilling LP
Name of Company
Telephone: (713) 439-1674
Area Code

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OPERATOR CERTIFICATION

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have personal knowledge of all information presented in this report, and that all data presented on both sides of this form are true, correct, and complete to the best of my knowledge. This certification covers all data and information presented herein except inclination data as indicated by asterisks (*) by the item numbers on this form.

Lindsey Hill
Signature of Authorized Representative
Lindsey Hill, Reg. Comp. Specialist
Name of Person and Title (type or print)
Chesapeake Operating Inc
Operator
Telephone: 4059358323
Area Code

Railroad Commission Use Only:

Approved By: _____ Title: _____ Date: _____

* Designates items certified by company that conducted the inclination surveys.

RECORD OF INCLINATION (Continued from reverse side)

*11. Measured Depth (feet)	12. Course Length (Hundreds of feet)	*13. Angle of Inclination (Degrees)	14. Displacement per Hundred Feet (Sine of Angle x100)	15. Course Displacement (feet)	16. Accumulative Displacement (feet)
2642	90	0.75	1.31	1.17	50.81
2732	90	0.75	1.31	1.17	51.98
2821	89	0.50	0.87	0.77	52.75
2913	92	0.25	0.44	0.40	53.15
3004	91	0.50	0.87	0.79	53.94
3184	180	0.50	0.87	1.56	55.50
3275	91	0.75	1.31	1.19	56.69
3365	90	0.50	0.87	0.78	57.47
3456	91	1.00	1.75	1.59	59.06
3546	90	1.50	2.62	2.35	61.41
3591	45	1.50	2.62	1.17	62.58
3636	45	1.25	2.18	0.98	63.56
3727	91	1.75	3.05	2.77	66.33
3907	180	1.25	2.18	3.92	70.25
3998	91	1.00	1.75	1.59	71.84
4088	90	1.00	1.75	1.57	73.41
4269	181	1.25	2.18	3.94	77.35
4269	0	1.00	1.75	0.00	77.35
4359	90	0.50	0.87	0.78	78.13
4450	91	0.25	0.44	0.40	78.53
4541	91	0.25	0.44	0.40	78.93
4631	90	0.25	0.44	0.39	79.32
4721	90	0.50	0.87	0.78	80.10
4812	91	0.50	0.87	0.79	80.89
4902	90	0.00	0.00	0.00	80.89
4992	90	0.50	0.87	0.78	81.67
5083	91	0.50	0.87	0.79	82.46
5173	90	0.50	0.87	0.78	83.24
5263	90	0.50	0.87	0.78	84.02
5354	91	0.50	0.87	0.79	84.81
5444	90	0.50	0.87	0.78	85.59
5534	90	0.75	1.31	1.17	86.76
5625	91	1.00	1.75	1.59	88.35
5715	90	0.00	0.00	0.00	88.35
5806	91	0.50	0.87	0.79	89.14
5896	90	0.50	0.87	0.78	89.92
5986	90	0.50	0.87	0.78	90.70

If additional space is needed, attach separate sheet and check here ☑

REMARKS: _____

- INSTRUCTIONS -

An inclination survey made by persons or concerns approved by the Commission shall be filed on a form prescribed by the Commission for each well drilled or deepened with rotary tools or when, as a result of any operation, the course of the well is changed. No inclination survey is required on wells that are drilled and completed as dry holes that are plugged and abandoned. (Inclination surveys are required on re-entry of abandoned wells.) Inclination surveys must be made in accordance with the provisions of Statewide Rule 11.

This report shall be filed in the District Office of the Commission for the district in which the well is drilled, by attaching one copy to each appropriate completion for the well. (except Plugging Report)

The Commission may require the submittal of the original charts, graphs, or discs, resulting from the surveys.

RECORD OF INCLINATION (Continued from reverse side)

*11. Measured Depth (feet)	12. Course Length (Hundreds of feet)	*13. Angle of Inclination (Degrees)	14. Displacement per Hundred Feet (Sine of Angle x100)	15. Course Displacement (feet)	16. Accumulative Displacement (feet)
6077	91	0.50	0.87	0.79	91.49
6089	12	0.25	0.44	0.05	91.54
6167	78	0.50	0.87	0.67	92.21
6256	89	0.25	0.44	0.39	92.60
6345	89	0.25	0.44	0.39	92.99
6439	94	0.25	0.44	0.41	93.40
6526	87	0.50	0.87	0.75	94.15
6619	93	0.25	0.44	0.40	94.55
6707	88	0.25	0.44	0.38	94.93
6852	145	0.25	0.44	0.63	95.56
6889	37	0.25	0.44	0.16	95.72
6977	88	0.25	0.44	0.38	96.10
7025	48	0.25	0.44	0.21	96.31
7034	9	0.25	0.44	0.03	96.34
7167	133	0.50	0.87	1.15	97.49
7257	90	0.50	0.87	0.78	98.27
7305	48	0.75	1.31	0.62	98.89
7522	217	0.75	1.31	2.84	101.73
7528	6	0.75	1.31	0.07	101.80
7613	85	0.75	1.31	1.11	102.91
7798	185	0.75	1.31	2.42	105.33
7882	84	1.00	1.75	1.47	106.80
7972	90	1.00	1.75	1.57	108.37
8062	90	1.00	1.75	1.57	109.94
8153	91	1.00	1.75	1.59	111.53
8243	90	1.00	1.75	1.57	113.10
8333	90	1.00	1.75	1.57	114.67
8477	144	0.75	1.31	1.88	116.55
8514	37	0.50	0.87	0.32	116.87
8603	89	0.75	1.31	1.16	118.03
8695	92	1.00	1.75	1.61	119.64
8785	90	1.00	1.75	1.57	121.21
8875	90	1.00	1.75	1.57	122.78
8990	115	0.75	1.31	1.50	124.28
9145	155	0.75	1.31	2.03	126.31
9326	181	1.00	1.75	3.16	129.47
9416	90	1.00	1.75	1.57	131.04

If additional space is needed, attach separate sheet and check here. ☐

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REMARKS: _____

- INSTRUCTIONS -

An inclination survey made by persons or concerns approved by the Commission shall be filed on a form prescribed by the Commission for each well drilled or deepened with rotary tools or when, as a result of any operation, the course of the well is changed. No inclination survey is required on wells that are drilled and completed as dry holes that are plugged and abandoned. (Inclination surveys are required on re-entry of abandoned wells.) Inclination surveys must be made in accordance with the provisions of Statewide Rule 11.

This report shall be filed in the District Office of the Commission for the district in which the well is drilled, by attaching one copy to each appropriate completion for the well. (except Plugging Report)

RECORD OF INCLINATION (Continued from reverse side)

*11. Measured Depth (feet)	12. Course Length (Hundreds of feet)	*13. Angle of Inclination (Degrees)	14. Displacement per Hundred Feet (Sine of Angle x100)	15. Course Displacement (feet)	16. Accumulative Displacement (feet)
9507	91	1.00	1.75	1.59	132.63
9637	130	1.30	2.27	2.95	135.58
9773	136	1.80	3.14	4.27	139.85
9863	90	1.70	2.97	2.67	142.52
9954	91	1.60	2.79	2.53	145.05
10044	90	1.90	3.32	2.98	148.03
10135	91	2.30	4.01	3.64	151.67
10225	90	2.30	4.01	3.60	155.27
10315	90	1.90	3.32	2.98	158.25
10406	91	2.20	3.84	3.49	161.74
10496	90	2.10	3.67	3.30	165.04

If additional space is needed, attach separate sheet and check here. ☐

REMARKS: _____

- INSTRUCTIONS -

An inclination survey made by persons or concerns approved by the Commission shall be filed on a form prescribed by the Commission for each well drilled or deepened with rotary tools or when, as a result of any operation, the course of the well is changed. No inclination survey is required on wells that are drilled and completed as dry holes that are plugged and abandoned. (Inclination surveys are required on re-entry of abandoned wells.) Inclination surveys must be made in accordance with the provisions of Statewide Rule 11.

This report shall be filed in the District Office of the Commission for the district in which the well is drilled, by attaching one copy to each appropriate completion for the well. (except Plugging Report)

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
CHESAPEAKE OPERATING	147715	8	REEVES
5. Field Name (Wildcat or Exactly as Shown on RRC Records)	**6. API No.**		**7. Drilling Permit No.**
Toyah, NW (Shale)	42-389-32585		675427
8. Lease Name	**9. Rule 37 Case No.**	**10. Oil Lease/Gas ID No.**	**11. Well Number**
DARDEN STATE 71-26			1H

CASING CEMENTING DATA:		SURFACE CASING	INTERMEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				SINGLE STRING	MULTIPLE PARALLEL STRINGS	TOOL	SHOE
12. Cementing Date		2/12/2003					
13. *Drilled Hole Size		17 1/2					
*Ext. % Wash or Hole Enlargement							
14. Size of Casing (in. O.D.)		13 3/8					
15. Top of Liner (ft)							
16. Setting Depth (ft)		1930					
17. Number of Centralizers Used		18					
18. Hrs. Waiting on Cement Before Drill-Out		24					
1 st Slurry	19. API Cement Used: No. of Sacks >	1130					
	Class >	C(35:65)					
	Additives >	Remark 1					
2 nd Slurry	No. of Sacks >	620					
	Class >	C					
	Additives >	Remark 2					
3 rd Slurry	No. of Sacks >	400	Topout	2/13/2009			
	Class >	C					
	Additives >	Remark 2					
1st	20. Slurry Pumped: Volume (cu.ft.) >	2260					
	Height (ft) >	3254					
2nd	Volume (cu.ft.) >	831					
	Height (ft) >	1196					
3rd	Volume (cu.ft.) >	536	Topout				
	Height (ft) >	768					
	Volume (cu.ft.) >	3627					
	Height (ft) >	5218					
21. Was Cement Circulated to Ground Surface (or Bottom of Cellar) Outside Casing?		No	Yes				

22. Remarks
1 6% GEL + 5% SALT + .125#/SX CELLO-FLAKE
2 2% CaCL2

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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.

Elco Armendariz Service Supervisor — Name and Title of Cementer's Representative

O-TEX PUMPING SERVICES — Cementing Company

Signature

2611 East I-20 — Address

Midland , Texas 79706 — City State Zip Code

432-686-5889 — Tel: Area Code Number

2/13/2009 — 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.

Dorothea Logan — Typed or Printed Name of Operators Representative

Sr. Reg. Comp. Spec. — Title

for Dinah Hill — Signature

2010 Rankin Hwy - Midland, TX 79701 — Address City State Zip Code

432-687-2992 — Tel: Area Code Number

2/13/09 — 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).

A. What to file. An operator should file an original and one copy of the compledted 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.

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 applications, 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 Rull 12 (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 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.

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
CHESAPEAKE OPERATING	147715	8	REEVES
5. Field Name (Wildcat or Exactly as Shown on RRC Records)	6. API No.		7. Drilling Permit No.
Toyah, NW (Shale)	42- 389-32585		675427
8. Lease Name	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well Number
DARDEN STATE 71-26			1H

CASING CEMENTING DATA:		SURFACE CASING	INTERMEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				SINGLE STRING	MULTIPLE PARALLEL STRINGS	TOOL	SHOE
12. Cementing Date			3/15/2009				
13. *Drilled Hole Size			12 1/4				
*Ext. % Wash or Hole Enlargement							
14. Size of Casing (in. O.D.)			9 5/8				
15. Top of Liner (ft)							
16. Setting Depth (ft)			9562				
17. Number of Centralizers Used			34				
18. Hrs. Waiting on Cement Before Drill-Out			24				
1 st Slurry	19. API Cement Used: No. of Sacks >		584				
	Class >		50:50:H				
	Additives >		REMARKS 1				
2 nd Slurry	No. of Sacks >		370				
	Class >		50:50:H				
	Additives >		REMARKS 2				
3 rd Slurry	No. of Sacks >						
	Class >						
	Additives >						
1st	20. Slurry Pumped: Volume (cu.ft.) >		1267				
	Height (ft) >		4033				
2nd	Volume (cu.ft.) >		444				
	Height (ft) >		1416				
3rd	Volume (cu.ft.) >						
	Height (ft) >						
	Volume (cu.ft.) >		1711				
	Height (ft) >		5449				
21. Was Cement Circulated to Ground Surface (or Bottom of Cellar) Outside Casing?			NO				

22. Remarks
1 10% GEL + 5/10% C-20
2 2% GEL + 6/10%C-16A + 5/10% C-12 + 3/10% C-37 + 2/10%SMS

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OVER →

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.

RON GUNDY SERVICE SUPERVISOR — Name and Title of Cementer's Representative

O-TEX PUMPING SERVICES — Cementing Company

Signature

2611 East I-20 — Address

Midland , Texas 79706 — City State Zip Code

432-686-5889 — Tel: Area Code Number

3/15/2009 — 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.

Dorothea Logan — Typed or Printed Name of Operators Representative

Sr. Reg. Comp. Spec. — Title

for Lindsey Hill — Signature

2010 Rankin Hwy — Address

Midland, TX 79701 — City State Zip Code

432-687-2992 — Tel: Area Code Number

3/15/09 — 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).

A. What to file. An operator should file an original and one copy of the compledted 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.**

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 applications, 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 Rull 12 (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 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.

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
CHESAPEAKE OPERATING	147715	8	REEVES

5. Field Name (Wildcat or Exactly as Shown on RRC Records)	6. API No.	7. Drilling Permit No.
Toyah, NW (Shale)	42-389-32585	675427

8. Lease Name	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well Number
DARDEN STATE 71-26			#1H

CASING CEMENTING DATA:		SURFACE CASING	INTERMEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				SINGLE STRING	MULTIPLE PARALLEL STRINGS	TOOL	SHOE
12. Cementing Date				4/6/2009			
13. *Drilled Hole Size				8 1/2			
*Ext. % Wash or Hole Enlargement							
14. Size of Casing (in. O.D.)				5 1/2			
15. Top of Liner (ft)							
16. Setting Depth (ft)				15850			
17. Number of Centralizers Used				66			
18. Hrs. Waiting on Cement Before Drill-Out							
1st Slurry	19. API Cement Used: No. of Sacks >			550			
	Class >			50:50:H			
	Additives >			REMARKS 1			
2nd Slurry	No. of Sacks >			990			
	Class >			50:50:H			
	Additives >			REMARKS 2			
3rd Slurry	No. of Sacks >						
	Class >						
	Additives >						
1st	20. Slurry Pumped: Volume (cu.ft.) >			897			
	Height (ft) >			3711			
2nd	Volume (cu.ft.) >			1247			
	Height (ft) >			5441			
3rd	Volume (cu.ft.) >						
	Height (ft) >						
	Volume (cu.ft.) >			2144			
	Height (ft) >			9152			
21. Was Cement Circulated to Ground Surface (or Bottom of Cellar) Outside Casing?				NO			

22. Remarks
1 5% GEL + 5/10% C-12 +.35/10% C-20 +.45/10% C-16A + .05/10% C-45
2 2% GEL + 1% C-16A + 2/10% C-37 + 2/10% C-20

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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)								
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29. Measured Top of Plug, If Tagged (ft)								
30. Slurry Wt. (lbs/gal)								
31. Type Cement								

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RON GUNDY SERVICE SUPERVISOR
Name and Title of Cementer's Representative

O-TEX PUMPING SERVICES
Cementing Company

Signature

2611 East I-20 — Address
Midland , Texas 79706 — City State Zip Code
432-686-5889 — Tel: Area Code Number
4/6/2009 — 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.

Dorothea Logan
Typed or Printed Name of Operators Representative

Sr. Reg. Comp. Spec.
Title

for Lindsey Hill
Signature

2010 Rankin Hwy Midland, TX 79701
Address City State Zip Code

432-687-2992
Tel: Area Code Number

4/6/09
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).

A. What to file. An operator should file an original and one copy of the compledted 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:

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* 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.**

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

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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 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.

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

ELECTRIC LOG STATUS REPORT

FORM L-1
Rev. 01-2007
DBC0308

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

SEE REVERSE SIDE

SECTION I. IDENTIFICATION

Operator Name: CHESAPEAKE OPERATING INC	District No. 09	Completion Date: 06/03/2009	
Field Name: TOYAH, NW (SHALE)	Drilling Permit No. 675427		
Lease Name: DARDEN STATE 71-26	Lease/ID No.	Well No. 1H	
County: REEVES	API No. 42- 389-32585		

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). _____

Lindsey Hill
Signature

LINDSEY HILL
Name (print)

REG. COMP. SPECIALIST
Title

(405)935-8323
Phone

06/11/2009
Date

-FOR RAILROAD COMMISSION USE ONLY-

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DUAL LATEROLOG
MICRO LATEROLOG
SPECTRAL GAMMA RAY

COMPANY	CHESAPEAKE OPERATING, INC.
WELL	DARDEN STATE 71-26 1H
FIELD	TOYAH, NW
PROVINCE/COUNTY	REEVES
COUNTRY/STATE	U.S.A. / TEXAS
LOCATION	1050' FEL & 1005' FNL
	SEC 26,BLK 71,PSL SURVEY (A-2452)

LSD	SEC	TWP	RGE	Other Services
	26			MDN MPD
API Number 42-389-32585				SGS
Permit Number 675427				MSS

Permanent Datum L , Elevation 30 feet
Log Measured From K B 2above Permanent Datum
Drilling Measured From K B.

Elevations:
KB 3058 00 feet
DF 3057.00 feet
GL 3029 00 feet

Date	14-MAR-2009			
Run Number	ONE			
Depth Driller	9568 00	feet		
Depth Logger	9576 00	feet		
First Reading	9547.00	feet		
Last Reading	1930.00	feet		
Casing Driller	1930 00	feet		
Casing Logger	1936 00	feet		
Bit Size	12 25	inches		
Hole Fluid Type	BRINE			
Density / Viscosity	8 80 lb/USg	35.00 CP		
PH / Fluid Loss	10 00			
Sample Source	PIT			
Rm @ Measured Temp	0 04 @ 68 0	ohm-m		
Rmf @ Measured Temp	0.03 @ 68.0	ohm-m		
Rmc @ Measured Temp	0.05 @ 68 0	ohm-m		
Source Rmf / Rmc	CALC	CALC		
Rm @ BHT	0.02 @150 0	ohm-m		
Time Since Circulation	7 HOURS			
Max Recorded Temp	150.00	deg F		
Equipment Name	COMPACT			
Equipment / Base	13072	4352		
Recorded By	B. MCCLAINE			
Witnessed By	MR. STANLEY LENNOX, JR.			
Last Title	Last Line		Last Line	

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COMPENSATED SONIC
INTEGRATED TRANSIT TIME
GAMMA RAY

COMPANY	CHESAPEAKE OPERATING, INC.
WELL	DARDEN STATE 71-26 1H
FIELD	TOYAH, NW
PROVINCE/COUNTY	REEVES
COUNTRY/STATE	U.S.A. / TEXAS
LOCATION	1050' FEL & 1005' FNL
	SEC 26,BLK 71,PSL SURVEY (A-2452)

LSD	SEC	TWP	RGE	Other Services
	26			MDN MPD
API Number 42-389-32585				SGS
Permit Number 675427				MLE

Permanent Datum L , Elevation 30 feet
Log Measured From K B 2above Permanent Datum
Drilling Measured From K B.

Elevations:
KB 3058 00 feet
DF 3057.00 feet
GL 3029.00 feet

Date	14-MAR-2009			
Run Number	ONE			
Depth Driller	9568.00	feet		
Depth Logger	9576.00	feet		
First Reading	9574 00	feet		
Last Reading	1930 00	feet		
Casing Driller	1930 00	feet		
Casing Logger	1936 00	feet		
Bit Size	12 25	inches		
Hole Fluid Type	BRINE			
Density / Viscosity	8 80 lb/USg	35 00 CP		
PH / Fluid Loss	10.00			
Sample Source	PIT			
Rm @ Measured Temp	0.04 @ 68.0	ohm-m		
Rmf @ Measured Temp	0 03 @ 68 0	ohm-m		
Rmc @ Measured Temp	0.05 @ 68.0	ohm-m		
Source Rmf / Rmc	CALC	CALC		
Rm @ BHT	0 02 @150 0	ohm-m		
Time Since Circulation	7 HOURS			
Max Recorded Temp	150.00	deg F		
Equipment Name	COMPACT			
Equipment / Base	13072	4352		
Recorded By	B. MCCLAINE			
Witnessed By	MR STANLEY LENNOX, JR.			
Last Title	Last Line		Last Line	

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COMPENSATED NEUTRON
PHOTO DENSITY
SPECTRAL GAMMA RAY

COMPANY	CHESAPEAKE OPERATING, INC.
WELL	DARDEN STATE 71-26 1H
FIELD	TOYAH, NW
PROVINCE/COUNTY	REEVES
COUNTRY/STATE	U.S.A. / TEXAS
LOCATION	1050' FEL & 1005' FNL
	SEC 26,BLK 71,PSL SURVEY (A-2452)

LSD	SEC	TWP	RGE	Other Services
	26			MLE
API Number 42-389-32585				SGS
Permit Number 675427				MSS

Permanent Datum L , Elevation 30 feet
Log Measured From K B. 2above Permanent Datum
Drilling Measured From K B

Elevations		
KB	3058.00	feet
DF	3057.00	feet
GL	3029.00	feet

Date	14-MAR-2009			
Run Number	ONE			
Depth Driller	9568.00	feet		
Depth Logger	9576.00	feet		
First Reading	9529 00	feet		
Last Reading	1930.00	feet		
Casing Driller	1930.00	feet		
Casing Logger	1936 00	feet		
Bit Size	12.25	inches		
Hole Fluid Type	BRINE			
Density / Viscosity	8 80 lb/USg	35.00 CP		
PH / Fluid Loss	10 00			
Sample Source	PIT			
Rm @ Measured Temp	0.04 @ 68 0	ohm-m		
Rmf @ Measured Temp	0.03 @ 68 0	ohm-m		
Rmc @ Measured Temp	0 05 @ 68.0	ohm-m		
Source Rmf / Rmc	CALC	CALC		
Rm @ BHT	0 02 @150.0	ohm-m		
Time Since Circulation	7 HOURS			
Max Recorded Temp	150.00	deg F		
Equipment Name	COMPACT			
Equipment / Base	13072	4352		
Recorded By	B. MCCLAINE			
Witnessed By	MR. STANLEY LENNOX, JR			
Last Title	Last Line		Last Line	

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

STATEMENT OF PRODUCTIVITY OF ACREAGE ASSIGNED TO PRORATION UNITS

The undersigned states that he is authorized to make this statement; that he has knowledge of the facts concerning the CHESAPEAKE OPERATING INC (OPERATOR), DARDEN STATE 71-26 (LEASE), No. 1H (WELL); that such well is completed in the TOYAH, NW (SHALE) Field, REEVES County, Texas and that the acreage claimed, and assigned to such well for proration purposes as authorized by special rule and as shown on the attached certified plat embraces _____ 1280 acres which can reasonably be considered to be productive of hydrocarbons.

- CERTIFICATE -

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

Date 06/11/2009 Signature Lindsey Hill

Telephone _____ (AREA CODE) (405) 935-8323 Title REG. COMP. SPECIALIST

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MIDLAND

TOPOGRAPHIC

SURVEYING • MAPPING • GIS • GPS
2903 N. BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 (800) 767-1653 • FAX (432) 682-1743

"AS-DRILLED"

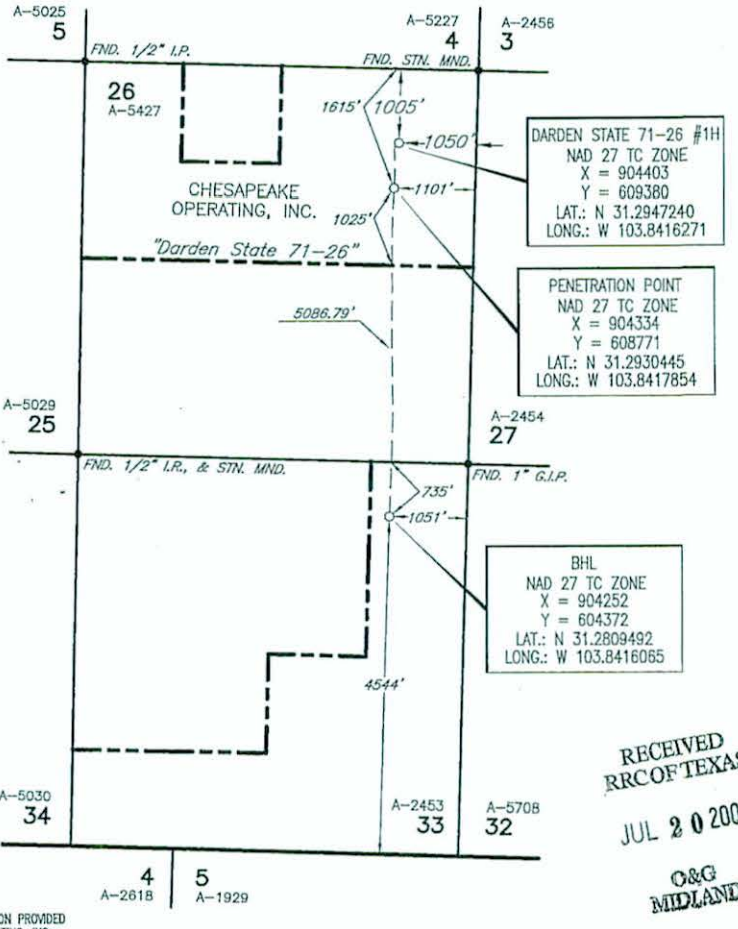
REEVES County, Texas

Description SHL= 1005' FNL & 1050' FEL (SEC. 26)
BHL= 735' FNL & 1051' FEL (SEC. 33)

SECTION 26, BLOCK 71, PUBLIC SCHOOL LAND, A-5427

N

NAD 27
GRID BEARINGS



AS-DRILLED INFORMATION PROVIDED
BY CHESAPEAKE OPERATING, INC.

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This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us. This plat does not in any way represents a "Boundary Survey", and does not comply with correct T.B.P.L.S. Minimum Standards of Procedures for Boundary Surveys.

SCALE: 1" = 2000'
0' 1000' 2000'

Operator CHESAPEAKE OPERATING, INC. Date Staked OCTOBER 1, 2008

Lease Name & Well No. DARDEN STATE 71-26 #1H Ground Elev. 3029'

Topography & Vegetation LOW BRUSH

Nearest Town in County ±3.8 MILES NORTHWEST OF KENT, TEXAS

Driving Directions FROM THE JUNCTION OF HWY. 2903 & COUNTY ROAD 225, GO WEST 3.0 MILES ON HWY. 225 3.0 MILES TO LEASE ROAD, THENCE SOUTH 1.5 MILES ON LEASE ROAD TO A POINT 1.3 MILES WEST OF LOCATION.

STATE OF TEXAS
REGISTERED
ROBERT JAMES OVERTON JR.
5916
PROFESSIONAL
LAND SURVEYOR

CERTIFICATION:

I, Robert J. Overton, Jr., a Registered Professional Land Surveyor, and an authorized agent of Topographic Land Surveyors, do hereby certify that in my professional opinion the above described well location was surveyed and staked on the ground as shown. *This plat is for Texas Railroad Commission permitting only.*

Robert J. Overton Jr.

Texas Reg. No. 5916

Invoice # 146314/578SE
L.A.S.
REVISED: 4/27/09; EUO

DEPTH OF USABLE-QUALITY GROUND WATER TO BE PROTECTED

Texas Commission on Environmental Quality

Surface Casing Program

Date: November 24, 2008

TCEQ File No.: SC- 3146

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

API Number:

Attention: KENT CURRAN/SPENCER

RRC Lease No.:

CHESAPEAKE OPERATING INC
P O BOX 18496
OKLAHOMA CITY OK 73154

--Measured--
1050 ft FEL
1005 ft FNL
MRL:SECTION

Digital Map Location:
X-coord/Long: 904403
Y-coord/Lat: 609380
Datum: 27 Zone: C

County: REEVES

Lease & Well No.: DARDEN STATE 71-26 #1H

Purpose: ND

Location: SUR-PSL,BLK-71,SEC-26,--[TD=20000],[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 1150 feet and the RUSTLER , which is estimated to occur from 1400 to 1775 feet must be protected.

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 M Oswalt
DN: c=US, st=Texas, l=Austin, ou=Surface Casing, o=Texas Commission on Environmental Quality, cn=Jack M Oswalt, email=joswalt@tceq.state.tx.us
Date: 2008.11.24 10:47:05 -06'00'

Jack M. Oswalt, P.G.

Geologist, Surface Casing Team
Waste Permits Division

GEOLOGIST SEAL

STATE OF TEXAS
Jack M. Oswalt
Geology
897
LICENSED
PROFESSIONAL GEOSCIENTIST

RECEIVED TEXAS
DEC 10 2008
O&G
MIDLAND

The seal appearing on this document was authorized by Jack M. Oswalt on 11/24/2008
Note: Alteration of this electronic document will invalidate the digital signature.

June 2, 2009

FESCO, Ltd.
105 Medical Drive - Ozona, Texas 76943

For: Chesapeake Operating, Inc.
2010 Rankin Highway
Midland, Texas 79701

Sample: Darden State 7 B-26 No. 1H **Field:**
Meter Run Gas @ 150 psig & 133 °F

Station: N/A

Date Sampled: 6/2/2009 at 08:15 hours

CHROMATOGRAPH ANALYSIS

COMPONENT	MOL%	GPM
Nitrogen	0.492	
Carbon Dioxide	1.741	
Methane	83.802	
Ethane	9.040	2.404
Propane	2.487	0.681
Isobutane	0.401	0.130
n-Butane	0.723	0.227
Isopentane	0.212	0.077
n-Pentane	0.263	0.095
Hexanes Plus	0.839	0.364
Totals:	**100.000**	**3.978**

Computed Real Properties:

Specific Gravity	0.690 (Air=1.000)
Compressibility(Z)	0.9969
Gross Heating Value at 14.650 psia & 60 °F	
Dry Basis	1168 BTU/CF
Saturated Basis	1148 BTU/CF

Base Conditions: 14.650 psia & 60 °F

Certified: FESCO, Ltd. - Ozona, Texas

Clair McDaniel 325-392-3773

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Job Number: 16952.001 **Cyl Number:** X-206
Analyst ID: CM

FESCO PRODUCTION TEST REPORT

Company: Chesapeake Operating, Inc.
Well: Darden State 71-26 No. 1H
Field: Toyah (NW Shale)
Test Date: 06/08 - 06/11/09

Location: Reeves County, TX
Perforations: 10259 - 15735 ft (MD O/A)
Formation:
Base Cond.: 14.65 psia and 60 °F

FESCO District: Odessa, TX
District Manager: Doug McNeely
Company Rep: Leo Cavness
Job Number: J200906191404.001

TIME REFERENCE			WELLHEAD			SEPARATOR		FLUID PROPERTIES		FLUID RATES			FLUID YIELDS		CUMULATIVE PROD.		
Date and Time mm/dd/yyyy hh:mm	Test Time Hours	Elapsed Time Hours	Choke Size 1/64ths	5.5" Csg Pressure psig	Pressure psig	Meter Run Temp. °F	Static Pressure psig	Sep Gas Specific Gravity (Air=1.0)	ST Oil Gravity °API @ 60°F	Gas Rate Mscf/d	Oil Rate STB/d	Water Rate STB/d	Oil Yield Scf/Bbl	Water Yield Scf/Bbl	Gas Mcf	Oil STB	Water STB
6/8/2009 10:00	0.00	0.00	27												0	0.00	0.00
	Comment: Began 72 hour RRC One Point Back Pressure Test.																
6/10/2009 10:00	48.00	48.00	27	2049											0	0.00	0.00
	Comment: Began final 24 hour flow of 72 hour RRC One Point Back Pressure Test.																
6/11/2009 10:00	24.00	72.00	27	1985		74	102	0.6900	59.72	6132	13.10	512.60	468092	11963	6132	13.10	512.60
	Comment: Completed 72 hour RRC One Point Back Pressure Test.																

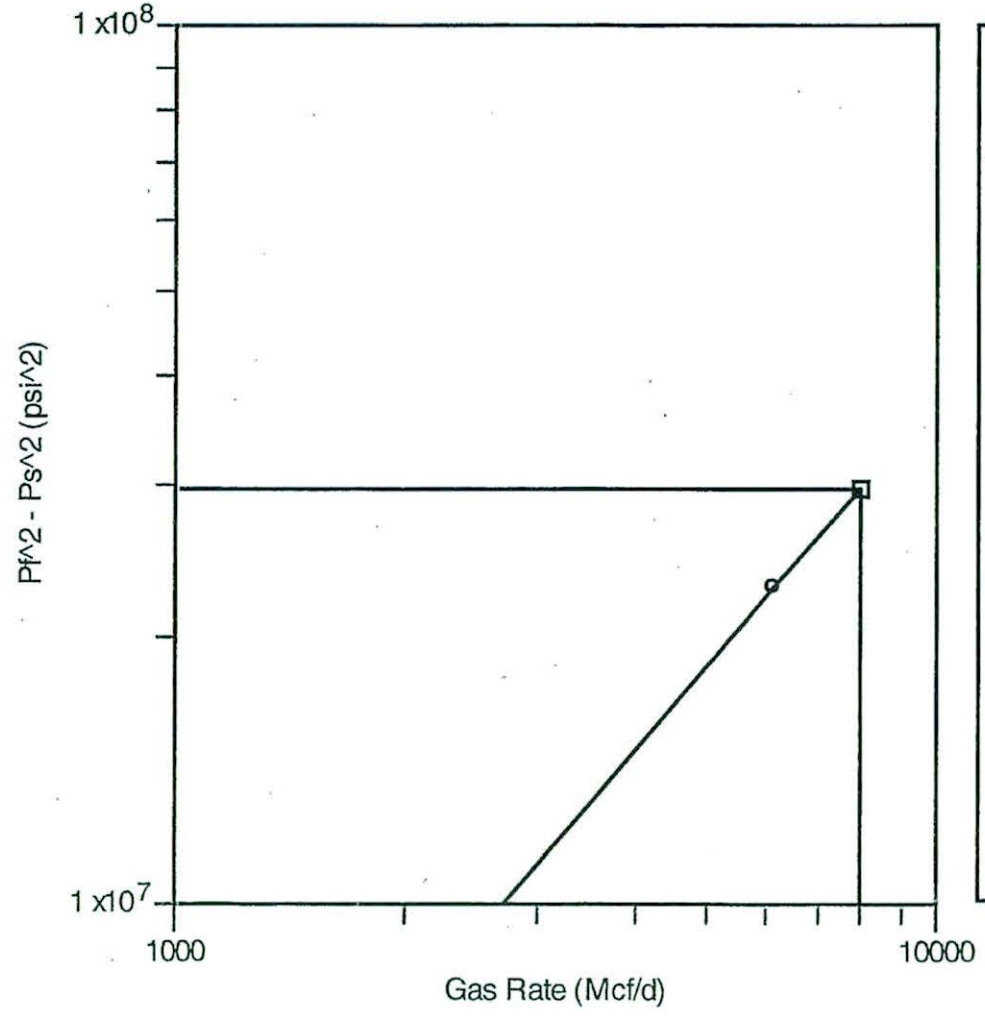
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Chesapeake Operating, Inc.

Gas Deliverability Plot

Well: Darden State 7 I 26 No. 1H
Field: Toyah (NW Shale)
Location: Reeves County, Tx

Test Date: 06/08 - 06/11/09
Formation:
Perfs: 10259 - 15735 ft (MD O/A)



J200906191404.001

Gas Deliverability Results

Point	Rate Mcf/d	BHP psiA	(Pf2 - Ps2) Psi^^2
SI	0	5452	0
1	6132	2623	22844175
AOF	7979	15	29724079

Line: Drawn through the point corresponding to the maximum gas rate.

Angle....: Theta = 45.00°
Exponent.: n = 1.0000
Perf Coef: C = 2.68427 E-04
Equation.: Q = C(Pf2 - Ps2)^^n
AOF.....: 7979 Mcf/d

Certified: Doug McNeely
District Manager
FESCO, Ltd.
Odessa, TX

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MIDLAND

VICTOR G. CARRILLO, CHAIRMAN
ELIZABETH A. JONES, COMMISSIONER
MICHAEL L. WILLIAMS, COMMISSIONER

TOMMIE SEITZ
DIRECTOR, OIL AND GAS DIVISION
GIL BUJANO, P.E.
ASSISTANT DIRECTOR, TECHNICAL PERMITTING

RAILROAD COMMISSION OF TEXAS

OIL AND GAS DIVISION

API # 389-32585
11/09/2009–12/09/2009

November 09, 2009

CHESAPEAKE OPERATING, INC.
ATTN CHRISTIAN COMBS
PO BOX 18496
OKLAHOMA CITY OK 73154-0496

RE: DARDEN STATE 71-26 LEASE
WELL NO. 1H
TOYAH, NW (SHALE) (#90890700) FIELD
REEVES COUNTY, DISTRICT 08, TEXAS
DRILLING PERMIT NO. 675427
API NO. 389-32585

A review of the completion report by the Austin Office for the referenced permit revealed that this office has not received all of the directional surveys required for the referenced well. Please be advised that an allowable cannot be assigned until all directional surveys have been submitted to the Austin Office. The surveying company making the directional survey must file the survey by registered, certified, or overnight mail to the Austin Office as required by Statewide Rule 12.

The following directional survey(s) has/have been filed:
RYAN ENERGY TECH. USA, INC. 10660–15804 ft (received 04–13–2009)
Directional surveys must be filed for the following depths:
0–10660 ft

The survey from Ryan Energy shows 0–15804 ft but only certifies 10660–15804 ft.

All directional surveys, unless otherwise specified by the commission, shall be either single shot surveys or multi-shot surveys with the shot points not more than 200 feet apart, beginning within 200 feet of the surface, and the bottom hole location must be oriented both to the surface location and to the lease lines (or unit lines in cases of pooling).

Please attach a copy of this letter with the requested information and submit within 30 days of the date of this letter.

You may contact Pam Johns at 512-463-6899 or Scott Rosenquist at 512-475-2307 should you have any questions.

Sincerely,

Scott Rosenquist

Scott Rosenquist
Eng. Specialist III
Technical Permitting

cc: District Office 08
Sandi McEnelly, Compliance Analyst (District 08 Gas)

Ryan The leader in UNDERGROUND INTELLIGENCE™

19510 Oil Center Blvd
Houston, TX 77073
Bus 281.443.1414
Fax 281.443.1676

04/07/09

Railroad Commission of Texas
Oil and Gas Division
P.O. Box 12967
Capitol Station
Austin, Texas 78711

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APR 13 2009
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AUSTIN TX

Attention: Cathy Garrison:

Re: **Chesapeake Operating, Inc.**
Darden State 71-26 1H
Reeves Co. TX
A.P.I. No: 42-389-32585

Enclosed, please find the original and one copy of the survey performed on the above-referenced well by Ryan Energy Technologies U.S.A., Inc. (Operator No. 740022). Other information required by your office is as follows:

Name & Title of Surveyor	Drainhole Number	Start Depth	End Depth	Start Date	End Date	Type of Survey
James Bible Directional Driller	Original Hole	10660'	15804'	03/17/09	04/04/09	MWD

A certified plat on which the bottom hole location is oriented both to the surface location and to the lease lines (or unit lines in case of pooling) is attached to the survey report. If any other information is required please contact the undersigned at the letterhead address or phone number.

Mike Lawson
Technical Support Coordinator – USA

Enclosures
cc: **Chesapeake Operating, Inc.**

Ryan The leader in UNDERGROUND INTELLIGENCE™

19510 Oil Center Blvd
Houston, TX 77073
Bus 281.443.1414
Fax 281.443.1676

State of Texas
Reeves Co.

I, **James Bible** , certify that; I am employed by Ryan Energy Technologies USA, Inc.; that I did on the day(s) of **03/17/09** thru **04/04/09** conduct or supervise the taking of **MWD surveys** from a depth of **10660' MD** to a depth of **15804' MD;** that the data is true, correct, complete, and within the limitations of the tool as set forth by Ryan Energy Technologies USA, Inc.; that I am authorized and qualified to make this report; that this survey was conducted at the request of **Chesapeake Operating, Inc.** for the **Darden State 71-26 1H** ; Well API No. **42-389-32585** in **Reeves Co. TX** and that I have reviewed this report and find that it conforms to the principles and procedures as set forth by Ryan Energy Technologies USA, Inc.

James Bible

James Bible
Directional Driller
Ryan Energy Technologies U.S.A., Inc.

Chesapeake ENERGY

Ryan Energy Technologies
COMPLETION REPORT

Ryan

Company:	Chesapeake Operating, Inc.	**Date:** 4/6/2009 **Time:** 07:54:45	**Page:** 1
Field:	Reeves Co. TX	**Co-ordinate(NE) Reference:**	Site: Darden State 71-26 1H, Grid North
Site:	Darden State 71-26 1H	**Vertical (TVD) Reference:**	Est RKB 3055.0
Well:	Well # 71-26 1H	**Section (VS) Reference:**	Well (0.00N,0.00E,180.00Azi)
Wellpath:	1H	**Survey Calculation Method:**	Minimum Curvature **Db:** Sybase

Field: Reeves Co. TX

Map System:	US State Plane Coordinate System 1927	**Map Zone:**	Texas, Central Zone
Geo Datum:	NAD27 (Clarke 1866)	**Coordinate System:**	Site Centre
Sys Datum:	Mean Sea Level	**Geomagnetic Model:**	igrf2005

Site: Darden State 71-26 1H

Reeves Co, TX

Site Position:		**Northing:**	609380.00 ft	**Latitude:**	31 17 41.005 N
From:	Map	**Easting:**	904403.00 ft	**Longitude:**	103 50 29.859 W
Position Uncertainty:	0.00 ft			**North Reference:**	Grid
Ground Level:	3029.00 ft			**Grid Convergence:**	-1.81 deg

Well: Well # 71-26 1H **Slot Name:**

Well Position:	+N/-S	0.00 ft	**Northing:**	609380.00 ft	**Latitude:**	31 17 41.005 N
	+E/-W	0.00 ft	**Easting :**	904403.00 ft	**Longitude:**	103 50 29.859 W
Position Uncertainty:		0.00 ft				

Wellpath: 1H

Current Datum:	Est RKB	**Height**	3055.00 ft	**Drilled From:**	Surface
Magnetic Data:	2/25/2009			**Tie-on Depth:**	0.00 ft
Field Strength:	48304 nT			**Above System Datum:**	Mean Sea Level
				Declination:	7.90 deg
				Mag Dip Angle:	59.33 deg

Vertical Section: Depth From (TVD) ft	**+N/-S** ft	**+E/-W** ft	**Direction** deg
0.00	0.00	0.00	180.00

Survey Program for Definitive Wellpath

Date: 4/6/2009 **Validated:** No **Version:** 1

Actual From ft	**To** ft	**Survey**	**Toolcode**	**Tool Name**
200.00	10588.00	Survey #2 (200.00-10588.00)	Gyro	Gyro MS
10660.00	15804.00	Survey #3 (10660.00-15804.00)	Ryan MWD	Ryan MWD
15850.00	15850.00	Survey #4 (15850.00-15850.00)	Project	

Survey

MD ft	Incl deg	TVD ft	VS ft	Azim deg	N/S ft	E/W ft	Clsr Dist. ft	Clsr Azi. deg	Dog Leg deg/100ft	Tool
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	TIE LINE
200.00	0.42	200.00	-0.72	351.07	0.72	-0.11	0.73	351.07	0.21	Gyro
400.00	0.40	399.99	-2.10	339.40	2.10	-0.47	2.15	347.31	0.04	Gyro
600.00	0.48	599.99	-3.49	331.63	3.49	-1.12	3.67	342.27	0.05	Gyro
800.00	0.42	799.98	-4.78	318.86	4.78	-2.00	5.18	337.33	0.06	Gyro
1000.00	0.36	999.98	-5.44	279.72	5.44	-3.10	6.26	330.33	0.13	Gyro
1200.00	0.76	1199.97	-5.82	281.80	5.82	-5.02	7.68	319.23	0.20	Gyro
1400.00	1.17	1399.94	-6.68	286.71	6.68	-8.27	10.63	308.91	0.21	Gyro
1600.00	1.25	1599.89	-7.37	272.87	7.37	-12.40	14.43	300.72	0.15	Gyro
1800.00	1.59	1799.83	-7.13	262.76	7.13	-17.34	18.75	292.36	0.21	Gyro
2000.00	1.16	1999.78	-7.45	289.32	7.45	-22.00	23.23	288.71	0.38	Gyro
2200.00	1.15	2199.74	-8.81	290.05	8.81	-25.80	27.26	288.86	0.01	Gyro
2400.00	1.03	2399.70	-10.14	290.80	10.14	-29.36	31.06	289.05	0.06	Gyro
2600.00	0.57	2599.68	-10.74	268.33	10.74	-32.04	33.79	288.54	0.27	Gyro
2800.00	0.72	2799.67	-10.20	245.53	10.20	-34.17	35.66	286.61	0.15	Gyro
3000.00	0.56	2999.66	-8.72	192.92	8.72	-35.54	36.59	283.79	0.29	Gyro
3200.00	0.50	3199.65	-6.92	167.07	6.92	-35.56	36.23	281.01	0.12	Gyro
3400.00	0.73	3399.64	-5.09	139.99	5.09	-34.55	34.92	278.39	0.18	Gyro
3600.00	1.15	3599.61	-3.64	103.62	3.64	-31.78	31.98	276.54	0.35	Gyro
3800.00	1.48	3799.56	-1.67	125.51	1.67	-27.72	27.77	273.45	0.30	Gyro
4000.00	1.13	3999.51	1.14	131.66	-1.14	-24.15	24.17	267.30	0.19	Gyro

Chesapeake Energy

Ryan Energy Technologies
COMPLETION REPORT

Ryan

Company: Chesapeake Operating, Inc. | **Date:** 4/6/2009 | **Time:** 07:54:45 | **Page:** 2
Field: Reeves Co. TX | **Co-ordinate(NE) Reference:** Site: Darden State 71-26 1H, Grid North
Site: Darden State 71-26 1H | **Vertical (TVD) Reference:** Est RKB 3055.0
Well: Well # 71-26 1H | **Section (VS) Reference:** Well (0.00N,0.00E,180.00Azi)
Wellpath: 1H | **Survey Calculation Method:** Minimum Curvature | **Db:** Sybase

Survey

MD ft	Incl deg	TVD ft	VS ft	Azim deg	N/S ft	E/W ft	Clsr Dist. ft	Clsr Azi. deg	Dog Leg deg/100ft	Tool
4200.00	0.98	4199.47	3.81	142.40	-3.81	-21.63	21.96	260.02	0.12	Gyro
4400.00	0.59	4399.45	6.11	157.27	-6.11	-20.19	21.09	253.16	0.22	Gyro
4600.00	0.41	4599.45	7.74	161.24	-7.74	-19.56	21.04	248.42	0.09	Gyro
4800.00	0.52	4799.44	9.30	167.41	-9.30	-19.13	21.27	244.07	0.06	Gyro
5000.00	0.23	4999.44	10.59	173.68	-10.59	-18.89	21.65	240.73	0.15	Gyro
5200.00	0.30	5199.43	11.47	201.60	-11.47	-19.04	22.23	238.93	0.07	Gyro
5400.00	0.17	5399.43	12.20	215.03	-12.20	-19.40	22.92	237.84	0.07	Gyro
5600.00	0.14	5599.43	12.62	224.89	-12.62	-19.74	23.43	237.42	0.02	Gyro
5800.00	0.41	5799.43	12.95	257.46	-12.95	-20.62	24.34	237.87	0.15	Gyro
6000.00	0.49	5999.42	12.89	284.61	-12.89	-22.14	25.62	239.80	0.11	Gyro
6200.00	0.38	6199.42	12.91	248.87	-12.91	-23.59	26.89	241.31	0.14	Gyro
6400.00	0.21	6399.42	13.12	273.88	-13.12	-24.57	27.86	241.89	0.10	Gyro
6600.00	0.14	6599.41	13.20	245.28	-13.20	-25.16	28.41	242.32	0.05	Gyro
6800.00	0.11	6799.41	13.28	83.89	-13.28	-25.19	28.48	242.20	0.12	Gyro
7000.00	0.06	6999.41	13.20	51.28	-13.20	-24.92	28.20	242.09	0.03	Gyro
7200.00	0.70	7199.41	13.85	233.90	-13.85	-25.82	29.30	241.79	0.38	Gyro
7400.00	0.66	7399.40	15.08	243.78	-15.08	-27.84	31.67	241.56	0.06	Gyro
7600.00	0.72	7599.38	16.40	229.87	-16.40	-29.84	34.05	241.21	0.09	Gyro
7800.00	0.97	7799.36	18.01	241.72	-18.01	-32.29	36.97	240.85	0.15	Gyro
8000.00	0.92	7999.33	19.83	230.84	-19.83	-35.03	40.25	240.49	0.09	Gyro
8200.00	0.69	8199.31	21.63	228.89	-21.63	-37.18	43.01	239.81	0.12	Gyro
8400.00	0.77	8399.30	23.41	222.54	-23.41	-38.99	45.48	239.02	0.06	Gyro
8600.00	0.76	8599.28	25.50	214.52	-25.50	-40.65	47.99	237.91	0.05	Gyro
8800.00	0.96	8799.26	28.03	210.96	-28.03	-42.27	50.72	236.45	0.10	Gyro
9000.00	0.80	8999.23	30.70	207.96	-30.70	-43.78	53.47	234.97	0.08	Gyro
9200.00	0.77	9199.21	33.04	214.32	-33.04	-45.20	55.99	233.83	0.05	Gyro
9400.00	1.20	9399.18	35.95	210.75	-35.95	-47.03	59.19	232.60	0.22	Gyro
9600.00	1.24	9599.14	39.69	206.15	-39.69	-49.05	63.10	231.02	0.05	Gyro
9800.00	1.58	9799.08	44.10	206.71	-44.10	-51.24	67.60	229.29	0.17	Gyro
10000.00	1.77	9998.99	49.32	206.79	-49.32	-53.87	73.04	227.53	0.10	Gyro
10200.00	2.10	10198.88	55.20	211.58	-55.20	-57.19	79.48	226.01	0.18	Gyro
10400.00	1.86	10398.76	61.04	213.16	-61.04	-60.88	86.21	224.93	0.12	Gyro
10588.00	2.35	10586.63	67.11	203.85	-67.11	-64.11	92.81	223.69	0.32	Gyro
10660.00	3.20	10658.55	70.41	194.50	-70.41	-65.21	95.97	222.80	1.33	Ryan MWD
10706.00	8.80	10704.28	75.18	180.00	-75.18	-65.53	99.73	221.08	12.52	Ryan MWD
10751.00	15.00	10748.29	84.42	174.00	-84.42	-64.92	106.49	217.56	14.03	Ryan MWD
10796.00	21.30	10791.03	98.36	174.20	-98.36	-63.48	117.06	212.84	14.00	Ryan MWD
10841.00	28.30	10831.86	117.17	177.60	-117.17	-62.21	132.66	207.97	15.87	Ryan MWD
10886.00	35.00	10870.14	140.76	179.20	-140.76	-61.58	153.64	203.63	15.00	Ryan MWD
10932.00	40.00	10906.63	168.75	179.30	-168.75	-61.22	179.51	199.94	10.87	Ryan MWD
10977.00	44.80	10939.85	199.08	179.40	-199.08	-60.87	208.18	197.00	10.67	Ryan MWD
11022.00	50.10	10970.27	232.19	176.60	-232.19	-59.68	239.74	194.42	12.64	Ryan MWD
11067.00	54.80	10997.69	267.81	177.30	-267.81	-57.79	273.98	192.18	10.52	Ryan MWD
11112.00	58.40	11022.46	305.34	178.20	-305.34	-56.32	310.49	190.45	8.17	Ryan MWD
11158.00	62.90	11045.00	345.42	180.20	-345.42	-55.78	349.90	189.17	10.49	Ryan MWD
11203.00	69.40	11063.18	386.55	181.30	-386.55	-56.33	390.64	188.29	14.52	Ryan MWD
11248.00	76.90	11076.22	429.55	183.20	-429.55	-58.03	433.46	187.69	17.15	Ryan MWD
11293.00	81.50	11084.65	473.66	183.80	-473.66	-60.73	477.54	187.31	10.31	Ryan MWD
11338.00	84.50	11090.13	518.23	183.40	-518.23	-63.53	522.11	186.99	6.72	Ryan MWD
11384.00	88.20	11093.06	564.05	183.30	-564.05	-66.22	567.93	186.70	8.05	Ryan MWD
11429.00	91.30	11093.26	608.98	183.00	-608.98	-68.69	612.84	186.44	6.92	Ryan MWD
11474.00	92.40	11091.80	653.90	182.90	-653.90	-71.00	657.74	186.20	2.45	Ryan MWD
11519.00	93.50	11089.49	698.78	182.80	-698.78	-73.24	702.61	185.98	2.45	Ryan MWD

Ryan Energy Technologies
COMPLETION REPORT

Chesapeake ENERGY

Ryan

Company: Chesapeake Operating, Inc.
Field: Reeves Co. TX
Site: Darden State 71-26 1H
Well: Well # 71-26 1H
Wellpath: 1H

Date: 4/6/2009 **Time:** 07:54:45 **Page:** 3
Co-ordinate(NE) Reference: Site: Darden State 71-26 1H, Grid North
Vertical (TVD) Reference: Est RKB 3055.0
Section (VS) Reference: Well (0.00N,0.00E,180.00Azi)
Survey Calculation Method: Minimum Curvature **Db:** Sybase

Survey

MD ft	Incl deg	TVD ft	VS ft	Azim deg	N/S ft	E/W ft	Clsr Dist. ft	Clsr Azi. deg	Dog Leg deg/100ft	Tool
11564.00	94.10	11086.51	743.63	182.70	-743.63	-75.39	747.44	185.79	1.35	Ryan MWD
11609.00	91.80	11084.19	788.51	183.00	-788.51	-77.63	792.32	185.62	5.15	Ryan MWD
11654.00	91.70	11082.82	833.43	182.90	-833.43	-79.94	837.26	185.48	0.31	Ryan MWD
11700.00	91.90	11081.37	879.34	183.10	-879.34	-82.35	883.19	185.35	0.61	Ryan MWD
11745.00	91.10	11080.19	924.25	183.50	-924.25	-84.94	928.15	185.25	1.99	Ryan MWD
11790.00	91.30	11079.25	969.17	183.30	-969.17	-87.61	973.12	185.17	0.63	Ryan MWD
11835.00	92.00	11077.96	1014.08	182.90	-1014.08	-90.04	1018.07	185.07	1.79	Ryan MWD
11880.00	92.60	11076.15	1059.00	182.40	-1059.00	-92.12	1062.99	184.97	1.74	Ryan MWD
11925.00	93.00	11073.95	1103.91	182.10	-1103.91	-93.88	1107.89	184.86	1.11	Ryan MWD
11971.00	93.20	11071.46	1149.81	181.80	-1149.81	-95.44	1153.77	184.75	0.78	Ryan MWD
12016.00	94.10	11068.60	1194.70	181.50	-1194.70	-96.74	1198.61	184.63	2.11	Ryan MWD
12061.00	94.80	11065.11	1239.55	181.30	-1239.55	-97.83	1243.41	184.51	1.62	Ryan MWD
12106.00	95.20	11061.19	1284.37	181.50	-1284.37	-98.93	1288.17	184.40	0.99	Ryan MWD
12151.00	95.70	11056.91	1329.15	181.10	-1329.15	-99.95	1332.91	184.30	1.42	Ryan MWD
12241.00	93.80	11049.46	1418.83	180.50	-1418.83	-101.20	1422.44	184.08	2.21	Ryan MWD
12331.00	94.80	11042.71	1508.57	180.40	-1508.57	-101.90	1512.01	183.86	1.12	Ryan MWD
12422.00	95.30	11034.70	1599.22	179.90	-1599.22	-102.14	1602.48	183.65	0.78	Ryan MWD
12512.00	96.30	11025.61	1688.76	180.00	-1688.76	-102.06	1691.84	183.46	1.12	Ryan MWD
12603.00	96.70	11015.30	1779.17	179.90	-1779.17	-101.98	1782.09	183.28	0.45	Ryan MWD
12693.00	97.20	11004.41	1868.51	179.60	-1868.51	-101.59	1871.27	183.11	0.65	Ryan MWD
12783.00	97.90	10992.59	1957.73	180.00	-1957.73	-101.28	1960.35	182.96	0.89	Ryan MWD
12874.00	98.10	10979.92	2047.84	180.50	-2047.84	-101.67	2050.36	182.84	0.59	Ryan MWD
12964.00	96.80	10968.25	2137.07	181.20	-2137.07	-103.00	2139.55	182.76	1.64	Ryan MWD
13054.00	96.70	10957.68	2226.42	181.30	-2226.42	-104.95	2228.90	182.70	0.16	Ryan MWD
13145.00	95.90	10947.69	2316.86	181.00	-2316.86	-106.76	2319.31	182.64	0.94	Ryan MWD
13235.00	96.80	10937.74	2406.30	180.50	-2406.30	-107.93	2408.71	182.57	1.14	Ryan MWD
13325.00	96.40	10927.39	2495.70	180.50	-2495.70	-108.72	2498.06	182.49	0.44	Ryan MWD
13416.00	95.40	10918.04	2586.21	180.00	-2586.21	-109.11	2588.51	182.42	1.23	Ryan MWD
13506.00	96.00	10909.10	2675.77	179.80	-2675.77	-108.95	2677.98	182.33	0.70	Ryan MWD
13596.00	95.30	10900.24	2765.33	179.70	-2765.33	-108.56	2767.46	182.25	0.79	Ryan MWD
13687.00	95.70	10891.52	2855.90	179.30	-2855.90	-107.77	2857.94	182.16	0.62	Ryan MWD
13777.00	94.60	10883.44	2945.53	179.50	-2945.53	-106.83	2947.47	182.08	1.24	Ryan MWD
13867.00	96.00	10875.13	3035.14	179.40	-3035.14	-105.97	3036.99	182.00	1.56	Ryan MWD
13958.00	95.50	10866.01	3125.68	179.90	-3125.68	-105.42	3127.46	181.93	0.78	Ryan MWD
14048.00	94.40	10858.24	3215.35	179.90	-3215.35	-105.26	3217.07	181.88	1.22	Ryan MWD
14138.00	94.80	10851.02	3305.05	179.40	-3305.05	-104.72	3306.71	181.81	0.71	Ryan MWD
14229.00	95.00	10843.25	3395.71	178.90	-3395.71	-103.37	3397.28	181.74	0.59	Ryan MWD
14319.00	95.30	10835.17	3485.34	179.40	-3485.34	-102.04	3486.83	181.68	0 65	Ryan MWD
14410.00	95.70	10826.45	3575.92	180.80	-3575.92	-102.20	3577.38	181.64	1.59	Ryan MWD
14500.00	95.30	10817.82	3665.49	181.30	-3665.49	-103.84	3666.96	181.62	0.71	Ryan MWD
14591.00	95.60	10809.18	3756.05	181.60	-3756.05	-106.13	3757.54	181.62	0.47	Ryan MWD
14681.00	95.40	10800.56	3845.59	181.70	-3845.59	-108.71	3847.13	181.62	0.25	Ryan MWD
14771.00	96.00	10791.62	3935.12	181.30	-3935.12	-111.06	3936.68	181.62	0.80	Ryan MWD
14861.00	95.90	10782.29	4024.59	182.20	-4024.59	-113.79	4026.20	181.62	1.00	Ryan MWD
14952.00	95.30	10773.41	4115.08	182.60	-4115.08	-117.58	4116.75	181.64	0.79	Ryan MWD
15042.00	95.70	10764.78	4204.59	182.00	-4204.59	-121.18	4206.33	181.65	0.80	Ryan MWD
15110.00	95.48	10758.16	4272.22	182.00	-4272.22	-123.54	4274.01	181.66	0.33	Section Li
15133.00	95.40	10755.98	4295.11	182.00	-4295.11	-124.34	4296.91	181.66	0.33	Ryan MWD
15223.00	94.70	10748.06	4384.70	182.20	-4384.70	-127.63	4386.55	181.67	0.81	Ryan MWD
15313.00	95.10	10740.37	4474.31	181.80	-4474.31	-130.75	4476.22	181.67	0.63	Ryan MWD
15404.00	95.10	10732.28	4564.89	182.50	-4564.89	-134.15	4566.86	181.68	0.77	Ryan MWD
15494.00	95.60	10723.89	4654.42	182.10	-4654.42	-137.75	4656.46	181.70	0.71	Ryan MWD

Ryan Energy Technologies
COMPLETION REPORT

Company: Chesapeake Operating, Inc. **Date:** 4/6/2009 **Time:** 07:54:45 **Page:** 4
Field: Reeves Co. TX **Co-ordinate(NE) Reference:** Site: Darden State 71-26 1H, Grid North
Site: Darden State 71-26 1H **Vertical (TVD) Reference:** Est RKB 3055.0
Well: Well # 71-26 1H **Section (VS) Reference:** Well (0.00N,0.00E,180.00Azi)
Wellpath: 1H **Survey Calculation Method:** Minimum Curvature **Db:** Sybase

Survey

MD ft	Incl deg	TVD ft	VS ft	Azim deg	N/S ft	E/W ft	Clsr Dist. ft	Clsr Azi. deg	Dog Leg deg/100ft	Tool
15584.00	96.00	10714.79	4743.90	182.00	-4743.90	-140.95	4746.00	181.70	0.46	Ryan MWD
15675.00	96.40	10704.97	4834.31	182.30	-4834.31	-144.35	4836.46	181.71	0.55	Ryan MWD
15765.00	97.30	10694.23	4923.59	182.30	-4923.59	-147.93	4925.81	181.72	1.00	Ryan MWD
15804.00	97.70	10689.14	4962.23	182.50	-4962.23	-149.55	4964.48	181.73	1.14	Ryan MWD
15850.00	97.70	10682.98	5007.77	182.50	-5007.77	-151.54	5010.06	181.73	0.00	PROJECTED

TOPOGRAPHIC

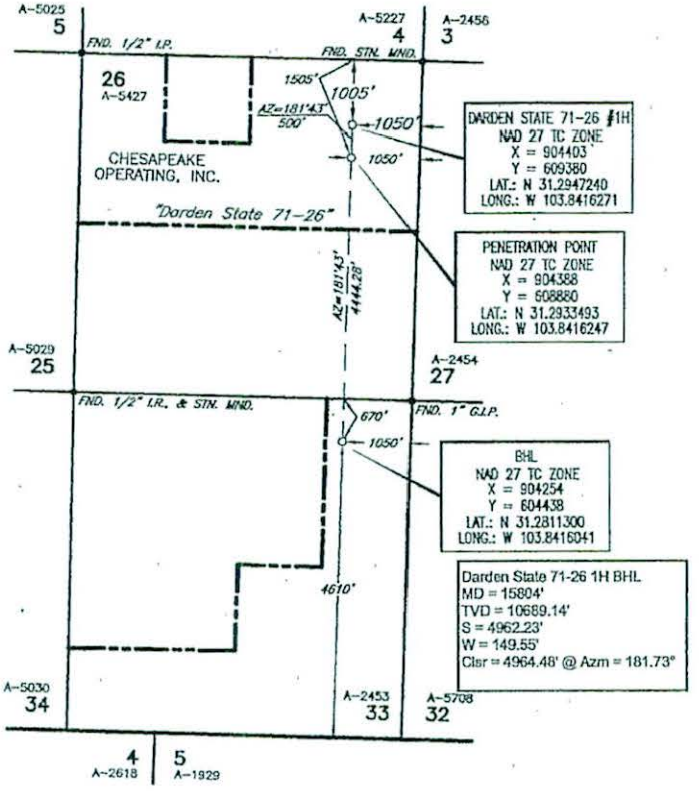
SURVEYING • MAPPING • GIS • GPS
2903 N. BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 (800) 767-1653 • FAX (432) 682-1743

REEVES County, Texas

Description SHL= 1005' FNL & 1050' FEL (SEC. 26)
BHL= 670' FNL & 1050' FEL (SEC. 33)

SECTION 26, BLOCK 71, PUBLIC SCHOOL LAND, A-5427

NAD 27 GRID BEARINGS



This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us. This plat does not in any way represents a "Boundary Survey", and does not comply with correct T.B.P.L.S. Minimum Standards of Procedures for Boundary Surveys.

SCALE: 1" = 2000'
0' 1000' 2000'

Operator CHESAPEAKE OPERATING, INC. Date Staked OCTOBER 1, 2008

Lease Name & Well No. DARDEN STATE 71--26 #1H Ground Elev. 3029'

Topography & Vegetation LOW BRUSH

Nearest Town in County ±3.8 MILES NORTHWEST OF KENT, TEXAS

Driving Directions FROM THE JUNCTION OF HWY. 2903 & COUNTY ROAD 225, GO WEST 3.0 MILES ON HWY. 225 3.0 MILES TO LEASE ROAD, THENCE SOUTH 1.5 MILES ON LEASE ROAD TO A POINT 1.3 MILES WEST OF LOCATION.

STATE OF TEXAS
REGISTERED
ROBERT JAMES OVERTON JR.
5916
PROFESSIONAL
LAND SURVEYOR

CERTIFICATION:

I, Robert J. Overton, Jr., a Registered Professional Land Surveyor, and an authorized agent of Topographic Land Surveyors, do hereby certify that in my professional opinion the above described well location was surveyed and staked on the ground as shown. *This plat is for Texas Railroad Commission permitting only.*

Robert J. Overton Jr.

Texas Reg. No. 5916

Invoice # 140526-1/578SE
L.A.S.

gyro/data

Gyrodata Incorporated
3811 S. Co. Rd. 1285
Odessa, TX. 79765

432/561-8458
Fax: 432/563-7982

Date: July 22, 2009

Railroad Commission of Texas
Oil & Gas Division
P.O. Box 12967
Capitol Station
Austin, Texas 78711

RECEIVED
RRC OF TEXAS
NOV 25 2009
O&G
AUSTIN TX

Attn: Ms. Pam Johns

RE:
Chesapeake Operating, Inc.
Darden State 71-26 Well No. 1H
RRC Lease/Gas ID No. Not Assigned
Toyah, NW (Shale), Wildcat
PSL, Abstract 5427
Reeves County, Texas
API No. 42- 389-32585
CERTIFIED MAIL 70081830000427480295

Ms. Johns,

Enclosed, please find the original and one copy of the survey performed on the referenced well by Gyrodata, Inc. (P-5 No. 339713). Other information required by your office is as follows:

Name & Title Of Surveyor	Drainhole Number	Surveyed Depths	Dates Performed	Type of Survey
Phillip Stafford Surveyor	Original Hole	Surface – 10588'	3/19/09	Rate Gyroscopic

A certified plat on which the bottom hole location is oriented both to the surface location and to the lease lines (or unit lines in the case of pooling) is attached to the survey report. If any other information is required, please contact the undersigned at the letterhead address and phone number.

Sincerely,

Jena Tumlin
Operations
Enclosure

A Gyrodata Directional Survey

for

CHESAPEAKE OPEARTING

Lease: Darden 71-26 Well: IH, 4 1/2" Drill Pipe
Location: Trinidad Rig #107, Reeves County, Texas

Job Number: MD0309GMSW130

Run Date: 19 Mar 2009

Surveyor: Oscar Velasquez; Steve Winther; Phillip Stafford; Jason Solomon

Calculation Method: MINIMUM CURVATURE

Survey surface coordinates obtained from: Hand Held GPS
Survey Latitude: 31.757222 deg. N Longitude: 103.308889 deg. W

Azimuth Correction:
Gyro: 1.53000 deg to Grid North

Vertical Section Calculated from Well Head Location

Closure Calculated from Well Head Location

Horizontal Coordinates Calculated from Well Head Location

A Gyrodata Directional Survey

Chesapeake Opearting
Lease: Darden 71-26 Well: IH, 4 1/2" Drill Pipe
Location: Trinidad Rig #107, Reeves County, Texas
Job Number: MD0309GMSW130

MEASURED DEPTH feet	INCL deg.	AZIMUTH deg.	VERTICAL SECTION feet	DOGLEG SEVERITY deg./ 100 ft.	VERTICAL DEPTH feet	CLOSURE DIST. feet	AZIMUTH deg.	HORIZONTAL COORDINATES feet	
0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.0	0.00 N	0.00 E
0 TO 10388 FT RATE GYROSCOPIC MULTISHOT SURVEY RUN INSIDE 4 1/2" DRILLPIPE									
ALL COORDINATES AND MEASURED DEPTHS REFERENCED TO TRINIDAD RIG #107 R.K.B.									
200.00	0.42	351.07	0.7	0.21	200.00	0.7	351.1	0.72 N	0.11 W
400.00	0.40	339.40	2.1	0.04	399.99	2.2	347.3	2.10 N	0.47 W
600.00	0.48	331.63	3.5	0.05	599.99	3.7	342.3	3.49 N	1.12 W
800.00	0.42	318.86	4.8	0.06	799.98	5.2	337.3	4.78 N	2.00 W
1000.00	0.36	279.72	5.4	0.13	999.98	6.3	330.3	5.44 N	3.10 W
1200.00	0.76	281.80	5.8	0.20	1199.97	7.7	319.2	5.82 N	5.02 W
1400.00	1.17	286.71	6.7	0.21	1399.94	10.6	308.9	6.68 N	8.27 W
1600.00	1.25	272.87	7.4	0.15	1599.89	14.4	300.7	7.37 N	12.40 W
1800.00	1.59	262.76	7.1	0.21	1799.83	18.7	292.4	7.13 N	17.34 W
2000.00	1.16	289.32	7.5	0.38	1999.78	23.2	288.7	7.45 N	22.00 W
2200.00	1.15	290.05	8.8	0.01	2199.74	27.3	288.9	8.81 N	25.80 W
2400.00	1.03	290.80	10.1	0.06	2399.70	31.1	289.0	10.14 N	29.36 W
2600.00	0.57	268.33	10.7	0.27	2599.68	33.8	288.5	10.74 N	32.04 W
2800.00	0.72	245.53	10.2	0.15	2799.67	35.7	286.6	10.20 N	34.17 W
3000.00	0.56	192.92	8.7	0.29	2999.66	36.6	283.8	8.72 N	35.54 W
3200.00	0.50	167.07	6.9	0.12	3199.65	36.2	281.0	6.92 N	35.56 W
3400.00	0.73	139.99	5.1	0.18	3399.64	34.9	278.4	5.09 N	34.55 W
3600.00	1.15	103.62	3.6	0.35	3599.61	32.0	276.5	3.64 N	31.78 W
3800.00	1.48	125.51	1.7	0.30	3799.56	27.8	273.5	1.67 N	27.72 W
4000.00	1.13	131.66	-1.1	0.19	3999.51	24.2	267.3	1.14 S	24.13 W

A Gyrodata Directional Survey

Chesapeake Operating
Lease: Darden 71-26 Well: IH, 4 1/2" Drill Pipe
Location: Trinidad Rig #107, Reeves County, Texas
Job Number: MD0309GMSW130

MEASURED DEPTH feet	INCL deg.	AZIMUTH deg.	VERTICAL SECTION feet	DOGLEG SEVERITY deg./ 100 ft.	VERTICAL DEPTH feet	CLOSURE DIST. feet	CLOSURE AZIMUTH deg.	HORIZONTAL COORDINATES feet	
4200.00	0.98	142.40	-3.8	0.12	4199.47	22.0	260.0	3.81 S	21.63 W
4400.00	0.59	157.27	-6.1	0.22	4399.45	21.1	253.2	6.11 S	20.19 W
4600.00	0.41	161.24	-7.7	0.09	4599.45	21.0	248.4	7.74 S	19.56 W
4800.00	0.52	167.41	-9.3	0.06	4799.44	21.3	244.1	9.30 S	19.13 W
5000.00	0.23	173.68	-10.6	0.15	4999.44	21.7	240.7	10.59 S	18.89 W
5200.00	0.30	201.60	-11.5	0.07	5199.43	22.2	238.9	11.47 S	19.04 W
5400.00	0.17	215.03	-12.2	0.07	5399.43	22.9	237.8	12.20 S	19.40 W
5600.00	0.14	224.89	-12.6	0.02	5599.43	23.4	237.4	12.62 S	19.74 W
5800.00	0.41	257.46	-12.9	0.15	5799.43	24.3	237.9	12.95 S	20.62 W
6000.00	0.49	284.61	-12.9	0.11	5999.42	25.6	239.8	12.89 S	22.14 W
6200.00	0.38	248.87	-12.9	0.14	6199.42	26.9	241.3	12.91 S	23.59 W
6400.00	0.21	273.88	-13.1	0.10	6399.42	27.9	241.9	13.12 S	24.57 W
6600.00	0.14	245.28	-13.2	0.05	6599.41	28.4	242.3	13.20 S	25.16 W
6800.00	0.11	83.89	-13.3	0.12	6799.41	28.5	242.2	13.28 S	25.19 W
7000.00	0.06	51.28	-13.2	0.03	6999.41	28.2	242.1	13.20 S	24.92 W
7200.00	0.70	233.90	-13.9	0.38	7199.41	29.3	241.8	13.85 S	25.82 W
7400.00	0.66	243.78	-15.1	0.06	7399.40	31.7	241.6	15.08 S	27.84 W
7600.00	0.72	229.87	-16.4	0.09	7599.38	34.0	241.2	16.40 S	29.84 W
7800.00	0.97	241.72	-18.0	0.15	7799.36	37.0	240.8	18.01 S	32.29 W
8000.00	0.92	230.84	-19.8	0.09	7999.33	40.2	240.5	19.83 S	35.03 W
8200.00	0.69	228.89	-21.6	0.12	8199.31	43.0	239.8	21.63 S	37.18 W
8400.00	0.77	222.54	-23.4	0.06	8399.30	45.5	239.0	23.41 S	38.99 W
8600.00	0.76	214.52	-25.5	0.05	8599.28	48.0	237.9	25.50 S	40.65 W
8800.00	0.96	210.96	-28.0	0.10	8799.26	50.7	236.5	28.03 S	42.27 W

A Gyrodata Directional Survey

Chesapeake Opearting
Lease: Darden 71-26 Well: IH, 4 1/2" Drill Pipe
Location: Trinidad Rig #107, Reeves County, Texas
Job Number: MD0309GMSW130

MEASURED DEPTH feet	INCL deg.	AZIMUTH deg.	VERTICAL SECTION feet	DOGLEG SEVERITY deg./ 100 ft.	VERTICAL DEPTH feet	CLOSURE DIST. feet	CLOSURE AZIMUTH deg.	HORIZONTAL COORDINATES feet	
9000.00	0.80	207.96	-30.7	0.08	8999.23	53.5	235.0	30.70 S	43.78 W
9200.00	0.77	214.32	-33.0	0.05	9199.21	56.0	233.8	33.04 S	45.30 W
9400.00	1.20	210.75	-36.0	0.22	9399.18	59.2	232.6	35.95 S	47.03 W
9600.00	1.24	206.15	-39.7	0.05	9599.14	63.1	231.0	39.69 S	49.05 W
9800.00	1.58	206.71	-44.1	0.17	9799.08	67.6	229.3	44.10 S	51.24 W
10000.00	1.77	206.79	-49.3	0.10	9998.99	73.0	227.5	49.32 S	53.87 W
10200.00	2.10	211.58	-55.2	0.18	10198.88	79.5	226.0	55.20 S	57.19 W
10400.00	1.86	213.16	-61.0	0.12	10398.76	86.2	224.9	61.04 S	60.88 W
10588.00	2.35	203.85	-67.1	0.32	10586.63	92.8	223.7	67.11 S	64.11 W

Final Station Closure: Distance: 92.81 ft Az: 223.69 deg.

gyro/data

Gyrodata Incorporated
3811 S. Co. Rd. 1285
Odessa, TX. 79765

432/561-8458
Fax: 432/563-7982

State of Texas
County of Travis

I, Jena Tumlin, certify that; I am employed by Gyrodata Inc.; that I am authorized and qualified to review the Rate Gyroscopic Multishot survey from a depth of 0 feet to a depth of 10588 feet conducted on the day(s) of 3/19/09 through 3/19/09 ; that this survey was conducted at the request of Chesapeake Operating for the Darden State 71-26 Well No. 1H API No. 42-389 - 32585, in Reeves County, Texas; that the data is true, correct, complete, and within the limitations of the tool as set forth by Gyrodata Inc; that I am authorized and qualified to make this report; and that I have reviewed this report and find that it conforms to the principles and procedures as set forth by Gyrodata Inc.

Jena Tumlin
Operations

File No. MF 108655 County Reeves

RRC Filings

Date Filed: 14 Feb 2016 George P. Bush, Commissioner By DBS

GYRODATA BOTTOM HOLE LOCATION
92.81 FEET @ 223.69 DEGREES OF
SURFACE LOCATION
MD 10588' TVD 10586.63'
WEST 64.11' SOUTH 67.11'

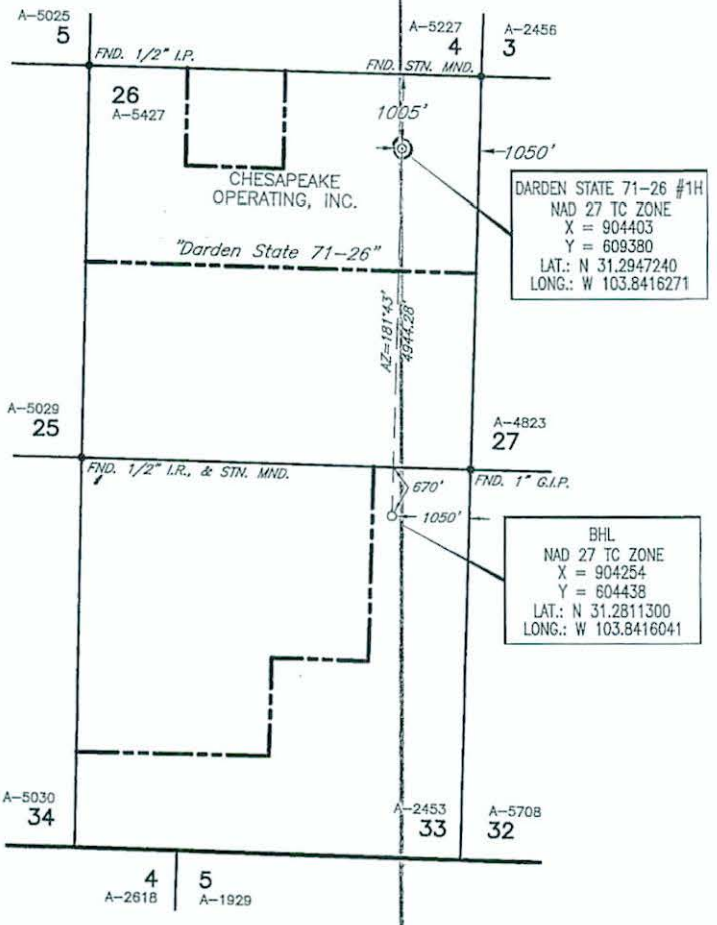
TOPOGRAPHIC

SURVEYING • MAPPING • GIS • GPS
2903 N. BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 (800) 767-1653 • FAX (432) 682-1743

REEVES County, Texas
Description SHL= 1005' FNL & 1050' FEL (SEC. 26)
BHL= 670' FNL & 1050' FEL (SEC. 33)

SECTION 26, BLOCK 71, PUBLIC SCHOOL LAND, A-5427

NAD 27 GRID BEARINGS



This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us. This plat does not in any way represents a "Boundary Survey", and does not comply with correct T.B.P.L.S. Minimum Standards of Procedures for Boundary Surveys.

SCALE: 1" = 2000'
0' 1000' 2000'

Operator CHESAPEAKE OPERATING, INC. Date Staked OCTOBER 1, 2008

Lease Name & Well No. DARDEN STATE 71-26 #1H Ground Elev. 3029'

Topography & Vegetation LOW BRUSH

Nearest Town in County ±3.8 MILES NORTHWEST OF KENT, TEXAS

Driving Directions FROM THE JUNCTION OF HWY. 2903 & COUNTY ROAD 225, GO WEST 3.0 MILES ON HWY. 225 3.0 MILES TO LEASE ROAD, THENCE SOUTH 1.5 MILES ON LEASE ROAD TO A POINT 1.3 MILES WEST OF LOCATION.

STATE OF TEXAS
REGISTERED
ROBERT JAMES OVERTON JR.
5916
PROFESSIONAL
LAND SURVEYOR

CERTIFICATION:

I, Robert J. Overton, Jr., a Registered Professional Land Surveyor, and an authorized agent of Topographic Land Surveyors, do hereby certify that in my professional opinion the above described well location was surveyed and staked on the ground as shown. *This plat is for Texas Railroad Commission permitting only.*

Robert J. Overton Jr.

Invoice # 140526-1/578SE
L.A.S.

Texas Reg. No. 5916

Dustin Oslick

From: Megan Flanagan <MFlanagan@concho.com>
Sent: Tuesday, February 14, 2017 3:53 PM
To: Dustin Oslick
Subject: Darden State 71-26 1H Survey
Attachments: Darden State 71-26 1H_Reeves TX.PDF

Dustin,

Attached you will find the Directional Drilling Report for the Darden State 71-26 1H well prepared by Ryan Drilling Technologies & Solutions for Chesapeake Operating, Inc., the original operator of the well. Per Page 2 of the directional survey included, the well hit a TVD of 11,093.26', which is why COG and Endeavor are releasing depths below 11,193' (TVD+100', per the leases).

Please let me know if you need anything else.

Thanks,

Megan Flanagan
Landman
COG Operating LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701
(432)685-2588 (direct)
mflanagan@concho.com



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Ryan
Drilling Technologies & Solutions

Ryan Energy Directional Drilling Report

Field: Reeves Co. TX
Site: Darden State 71-26 1H
Well: Well # 71-26 1H
Wellpath: 1H

Prepared For:

Chesapeake Operating, Inc.

Chesapeake
ENERGY

Ryan Energy Technology
19510 Oil Center Blvd
Houston, TX 77073
Ph: 281-443-1414
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Chesapeake Operating, Inc.

Field: Reeves Co. TX
Site: Darden State 71-26 1H
Well: Well # 71-26 1H
Wellpath: 1H

Azimuths to Grid North
True North: 1.81°
Magnetic North: 9.71°

Magnetic Field
Strength: 48304nT
Dip Angle: 59.33°
Date: 2/25/2009
Model: igrf2005

SITE DETAILS

Darden State 71-26 1H
Reeves Co, TX

Site Centre Northing: 609380.00
Easting: 904403.00

Ground Level: 3029.00
Positional Uncertainty: 0.00
Convergence: -1.81

FIELD DETAILS

Reeves Co. TX

Geodetic System: US State Plane Coordinate System 1927
Ellipsoid: NAD27 (Clarke 1866)
Zone: Texas, Central Zone
Magnetic Model: igrf2005

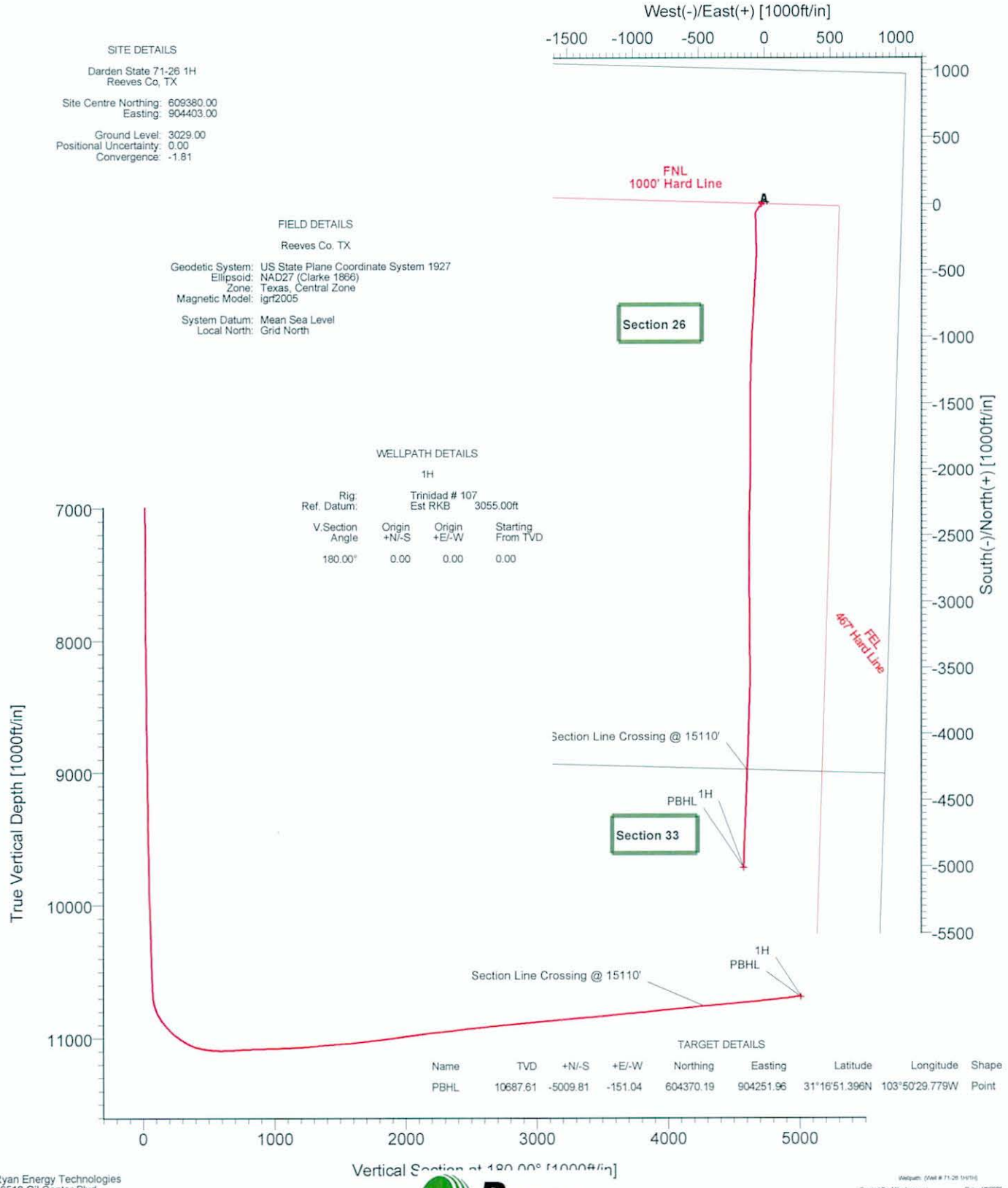
System Datum: Mean Sea Level
Local North: Grid North

WELLPATH DETAILS

1H

Rig: Trinidad # 107
Ref. Datum: Est RKB 3055.00ft

V.Section Angle	Origin +N/-S	Origin +E/-W	Starting From TVD
180.00°	0.00	0.00	0.00



TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Shape
PBHL	10687.61	-5009.81	-151.04	604370.19	904251.96	31°16'51.396N	103°50'29.779W	Point

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Ryan Drilling Technologies & Solutions

Wellpath: (Well # 71-26 1H/1H)
Created By: Mike Lawson Date: 4/6/2009
Checked: Date:
Reviewed: Date:
Approved: Date:

Ryan Energy Technologies
Survey Report

Company:	Chesapeake Operating, Inc.	**Date:** 4/6/2009 **Time:** 07:54:59	**Page:** 1
Field:	Reeves Co. TX	**Co-ordinate(NE) Reference:**	Site: Darden State 71-26 1H, Grid North
Site:	Darden State 71-26 1H	**Vertical (TVD) Reference:**	Est RKB 3055.0
Well:	Well # 71-26 1H	**Section (VS) Reference:**	Well (0.00N,0.00E,180.00Azi)
Wellpath:	1H	**Survey Calculation Method:**	Minimum Curvature **Db:** Sybase

Field: Reeves Co. TX

Map System:	US State Plane Coordinate System 1927	**Map Zone:**	Texas, Central Zone
Geo Datum:	NAD27 (Clarke 1866)	**Coordinate System:**	Site Centre
Sys Datum:	Mean Sea Level	**Geomagnetic Model:**	igrf2005

Site: Darden State 71-26 1H

Reeves Co, TX

Site Position:		**Northing:**	609380.00 ft	**Latitude:**	31 17 41.005 N
From:	Map	**Easting:**	904403.00 ft	**Longitude:**	103 50 29.859 W
Position Uncertainty:	0.00 ft			**North Reference:**	Grid
Ground Level:	3029.00 ft			**Grid Convergence:**	-1.81 deg

Well: Well # 71-26 1H **Slot Name:**

Well Position:	+N/-S	0.00 ft	**Northing:**	609380.00 ft	**Latitude:**	31 17 41.005 N
	+E/-W	0.00 ft	**Easting :**	904403.00 ft	**Longitude:**	103 50 29.859 W
Position Uncertainty:		0.00 ft				

Wellpath: 1H

				Drilled From:	Surface
				Tie-on Depth:	0.00 ft
Current Datum:	Est RKB	**Height**	3055.00 ft	**Above System Datum:**	Mean Sea Level
Magnetic Data:	2/25/2009			**Declination:**	7.90 deg
Field Strength:	48304 nT			**Mag Dip Angle:**	59.33 deg

Vertical Section: Depth From (TVD) ft	+N/-S ft	+E/-W ft	Direction deg
0.00	0.00	0.00	180.00

Survey Program for Definitive Wellpath

Date: 4/6/2009 **Validated:** No **Version:** 1

Actual From ft	To ft	Survey	Toolcode	Tool Name
200.00	10588.00	Survey #2 (200.00-10588.00)	Gyro	Gyro MS
10660.00	15804.00	Survey #3 (10660.00-15804.00)	Ryan MWD	Ryan MWD
15850.00	15850.00	Survey #4 (15850.00-15850.00)	Project	

Survey

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	Tool/Comment
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	TIE LINE
200.00	0.42	351.07	200.00	0.72	-0.11	-0.72	0.21	0.21	0.00	Gyro
400.00	0.40	339.40	399.99	2.10	-0.47	-2.10	0.04	-0.01	-5.83	Gyro
600.00	0.48	331.63	599.99	3.49	-1.12	-3.49	0.05	0.04	-3.88	Gyro
800.00	0.42	318.86	799.98	4.78	-2.00	-4.78	0.06	-0.03	-6.38	Gyro
1000.00	0.36	279.72	999.98	5.44	-3.10	-5.44	0.13	-0.03	-19.57	Gyro
1200.00	0.76	281.80	1199.97	5.82	-5.02	-5.82	0.20	0.20	1.04	Gyro
1400.00	1.17	286.71	1399.94	6.68	-8.27	-6.68	0.21	0.20	2.45	Gyro
1600.00	1.25	272.87	1599.89	7.37	-12.40	-7.37	0.15	0.04	-6.92	Gyro
1800.00	1.59	262.76	1799.83	7.13	-17.34	-7.13	0.21	0.17	-5.05	Gyro
2000.00	1.16	289.32	1999.78	7.45	-22.00	-7.45	0.38	-0.21	13.28	Gyro
2200.00	1.15	290.05	2199.74	8.81	-25.80	-8.81	0.01	0.00	0.36	Gyro
2400.00	1.03	290.80	2399.70	10.14	-29.36	-10.14	0.06	-0.06	0.37	Gyro
2600.00	0.57	268.33	2599.68	10.74	-32.04	-10.74	0.27	-0.23	-11.23	Gyro
2800.00	0.72	245.53	2799.67	10.20	-34.17	-10.20	0.15	0.07	-11.40	Gyro
3000.00	0.56	192.92	2999.66	8.72	-35.54	-8.72	0.29	-0.08	-26.30	Gyro
3200.00	0.50	167.07	3199.65	6.92	-35.56	-6.92	0.12	-0.03	-12.92	Gyro
3400.00	0.73	139.99	3399.64	5.09	-34.55	-5.09	0.18	0.11	-13.54	Gyro
3600.00	1.15	103.62	3599.61	3.64	-31.78	-3.64	0.35	0.21	-18.18	Gyro
3800.00	1.48	125.51	3799.56	1.67	-27.72	-1.67	0.30	0.16	10.94	Gyro
4000.00	1.13	131.66	3999.51	-1.14	-24.15	1.14	0.19	-0.17	3.07	Gyro

Ryan Energy Technologies
Survey Report

Company:	Chesapeake Operating, Inc.	**Date:** 4/6/2009 **Time:** 07:54:59	**Page:** 2
Field:	Reeves Co. TX	**Co-ordinate(NE) Reference:**	Site: Darden State 71-26 1H, Grid North
Site:	Darden State 71-26 1H	**Vertical (TVD) Reference:**	Est RKB 3055.0
Well:	Well # 71-26 1H	**Section (VS) Reference:**	Well (0.00N,0.00E,180.00Azi)
Wellpath:	1H	**Survey Calculation Method:**	Minimum Curvature **Db:** Sybase

Survey

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	Tool/Comment
4200.00	0.98	142.40	4199.47	-3.81	-21.63	3.81	0.12	-0.07	5.37	Gyro
4400.00	0.59	157.27	4399.45	-6.11	-20.19	6.11	0.22	-0.19	7.43	Gyro
4600.00	0.41	161.24	4599.45	-7.74	-19.56	7.74	0.09	-0.09	1.98	Gyro
4800.00	0.52	167.41	4799.44	-9.30	-19.13	9.30	0.06	0.05	3.08	Gyro
5000.00	0.23	173.68	4999.44	-10.59	-18.89	10.59	0.15	-0.14	3.13	Gyro
5200.00	0.30	201.60	5199.43	-11.47	-19.04	11.47	0.07	0.03	13.96	Gyro
5400.00	0.17	215.03	5399.43	-12.20	-19.40	12.20	0.07	-0.06	6.71	Gyro
5600.00	0.14	224.89	5599.43	-12.62	-19.74	12.62	0.02	-0.01	4.93	Gyro
5800.00	0.41	257.46	5799.43	-12.95	-20.62	12.95	0.15	0.13	16.28	Gyro
6000.00	0.49	284.61	5999.42	-12.89	-22.14	12.89	0.11	0.04	13.57	Gyro
6200.00	0.38	248.87	6199.42	-12.91	-23.59	12.91	0.14	-0.05	-17.87	Gyro
6400.00	0.21	273.88	6399.42	-13.12	-24.57	13.12	0.10	-0.08	12.50	Gyro
6600.00	0.14	245.28	6599.41	-13.20	-25.16	13.20	0.05	-0.03	-14.30	Gyro
6800.00	0.11	83.89	6799.41	-13.28	-25.19	13.28	0.12	-0.01	-80.69	Gyro
7000.00	0.06	51.28	6999.41	-13.20	-24.92	13.20	0.03	-0.02	-16.30	Gyro
7200.00	0.70	233.90	7199.41	-13.85	-25.82	13.85	0.38	0.32	-88.69	Gyro
7400.00	0.66	243.78	7399.40	-15.08	-27.84	15.08	0.06	-0.02	4.94	Gyro
7600.00	0.72	229.87	7599.38	-16.40	-29.84	16.40	0.09	0.03	-6.95	Gyro
7800.00	0.97	241.72	7799.36	-18.01	-32.29	18.01	0.15	0.12	5.92	Gyro
8000.00	0.92	230.84	7999.33	-19.83	-35.03	19.83	0.09	-0.02	-5.44	Gyro
8200.00	0.69	228.89	8199.31	-21.63	-37.18	21.63	0.12	-0.11	-0.97	Gyro
8400.00	0.77	222.54	8399.30	-23.41	-38.99	23.41	0.06	0.04	-3.17	Gyro
8600.00	0.76	214.52	8599.28	-25.50	-40.65	25.50	0.05	0.00	-4.01	Gyro
8800.00	0.96	210.96	8799.26	-28.03	-42.27	28.03	0.10	0.10	-1.78	Gyro
9000.00	0.80	207.96	8999.23	-30.70	-43.78	30.70	0.08	-0.08	-1.50	Gyro
9200.00	0.77	214.32	9199.21	-33.04	-45.20	33.04	0.05	-0.01	3.18	Gyro
9400.00	1.20	210.75	9399.18	-35.95	-47.03	35.95	0.22	0.21	-1.78	Gyro
9600.00	1.24	206.15	9599.14	-39.69	-49.05	39.69	0.05	0.02	-2.30	Gyro
9800.00	1.58	206.71	9799.08	-44.10	-51.24	44.10	0.17	0.17	0.28	Gyro
10000.00	1.77	206.79	9998.99	-49.32	-53.87	49.32	0.10	0.09	0.04	Gyro
10200.00	2.10	211.58	10198.88	-55.20	-57.19	55.20	0.18	0.16	2.39	Gyro
10400.00	1.86	213.16	10398.76	-61.04	-60.88	61.04	0.12	-0.12	0.79	Gyro
10588.00	2.35	203.85	10586.63	-67.11	-64.11	67.11	0.32	0.26	-4.95	Gyro
10660.00	3.20	194.50	10658.55	-70.41	-65.21	70.41	1.33	1.18	-12.99	Ryan MWD
10706.00	8.80	180.00	10704.28	-75.18	-65.53	75.18	12.52	12.17	-31.52	Ryan MWD
10751.00	15.00	174.00	10748.29	-84.42	-64.92	84.42	14.03	13.78	-13.33	Ryan MWD
10796.00	21.30	174.20	10791.03	-98.36	-63.48	98.36	14.00	14.00	0.44	Ryan MWD
10841.00	28.30	177.60	10831.86	-117.17	-62.21	117.17	15.87	15.56	7.56	Ryan MWD
10886.00	35.00	179.20	10870.14	-140.76	-61.58	140.76	15.00	14.89	3.56	Ryan MWD
10932.00	40.00	179.30	10906.63	-168.75	-61.22	168.75	10.87	10.87	0.22	Ryan MWD
10977.00	44.80	179.40	10939.85	-199.08	-60.87	199.08	10.67	10.67	0.22	Ryan MWD
11022.00	50.10	176.60	10970.27	-232.19	-59.68	232.19	12.64	11.78	-6.22	Ryan MWD
11067.00	54.80	177.30	10997.69	-267.81	-57.79	267.81	10.52	10.44	1.56	Ryan MWD
11112.00	58.40	178.20	11022.46	-305.34	-56.32	305.34	8.17	8.00	2.00	Ryan MWD
11158.00	62.90	180.20	11045.00	-345.42	-55.78	345.42	10.49	9.78	4.35	Ryan MWD
11203.00	69.40	181.30	11063.18	-386.55	-56.33	386.55	14.62	14.44	2.44	Ryan MWD
11248.00	76.90	183.20	11076.22	-429.55	-58.03	429.55	17.15	16.67	4.22	Ryan MWD
11293.00	81.50	183.80	11084.65	-473.66	-60.73	473.66	10.31	10.22	1.33	Ryan MWD
11338.00	84.50	183.40	11090.13	-518.23	-63.53	518.23	6.72	6.67	-0.89	Ryan MWD
11384.00	88.20	183.30	11093.06	-564.05	-66.22	564.05	8.05	8.04	-0.22	Ryan MWD
11429.00	91.30	183.00	11093.26	-608.98	-68.69	608.98	6.92	6.89	-0.67	Ryan MWD
11474.00	92.40	182.90	11091.80	-653.90	-71.00	653.90	2.45	2.44	-0.22	Ryan MWD
11519.00	93.50	182.80	11089.49	-698.78	-73.24	698.78	2.45	2.44	-0.22	Ryan MWD
11564.00	94.10	182.70	11086.51	-743.63	-75.39	743.63	1.35	1.33	-0.22	Ryan MWD

Ryan Energy Technologies
Survey Report

Company: Chesapeake Operating, Inc.
Field: Reeves Co. TX
Site: Darden State 71-26 1H
Well: Well # 71-26 1H
Wellpath: 1H

Date: 4/6/2009 **Time:** 07:54:59 **Page:** 3
Co-ordinate(NE) Reference: Site: Darden State 71-26 1H, Grid North
Vertical (TVD) Reference: Est RKB 3055.0
Section (VS) Reference: Well (0.00N,0.00E,180.00Azi)
Survey Calculation Method: Minimum Curvature **Db:** Sybase

Survey

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	Tool/Comment
11609.00	91.80	183.00	11084.19	-788.51	-77.63	788.51	5.15	-5.11	0.67	Ryan MWD
11654.00	91.70	182.90	11082.82	-833.43	-79.94	833.43	0.31	-0.22	-0.22	Ryan MWD
11700.00	91.90	183.10	11081.37	-879.34	-82.35	879.34	0.61	0.43	0.43	Ryan MWD
11745.00	91.10	183.50	11080.19	-924.25	-84.94	924.25	1.99	-1.78	0.89	Ryan MWD
11790.00	91.30	183.30	11079.25	-969.17	-87.61	969.17	0.63	0.44	-0.44	Ryan MWD
11835.00	92.00	182.90	11077.96	-1014.08	-90.04	1014.08	1.79	1.56	-0.89	Ryan MWD
11880.00	92.60	182.40	11076.15	-1059.00	-92.12	1059.00	1.74	1.33	-1.11	Ryan MWD
11925.00	93.00	182.10	11073.95	-1103.91	-93.88	1103.91	1.11	0.89	-0.67	Ryan MWD
11971.00	93.20	181.80	11071.46	-1149.81	-95.44	1149.81	0.78	0.43	-0.65	Ryan MWD
12016.00	94.10	181.50	11068.60	-1194.70	-96.74	1194.70	2.11	2.00	-0.67	Ryan MWD
12061.00	94.80	181.30	11065.11	-1239.55	-97.83	1239.55	1.62	1.56	-0.44	Ryan MWD
12106.00	95.20	181.50	11061.19	-1284.37	-98.93	1284.37	0.99	0.89	0.44	Ryan MWD
12151.00	95.70	181.10	11056.91	-1329.15	-99.95	1329.15	1.42	1.11	-0.89	Ryan MWD
12241.00	93.80	180.50	11049.46	-1418.83	-101.20	1418.83	2.21	-2.11	-0.67	Ryan MWD
12331.00	94.80	180.40	11042.71	-1508.57	-101.90	1508.57	1.12	1.11	-0.11	Ryan MWD
12422.00	95.30	179.90	11034.70	-1599.22	-102.14	1599.22	0.78	0.55	-0.55	Ryan MWD
12512.00	96.30	180.00	11025.61	-1688.76	-102.06	1688.76	1.12	1.11	0.11	Ryan MWD
12603.00	96.70	179.90	11015.30	-1779.17	-101.98	1779.17	0.45	0.44	-0.11	Ryan MWD
12693.00	97.20	179.60	11004.41	-1868.51	-101.59	1868.51	0.65	0.56	-0.33	Ryan MWD
12783.00	97.90	180.00	10992.59	-1957.73	-101.28	1957.73	0.89	0.78	0.44	Ryan MWD
12874.00	98.10	180.50	10979.92	-2047.84	-101.67	2047.84	0.59	0.22	0.55	Ryan MWD
12964.00	96.80	181.20	10968.25	-2137.07	-103.00	2137.07	1.64	-1.44	0.78	Ryan MWD
13054.00	96.70	181.30	10957.68	-2226.42	-104.95	2226.42	0.16	-0.11	0.11	Ryan MWD
13145.00	95.90	181.00	10947.69	-2316.86	-106.76	2316.86	0.94	-0.88	-0.33	Ryan MWD
13235.00	96.80	180.50	10937.74	-2406.30	-107.93	2406.30	1.14	1.00	-0.56	Ryan MWD
13325.00	96.40	180.50	10927.39	-2495.70	-108.72	2495.70	0.44	-0.44	0.00	Ryan MWD
13416.00	95.40	180.00	10918.04	-2586.21	-109.11	2586.21	1.23	-1.10	-0.55	Ryan MWD
13506.00	96.00	179.80	10909.10	-2675.77	-108.95	2675.77	0.70	0.67	-0.22	Ryan MWD
13596.00	95.30	179.70	10900.24	-2765.33	-108.56	2765.33	0.79	-0.78	-0.11	Ryan MWD
13687.00	95.70	179.30	10891.52	-2855.90	-107.77	2855.90	0.62	0.44	-0.44	Ryan MWD
13777.00	94.60	179.50	10883.44	-2945.53	-106.83	2945.53	1.24	-1.22	0.22	Ryan MWD
13867.00	96.00	179.40	10875.13	-3035.14	-105.97	3035.14	1.56	1.56	-0.11	Ryan MWD
13958.00	95.50	179.90	10866.01	-3125.68	-105.42	3125.68	0.78	-0.55	0.55	Ryan MWD
14048.00	94.40	179.90	10858.24	-3215.35	-105.26	3215.35	1.22	-1.22	0.00	Ryan MWD
14138.00	94.80	179.40	10851.02	-3305.05	-104.72	3305.05	0.71	0.44	-0.56	Ryan MWD
14229.00	95.00	178.90	10843.25	-3395.71	-103.37	3395.71	0.59	0.22	-0.55	Ryan MWD
14319.00	95.30	179.40	10835.17	-3485.34	-102.04	3485.34	0.65	0.33	0.56	Ryan MWD
14410.00	95.70	180.80	10826.45	-3575.92	-102.20	3575.92	1.59	0.44	1.54	Ryan MWD
14500.00	95.30	181.30	10817.82	-3665.49	-103.84	3665.49	0.71	-0.44	0.56	Ryan MWD
14591.00	95.60	181.60	10809.18	-3756.05	-106.13	3756.05	0.47	0.33	0.33	Ryan MWD
14681.00	95.40	181.70	10800.56	-3845.59	-108.71	3845.59	0.25	-0.22	0.11	Ryan MWD
14771.00	96.00	181.30	10791.62	-3935.12	-111.06	3935.12	0.80	0.67	-0.44	Ryan MWD
14861.00	95.90	182.20	10782.29	-4024.59	-113.79	4024.59	1.00	-0.11	1.00	Ryan MWD
14952.00	95.30	182.60	10773.41	-4115.08	-117.58	4115.08	0.79	-0.66	0.44	Ryan MWD
15042.00	95.70	182.00	10764.78	-4204.59	-121.18	4204.59	0.80	0.44	-0.67	Ryan MWD
15110.00	95.48	182.00	10758.16	-4272.22	-123.54	4272.22	0.33	-0.33	0.00	Section Line Crossing @ 1
15133.00	95.40	182.00	10755.98	-4295.11	-124.34	4295.11	0.33	-0.33	0.00	Ryan MWD
15223.00	94.70	182.20	10748.06	-4384.70	-127.63	4384.70	0.81	-0.78	0.22	Ryan MWD
15313.00	95.10	181.80	10740.37	-4474.31	-130.75	4474.31	0.63	0.44	-0.44	Ryan MWD
15404.00	95.10	182.50	10732.28	-4564.89	-134.15	4564.89	0.77	0.00	0.77	Ryan MWD
15494.00	95.60	182.10	10723.89	-4654.42	-137.75	4654.42	0.71	0.56	-0.44	Ryan MWD
15584.00	96.00	182.00	10714.79	-4743.90	-140.95	4743.90	0.46	0.44	-0.11	Ryan MWD
15675.00	96.40	182.30	10704.97	-4834.31	-144.35	4834.31	0.55	0.44	0.33	Ryan MWD

Ryan Energy Technologies
Survey Report

Company:	Chesapeake Operating, Inc.	**Date:** 4/6/2009 **Time:** 07:54:59	**Page:** 4
Field:	Reeves Co. TX	**Co-ordinate(NE) Reference:**	Site: Darden State 71-26 1H, Grid North
Site:	Darden State 71-26 1H	**Vertical (TVD) Reference:**	Est RKB 3055.0
Well:	Well # 71-26 1H	**Section (VS) Reference:**	Well (0.00N,0.00E,180.00Azi)
Wellpath:	1H	**Survey Calculation Method:**	Minimum Curvature **Db:** Sybase

Survey

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	Tool/Comment
15765.00	97.30	182.30	10694.23	-4923.59	-147.93	4923.59	1.00	1.00	0.00	Ryan MWD
15804.00	97.70	182.50	10689.14	-4962.23	-149.55	4962.23	1.14	1.03	0.51	Ryan MWD
15850.00	97.70	182.50	10682.98	-5007.77	-151.54	5007.77	0.00	0.00	0.00	PROJECTED to TD

Annotation

MD ft	TVD ft	
15110.00	10758.16	Section Line Crossing @ 15110'

Ryan Energy Technologies
COMPLETION REPORT

Company:	Chesapeake Operating, Inc.	**Date:** 4/6/2009 **Time:** 07:54:45	**Page:** 1
Field:	Reeves Co. TX	**Co-ordinate(NE) Reference:**	Site: Darden State 71-26 1H, Grid North
Site:	Darden State 71-26 1H	**Vertical (TVD) Reference:**	Est RKB 3055.0
Well:	Well # 71-26 1H	**Section (VS) Reference:**	Well (0.00N,0.00E,180.00Azi)
Wellpath:	1H	**Survey Calculation Method:**	Minimum Curvature **Db:** Sybase

Field: Reeves Co. TX

Map System:	US State Plane Coordinate System 1927	**Map Zone:**	Texas, Central Zone
Geo Datum:	NAD27 (Clarke 1866)	**Coordinate System:**	Site Centre
Sys Datum:	Mean Sea Level	**Geomagnetic Model:**	igrf2005

Site: Darden State 71-26 1H

Reeves Co, TX

Site Position:		**Northing:**	609380.00 ft	**Latitude:**	31	17	41.005 N
From:	Map	**Easting:**	904403.00 ft	**Longitude:**	103	50	29.859 W
Position Uncertainty:	0.00 ft			**North Reference:**			Grid
Ground Level:	3029.00 ft			**Grid Convergence:**			-1.81 deg

Well: Well # 71-26 1H **Slot Name:**

Well Position:	+N/-S 0.00 ft	**Northing:**	609380.00 ft	**Latitude:**	31	17	41.005 N
	+E/-W 0.00 ft	**Easting :**	904403.00 ft	**Longitude:**	103	50	29.859 W
Position Uncertainty:	0.00 ft						

Wellpath: 1H

Current Datum:	Est RKB	**Height** 3055.00 ft	**Drilled From:** Surface
Magnetic Data:	2/25/2009		**Tie-on Depth:** 0.00 ft
Field Strength:	48304 nT		**Above System Datum:** Mean Sea Level
			Declination: 7.90 deg
			Mag Dip Angle: 59.33 deg

Vertical Section: Depth From (TVD) ft	+N/-S ft	+E/-W ft	Direction deg
0.00	0.00	0.00	180.00

Survey Program for Definitive Wellpath

Date: 4/6/2009 **Validated:** No **Version:** 1

Actual From ft	To ft	Survey	Toolcode	Tool Name
200.00	10588.00	Survey #2 (200.00-10588.00)	Gyro	Gyro MS
10660.00	15804.00	Survey #3 (10660.00-15804.00)	Ryan MWD	Ryan MWD
15850.00	15850.00	Survey #4 (15850.00-15850.00)	Project	

Survey

MD ft	Incl deg	TVD ft	VS ft	Azim deg	N/S ft	E/W ft	Clsr Dist. ft	Clsr Azi. deg	Dog Leg deg/100ft	Tool
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	TIE LINE
200.00	0.42	200.00	-0.72	351.07	0.72	-0.11	0.73	351.07	0.21	Gyro
400.00	0.40	399.99	-2.10	339.40	2.10	-0.47	2.15	347.31	0.04	Gyro
600.00	0.48	599.99	-3.49	331.63	3.49	-1.12	3.67	342.27	0.05	Gyro
800.00	0.42	799.98	-4.78	318.86	4.78	-2.00	5.18	337.33	0.06	Gyro
1000.00	0.36	999.98	-5.44	279.72	5.44	-3.10	6.26	330.33	0.13	Gyro
1200.00	0.76	1199.97	-5.82	281.80	5.82	-5.02	7.68	319.23	0.20	Gyro
1400.00	1.17	1399.94	-6.68	286.71	6.68	-8.27	10.63	308.91	0.21	Gyro
1600.00	1.25	1599.89	-7.37	272.87	7.37	-12.40	14.43	300.72	0.15	Gyro
1800.00	1.59	1799.83	-7.13	262.76	7.13	-17.34	18.75	292.36	0.21	Gyro
2000.00	1.16	1999.78	-7.45	289.32	7.45	-22.00	23.23	288.71	0.38	Gyro
2200.00	1.15	2199.74	-8.81	290.05	8.81	-25.80	27.26	288.86	0.01	Gyro
2400.00	1.03	2399.70	-10.14	290.80	10.14	-29.36	31.06	289.05	0.06	Gyro
2600.00	0.57	2599.68	-10.74	268.33	10.74	-32.04	33.79	288.54	0.27	Gyro
2800.00	0.72	2799.67	-10.20	245.53	10.20	-34.17	35.66	286.61	0.15	Gyro
3000.00	0.56	2999.66	-8.72	192.92	8.72	-35.54	36.59	283.79	0.29	Gyro
3200.00	0.50	3199.65	-6.92	167.07	6.92	-35.56	36.23	281.01	0.12	Gyro
3400.00	0.73	3399.64	-5.09	139.99	5.09	-34.55	34.92	278.39	0.18	Gyro
3600.00	1.15	3599.61	-3.64	103.62	3.64	-31.78	31.98	276.54	0.35	Gyro
3800.00	1.48	3799.56	-1.67	125.51	1.67	-27.72	27.77	273.45	0.30	Gyro
4000.00	1.13	3999.51	1.14	131.66	-1.14	-24.15	24.17	267.30	0.19	Gyro

Ryan Energy Technologies
COMPLETION REPORT

Company: Chesapeake Operating, Inc.
Field: Reeves Co. TX
Site: Darden State 71-26 1H
Well: Well # 71-26 1H
Wellpath: 1H

Date: 4/6/2009 **Time:** 07:54:45 **Page:** 2
Co-ordinate(NE) Reference: Site: Darden State 71-26 1H, Grid North
Vertical (TVD) Reference: Est RKB 3055.0
Section (VS) Reference: Well (0.00N,0.00E,180.00Azi)
Survey Calculation Method: Minimum Curvature **Db:** Sybase

Survey

MD ft	Incl deg	TVD ft	VS ft	Azim deg	N/S ft	E/W ft	Clsr Dist. ft	Clsr Azi. deg	Dog Leg deg/100ft	Tool
4200.00	0.98	4199.47	3.81	142.40	-3.81	-21.63	21.96	260.02	0.12	Gyro
4400.00	0.59	4399.45	6.11	157.27	-6.11	-20.19	21.09	253.16	0.22	Gyro
4600.00	0.41	4599.45	7.74	161.24	-7.74	-19.56	21.04	248.42	0.09	Gyro
4800.00	0.52	4799.44	9.30	167.41	-9.30	-19.13	21.27	244.07	0.06	Gyro
5000.00	0.23	4999.44	10.59	173.68	-10.59	-18.89	21.65	240.73	0.15	Gyro
5200.00	0.30	5199.43	11.47	201.60	-11.47	-19.04	22.23	238.93	0.07	Gyro
5400.00	0.17	5399.43	12.20	215.03	-12.20	-19.40	22.92	237.84	0.07	Gyro
5600.00	0.14	5599.43	12.62	224.89	-12.62	-19.74	23.43	237.42	0.02	Gyro
5800.00	0.41	5799.43	12.95	257.46	-12.95	-20.62	24.34	237.87	0.15	Gyro
6000.00	0.49	5999.42	12.89	284.61	-12.89	-22.14	25.62	239.80	0.11	Gyro
6200.00	0.38	6199.42	12.91	248.87	-12.91	-23.59	26.89	241.31	0.14	Gyro
6400.00	0.21	6399.42	13.12	273.88	-13.12	-24.57	27.86	241.89	0.10	Gyro
6600.00	0.14	6599.41	13.20	245.28	-13.20	-25.16	28.41	242.32	0.05	Gyro
6800.00	0.11	6799.41	13.28	83.89	-13.28	-25.19	28.48	242.20	0.12	Gyro
7000.00	0.06	6999.41	13.20	51.28	-13.20	-24.92	28.20	242.09	0.03	Gyro
7200.00	0.70	7199.41	13.85	233.90	-13.85	-25.82	29.30	241.79	0.38	Gyro
7400.00	0.66	7399.40	15.08	243.78	-15.08	-27.84	31.67	241.56	0.06	Gyro
7600.00	0.72	7599.38	16.40	229.87	-16.40	-29.84	34.05	241.21	0.09	Gyro
7800.00	0.97	7799.36	18.01	241.72	-18.01	-32.29	36.97	240.85	0.15	Gyro
8000.00	0.92	7999.33	19.83	230.84	-19.83	-35.03	40.25	240.49	0.09	Gyro
8200.00	0.69	8199.31	21.63	228.89	-21.63	-37.18	43.01	239.81	0.12	Gyro
8400.00	0.77	8399.30	23.41	222.54	-23.41	-38.99	45.48	239.02	0.06	Gyro
8600.00	0.76	8599.28	25.50	214.52	-25.50	-40.65	47.99	237.91	0.05	Gyro
8800.00	0.96	8799.26	28.03	210.96	-28.03	-42.27	50.72	236.45	0.10	Gyro
9000.00	0.80	8999.23	30.70	207.96	-30.70	-43.78	53.47	234.97	0.08	Gyro
9200.00	0.77	9199.21	33.04	214.32	-33.04	-45.20	55.99	233.83	0.05	Gyro
9400.00	1.20	9399.18	35.95	210.75	-35.95	-47.03	59.19	232.60	0.22	Gyro
9600.00	1.24	9599.14	39.69	206.15	-39.69	-49.05	63.10	231.02	0.05	Gyro
9800.00	1.58	9799.08	44.10	206.71	-44.10	-51.24	67.60	229.29	0.17	Gyro
10000.00	1.77	9998.99	49.32	206.79	-49.32	-53.87	73.04	227.53	0.10	Gyro
10200.00	2.10	10198.88	55.20	211.58	-55.20	-57.19	79.48	226.01	0.18	Gyro
10400.00	1.86	10398.76	61.04	213.16	-61.04	-60.88	86.21	224.93	0.12	Gyro
10588.00	2.35	10586.63	67.11	203.85	-67.11	-64.11	92.81	223.69	0.32	Gyro
10660.00	3.20	10658.55	70.41	194.50	-70.41	-65.21	95.97	222.80	1.33	Ryan MWD
10706.00	8.80	10704.28	75.18	180.00	-75.18	-65.53	99.73	221.08	12.52	Ryan MWD
10751.00	15.00	10748.29	84.42	174.00	-84.42	-64.92	106.49	217.56	14.03	Ryan MWD
10796.00	21.30	10791.03	98.36	174.20	-98.36	-63.48	117.06	212.84	14.00	Ryan MWD
10841.00	28.30	10831.86	117.17	177.60	-117.17	-62.21	132.66	207.97	15.87	Ryan MWD
10886.00	35.00	10870.14	140.76	179.20	-140.76	-61.58	153.64	203.63	15.00	Ryan MWD
10932.00	40.00	10906.63	168.75	179.30	-168.75	-61.22	179.51	199.94	10.87	Ryan MWD
10977.00	44.80	10939.85	199.08	179.40	-199.08	-60.87	208.18	197.00	10.67	Ryan MWD
11022.00	50.10	10970.27	232.19	176.60	-232.19	-59.68	239.74	194.42	12.64	Ryan MWD
11067.00	54.80	10997.69	267.81	177.30	-267.81	-57.79	273.98	192.18	10.52	Ryan MWD
11112.00	58.40	11022.46	305.34	178.20	-305.34	-56.32	310.49	190.45	8.17	Ryan MWD
11158.00	62.90	11045.00	345.42	180.20	-345.42	-55.78	349.90	189.17	10.49	Ryan MWD
11203.00	69.40	11063.18	386.55	181.30	-386.55	-56.33	390.64	188.29	14.62	Ryan MWD
11248.00	76.90	11076.22	429.55	183.20	-429.55	-58.03	433.46	187.69	17.15	Ryan MWD
11293.00	81.50	11084.65	473.66	183.80	-473.66	-60.73	477.54	187.31	10.31	Ryan MWD
11338.00	84.50	11090.13	518.23	183.40	-518.23	-63.53	522.11	186.99	6.72	Ryan MWD
11384.00	88.20	11093.06	564.05	183.30	-564.05	-66.22	567.93	186.70	8.05	Ryan MWD
11429.00	91.30	11093.26	608.98	183.00	-608.98	-68.69	612.84	186.44	6.92	Ryan MWD
11474.00	92.40	11091.80	653.90	182.90	-653.90	-71.00	657.74	186.20	2.45	Ryan MWD
11519.00	93.50	11089.49	698.78	182.80	-698.78	-73.24	702.61	185.98	2.45	Ryan MWD

Ryan Energy Technologies
COMPLETION REPORT

Company:	Chesapeake Operating, Inc.	**Date:** 4/6/2009 **Time:** 07:54:45	**Page:** 3
Field:	Reeves Co. TX	**Co-ordinate(NE) Reference:**	Site: Darden State 71-26 1H, Grid North
Site:	Darden State 71-26 1H	**Vertical (TVD) Reference:**	Est RKB 3055.0
Well:	Well # 71-26 1H	**Section (VS) Reference:**	Well (0.00N,0.00E,180.00Azi)
Wellpath:	1H	**Survey Calculation Method:**	Minimum Curvature **Db:** Sybase

Survey

MD ft	Incl deg	TVD ft	VS ft	Azim deg	N/S ft	E/W ft	Clsr Dist. ft	Clsr Azi. deg	Dog Leg deg/100ft	Tool
11564.00	94.10	11086.51	743.63	182.70	-743.63	-75.39	747.44	185.79	1.35	Ryan MWD
11609.00	91.80	11084.19	788.51	183.00	-788.51	-77.63	792.32	185.62	5.15	Ryan MWD
11654.00	91.70	11082.82	833.43	182.90	-833.43	-79.94	837.26	185.48	0.31	Ryan MWD
11700.00	91.90	11081.37	879.34	183.10	-879.34	-82.35	883.19	185.35	0.61	Ryan MWD
11745.00	91.10	11080.19	924.25	183.50	-924.25	-84.94	928.15	185.25	1.99	Ryan MWD
11790.00	91.30	11079.25	969.17	183.30	-969.17	-87.61	973.12	185.17	0.63	Ryan MWD
11835.00	92.00	11077.96	1014.08	182.90	-1014.08	-90.04	1018.07	185.07	1.79	Ryan MWD
11880.00	92.60	11076.15	1059.00	182.40	-1059.00	-92.12	1062.99	184.97	1.74	Ryan MWD
11925.00	93.00	11073.95	1103.91	182.10	-1103.91	-93.88	1107.89	184.86	1.11	Ryan MWD
11971.00	93.20	11071.46	1149.81	181.80	-1149.81	-95.44	1153.77	184.75	0.78	Ryan MWD
12016.00	94.10	11068.60	1194.70	181.50	-1194.70	-96.74	1198.61	184.63	2.11	Ryan MWD
12061.00	94.80	11065.11	1239.55	181.30	-1239.55	-97.83	1243.41	184.51	1.62	Ryan MWD
12106.00	95.20	11061.19	1284.37	181.50	-1284.37	-98.93	1288.17	184.40	0.99	Ryan MWD
12151.00	95.70	11056.91	1329.15	181.10	-1329.15	-99.95	1332.91	184.30	1.42	Ryan MWD
12241.00	93.80	11049.46	1418.83	180.50	-1418.83	-101.20	1422.44	184.08	2.21	Ryan MWD
12331.00	94.80	11042.71	1508.57	180.40	-1508.57	-101.90	1512.01	183.86	1.12	Ryan MWD
12422.00	95.30	11034.70	1599.22	179.90	-1599.22	-102.14	1602.48	183.65	0.78	Ryan MWD
12512.00	96.30	11025.61	1688.76	180.00	-1688.76	-102.06	1691.84	183.46	1.12	Ryan MWD
12603.00	96.70	11015.30	1779.17	179.90	-1779.17	-101.98	1782.09	183.28	0.45	Ryan MWD
12693.00	97.20	11004.41	1868.51	179.60	-1868.51	-101.59	1871.27	183.11	0.65	Ryan MWD
12783.00	97.90	10992.59	1957.73	180.00	-1957.73	-101.28	1960.35	182.96	0.89	Ryan MWD
12874.00	98.10	10979.92	2047.84	180.50	-2047.84	-101.67	2050.36	182.84	0.59	Ryan MWD
12964.00	96.80	10968.25	2137.07	181.20	-2137.07	-103.00	2139.55	182.76	1.64	Ryan MWD
13054.00	96.70	10957.68	2226.42	181.30	-2226.42	-104.95	2228.90	182.70	0.16	Ryan MWD
13145.00	95.90	10947.69	2316.86	181.00	-2316.86	-106.76	2319.31	182.64	0.94	Ryan MWD
13235.00	96.80	10937.74	2406.30	180.50	-2406.30	-107.93	2408.71	182.57	1.14	Ryan MWD
13325.00	96.40	10927.39	2495.70	180.50	-2495.70	-108.72	2498.06	182.49	0.44	Ryan MWD
13416.00	95.40	10918.04	2586.21	180.00	-2586.21	-109.11	2588.51	182.42	1.23	Ryan MWD
13506.00	96.00	10909.10	2675.77	179.80	-2675.77	-108.95	2677.98	182.33	0.70	Ryan MWD
13596.00	95.30	10900.24	2765.33	179.70	-2765.33	-108.56	2767.46	182.25	0.79	Ryan MWD
13687.00	95.70	10891.52	2855.90	179.30	-2855.90	-107.77	2857.94	182.16	0.62	Ryan MWD
13777.00	94.60	10883.44	2945.53	179.50	-2945.53	-106.83	2947.47	182.08	1.24	Ryan MWD
13867.00	96.00	10875.13	3035.14	179.40	-3035.14	-105.97	3036.99	182.00	1.56	Ryan MWD
13958.00	95.50	10866.01	3125.68	179.90	-3125.68	-105.42	3127.46	181.93	0.78	Ryan MWD
14048.00	94.40	10858.24	3215.35	179.90	-3215.35	-105.26	3217.07	181.88	1.22	Ryan MWD
14138.00	94.80	10851.02	3305.05	179.40	-3305.05	-104.72	3306.71	181.81	0.71	Ryan MWD
14229.00	95.00	10843.25	3395.71	178.90	-3395.71	-103.37	3397.28	181.74	0.59	Ryan MWD
14319.00	95.30	10835.17	3485.34	179.40	-3485.34	-102.04	3486.83	181.68	0.65	Ryan MWD
14410.00	95.70	10826.45	3575.92	180.80	-3575.92	-102.20	3577.38	181.64	1.59	Ryan MWD
14500.00	95.30	10817.82	3665.49	181.30	-3665.49	-103.84	3666.96	181.62	0.71	Ryan MWD
14591.00	95.60	10809.18	3756.05	181.60	-3756.05	-106.13	3757.54	181.62	0.47	Ryan MWD
14681.00	95.40	10800.56	3845.59	181.70	-3845.59	-108.71	3847.13	181.62	0.25	Ryan MWD
14771.00	96.00	10791.62	3935.12	181.30	-3935.12	-111.06	3936.68	181.62	0.80	Ryan MWD
14861.00	95.90	10782.29	4024.59	182.20	-4024.59	-113.79	4026.20	181.62	1.00	Ryan MWD
14952.00	95.30	10773.41	4115.08	182.60	-4115.08	-117.58	4116.75	181.64	0.79	Ryan MWD
15042.00	95.70	10764.78	4204.59	182.00	-4204.59	-121.18	4206.33	181.65	0.80	Ryan MWD
15110.00	95.48	10758.16	4272.22	182.00	-4272.22	-123.54	4274.01	181.66	0.33	Section Li
15133.00	95.40	10755.98	4295.11	182.00	-4295.11	-124.34	4296.91	181.66	0.33	Ryan MWD
15223.00	94.70	10748.06	4384.70	182.20	-4384.70	-127.63	4386.55	181.67	0.81	Ryan MWD
15313.00	95.10	10740.37	4474.31	181.80	-4474.31	-130.75	4476.22	181.67	0.63	Ryan MWD
15404.00	95.10	10732.28	4564.89	182.50	-4564.89	-134.15	4566.86	181.68	0.77	Ryan MWD
15494.00	95.60	10723.89	4654.42	182.10	-4654.42	-137.75	4656.46	181.70	0.71	Ryan MWD

Ryan Energy Technologies
COMPLETION REPORT

Company: Chesapeake Operating, Inc.
Field: Reeves Co. TX
Site: Darden State 71-26 1H
Well: Well # 71-26 1H
Wellpath: 1H

Date: 4/6/2009 **Time:** 07:54:45 **Page:** 4
Co-ordinate(NE) Reference: Site: Darden State 71-26 1H, Grid North
Vertical (TVD) Reference: Est RKB 3055.0
Section (VS) Reference: Well (0.00N,0.00E,180.00Azi)
Survey Calculation Method: Minimum Curvature **Db:** Sybase

Survey

MD ft	Incl deg	TVD ft	VS ft	Azim deg	N/S ft	E/W ft	Clsr Dist. ft	Clsr Azi. deg	Dog Leg deg/100ft	Tool
15584.00	96.00	10714.79	4743.90	182.00	-4743.90	-140.95	4746.00	181.70	0.46	Ryan MWD
15675.00	96.40	10704.97	4834.31	182.30	-4834.31	-144.35	4836.46	181.71	0.55	Ryan MWD
15765.00	97.30	10694.23	4923.59	182.30	-4923.59	-147.93	4925.81	181.72	1.00	Ryan MWD
15804.00	97.70	10689.14	4962.23	182.50	-4962.23	-149.55	4964.48	181.73	1.14	Ryan MWD
15850.00	97.70	10682.98	5007.77	182.50	-5007.77	-151.54	5010.06	181.73	0.00	PROJECTED

Report No.: 1
Date M/Y/D: 15-Mar-09

Ryan Job # 3983

DAILY DRILLING REPORT

Oil Company:	Chesapeake Operating	Customer:	Chesapeake Operating
Field:	Reeves	Well Name & No.:	Darden state 71-26 1H
Location:	Texas	Block or Section:	
AFE or PO #:	149203	Rig Contractor & No.:	Trinidad #107

00:00 Depth:	0	Footage Today:	0	Drlg Hrs Today:	0.00	ROP Today:	-
24:00 Depth:	0	Current Run Ftg:	0	Run Drlg Hrs:	0.00	Run Avg. ROP:	-

Last Casing Set: 9 5/8
Depth: 9568

PUMP Data Total Gals/Min =			976
Pump	1	2	0
Liner (in)	6	6	
%	95	95	
Vol (gps)	4.07	4.07	0.00
SPM	120	120	

DRILLING PARAMETERS	
ST. WT. ROT 1000's:	
P/U WT. 1000's:	
S/O WT. 1000's:	
WOB 1000's:	18 - 20
ROTARY RPM:	45
MOTOR RPM:	145
TOTAL Bit RPM	190
ROT TQ. OFF BTM:	
ROT TQ. ON BTM:	
Current Mag Dec:	9.71
Pulse Hight	
"G" Totals	

MUD DATA	
Mud Type	
Sample	IN
Time	
Wt.	
VIS	
PV	
YP	
WL	
CL	
Gels	
% Oil	
% Solids	
% Sand	
PH	
Temp F	
MWD F	
GPM	
PSI	

	Previous BHA #	Current 1 BHA #
BIT		
MOTOR		
FLOAT		
SHOCK SUB		
UBHO		
NMDC		
NMDC		
CROSSOVER		
21 DC		
JARS		
3 DC		
CROSSOVER		
BHA WT		
BELOW JARS		

MOTOR DATA	CURRENT
Run No.	1
Size (in.)	6 3/4
Type	6 / 7 5.0
Serial No.	RY675031
Tool Deflection	1.5
Avg. Diff. Press.	200
Daily Drill Hrs.	0.00
Daily Circ. Hrs.	0.00
Daily Total Hrs:	0.00
Acc. Drill Hrs.	0.00
Acc. Circ. Hrs.	0.00
Depth In	
Depth Out	
LIH Hrs.	
Acc. LIH Hrs.	0.00
Acc. Hrs Cir/Drilg	0.00
Total K Revs	0.00
Jar # HRS	

BIT DATA

Bit No.	Size (in)	Mfg.	Type	Serial No.	Nozzles or TFA	Depth In	Cum. Footage	Cum. Hrs.	Depth Out	DULL CONDITION IR	OR	DC	LOC	B/S	G/16"	OC	RPLD
1	8 1/2	ULTERRA	MC1384CD	5279	4 X 18	9618											

From	To	Hrs.	Start Depth	End Depth	CL	Code	Time Breakdown
0:00	23:59	23:59				S	Stand By
23:59							

Current Operations

Estimated Daily Charges

Description	Cost

Estimated Daily Cost (USD)	$ -
Accumulated Cost (USD)	$ -

Company Representative (s)	
S. LENNOX	B. JOHNSON
T. SNELLING	K.COOPER

RYAN Directional Representative (s)	
James Bible	
Brian Brewer	

RYAN MWD Representative (s)	
Leon Horner	
Aaron Heartsfield	

24 Hour Breakdown

Ftg Rot.	0	Time Rot.	0.00
Ftg Orient	0	Time Orient	0.00
Rot. ROP	-	Orient ROP	-

Report No.: 2
Date M/Y/D: 16-Mar-09

Ryan Job # 3983

DAILY DRILLING REPORT

Oil Company: Chesapeake Operating
Field: Reeves
Location: Texas
AFE or PO #: 149203

Customer: Chesapeake Operating
Well Name & No.: Darden state 71-26 1H
Block or Section:
Rig Contractor & No.: Trinidad #107

00:00 Depth: 0
24:00 Depth: 0
Footage Today: 0
Current Run Ftg: 0
Drlg Hrs Today: 0.00
Run Drlg Hrs: 0.00
ROP Today: -
Run Avg. ROP: -
Last Casing Set: 9 5/8
Depth: 9568

PUMP Data Total Gals/Min =			976
Pump	1	2	0
Liner (in)	6	6	
%	95	95	
Vol (gps)	4.07	4.07	0.00
SPM	120	120	

DRILLING PARAMETERS	
ST. WT. ROT 1000's:	
P/U WT. 1000's:	
S/O WT. 1000's:	
WOB 1000's:	18 - 20
ROTARY RPM:	45
MOTOR RPM:	145
TOTAL Bit RPM	190
ROT TQ. OFF BTM:	
ROT TQ. ON BTM:	
Current Mag Dec:	9.71
Pulse Hight	
"G" Totals	

MUD DATA	
Mud Type	OBM
Sample	IN
Time	
Wt.	
VIS	
PV	
YP	
WL	
CL	
Gels	
% Oil	
% Solids	
% Sand	
PH	
Temp F	
MWD F	
GPM	
PSI	

	Previous BHA #	Current 1 BHA #
BIT		
MOTOR		
FLOAT		
SHOCK SUB		
UBHO		
NMDC		
NMDC		
CROSSOVER		
21 DC		
JARS		
3 DC		
BHA WT		
BELOW JARS		

MOTOR DATA	CURRENT
Run No.	1
Size (in.)	6 3/4
Type	6 / 7 5.0
Serial No.	RY675031
Tool Deflection	1.5
Avg. Diff. Press.	200
Daily Drill Hrs.	0.00
Daily Circ. Hrs.	0.20
Daily Total Hrs:	0.20
Acc. Drill Hrs.	0.00
Acc. Circ. Hrs.	0.20
Depth In	
Depth Out	
LIH Hrs.	9
Acc. LIH Hrs.	9.00
Acc. Hrs Cir/Drlg	0.20
Total K Revs	0.00
Jar # HRS	

BIT DATA

Bit No.	Size (in)	Mfg.	Type	Serial No.	Nozzles or TFA	Depth In	Cum. Footage	Cum. Hrs.	Depth Out	DULL CONDITION IR	OR	DC	LOC	B/S	G/16"	OC	RPLD
1	8 1/2	ULTERRA	MC1384CD	5279	4 X 18	9618											

From	To	Hrs.	Start Depth	End Depth	CL	Code	Time Breakdown
0:00	15:00	15:00				S	STAND BY
15:00	17:30	2:30				6.G	HANDLE DIRECTIONAL TOOLS
17:30	18:45	1:15				O	RE PRIME SYSTEM AFTER CLEANING PITS
18:45	19:00	0:15				5.A	TEST TOOLS AT SURFACE
19:00	21:00	2:00				6.A	PICK UP DRILL COLLARS
21:00	23:59	2:59				6.A	TRIP IN HOLE TO SHOE
23:59							

Current Operations

TIH

Estimated Daily Charges

Description	Cost

Estimated Daily Cost (USD)	$ -
Accumulated Cost (USD)	$ -

Company Representative (s)	
S. LENNOX	B. JOHNSON
T. SNELLING	K.COOPER

RYAN Directional Representative (s)	
James Bible	
Brian Brewer	

RYAN MWD Representative (s)	
Leon Horner	
Aaron Heartsfield	

24 Hour Breakdown

Ftg Rot.	0	Time Rot.	0.00
Ftg Orient	0	Time Orient	0.00
Rot. ROP	-	Orient ROP	-

Report No.: 3
Date M/Y/D: 17-Mar-09

Ryan Job # 3983

DAILY DRILLING REPORT

Oil Company:	Chesapeake Operating	Customer:	Chesapeake Operating
Field:	Reeves	Well Name & No.:	Darden state 71-26 1H
Location:	Texas	Block or Section:	
AFE or PO #:	149203	Rig Contractor & No.:	Trinidad #107

00:00 Depth:	9568	Footage Today:	328	Drlg Hrs Today:	14.20	ROP Today:	23.10
24:00 Depth:	9896	Current Run Ftg:	9896	Run Drlg Hrs:	14.20	Run Avg. ROP:	696.90

Last Casing Set: 9 5/8
Depth: 9568

PUMP Data Total Gals/Min =			488
Pump	1	2	0
Liner (in)	6	6	
%	95	95	
Vol (gps)	4.07	4.07	0.00
SPM	60	60	

DRILLING PARAMETERS	
ST. WT. ROT 1000's:	260
P/U WT. 1000's:	265
S/O WT. 1000's:	260
WOB 1000's:	10
ROTARY RPM:	40
MOTOR RPM:	145
TOTAL Bit RPM	185
ROT TQ. OFF BTM:	
ROT TQ. ON BTM:	2000
Current Mag Dec:	9.71
Pulse Hight	
"G" Totals	

MUD DATA	
Mud Type	OBM
Sample	IN
Time	XXXX
Wt.	9.2
VIS	46
PV	16
YP	9
WL	8
CL	33,500
Gels	10
% Oil	86
% Solids	8
% Sand	0
PH	N/A
Temp F	95
MWD F	133
GPM	419
PSI	2100

	Previous BHA #	Current 1 BHA #
BIT		
MOTOR		
FLOAT		
UBHO		
NMDC		
NMDC		
CROSSOVER		
20 DC		
JARS		
3 DC		
BHA WT		
BELOW JARS		

MOTOR DATA	CURRENT
Run No.	1
Size (in.)	6 3/4
Type	6 / 7 5.0
Serial No.	RY675031
Tool Deflection	1.5
Avg. Diff. Press.	200
Daily Drill Hrs.	14.20
Daily Circ. Hrs.	5.30
Daily Total Hrs:	19.50
Acc. Drill Hrs.	14.20
Acc. Circ. Hrs.	5.50
Depth In	
Depth Out	
LIH Hrs.	24
Acc. LIH Hrs.	33.00
Acc. Hrs Cir/Drilg	19.70
Total K Revs	157.62
Jar # HRS	

BIT DATA

Bit No.	Size (in)	Mfg.	Type	Serial No.	Nozzles or TFA	Depth in	Cum. Footage	Cum. Hrs.	Depth Out	DULL CONDITION IR	OR	DC	LOC	B/S	G/16"	OC	RPLD
1	8 1/2	ULTERRA	MC1384CD	5279	4 X 18	9618											

From	To	Hrs.	Start Depth	End Depth	CL	Code	Time Breakdown
0:00	2:30	2:30				6.A	TRIP IN HOLE TO SHOE
2:30	3:00	0:30				15.A	TEST CASING
3:00	5:45	2:45				2.A	DRILLING CEMENT
5:45	6:30	0:45				2.A	DRILL FLOAT EQUPIMENT
6:30	7:30	1:00				5.A	CIRCULATE
7:30	8:00	0:30				15.A	FORMATION INTEGRITY TEST 2000 PSI
8:00	11:30	3:30				5.A	DISPLACE HOLE WITH OIL BASE
11:30	13:45	2:15	9568	9639	71	2.A	ROTATING WITH MOTOR
13:45	14:00	0:15				10	C/S @ 9592' QUILIFERS OUT OF TOLLERANCE
14:00	15:00	1:00	9639	9684	45	2.A	ROTATING WITH MOTOR
15:00	15:15	0:15				10	C/S @ 9637' 1.3 INC 210.5 AZM
15:15	16:30	1:15	9684	9729	45	2.A	ROTATING WITH MOTOR
16:30	17:30	1:00				7	RIG SERVICE
17:30	20:15	2:45	9729	9820	91	2.A	ROTATING WITH MOTOR
20:15	20:30	0:15				10	C/S @ 9773 1.8 INC 205.4 AZM
20:30	23:59	3:29	9820	9896	76	2.A	ROTATING WITH MOTOR
23:59							

Current Operations

DRILLING AHEAD

Estimated Daily Charges

Description	Cost

Estimated Daily Cost (USD)	$ -
Accumulated Cost (USD)	$ -

Company Representative (s)

S. LENNOX	B. JOHNSON
T. SNELLING	K.COOPER

RYAN Directional Representative (s)

James Bible	
Brian Brewer	

RYAN MWD Representative (s)

Leon Horner	
Aaron Heartsfield	

24 Hour Breakdown

Ftg Rot.	328	Time Rot.	14.20
Ftg Orient	0	Time Orient	0.00
Rot. ROP	23.10	Orient ROP	-

Report No.: 4
Date M/Y/D: 18-Mar-09

Ryan Drilling Technologies & Solutions

Ryan Job # 3983

DAILY DRILLING REPORT

Oil Company: Chesapeake Operating
Field: Reeves
Location: Texas
AFE or PO #: 149203

Customer: Chesapeake Operating
Well Name & No.: Darden state 71-26 1H
Block or Section:
Rig Contractor & No.: Trinidad #107

00:00 Depth: 9896
24:00 Depth: 10352
Footage Today: 456
Current Run Ftg: 784
Drlg Hrs Today: 22.20
Run Drlg Hrs: 36.40
ROP Today: 20.54
Run Avg. ROP: 21.54
Last Casing Set: 9 5/8
Depth: 9568

PUMP Data Total Gals/Min =			407
Pump	1	2	0
Liner (in)	6	6	
%	95	95	
Vol (gps)	4.07	4.07	0.00
SPM	50	50	

DRILLING PARAMETERS	
ST. WT. ROT 1000's:	260
P/U WT. 1000's:	265
S/O WT. 1000's:	260
WOB 1000's:	10
ROTARY RPM:	30
MOTOR RPM:	121
TOTAL Bit RPM	151
ROT TQ. OFF BTM:	700
ROT TQ. ON BTM:	2000
Current Mag Dec:	9.71
Pulse Hight	33
"G" Totals	1.004

MUD DATA	
Mud Type	OBM
Sample	IN
Time	3/18/2009
Wt.	9.2
VIS	45
PV	15
YP	9
WL	7
CL	32,500
Gels	9
% Oil	86
% Solids	8
% Sand	0
PH	N/A
Temp F	105
MWD F	149
GPM	419
PSI	2100

	Previous BHA #	Current BHA # 1
BIT		
MOTOR		
FLOAT		
UBHO		
NMDC		
NMDC		
CROSSOVER		
20 DC		
JARS		
3 DC		
BHA WT		
BELOW JARS		

MOTOR DATA	CURRENT
Run No.	1
Size (in.)	6 3/4
Type	6 / 7 5.0
Serial No.	RY675031
Tool Deflection	1.5
Avg. Diff. Press.	200
Daily Drill Hrs.	22.20
Daily Circ. Hrs.	1.30
Daily Total Hrs:	23.50
Acc. Drill Hrs.	36.40
Acc. Circ. Hrs.	6.80
Depth In	9568
Depth Out	
LIH Hrs.	24
Acc. LIH Hrs.	57.00
Acc. Hrs Cir/Drlg	43.20
Total K Revs	329.78
Jar # HRS	

BIT DATA

Bit No.	Size (in)	Mfg.	Type	Serial No.	Nozzles or TFA	Depth In	Cum. Footage	Cum. Hrs.	Depth Out	DULL CONDITION IR	OR	DC	LOC	B/S	G/16"	OC	RPLD
1	8 1/2	ULTERRA	MC1384CD	5279	4 X 18	9568											

From	To	Hrs.	Start Depth	End Depth	CL	Code	Time Breakdown
0:00	0:30	0:30	9896	9910	14	2.A	ROTATING WITH MOTOR
0:30	0:45	0:15				10	C/S @ 9863 INC= 1.7 AZM= 202.1
0:45	4:45	4:00	9910	10001	91	2.A	ROTATING WITH MOTOR
4:45	5:00	0:15				10	C/S @ 9964 INC= 1.6 AZM= 203.9
5:00	7:45	2:45	10001	10091	90	2.A	ROTATING WITH MOTOR
7:45	8:00	0:15				10	C/S @ 10044 INC= 1.9 AZM= 211.9
8:00	8:15	0:15	10091	10096	5	2.A	ROTATING WITH MOTOR 10-12 WOB 200 DIFF. 30 RPM
8:15	9:00	0:45	10096	10104	8	2.B	SLIDING @ 30 MTF 100 DIFF.
9:00	11:45	2:45	10104	10182	78	2.A	ROTATING WITH MOTOR 10-12 WOB 200 DIFF. 30 RPM
11:45	12:00	0:15				10	C/S @ 10135 INC= 2.3 AZM= 216.0
12:00	14:30	2:30	10182	10192	10	2.B	SLIDING @ 30 MTF 100 DIFF.
14:30	17:30	3:00	10192	10272	80	2.A	ROTATING WITH MOTOR 10-12 WOB 200 DIFF. 30 RPM
17:30	18:00	0:30				7	RIG SERVICE
18:00	18:15	0:15				10	C/S @ 10225' INC= 2.3 AZM= 225.6
18:15	21:00	2:45	10272	10286	14	2.B	SLIDING @ 45 MTF 100 DIFF.
21:00	23:59	2:59	10286	10352	66	2.A	ROTATING WITH MOTOR 10-12 WOB 200 DIFF. 30 RPM
23:59							

Current Operations

DRILLING AHEAD
DRILLING PARAMETERS SET BY
CHESAPEAKE

Estimated Daily Charges

Description	Cost

Estimated Daily Cost (USD) $ -
Accumulated Cost (USD) $ -

Company Representative (s)

S. LENNOX	B. JOHNSON
T. SNELLING	K.COOPER

RYAN Directional Representative (s)

James Bible	
Brian Brewer	

RYAN MWD Representative (s)

Leon Horner	
Aaron Heartsfield	

24 Hour Breakdown

Ftg Rot.	424	Time Rot.	16.20
Ftg Orient	32	Time Orient	6.00
Rot. ROP	26.17	Orient ROP	5.33

Report No.: 5
Date M/Y/D: 19-Mar-09

Ryan Job # 3983

DAILY DRILLING REPORT

Oil Company:	Chesapeake Operating	Customer:	Chesapeake Operating
Field:	Reeves	Well Name & No.:	Darden state 71-26 1H
Location:	Texas	Block or Section:	
AFE or PO #:	149203	Rig Contractor & No.:	Trinidad #107

00:00 Depth:	10352	Footage Today:	307	Drlg Hrs Today:	11.80	ROP Today:	26.02
24:00 Depth:	10659	Current Run Ftg:	1091	Run Drlg Hrs:	48.20	Run Avg. ROP:	22.63

Last Casing Set: 9 5/8
Depth: 9568

PUMP Data Total Gals/Min =			407
Pump	1	2	0
Liner (in)	6	6	
%	95	95	
Vol (gps)	4.07	4.07	0.00
SPM	50	50	

DRILLING PARAMETERS	
ST. WT. ROT 1000's:	260
P/U WT. 1000's:	265
S/O WT. 1000's:	260
WOB 1000's:	10
ROTARY RPM:	30
MOTOR RPM:	121
TOTAL Bit RPM	151
ROT TQ. OFF BTM:	700
ROT TQ. ON BTM:	2000
Current Mag Dec:	9.71
Pulse Hight	33
"G" Totals	1.004

MUD DATA	
Mud Type	OBM
Sample	IN
Time	3/18/2009
Wt.	9.3
VIS	45
PV	17
YP	10
WL	5
CL	30,500
Gels	10
% Oil	87
% Solids	9
% Sand	0
PH	N/A
Temp F	112
MWD F	156
GPM	419
PSI	2100

	Previous BHA #	Current 1 BHA #
BIT		
MOTOR		
FLOAT		
UBHO		
NMDC		
NMDC		
CROSSOVER		
20 DC		
JARS		
3 DC		
BHA WT		
BELOW JARS		

MOTOR DATA	CURRENT
Run No.	1
Size (in.)	6 3/4
Type	6 / 7 5.0
Serial No.	RY675031
Tool Deflection	1.5
Avg. Diff. Press.	200
Daily Drill Hrs.	11.80
Daily Circ. Hrs.	6.50
Daily Total Hrs:	18.30
Acc. Drill Hrs.	48.20
Acc. Circ. Hrs.	13.30
Depth In	9568
Depth Out	
LIH Hrs.	24
Acc. LIH Hrs.	81.00
Acc. Hrs Cir/Drlg	61.50
Total K Revs	436.69
Jar # HRS	

BIT DATA

Bit No.	Size (in)	Mfg.	Type	Serial No.	Nozzles or TFA	Depth In	Cum. Footage	Cum. Hrs.	Depth Out	DULL CONDITION IR	OR	DC	LOC	B/S	G/16"	OC	RPLD
1	8 1/2	ULTERRA	MC1384CD	5279	4 X 18	9568											

From	To	Hrs.	Start Depth	End Depth	CL	Code	Time Breakdown
0:00	0:30	0:30	10352	10362	10	2.A	ROTATING WITH MOTOR 10-12 WOB 200 DIFF. 30 RPM
0:30	0:45	0:15				10	C/S @ 10315' INC= 1.9 AZM= 221.0
0:45	4:00	3:15	10362	10453	91	2.A	ROTATING WITH MOTOR 10-12 WOB 200 DIFF. 30 RPM
4:00	4:15	0:15				10	C/S @ 10406 INC= 2.2 AZM= 210.8
4:15	9:30	5:15				11	RE-LOG 10268 - 10453 (TOTCO DOWN)
9:30	10:30	1:00	10453	10467	14	2.B	SLIDE @ 30 MTF
10:30	16:30	6:00	10467	10634	167	2.A	ROTATING WITH MOTOR 10-12 WOB 200 DIFF. 45 RPM
16:30	17:00	0:30				7	RIG SERVICE
17:00	17:30	0:30				10	C/S 10587 INC = 2.5 AZM = 197.9
17:30	18:30	1:00	10634	10659	25	2.A	ROTATING WITH MOTOR 10-12 WOB 200 DIFF. 45 RPM
18:30	19:45	1:15				5.A	CIRCULATE BOTTOMS UP
19:45	23:59	4:14				10	RIG UP AND RUN GYRO SURVEY
23:59							

Current Operations

DRILLING PARAMETERS SET BY CHESAPEAKE

RIG CREW CUT TOTCO LINE LOST ABILITY TO LOG GAMMA WILL RELOG AFTER REPAIR

Estimated Daily Charges

Description	Cost

Estimated Daily Cost (USD)	$ -
Accumulated Cost (USD)	$ -

Company Representative (s)

S. LENNOX	B. JOHNSON
T. SNELLING	K.COOPER

RYAN Directional Representative (s)

James Bible	
Brian Brewer	

RYAN MWD Representative (s)

Leon Horner	
Aaron Heartsfield	

24 Hour Breakdown

Ftg Rot.	293	Time Rot.	10.80
Ftg Orient	14	Time Orient	1.00
Rot. ROP	27.13	Orient ROP	14.00

Report No.: 6
Date M/Y/D: 20-Mar-09

Ryan Job # 3983

DAILY DRILLING REPORT

Oil Company: Chesapeake Operating
Field: Reeves
Location: Texas
AFE or PO #: 149203

Customer: Chesapeake Operating
Well Name & No.: Darden state 71-26 1H
Block or Section:
Rig Contractor & No.: Trinidad #107

00:00 Depth: 0
24:00 Depth: 0
Footage Today: 0
Current Run Ftg: -10659
Drlg Hrs Today: 0.00
Run Drlg Hrs: 48.20
ROP Today: -
Run Avg. ROP: -221.14
Last Casing Set: 9 5/8
Depth: 9568

PUMP Data Total Gals/Min =			407
Pump	1	2	0
Liner (in)	6	6	
%	95	95	
Vol (gps)	4.07	4.07	0.00
SPM	50	50	

DRILLING PARAMETERS	
ST. WT. ROT 1000's:	260
P/U WT. 1000's:	265
S/O WT. 1000's:	260
WOB 1000's:	10
ROTARY RPM:	30
MOTOR RPM:	121
TOTAL Bit RPM	151
ROT TQ. OFF BTM:	700
ROT TQ. ON BTM:	2000
Current Mag Dec:	9.71
Pulse Hight	33
"G" Totals	1.004

MUD DATA	
Mud Type	OBM
Sample	IN
Time	3/18/2009
Wt.	9.3
VIS	45
PV	17
YP	10
WL	5
CL	30,500
Gels	10
% Oil	87
% Solids	9
% Sand	0
PH	N/A
Temp F	112
MWD F	156
GPM	419
PSI	2100

	Previous	Current
1 BHA #	BIT	BIT
	MOTOR	MOTOR
	FLOAT	FLOAT
	UBHO	UBHO
	NMDC	NMDC
	NMDC	NMDC
	CROSSOVER	
	20 DC	
	JARS	
	3 DC	
BHA WT		
BELOW JARS		

MOTOR DATA	CURRENT
Run No.	1
Size (in.)	6 3/4
Type	6 / 7 5.0
Serial No.	RY 675031
Tool Deflection	1.5
Avg. Diff. Press.	200
Daily Drill Hrs.	0.00
Daily Circ. Hrs.	1.00
Daily Total Hrs:	1.00
Acc. Drill Hrs.	48.20
Acc. Circ. Hrs.	14.30
Depth In	10659
Depth Out	
LIH Hrs.	0
Acc. LIH Hrs.	81.00
Acc. Hrs Cir/Drilg	62.50
Total K Revs	436.69
Jar # HRS	

BIT DATA

Bit No.	Size (in)	Mfg.	Type	Serial No.	Nozzles or TFA	Depth In	Cum. Footage	Cum. Hrs.	Depth Out	DULL CONDITION IR	OR	DC	LOC	B/S	G/16"	OC	RPLD
1	8 1/2	ULTERRA	MC1384CD	5279	4 X 18	9568	1091	62.5	10659								
2	8 1/2	SMITH	TCI-5H7X	PL 7968		10659											

From	To	Hrs.	Start Depth	End Depth	CL	Code	Time Breakdown
0:00	1:00	1:00				5.A	CIRCULATE
1:00	7:00	6:00				6.A	POOH TO PICK UP CURVE ASSEMBLEY
7:00	8:30	1:30				6.A	LAY DOWN DRILL COLLARS
8:30	9:00	0:30				6.G	HANDLE DIRECTIONAL TOOLS
9:00	10:00	1:00				7	RIG MAINTANCE
10:00	10:30	0:30				6.G	HANDLE DIRECTIONAL TOOLS
10:30	11:30	1:00				O	LOST SLIP DIES IN HOLE
11:30	14:30	3:00				O	WAIT ON FISHING TOOLS
14:30	23:59	9:29				S	STAND BY (FISHING FOR SLIP DIES)
23:59							

Current Operations

DRILLING PARAMETERS SET BY CHESAPEAKE

POOH TO PICK UP CURVE ASSEMBLY

Estimated Daily Charges	
Description	Cost
Estimated Daily Cost (USD)	$ -
Accumulated Cost (USD)	$ -

Company Representative (s)	
S. LENNOX	B. JOHNSON
T. SNELLING	K.COOPER

RYAN Directional Representative (s)	
James Bible	
Brian Brewer	

RYAN MWD Representative (s)	
Leon Horner	
Aaron Heartsfield	

24 Hour Breakdown			
Ftg Rot.	0	Time Rot.	0.00
Ftg Orient	0	Time Orient	0.00
Rot. ROP	-	Orient ROP	-

Report No.: 7
Date M/Y/D: 21-Mar-09

Ryan Job # 3983

DAILY DRILLING REPORT

Oil Company:	Chesapeake Operating	Customer:	Chesapeake Operating
Field:	Reeves	Well Name & No.:	Darden state 71-26 1H
Location:	Texas	Block or Section:	
AFE or PO #:	149203	Rig Contractor & No.:	Trinidad #107

00:00 Depth:	10659	Footage Today:	178	Drlg Hrs Today:	8.00	ROP Today:	22.25
24:00 Depth:	10837	Current Run Ftg:	178	Run Drlg Hrs:	8.00	Run Avg. ROP:	22.25

Last Casing Set: 9 5/8
Depth: 9568

PUMP Data Total Gals/Min =			407
Pump	1	2	0
Liner (in)	6	6	
%	95	95	
Vol (gps)	4.07	4.07	0.00
SPM	50	50	

DRILLING PARAMETERS	
ST. WT. ROT 1000's:	260
P/U WT. 1000's:	265
S/O WT. 1000's:	260
WOB 1000's:	10
ROTARY RPM:	30
MOTOR RPM:	121
TOTAL Bit RPM	151
ROT TQ. OFF BTM:	700
ROT TQ. ON BTM:	2000
Current Mag Dec:	9.71
Pulse Hight	33
"G" Totals	1.004

MUD DATA	
Mud Type	OBM
Sample	IN
Time	3/18/2009
Wt.	9.3
VIS	45
PV	17
YP	10
WL	5
CL	30,500
Gels	10
% Oil	87
% Solids	9
% Sand	0
PH	N/A
Temp F	112
MWD F	156
GPM	419
PSI	2100

	Previous	Current
	1 BHA #	2 BHA #
	BIT	BIT
	MOTOR	MOTOR
	FLOAT	FLOAT
	UBHO	UBHO
	NMDC	NMDC
	NMDC	NMDC
	CROSSOVER	
	20 DC	
	JARS	
	3 DC	
BHA WT		
BELOW JARS		

MOTOR DATA	CURRENT
Run No.	2
Size (in.)	6 3/4
Type	7/8 2.8
Serial No.	RY650628
Tool Deflection	2.25
Avg. Diff. Press.	200
Daily Drill Hrs.	8.00
Daily Circ. Hrs.	2.00
Daily Total Hrs:	10.00
Acc. Drill Hrs.	8.00
Acc. Circ. Hrs.	2.00
Depth In	10659
Depth Out	
LIH Hrs.	17.5
Acc. LIH Hrs.	17.50
Acc. Hrs Cir/Drilg	10.00
Total K Revs	72.48
Jar # HRS	

BIT DATA

Bit No.	Size (in)	Mfg.	Type	Serial No.	Nozzles or TFA	Depth In	Cum. Footage	Cum. Hrs.	Depth Out	DULL CONDITION IR	OR	DC	LOC	B/S	G/16"	OC	RPLD
1	8 1/2	ULTERRA	MC1384CD	5279	4 X 18	9568	1091	62.5	10659								
2	8 1/2	SMITH	TCI-5H7X	PL 7968		10659											

From	To	Hrs.	Start Depth	End Depth	CL	Code	Time Breakdown
0:00	6:30	6:30				S	STAND BY (FISHING FOR SLIP DIES)
6:30	7:30	1:00				6.G	HANDLE DIRECTIONAL TOOLS
7:30	8:00	0:30				5.A	TEST TOOLS
8:00	12:00	4:00				6.A	TRIP IN HOLE TO SHOE WITH CURV ASSEMBLEY
12:00	13:00	1:00				8	SLIP IN CUT DRILLING LINE
13:00	14:30	1:30				6.A	TRIP TO BOTTOM
14:30	15:00	0:30				5.A	W/R 90' TO BOTTOM (CALIBRATE TOTCO DEPTH)
15:00	17:45	2:45	10659	10701	42	2.B	SLIDE @ 180 MTF 30 WOB 150 DIFF
17:45	18:00	0:15				10	C./S @ 10660 INC = 3.2 AZM 194.5
18:00	19:45	1:45	10701	10747	46	2.B	SLIDE @ 180 MTF 30 WOB 150 DIFF
19:45	20:00	0:15				10	C/S @ 10706 INC= 8.8 AZM= 180.0
20:00	21:45	1:45	10747	10792	45	2.B	SLIDE @ GTF HS 30 WOB 150 DIFF
21:45	22:00	0:15				10	SVY @ 10751 INC=15.0 AZM= 174.0
22:00	23:45	1:45	10792	10837	45	2.B	SLIDE @ GTF 20R 30 WOB 150 DIFF
23:45	23:59	0:14				10	C/S @ 10796 INC= 21.3 AZM= 174.2
23:59							

Current Operations

DRILLING PARAMETERS SET BY CHESAPEAKE

RETRIEVED BOTH SLIP DIES ON FIRST MAG RUN

Estimated Daily Charges	
Description	Cost

Estimated Daily Cost (USD)	$ -
Accumulated Cost (USD)	$ -

Company Representative (s)	
S. LENNOX	B. JOHNSON
T. SNELLING	K.COOPER

RYAN Directional Representative (s)	
James Bible	
Brian Brewer	

RYAN MWD Representative (s)	
Leon Horner	
Aaron Heartsfield	

24 Hour Breakdown			
Ftg Rot.	0	Time Rot.	0.00
Ftg Orient	178	Time Orient	8.00
Rot. ROP	-	Orient ROP	22.25

Report No.: 8
Date M/Y/D: 22-Mar-09

Ryan Drilling Technologies & Solutions

Ryan Job # 3983

DAILY DRILLING REPORT

Oil Company:	Chesapeake Operating	Customer:	Chesapeake Operating
Field:	Reeves	Well Name & No.:	Darden state 71-26 1H
Location:	Texas	Block or Section:	
AFE or PO #:	149203	Rig Contractor & No.:	Trinidad #107

00:00 Depth:	10837	Footage Today:	233	Drlg Hrs Today:	22.70	ROP Today:	10.26
24:00 Depth:	11070	Current Run Ftg:	411	Run Drlg Hrs:	30.70	Run Avg. ROP:	13.39

Last Casing Set: 9 5/8
Depth: 9568

PUMP Data Total Gals/Min =			407
Pump	1	2	0
Liner (in)	6	6	
%	95	95	
Vol (gps)	4.07	4.07	0.00
SPM	50	50	

DRILLING PARAMETERS	
ST. WT. ROT 1000's:	260
P/U WT. 1000's:	265
S/O WT. 1000's:	260
WOB 1000's:	10
ROTARY RPM:	30
MOTOR RPM:	121
TOTAL Bit RPM	151
ROT TQ. OFF BTM:	700
ROT TQ. ON BTM:	2000
Current Mag Dec:	9.71
Pulse Hight	33
"G" Totals	1.004

MUD DATA	
Mud Type	OBM
Sample	IN
Time	3/18/2009
Wt.	9.3
VIS	45
PV	17
YP	10
WL	5
CL	30,500
Gels	10
% Oil	87
% Solids	9
% Sand	0
PH	N/A
Temp F	112
MWD F	156
GPM	419
PSI	2100

	Previous 1 BHA #	Current 2 BHA #
	BIT	BIT
	MOTOR	MOTOR
	FLOAT	FLOAT
	UBHO	UBHO
	NMDC	NMDC
	NMDC	NMDC
	CROSSOVER	
	20 DC	
	JARS	
	3 DC	
	BHA WT	
	BELOW JARS	

MOTOR DATA	CURRENT
Run No.	2
Size (in.)	6 3/4
Type	7/8 2.8
Serial No.	RY650628
Tool Deflection	2.25
Avg. Diff. Press.	200
Daily Drill Hrs.	22.70
Daily Circ. Hrs.	1.30
Daily Total Hrs:	24.00
Acc. Drill Hrs.	30.70
Acc. Circ. Hrs.	3.30
Depth In	10659
Depth Out	
LIH Hrs.	24
Acc. LIH Hrs.	41.50
Acc. Hrs Cir/Drilg	34.00
Total K Revs	278.14
Jar # HRS	

BIT DATA

Bit No.	Size (in)	Mfg.	Type	Serial No.	Nozzles or TFA	Depth In	Cum. Footage	Cum. Hrs.	Depth Out	DULL CONDITION IR	OR	DC	LOC	B/S	G/16"	OC	RPLD
1	8 1/2	ULTERRA	MC1384CD	5279	4 X 18	9568	1091	62.5	10659								
2	8 1/2	SMITH	TCI-5H7X	PL 7968		10659											

From	To	Hrs.	Start Depth	End Depth	CL	Code	Time Breakdown
0:00	3:15	3:15	10837	10882	45	2.B	SLIDE @ GTF 20R 30 WOB 150 DIFF
3:15	3:30	0:15				10	SVY @ 10841 INC= 28.3 AZM= 177.6
3:30	6:30	3:00	10882	10912	30	2.B	SLIDE @ GTF 20R 30 WOB 150 DIFF
6:30	8:00	1:30	10912	10927	15	2.A	ROTATING 35 WOB 40 RPM 200 DIFF
8:00	8:15	0:15				10	C/S @ 10886 INC = 35.0 AZM = 179.2
8:15	12:15	4:00	10927	10960	33	2.B	SLIDE @ GTF HS 30 WOB 150 DIFF
12:15	13:00	0:45	10960	10973	13	2.A	ROTATING 35 WOB 40 RPM 200 DIFF
13:00	13:15	0:15				10	SVY @ 10932 INC= 40.0 AZM= 179.3
13:15	16:45	3:30	10973	11004	31	2.B	SLIDE @ GTF HS 35 WOB 150 DIFF
16:45	17:30	0:45	11004	11018	14	2.A	ROTATING 35 WOB 40 RPM 200 DIFF
17:30	17:45	0:15				10	C/S @ 10977 INC = 44.8 AZM = 179.4
17:45	21:00	3:15	11018	11051	33	2.B	SLIDE @ GTF HS 35 WOB 150 DIFF
21:00	22:30	1:30	11051	11063	12	2.A	ROTATING 35 WOB 40 RPM 200 DIFF
22:30	22:45	0:15				10	SVY @ 11022 INC= 50.1 AZM= 176.6
22:45	23:59	1:14	11063	11070	7	2.B	SLIDE @ GTF 30R 35 WOB 150 DIFF
23:59							

Current Operations

DRILLING PARAMETERS SET BY CHESAPEAKE

SLIDING IN CURVE

Estimated Daily Charges

Description	Cost

Estimated Daily Cost (USD)	$ -
Accumulated Cost (USD)	$ -

Company Representative (s)

S. LENNOX	B. JOHNSON
T. SNELLING	K.COOPER

RYAN Directional Representative (s)

James Bible	
Brian Brewer	

RYAN MWD Representative (s)

Leon Horner	
Aaron Heartsfield	

24 Hour Breakdown

Ftg Rot.	54	Time Rot.	4.50
Ftg Orient	179	Time Orient	18.20
Rot. ROP	12.00	Orient ROP	9.84

Report No.: 9
Date M/Y/D: 23-Mar-09

Ryan Job # 3983

DAILY DRILLING REPORT

Oil Company:	Chesapeake Operating	Customer:	Chesapeake Operating
Field:	Reeves	Well Name & No.:	Darden state 71-26 1H
Location:	Texas	Block or Section:	
AFE or PO #:	149203	Rig Contractor & No.:	Trinidad #107

00:00 Depth:	11070	Footage Today:	214	Drlg Hrs Today:	21.00	ROP Today:	10.19
24:00 Depth:	11284	Current Run Ftg:	625	Run Drlg Hrs:	51.70	Run Avg. ROP:	12.09

Last Casing Set: 9 5/8
Depth: 9568

PUMP Data Total Gals/Min =			407
Pump	1	2	0
Liner (in)	6	6	
%	95	95	
Vol (gps)	4.07	4.07	0.00
SPM	50	50	

DRILLING PARAMETERS	
ST. WT. ROT 1000's:	260
P/U WT. 1000's:	265
S/O WT. 1000's:	260
WOB 1000's:	10
ROTARY RPM:	30
MOTOR RPM:	121
TOTAL Bit RPM	151
ROT TQ. OFF BTM:	700
ROT TQ. ON BTM:	2000
Current Mag Dec:	9.71
Pulse Hight	33
"G" Totals	1.004

MUD DATA	
Mud Type	OBM
Sample	IN
Time	3/18/2009
Wt.	9.3
VIS	45
PV	17
YP	10
WL	5
CL	30,500
Gels	10
% Oil	87
% Solids	9
% Sand	0
PH	N/A
Temp F	112
MWD F	156
GPM	419
PSI	2100

	Previous	Current
1 / 2 BHA #	BIT	BIT
	MOTOR	MOTOR
	FLOAT	FLOAT
	UBHO	UBHO
	NMDC	NMDC
	NMDC	NMDC
	CROSSOVER	
	20 DC	
	JARS	
	3 DC	
BHA WT		
BELOW JARS		

MOTOR DATA	CURRENT
Run No.	2
Size (in.)	6 3/4
Type	7/8 2.8
Serial No.	RY650628
Tool Deflection	2.25
Avg. Diff. Press.	200
Daily Drill Hrs.	21.00
Daily Circ. Hrs.	1.00
Daily Total Hrs:	22.00
Acc. Drill Hrs.	51.70
Acc. Circ. Hrs.	4.30
Depth In	10659
Depth Out	
LIH Hrs.	24
Acc. LIH Hrs.	65.50
Acc. Hrs Cir/Drilg	56.00
Total K Revs	468.40
Jar # HRS	

BIT DATA

Bit No.	Size (in)	Mfg.	Type	Serial No.	Nozzles or TFA	Depth In	Cum. Footage	Cum. Hrs.	Depth Out	DULL CONDITION IR	OR	DC	LOC	B/S	G/16"	OC	RPLD
1	8 1/2	ULTERRA	MC1384CD	5279	4 X 18	9568	1091	62.5	10659								
2	8 1/2	SMITH	TCI-5H7X	PL 7968		10659											

From	To	Hrs.	Start Depth	End Depth	CL	Code	Time Breakdown
0:00	2:30	2:30	11070	11089	19	2.B	SLIDE @ GTF 30R 35 WOB 150 DIFF
2:30	4:15	1:45	11089	11108	19	2.A	ROTATING 35 WOB 40 RPM 200 DIFF
4:15	4:30	0:15				10	C/S @ 11067 INC = 54.8 AZM = 177.3
4:30	8:30	4:00	11108	11143	35	2.B	SLIDE @ GTF 30R 35 WOB 150 DIFF
8:30	9:00	0:30	11143	11153	10	2.A	ROTATING 35 WOB 40 RPM 200 DIFF
9:00	9:15	0:15				10	SVY @ 11112 INC= 58.4 AZM= 178.2
9:15	13:00	3:45	11153	11199	46	2.B	SLIDE @ GTF 20R 50 WOB 150 DIFF
13:00	13:15	0:15				10	C/S @ 11158 INC = 62.9 AZM = 180.2
13:15	14:15	1:00				7	RIG SERVICE
14:15	19:30	5:15	11199	11244	45	2.B	SLIDE @ GTF 20R 50 WOB 150 DIFF
19:30	19:45	0:15				10	SVY @ 11203 INC= 69.4 AZM= 181.3
19:45	20:45	1:00				MW	TROUBLESHOOT MWD
20:45	23:59	3:14	11244	11284	40	2.B	SLIDE @ GTF 20R 50 WOB 150 DIFF
23:59							

Current Operations

DRILLING PARAMETERS SET BY
CHESAPEAKE

SLIDING IN CURVE

INSTRUCTED TO SLIDE 100% @ S.D. 11158'
MO. 15.22 BRN. 11.7

Estimated Daily Charges

Description	Cost

Estimated Daily Cost (USD)	$ -
Accumulated Cost (USD)	$ -

Company Representative (s)

S. LENNOX	B. JOHNSON
T. SNELLING	K.COOPER

RYAN Directional Representative (s)

James Bible	
Brian Brewer	

RYAN MWD Representative (s)

Leon Homer	
Aaron Heartsfield	

24 Hour Breakdown

Ftg Rot.	29	Time Rot.	2.30
Ftg Orient	185	Time Orient	18.70
Rot. ROP	12.61	Orient ROP	9.89

Report No.: 10
Date M/Y/D: 24-Mar-09

Ryan Job # 3983

DAILY DRILLING REPORT

Oil Company: Chesapeake Operating
Field: Reeves
Location: Texas
AFE or PO #: 149203

Customer: Chesapeake Operating
Well Name & No.: Darden state 71-26 1H
Block or Section:
Rig Contractor & No.: Trinidad #107

00:00 Depth: 11284
24:00 Depth: 11289
Footage Today: 5
Current Run Ftg: 630
Drlg Hrs Today: 0.50
Run Drlg Hrs: 52.20
ROP Today: 10.00
Run Avg. ROP: 12.07
Last Casing Set: 9 5/8
Depth: 9568

PUMP Data Total Gals/Min =			407
Pump	1	2	0
Liner (in)	6	6	
%	95	95	
Vol (gps)	4.07	4.07	0.00
SPM	50	50	

DRILLING PARAMETERS	
ST. WT. ROT 1000's:	260
P/U WT. 1000's:	265
S/O WT. 1000's:	260
WOB 1000's:	10
ROTARY RPM:	30
MOTOR RPM:	121
TOTAL Bit RPM	151
ROT TQ. OFF BTM:	700
ROT TQ. ON BTM:	2000
Current Mag Dec:	9.71
Pulse Hight	33
"G" Totals	1.004

MUD DATA	
Mud Type	OBM
Sample	IN
Time	3/18/2009
Wt.	9.3
VIS	45
PV	17
YP	10
WL	5
CL	30,500
Gels	10
% Oil	87
% Solids	9
% Sand	0
PH	N/A
Temp F	112
MWD F	156
GPM	419
PSI	2100

	Previous	Current
	1 BHA #	2 BHA #
	BIT	BIT
	MOTOR	MOTOR
	FLOAT	FLOAT
	UBHO	UBHO
	NMDC	NMDC
	NMDC	NMDC
	CROSSOVER	
	20 DC	
	JARS	
	3 DC	
BHA WT		
BELOW JARS		

MOTOR DATA	CURRENT
Run No.	2
Size (in.)	6 3/4
Type	7/8 2.8
Serial No.	RY650628
Tool Deflection	2.25
Avg. Diff. Press.	200
Daily Drill Hrs.	0.50
Daily Circ. Hrs.	2.80
Daily Total Hrs:	3.30
Acc. Drill Hrs.	52.20
Acc. Circ. Hrs.	7.10
Depth In	10659
Depth Out	11289
LIH Hrs.	9:30
Acc. LIH Hrs.	65.90
Acc. Hrs Cir/Drlg	59.30
Total K Revs	472.93
Jar # HRS	

BIT DATA

Bit No.	Size (in)	Mfg.	Type	Serial No.	Nozzles or TFA	Depth In	Cum. Footage	Cum. Hrs.	Depth Out	DULL CONDITION IR	OR	DC	LOC	B/S	G/16"	OC	RPLD
1	8 1/2	ULTERRA	MC1384CD	5279	4 X 18	9568	1091	62.5	10659								
2	8 1/2	SMITH	TCI-5H7X	PL 7968		10659											

From	To	Hrs.	Start Depth	End Depth	CL	Code	Time Breakdown
0:00	0:30	0:30	11284	11289	5	2.A	ROTATING 35 WOB 40 RPM 200 DIFF
0:30	0:45	0:15				10	C/S @ 11248 INC = 76.9 AZM = 183.2
0:45	3:15	2:30				5.A	CIRCULATE
3:15	8:45	5:30				6.A	POOH
8:45	9:30	0:45				6.G	HANDLE DIRECTIONAL TOOLS
9:30	10:45	1:15				8	CHANGE OUT SAVER SUB
10:45							

Current Operations

DRILLING PARAMETERS SET BY CHESAPEAKE

SLIDING IN CURVE

INSTRUCTED TO SLIDE 100% @ S.D. 11158'
MO. 15.22 BRN. 11.7
INSTRUCTED TO SLIDE 40' @ S.D. 11203'
MO. 14.6 BRN. 10.13
POOH FOR LATTERAL ASSY

Estimated Daily Charges	
Description	Cost
Estimated Daily Cost (USD)	$ -
Accumulated Cost (USD)	$ -

Company Representative (s)	
S. LENNOX	B. JOHNSON
T. SNELLING	K.COOPER

RYAN Directional Representative (s)	
James Bible	
Brian Brewer	

RYAN MWD Representative (s)	
Leon Horner	
Aaron Heartsfield	

24 Hour Breakdown			
Ftg Rot.	5	Time Rot.	0.50
Ftg Orient	0	Time Orient	0.00
Rot. ROP	10.00	Orient ROP	-

Report No.: 10A
Date M/Y/D: 24-Mar-09

Ryan Job # 3983

DAILY DRILLING REPORT

Oil Company:	Chesapeake Operating	Customer:	Chesapeake Operating
Field:	Reeves	Well Name & No.:	Darden state 71-26 1H
Location:	Texas	Block or Section:	
AFE or PO #:	149203	Rig Contractor & No.:	Trinidad #107

00:00 Depth:	11289	Footage Today:	104	Drlg Hrs Today:	4.70	ROP Today:	22.13
24:00 Depth:	11393	Current Run Ftg:	104	Run Drlg Hrs:	4.70	Run Avg. ROP:	22.13

Last Casing Set: 9 5/8
Depth: 9568

PUMP Data Total Gals/Min =			407
Pump	1	2	0
Liner (in)	6	6	
%	95	95	
Vol (gps)	4.07	4.07	0.00
SPM	50	50	

DRILLING PARAMETERS	
ST. WT. ROT 1000's:	260
P/U WT. 1000's:	265
S/O WT. 1000's:	260
WOB 1000's:	10
ROTARY RPM:	30
MOTOR RPM:	121
TOTAL Bit RPM	151
ROT TQ. OFF BTM:	700
ROT TQ. ON BTM:	2000
Current Mag Dec:	9.71
Pulse Hight	33
"G" Totals	1.004

MUD DATA	
Mud Type	OBM
Sample	IN
Time	3/24/2009
Wt.	9.4
VIS	45
PV	16
YP	10
WL	4.3
CL	33,500
Gels	10
% Oil	87
% Solids	10
% Sand	0
PH	N/A
Temp F	97
MWD F	160
GPM	419
PSI	2100

	Previous	Current
	2 BHA #	3 BHA #
	BIT	BIT
	MOTOR	MOTOR
	FLOAT	FLOAT
	UBHO	UBHO
	NMDC	NMDC
	NMDC	NMDC
BHA WT		
BELOW JARS		

MOTOR DATA	CURRENT
Run No.	3
Size (in.)	6 3/4
Type	6 / 7 5.0
Serial No.	RY 675014
Tool Deflection	1.5
Avg. Diff. Press.	200
Daily Drill Hrs.	4.70
Daily Circ. Hrs.	1.50
Daily Total Hrs:	6.20
Acc. Drill Hrs.	4.70
Acc. Circ. Hrs.	1.50
Depth In	11289
Depth Out	
LIH Hrs.	0.00
Acc. LIH Hrs.	12.00
Acc. Hrs Cir/Drilg	6.20
Total K Revs	42.58
Jar # HRS	

BIT DATA

Bit No.	Size (in)	Mfg.	Type	Serial No.	Nozzles or TFA	Depth In	Cum. Footage	Cum. Hrs.	Depth Out	DULL CONDITION IR	OR	DC	LOC	B/S	G/16"	OC	RPLD
3	8 1/2	HUGHES	HC 506 ZX	7119537	6 X 16	11289											
2	8 1/2	SMITH	TCI-5H7X	PL 7968	3 X 20	10659	630	52.3	11289	1/16	1/16	NT	G	E	1 16	NT	BHA

From	To	Hrs.	Start Depth	End Depth	CL	Code	Time Breakdown
10:45	11:45	1:00	11289		####	6.G	HANDLE DIRECTIONAL TOOLS
11:45	12:00	0:15				5.A	TEST TOOLS
12:00	18:00	6:00				6.A	ADD BIT AND TRIP IN HOLE
18:00	18:45	0:45				5.A	WASH 100' TO BOTTOM
18:45	19:15	0:30	11289	11294	5	2.A	ROT.WOB=8 RPM=40 GPM=419 DIFF=200
19:15	21:00	1:45	11294	11339	45	2.B	SLIDE @ GTF HS DIFF=250 WOB=15
21:00	21:15	0:15				10	SVY @ 11293 INC=81.5 AZM=183.8
21:15	23:15	2:00	11339	11384	45	2.B	SLIDE @ GTF HS DIFF=250 WOB=15
23:15	23:30	0:15				10	C/S @ 11338 INC= 84.5 AZM= 183.4
23:30	23:59	0:29	11384	11393	9	2.B	SLIDE @ GTF HS DIFF=250 WOB=15
23:59							

Current Operations

DRILLING PARAMETERS SET BY CHESAPEAKE

Estimated Daily Charges

Description	Cost

Estimated Daily Cost (USD)	$ -
Accumulated Cost (USD)	$ -

Company Representative (s)	
S. LENNOX	B. JOHNSON
T. SNELLING	K.COOPER

RYAN Directional Representative (s)	
James Bible	
Brian Brewer	

RYAN MWD Representative (s)	
Leon Horner	
Aaron Heartsfield	

24 Hour Breakdown

Ftg Rot.	5	Time Rot.	0.50
Ftg Orient	99	Time Orient	4.20
Rot. ROP	10.00	Orient ROP	23.57

Report No.: 11
Date M/Y/D: 25-Mar-09

Ryan Drilling Technologies & Solutions

Ryan Job # 3983

DAILY DRILLING REPORT

Oil Company: Chesapeake Operating
Field: Reeves
Location: Texas
AFE or PO #: 149203

Customer: Chesapeake Operating
Well Name & No.: Darden state 71-26 1H
Block or Section:
Rig Contractor & No.: Trinidad #107

00:00 Depth: 11393
24:00 Depth: 11804
Footage Today: 411
Current Run Ftg: 515
Drlg Hrs Today: 17.70
Run Drlg Hrs: 22.40
ROP Today: 23.22
Run Avg. ROP: 22.99
Last Casing Set: 9 5/8
Depth: 9568

PUMP Data Total Gals/Min =			447
Pump	1	2	0
Liner (in)	6	6	
%	95	95	
Vol (gps)	4.07	4.07	0.00
SPM	55	55	

DRILLING PARAMETERS	
ST. WT. ROT 1000's:	260
P/U WT. 1000's:	265
S/O WT. 1000's:	260
WOB 1000's:	10
ROTARY RPM:	30
MOTOR RPM:	121
TOTAL Bit RPM	151
ROT TQ. OFF BTM:	700
ROT TQ. ON BTM:	2000
Current Mag Dec:	9.71
Pulse Hight	33
"G" Totals	1.004

MUD DATA	
Mud Type	OBM
Sample	IN
Time	3/24/2009
Wt.	9.4
VIS	45
PV	16
YP	10
WL	4.3
CL	33,500
Gels	10
% Oil	87
% Solids	10
% Sand	0
PH	N/A
Temp F	97
MWD F	160
GPM	419
PSI	2100

	Previous 2 BHA #	Current 3 BHA #
	BIT	BIT
	MOTOR	MOTOR
	FLOAT	FLOAT
	UBHO	UBHO
	NMDC	NMDC
	NMDC	NMDC
BHA WT		
BELOW JARS		

MOTOR DATA	CURRENT
Run No.	3
Size (in.)	6 3/4
Type	6 / 7 5.0
Serial No.	RY 675014
Tool Deflection	1.5
Avg. Diff. Press.	200
Daily Drill Hrs.	17.70
Daily Circ. Hrs.	3.50
Daily Total Hrs:	21.20
Acc. Drill Hrs.	22.40
Acc. Circ. Hrs.	5.00
Depth In	11289
Depth Out	
LIH Hrs.	0:00
Acc. LIH Hrs.	36.00
Acc. Hrs Cir/Drlg	27.40
Total K Revs	202.94
Jar # HRS	

BIT DATA

Bit No.	Size (in)	Mfg.	Type	Serial No.	Nozzles or TFA	Depth In	Cum. Footage	Cum. Hrs.	Depth Out	DULL CONDITION IR	OR	DC	LOC	B/S	G/16"	OC	RPLD
3	8 1/2	HUGHES	HC 506 ZX	7119537	6 X 16	11289											
2	8 1/2	SMITH	TCI-5H7X	PL 7968	3 X 20	10659	630	52.3	11289	1/16	1/16	NT	G	E	1 16	NT	BHA

From	To	Hrs.	Start Depth	End Depth	CL	Code	Time Breakdown
0:00	2:15	2:15	11393	11430	37	2.B	SLIDE @ GTF HS DIFF=250 WOB=15
2:15	2:30	0:15				10	SVY @ 11384 INC=88.2 AZM= 183.3
2:30	2:45	0:15	11430	11435	5	2.B	SLIDE @ GTF HS DIFF=250 WOB=15
2:45	4:00	1:15	11435	11475	40	2.A	ROT.WOB=8 RPM=40 GPM=419 DIFF=200
4:00	4:15	0:15				10	C/S @ 11429 INC= 91.3 AZM= 183.0
4:15	5:15	1:00	11475	11490	15	2.B	SLIDE @ GTF HS DIFF=250 WOB=15
5:15	6:15	1:00	11490	11520	30	2.A	ROT.WOB=8 RPM=40 GPM=419 DIFF=200
6:15	6:30	0:15				10	SVY @ 11474 INC=92.4 AZM= 182.9
6:30	8:15	1:45	11520	11565	45	2.A	ROT.WOB=8 RPM=40 GPM=419 DIFF=200
8:15	8:30	0:15				10	C/S @ 11519 INC=93.5 AZM= 182.8
8:30	10:15	1:45	11565	11585	20	2.B	SLIDE @ GTF 170 R DIFF=250 WOB=15
10:15	11:00	0:45	11585	11610	25	2.A	ROT.WOB=8 RPM=40 GPM=419 DIFF=200
11:00	11:15	0:15				10	SVY @ 11564 INC=94.1 AZM= 182.7
11:15	13:00	1:45	11610	11655	45	2.A	ROT.WOB=8 RPM=40 GPM=460 DIFF=200
13:00	13:15	0:15				10	C/S @ 11609 INC= 91.8 AZM= 183.0
13:15	14:45	1:30	11655	11700	45	2.B	ROT.WOB=8 RPM=40 GPM=460 DIFF=200
14:45	15:00	0:15				10	SVY @ 11654 INC=91.7 AZM= 182.9
15:00	15:45	0:45	11700	11708	8	2.B	SLIDE @ GTF 170 R DIFF=250 WOB=15
15:45	17:30	1:45	11708	11746	38	2.A	ROT.WOB=8 RPM=40 GPM=460 DIFF=200
17:30	17:45	0:15				10	SVY @ 11700 INC=91.9 AZM=183.1
17:45	18:15	0:30				7	RIG SERVICE
18:15	19:45	1:30	11746	11791	45	2.A	ROT.WOB=8 RPM=40 GPM=460 DIFF=200
19:45	20:00	0:15				10	SVY @ 11745 INC= 91.1 AZM=183.5
20:00	21:15	1:15				6.A	PULL TO TOP OF CURVE
21:15	22:30	1:15				5.A	CIRCULATE BOTTOMS UP
22:30	23:30	1:00				6.A	TIH
23:30	23:59	0:29	11791	11804	13	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
23:59							

Current Operations

DRILLING PARAMETERS SET BY CHESAPEAKE

AT 8:00 CHESAPEAKE INSTRUCTED US TO BRING ANGLE TO 90.0 INC

Estimated Daily Charges

Description	Cost

Estimated Daily Cost (USD)	$ -
Accumulated Cost (USD)	$ -

Company Representative (s)	
S. LENNOX	B. JOHNSON
T. SNELLING	K.COOPER

RYAN Directional Representative (s)	
James Bible	
Brian Brewer	

RYAN MWD Representative (s)	
Leon Horner	
Aaron Heartsfield	

24 Hour Breakdown

Ftg Rot.	281	Time Rot.	10.20
Ftg Orient	130	Time Orient	7.50
Rot. ROP	27.55	Orient ROP	17.33

Report No.: 12
Date M/Y/D: 26-Mar-09

Ryan Drilling Technologies & Solutions

Ryan Job # 3983

DAILY DRILLING REPORT

Oil Company:	Chesapeake Operating	Customer:	Chesapeake Operating
Field:	Reeves	Well Name & No.:	Darden state 71-26 1H
Location:	Texas	Block or Section:	
AFE or PO #:	149203	Rig Contractor & No.:	Trinidad #107

00:00 Depth:	11804	Footage Today:	483	Drlg Hrs Today:	17.50	ROP Today:	27.60
24:00 Depth:	12287	Current Run Ftg:	998	Run Drlg Hrs:	39.90	Run Avg. ROP:	25.01

Last Casing Set: 9 5/8
Depth: 9568

PUMP Data Total Gals/Min =			447
Pump	1	2	0
Liner (in)	6	6	
%	95	95	
Vol (gps)	4.07	4.07	0.00
SPM	55	55	

DRILLING PARAMETERS	
ST. WT. ROT 1000's:	260
P/U WT. 1000's:	265
S/O WT. 1000's:	260
WOB 1000's:	10
ROTARY RPM:	30
MOTOR RPM:	121
TOTAL Bit RPM	151
ROT TQ. OFF BTM:	700
ROT TQ. ON BTM:	2000
Current Mag Dec:	9.71
Pulse Hight	33
"G" Totals	1.004

MUD DATA	
Mud Type	OBM
Sample	IN
Time	3/24/2009
Wt.	9.4
VIS	45
PV	16
YP	10
WL	4.3
CL	33,500
Gels	10
% Oil	87
% Solids	10
% Sand	0
PH	N/A
Temp F	97
MWD F	160
GPM	419
PSI	2100

	Previous 2 BHA #	Current 3 BHA #
	BIT	BIT
	MOTOR	MOTOR
	FLOAT	FLOAT
	UBHO	UBHO
	NMDC	NMDC
	NMDC	NMDC
BHA WT		
BELOW JARS		

MOTOR DATA	CURRENT
Run No.	3
Size (in.)	6 3/4
Type	6 / 7 5.0
Serial No.	RY 675014
Tool Deflection	1.5
Avg. Diff. Press.	200
Daily Drill Hrs.	17.50
Daily Circ. Hrs.	3.80
Daily Total Hrs:	21.30
Acc. Drill Hrs.	39.90
Acc. Circ. Hrs.	8.80
Depth In	11289
Depth Out	
LIH Hrs.	0:00
Acc. LIH Hrs.	60.00
Acc. Hrs Cir/Drlg	48.70
Total K Revs	361.49
Jar # HRS	

BIT DATA

Bit No.	Size (in)	Mfg.	Type	Serial No.	Nozzles or TFA	Depth In	Cum. Footage	Cum. Hrs.	Depth Out	DULL CONDITION IR	OR	DC	LOC	B/S	G/16"	OC	RPLD
3	8 1/2	HUGHES	HC 506 ZX	7119537	6 X 16	11289											
2	8 1/2	SMITH	TCI-5H7X	PL 7968	3 X 20	10659	630	52.3	11289	1/16	1/16	NT	G	E	1 16	NT	BHA

From	To	Hrs.	Start Depth	End Depth	CL	Code	Time Breakdown
0:00	0:45	0:45	11804	11836	32	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
0:45	1:00	0:15				10	C/S @ 11790 INC= 91.3 AZM= 183.3
1:00	2:00	1:00	11836	11846	10	2.B	SLIDE @ GTF 20L DIFF=250 WOB=15
2:00	3:00	1:00	11846	11881	35	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
3:00	3:15	0:15				10	SVY @ 11835 INC= 92.0 AZM= 182.9
3:15	4:45	1:30	11881	11926	45	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
4:45	5:00	0:15				10	C/S @ 11880 INC= 92.6 AZM= 182.4
5:00	6:15	1:15	11926	11971	45	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
6:15	6:30	0:15				10	SVY @ 11925 INC= 93.0 AZM= 182.1
6:30	8:30	2:00	11971	12017	46	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
8:30	8:45	0:15				10	C/S @ 11971 INC= 93.2 AZM= 181.5
8:45	9:30	0:45	12017	12025	8	2.B	SLIDE @ GTF HS DIFF=250 WOB=15
9:30	10:30	1:00	12025	12062	37	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
10:30	10:45	0:15				10	SVY @ 12016 INC= 94.1 AZM= 181.5
10:45	12:00	1:15	12062	12107	45	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
12:00	12:15	0:15				10	C/S 12061 INC = 94.8 AZM = 181.3
12:15	13:45	1:30	12107	12152	45	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
13:45	14:00	0:15				10	SVY @ 12106 INC= 95.2 AZM= 181.5
14:00	15:30	1:30	12152	12197	45	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
15:30	16:15	0:45				7	RIG SERVICE
16:15	16:30	0:15				10	C/S 12151 INC = 95.7 AZM = 181.1
16:30	17:15	0:45	12197	12205	8	2.B	SLIDE @ GTF 180 GTF DIFF=250 WOB=15
17:15	20:30	3:15	12205	12287	82	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
20:30	20:45	0:15				10	SVY @ 12241 INC= 93.8 AZM= 180.5
20:45	22:00	1:15				6.A	SHORT TRIP TO TOP OF CURVE
22:00	23:15	1:15				5.A	CIRCULATE
23:15	23:59	0:44				6.A	TIH
23:59							

Current Operations

DRILLING PARAMETERS SET BY CHESAPEAKE

ROTATING AND SLIDING IN LATTERAL

Estimated Daily Charges	
Description	Cost
Estimated Daily Cost (USD)	$ -
Accumulated Cost (USD)	$ -

Company Representative (s)	
S. LENNOX	B. JOHNSON
T. SNELLING	K.COOPER

RYAN Directional Representative (s)
James Bible
Brian Brewer

RYAN MWD Representative (s)
Leon Homer
Aaron Heartsfield

24 Hour Breakdown			
Ftg Rot.	457	Time Rot.	15.00
Ftg Orient	26	Time Orient	2.50
Rot. ROP	30.47	Orient ROP	10.40

Report No.: 13
Date M/Y/D: 27-Mar-09

Ryan Drilling Technologies & Solutions

Ryan Job # 3983

DAILY DRILLING REPORT

Oil Company: Chesapeake Operating
Field: Reeves
Location: Texas
AFE or PO #: 149203

Customer: Chesapeake Operating
Well Name & No.: Darden state 71-26 1H
Block or Section:
Rig Contractor & No.: Trinidad #107

00:00 Depth: 12287
24:00 Depth: 12784
Footage Today: 497
Current Run Ftg: 1495
Drlg Hrs Today: 16.30
Run Drlg Hrs: 56.20
ROP Today: 30.49
Run Avg. ROP: 26.60
Last Casing Set: 9 5/8
Depth: 9568

PUMP Data Total Gals/Min =			447
Pump	1	2	0
Liner (in)	6	6	
%	95	95	
Vol (gps)	4.07	4.07	0.00
SPM	55	55	

DRILLING PARAMETERS	
ST. WT. ROT 1000's:	260
P/U WT. 1000's:	265
S/O WT. 1000's:	260
WOB 1000's:	10
ROTARY RPM:	30
MOTOR RPM:	121
TOTAL Bit RPM	151
ROT TQ. OFF BTM:	700
ROT TQ. ON BTM:	2000
Current Mag Dec:	9.71
Pulse Hight	33
"G" Totals	1.004

MUD DATA	
Mud Type	OBM
Sample	IN
Time	3/24/2009
Wt.	9.4
VIS	45
PV	16
YP	10
WL	4.3
CL	33,500
Gels	10
% Oil	87
% Solids	10
% Sand	0
PH	N/A
Temp F	97
MWD F	160
GPM	419
PSI	2100

	Previous 2 BHA #	Current 3 BHA #
	BIT	BIT
	MOTOR	MOTOR
	FLOAT	FLOAT
	UBHO	UBHO
	NMDC	NMDC
	NMDC	NMDC
BHA WT		
BELOW JARS		

MOTOR DATA	CURRENT
Run No.	3
Size (in.)	6 3/4
Type	6 / 7 5.0
Serial No.	RY 675014
Tool Deflection	1.5
Avg. Diff. Press.	200
Daily Drill Hrs.	16.30
Daily Circ. Hrs.	1.30
Daily Total Hrs:	17.60
Acc. Drill Hrs.	56.20
Acc. Circ. Hrs.	10.10
Depth In	11289
Depth Out	
LIH Hrs.	0:00
Acc. LIH Hrs.	84.00
Acc. Hrs Cir/Drlg	66.30
Total K Revs	509.17
Jar # HRS	

BIT DATA

Bit No.	Size (in)	Mfg.	Type	Serial No.	Nozzles or TFA	Depth In	Cum. Footage	Cum. Hrs.	Depth Out	DULL CONDITION IR	OR	DC	LOC	B/S	G/16"	OC	RPLD
3	8 1/2	HUGHES	HC 506 ZX	7119537	6 X 16	11289											
2	8 1/2	SMITH	TCI-5H7X	PL 7968	3 X 20	10659	630	52.3	11289	1/16	1/16	NT	G	E	1 16	NT	BHA

From	To	Hrs.	Start Depth	End Depth	CL	Code	Time Breakdown
0:00	0:30	0:30				6.A	TIH
0:30	2:00	1:30	12287	12332	45	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
2:00	2:30	0:30	12332	12337	5	2.B	SLIDE @ GTF HS GTF DIFF=250 WOB=15
2:30	3:45	1:15	12337	12377	40	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
3:45	4:00	0:15				10	C/S 12331 INC = 94.8 AZM = 180.4
4:00	7:00	3:00	12377	12468	91	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
7:00	7:15	0:15				10	C/S 12422 INC = 95.3 AZM = 179.9
7:15	8:00	0:45	12468	12473	5	2.B	SLIDE @ GTF HS GTF DIFF=250 WOB=15
8:00	10:30	2:30	12473	12558	85	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
10:30	10:45	0:15				10	C/S 12512 INC = 96.3 AZM = 180.0
10:45	13:45	3:00	12558	12649	91	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
13:45	14:45	1:00				7	RIG SERVICE
14:45	15:00	0:15				10	C/S 12603 INC = 96.7 AZM = 179.9
15:00	17:15	2:15	12649	12739	90	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
17:15	17:30	0:15				10	C/S 12693 INC = 97.2 AZM = 179.6
17:30	19:00	1:30	12739	12784	45	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
19:00	23:59	4:59				6.A	PULL BACK INTO CASING/ WIRELINE MWD
23:59							

Current Operations

DRILLING PARAMETERS SET BY CHESAPEAKE

ROTATING AND SLIDING IN LATTERAL

WIRELINE MWD TO CHANGE GAMMA TOOL SETTINGS PER CHESAPEAKE

Estimated Daily Charges	
Description	Cost

Estimated Daily Cost (USD)	$ -
Accumulated Cost (USD)	$ -

Company Representative (s)	
S. LENNOX	B. JOHNSON
T. SNELLING	K.COOPER

RYAN Directional Representative (s)	
James Bible	
Brian Brewer	

RYAN MWD Representative (s)	
Leon Horner	
Aaron Heartsfield	

24 Hour Breakdown			
Ftg Rot.	487	Time Rot.	15.00
Ftg Orient	10	Time Orient	1.30
Rot. ROP	32.47	Orient ROP	7.69

Report No.: 14
Date M/Y/D: 28-Mar-09

Ryan Job # 3983

DAILY DRILLING REPORT

Oil Company: Chesapeake Operating
Field: Reeves
Location: Texas
AFE or PO #: 149203

Customer: Chesapeake Operating
Well Name & No.: Darden state 71-26 1H
Block or Section:
Rig Contractor & No.: Trinidad #107

00:00 Depth: 0
24:00 Depth: 0
Footage Today: 0
Current Run Ftg: -11289
Drlg Hrs Today: 0.00
Run Drlg Hrs: 56.20
ROP Today: -
Run Avg. ROP: -200.87
Last Casing Set: 9 5/8
Depth: 9568

PUMP Data Total Gals/Min =			447
Pump	1	2	0
Liner (in)	6	6	
%	95	95	
Vol (gps)	4.07	4.07	0.00
SPM	55	55	

DRILLING PARAMETERS	
ST. WT. ROT 1000's:	260
P/U WT. 1000's:	265
S/O WT. 1000's:	260
WOB 1000's:	10
ROTARY RPM:	30
MOTOR RPM:	121
TOTAL Bit RPM	151
ROT TQ. OFF BTM:	700
ROT TQ. ON BTM:	2000
Current Mag Dec:	9.71
Pulse Hight	33
"G" Totals	1.004

MUD DATA	
Mud Type	OBM
Sample	IN
Time	3/24/2009
Wt.	9.4
VIS	45
PV	16
YP	10
WL	4.3
CL	33,500
Gels	10
% Oil	87
% Solids	10
% Sand	0
PH	N/A
Temp F	97
MWD F	160
GPM	419
PSI	2100

	Previous	Current
2 / 3 BHA #	BIT	BIT
	MOTOR	MOTOR
	FLOAT	FLOAT
	UBHO	UBHO
	NMDC	NMDC
	NMDC	NMDC
BHA WT		
	BELOW JARS	

MOTOR DATA	CURRENT
Run No.	3
Size (in.)	6 3/4
Type	6 / 7 5.0
Serial No.	RY 675014
Tool Deflection	1.5
Avg. Diff. Press.	200
Daily Drill Hrs.	0.00
Daily Circ. Hrs.	22.20
Daily Total Hrs:	22.20
Acc. Drill Hrs.	56.20
Acc. Circ. Hrs.	32.30
Depth In	11289
Depth Out	
LIH Hrs.	0:00
Acc. LIH Hrs.	108.00
Acc. Hrs Cir/Drilg	88.50
Total K Revs	509.17
Jar # HRS	

BIT DATA

Bit No.	Size (in)	Mfg.	Type	Serial No.	Nozzles or TFA	Depth In	Cum. Footage	Cum. Hrs.	Depth Out	DULL CONDITION IR	OR	DC	LOC	B/S	G/16"	OC	RPLD
3	8 1/2	HUGHES	HC 506 ZX	7119537	6 X 16	11289											
2	8 1/2	SMITH	TCI-5H7X	PL 7968	3 X 20	10659	630	52.3	11289	1/16	1/16	NT	G	E	1 16	NT	BHA

From	To	Hrs.	Start Depth	End Depth	CL	Code	Time Breakdown
0:00	0:15	0:15				5.A	TEST MWD
0:15	1:15	1:00				6.A	TIH TO 11200'
1:15	17:15	16:00				5.A	RE LOG GAMMA 11200-12197
17:15	18:00	0:45				7	RIG SERVICE
18:00	23:59	5:59				5.A	RE LOG GAMMA 12197-12784
23:59							

Current Operations

DRILLING PARAMETERS SET BY CHESAPEAKE
ROTATING AND SLIDING IN LATTERAL
PULLED INTO CASING TO WIRELINE MWD
CHANGE GAMMA SETTINGS PER CHESAPEAKE
RE-LOG STARTING @ 11200' PER CHESAPEAKE

Estimated Daily Charges	
Description	Cost

Estimated Daily Cost (USD)	$ -
Accumulated Cost (USD)	$ -

Company Representative (s)	
S. LENNOX	B. JOHNSON
T. SNELLING	K.COOPER

RYAN Directional Representative (s)	
James Bible	
Brian Brewer	

RYAN MWD Representative (s)	
Leon Horner	
Aaron Heartsfield	

24 Hour Breakdown			
Ftg Rot.	0	Time Rot.	0.00
Ftg Orient	0	Time Orient	0.00
Rot. ROP	-	Orient ROP	-

Report No.: 15
Date M/Y/D: 29-Mar-09

Ryan Job # 3983

DAILY DRILLING REPORT

Oil Company: Chesapeake Operating
Field: Reeves
Location: Texas
AFE or PO #: 149203

Customer: Chesapeake Operating
Well Name & No.: Darden state 71-26 1H
Block or Section:
Rig Contractor & No.: Trinidad #107

00:00 Depth: 12784
24:00 Depth: 13281
Footage Today: 497
Current Run Ftg: 1992
Drlg Hrs Today: 18.00
Run Drlg Hrs. 74.20
ROP Today: 27.61
Run Avg. ROP: 26.85
Last Casing Set: 9 5/8
Depth: 9568

PUMP Data Total Gals/Min =			447
Pump	1	2	0
Liner (in)	6	6	
%	95	95	
Vol (gps)	4.07	4.07	0.00
SPM	55	55	

DRILLING PARAMETERS	
ST. WT. ROT 1000's:	260
P/U WT. 1000's:	265
S/O WT. 1000's:	260
WOB 1000's:	10
ROTARY RPM:	30
MOTOR RPM:	121
TOTAL Bit RPM	151
ROT TQ. OFF BTM:	700
ROT TQ. ON BTM:	2000
Current Mag Dec:	9.71
Pulse Hight	33
"G" Totals	1.004

MUD DATA	
Mud Type	OBM
Sample	IN
Time	3/24/2009
Wt.	9.4
VIS	45
PV	16
YP	10
WL	4.3
CL	33,500
Gels	10
% Oil	87
% Solids	10
% Sand	0
PH	N/A
Temp F	97
MWD F	160
GPM	419
PSI	2100

	Previous 2 BHA #	Current 3 BHA #
	BIT	BIT
	MOTOR	MOTOR
	FLOAT	FLOAT
	UBHO	UBHO
	NMDC	NMDC
	NMDC	NMDC
BHA WT		
BELOW JARS		

MOTOR DATA	CURRENT
Run No.	3
Size (in.)	6 3/4
Type	6 / 7 5.0
Serial No.	RY 675014
Tool Deflection	1.5
Avg. Diff. Press.	200
Daily Drill Hrs.	18.00
Daily Circ. Hrs.	2.80
Daily Total Hrs:	20.80
Acc. Drill Hrs.	74.20
Acc. Circ. Hrs.	35.10
Depth In	11289
Depth Out	
LIH Hrs.	0:00
Acc. LIH Hrs.	132.00
Acc. Hrs Cir/Drilg	109.30
Total K Revs	672.25
Jar # HRS	

BIT DATA

Bit No.	Size (in)	Mfg.	Type	Serial No.	Nozzles or TFA	Depth In	Cum. Footage	Cum. Hrs.	Depth Out	DULL CONDITION IR	OR	DC	LOC	B/S	G/16"	OC	RPLD
3	8 1/2	HUGHES	HC 506 ZX	7119537	6 X 16	11289											
2	8 1/2	SMITH	TCI-5H7X	PL 7968	3 X 20	10659	630	52.3	11289	1/16	1/16	NT	G	E	1 16	NT	BHA

From	To	Hrs.	Start Depth	End Depth	CL	Code	Time Breakdown
0:00	1:15	1:15				5.A	RE-LOG GAMMA TO 12784'
1:15	2:00	0:45	12784	12789	5	2.B	SLIDE @ GTF135R WOB=15 GPM=419 DIFF=200
2:00	3:45	1:45	12789	12829	40	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
3:45	4:00	0:15				10	C/S 12783 INC = 97.9 AZM = 180.0
4:00	5:30	1:30	12829	12874	45	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
5:30	7:00	1:30	12874	12881	7	2.B	SLIDE @ GTF 180 WOB=15 GPM=419 DIFF=200
7:00	8:15	1:15	12881	12920	39	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
8:15	8:30	0:15				10	C/S 12783 INC = 97.9 AZM = 180.0
8:30	9:00	0:30	12920	12925	5	2.B	SLIDE @ GTF170 R WOB=15 GPM=419 DIFF=200
9:00	11:15	2:15	12925	13010	85	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
11:15	11:30	0:15				10	C/S 12783 INC = 96.8 AZM = 181.2
11:30	12:45	1:15				7	CHANGE OUT ROTATING HEAD
12:45	13:15	0:30	13010	13015	5	2.B	SLIDE @ GTF180 WOB=15 GPM=419 DIFF=200
13:15	15:15	2:00	13015	13100	85	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
15:15	16:15	1:00				7	RIG SERVICE
16:15	16:30	0:15				10	C/S 13054 INC = 96.7 AZM =181.3
16:30	17:00	0:30	13100	13107	7	2.B	SLIDE @ GTF180 WOB=15 GPM=419 DIFF=200
17:00	19:45	2:45	13107	13191	84	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
19:45	20:00	0:15				10	C/S 13145 INC = 95.9 AZM = 181.0
20:00	22:45	2:45	13191	13281	90	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
22:45	23:00	0:15				10	C/S @ 13235 INC=96.8 AZM=180.5
23:00	23:59	0:59				6.A	SHORT TRIP
23:59							

Current Operations

DRILLING PARAMETERS SET BY CHESAPEAKE
ROTATING AND SLIDING IN LATTERAL

Estimated Daily Charges

Description	Cost

Estimated Daily Cost (USD)	$ -
Accumulated Cost (USD)	$ -

Company Representative (s)	
S. LENNOX	B. JOHNSON
T. SNELLING	K.COOPER

RYAN Directional Representative (s)	
James Bible	
Brian Brewer	

RYAN MWD Representative (s)	
Leon Horner	
Aaron Heartsfield	

24 Hour Breakdown

Ftg Rot.	468	Time Rot.	14.30
Ftg Orient	29	Time Orient	3.80
Rot. ROP	32.73	Orient ROP	7.63

Report No.: 16
Date M/Y/D: 30-Mar-09

Ryan Job # 3983

DAILY DRILLING REPORT

Oil Company:	Chesapeake Operating	Customer:	Chesapeake Operating
Field:	Reeves	Well Name & No.:	Darden state 71-26 1H
Location:	Texas	Block or Section:	
AFE or PO #:	149203	Rig Contractor & No.:	Trinidad #107

00:00 Depth:	13281	Footage Today:	509	Drlg Hrs Today:	18.70	ROP Today:	27.22	Last Casing Set:	9 5/8
24:00 Depth:	13790	Current Run Ftg:	2501	Run Drlg Hrs:	92.90	Run Avg. ROP:	26.92	Depth:	9568

PUMP Data Total Gals/Min =			447
Pump	1	2	0
Liner (in)	6	6	
%	95	95	
Vol (gps)	4.07	4.07	0.00
SPM	55	55	

DRILLING PARAMETERS	
ST. WT. ROT 1000's:	260
P/U WT. 1000's:	265
S/O WT. 1000's:	260
WOB 1000's:	10
ROTARY RPM:	30
MOTOR RPM:	121
TOTAL Bit RPM	151
ROT TQ. OFF BTM:	700
ROT TQ. ON BTM:	2000
Current Mag Dec:	9.71
Pulse Hight	33
"G" Totals	1.004

MUD DATA	
Mud Type	OBM
Sample	IN
Time	3/24/2009
Wt.	9.4
VIS	45
PV	16
YP	10
WL	4.3
CL	33,500
Gels	10
% Oil	87
% Solids	10
% Sand	0
PH	N/A
Temp F	97
MWD F	160
GPM	419
PSI	2100

	Previous	Current
	2 BHA #	3 BHA #
	BIT	BIT
	MOTOR	MOTOR
	FLOAT	FLOAT
	UBHO	UBHO
	NMDC	NMDC
	NMDC	NMDC
BHA WT		
BELOW JARS		

MOTOR DATA	CURRENT
Run No.	3
Size (in.)	6 3/4
Type	6 / 7 5.0
Serial No.	RY 675014
Tool Deflection	1.5
Avg. Diff. Press.	200
Daily Drill Hrs.	18.70
Daily Circ. Hrs.	2.30
Daily Total Hrs:	21.00
Acc. Drill Hrs.	92.90
Acc. Circ. Hrs.	37.40
Depth In	11289
Depth Out	
LIH Hrs.	0:00
Acc. LIH Hrs.	156.00
Acc. Hrs Cir/Drlg	130.30
Total K Revs	841.67
Jar # HRS	

BIT DATA

Bit No.	Size (in)	Mfg.	Type	Serial No.	Nozzles or TFA	Depth In	Cum. Footage	Cum. Hrs.	Depth Out	DULL CONDITION IR	OR	DC	LOC	B/S	G/16"	OC	RPLD
3	8 1/2	HUGHES	HC 506 ZX	7119537	6 X 16	11289											
2	8 1/2	SMITH	TCI-5H7X	PL 7968	3 X 20	10659	630	52.3	11289	1/16	1/16	NT	G	E	1 16	NT	BHA

From	To	Hrs.	Start Depth	End Depth	CL	Code	Time Breakdown
0:00	0:30	0:30				6.A	SHORT TRIP TO TOC
0:30	1:30	1:00				5.A	CIRCULATE BOTTOMS UP
1:30	3:00	1:30				6.A	TIH
3:00	4:00	1:00	13281	13291	10	2.B	SLIDE @ GTF160R WOB=15 GPM=419 DIFF=200
4:00	6:00	2:00	13291	13371	80	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
6:00	6:15	0:15				10	C/S @ 13325 INC= 96.4 AZM= 180.5
6:15	8:00	1:45	13371	13381	10	2.B	SLIDE @ GTF170R WOB=15 GPM=419 DIFF=200
8:00	11:00	3:00	13381	13462	81	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
11:00	11:30	0:30				10	C/S @ 13416 INC= 95.4 AZM= 180.0
11:30	13:45	2:15	13462	13552	90	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
13:45	14:00	0:15				10	C/S @ 13506 INC= 96.0 AZM= 179.8
14:00	15:00	1:00				7	RIG SERVICE
15:00	15:45	0:45	13552	13560	8	2.B	SLIDE @ GTF180 WOB=15 GPM=419 DIFF=200
15:45	18:15	2:30	13560	13642	82	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
18:15	18:30	0:15				10	C/S @ 13596 INC= 95.3 AZM= 179.7
18:30	20:30	2:00	13642	13733	91	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
20:30	20:45	0:15				2.B	C/S @ 13687 INC=95.7 AZM=179.3
20:45	21:45	1:00	13733	13741	8	2.B	SLIDE @ GTF 170R WOB=15 GPM=460 DIFF=200
21:45	23:59	2:14	13741	13790	49	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
23:59							

Current Operations

DRILLING PARAMETERS SET BY
CHESAPEAKE
ROTATING AND SLIDING IN LATTERAL

Estimated Daily Charges	
Description	Cost
Estimated Daily Cost (USD)	$ -
Accumulated Cost (USD)	$ -

Company Representative (s)	
S. LENNOX	B. JOHNSON
T. SNELLING	K.COOPER

RYAN Directional Representative (s)	
James Bible	
Brian Brewer	

RYAN MWD Representative (s)	
Leon Horner	
Aaron Heartsfield	

24 Hour Breakdown			
Ftg Rot.	473	Time Rot.	14.00
Ftg Orient	36	Time Orient	4.80
Rot. ROP	33.79	Orient ROP	7.50

Report No.: 17
Date M/Y/D: 31-Mar-09

Ryan Job # 3983

DAILY DRILLING REPORT

Oil Company: Chesapeake Operating
Field: Reeves
Location: Texas
AFE or PO #: 149203

Customer: Chesapeake Operating
Well Name & No.: Darden state 71-26 1H
Block or Section:
Rig Contractor & No.: Trinidad #107

00:00 Depth: 13790
24:00 Depth: 14177
Footage Today: 387
Current Run Ftg: 2888
Drlg Hrs Today: 15.50
Run Drlg Hrs: 108.40
ROP Today: 24.97
Run Avg. ROP: 26.64
Last Casing Set: 9 5/8
Depth: 9568

PUMP Data Total Gals/Min =			447
Pump	1	2	0
Liner (in)	6	6	
%	95	95	
Vol (gps)	4.07	4.07	0.00
SPM	55	55	

DRILLING PARAMETERS	
ST. WT. ROT 1000's:	260
P/U WT. 1000's:	265
S/O WT. 1000's:	260
WOB 1000's:	10
ROTARY RPM:	30
MOTOR RPM:	121
TOTAL Bit RPM	151
ROT TQ. OFF BTM:	700
ROT TQ. ON BTM:	2000
Current Mag Dec:	9.71
Pulse Hight	33
"G" Totals	1.004

MUD DATA	
Mud Type	OBM
Sample	IN
Time	3/31/2009
Wt.	9.8
VIS	48
PV	17
YP	9
WL	3.2
CL	34,500
Gels	9
% Oil	75
% Solids	12
% Sand	0
PH	N/A
Temp F	110
MWD F	160
GPM	460
PSI	2700

	Previous 2 BHA #	Current 3 BHA #
	BIT	BIT
	MOTOR	MOTOR
	FLOAT	FLOAT
	UBHO	UBHO
	NMDC	NMDC
	NMDC	NMDC
BHA WT		
BELOW JARS		

MOTOR DATA	CURRENT
Run No.	3
Size (in.)	6 3/4
Type	6 / 7 5.0
Serial No.	RY 675014
Tool Deflection	1.5
Avg. Diff. Press.	200
Daily Drill Hrs.	15.50
Daily Circ. Hrs.	2.00
Daily Total Hrs:	17.50
Acc. Drill Hrs.	108.40
Acc. Circ. Hrs.	39.40
Depth In	11289
Depth Out	
LIH Hrs.	0:00
Acc. LIH Hrs.	180.00
Acc. Hrs Cir/Drilg	147.80
Total K Revs	982.10
Jar # HRS	

BIT DATA

Bit No.	Size (in)	Mfg.	Type	Serial No.	Nozzles or TFA	Depth In	Cum. Footage	Cum. Hrs.	Depth Out	DULL CONDITION IR	OR	DC	LOC	B/S	G/16"	OC	RPLD
3	8 1/2	HUGHES	HC 506 ZX	7119537	6 X 16	11289											
2	8 1/2	SMITH	TCI-5H7X	PL 7968	3 X 20	10659	630	52.3	11289	1/16	1/16	NT	G	E	1.16	NT	BHA

From	To	Hrs.	Start Depth	End Depth	CL	Code	Time Breakdown
0:00	0:45	0:45	13790	13823	33	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
0:45	1:00	0:15				10	C/S @ 13777 INC= 94.6 AZM= 179.5
1:00	3:45	2:45	13823	13913	90	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
3:45	4:00	0:15				10	C/S @ 13867 INC= 96.0 AZM= 179..4
4:00	5:15	1:15	13913	13923	10	2.B	SLIDE @ GTF 145R WOB=15 GPM=460 DIFF=200
5:15	8:15	3:00	13923	14004	81	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
8:15	8:30	0:15				10	SVY @ 13958 INC = 95.5 AZM = 179.9
8:30	12:00	3:30				6.A	SHORT TRIP 37 STD.
12:00	13:00	1:00				5.A	CIRCULATE
13:00	15:30	2:30				6.A	TRIP TO BOTTOM
15:30	16:30	1:00	14004	14012	8	2.B	SLIDE @ GTF 130R WOB=22 GPM=460 DIFF=200
16:30	19:15	2:45	14012	14094	82	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
19:15	19:30	0:15				10	C/S @ 14048 INC= 94.4 AZM= 179.9
19:30	21:00	1:30	14094	14116	22	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
21:00	21:30	0:30				O	TOTCO DOWN
21:30	23:59	2:29	14116	14177	61	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
23:59							

Current Operations

DRILLING PARAMETERS SET BY
CHESAPEAKE
ROTATING AND SLIDING IN LATTERAL

Estimated Daily Charges

Description	Cost

Estimated Daily Cost (USD)	$ -
Accumulated Cost (USD)	$ -

Company Representative (s)

S. LENNOX	B. JOHNSON
T. SNELLING	K.COOPER

RYAN Directional Representative (s)

James Bible	
Brian Brewer	

RYAN MWD Representative (s)

Leon Horner	
Aaron Heartsfield	

24 Hour Breakdown

Ftg Rot.	369	Time Rot.	13.20
Ftg Orient	18	Time Orient	2.30
Rot. ROP	27.95	Orient ROP	7.83

Report No.: 18
Date M/Y/D: 1-Apr-09

Ryan Drilling Technologies & Solutions

Ryan Job # 3983

DAILY DRILLING REPORT

Oil Company:	Chesapeake Operating	Customer:	Chesapeake Operating
Field:	Reeves	Well Name & No.:	Darden state 71-26 1H
Location:	Texas	Block or Section:	
AFE or PO #:	149203	Rig Contractor & No.:	Trinidad #107

00:00 Depth:	14177	Footage Today:	518	Drlg Hrs Today:	21.00	ROP Today:	24.67	Last Casing Set:	9 5/8
24:00 Depth:	14695	Current Run Ftg:	3406	Run Drlg Hrs:	129.40	Run Avg. ROP:	26.32	Depth:	9568

PUMP Data Total Gals/Min =			447
Pump	1	2	0
Liner (in)	6	6	
%	95	95	
Vol (gps)	4.07	4.07	0.00
SPM	55	55	

DRILLING PARAMETERS	
ST. WT. ROT 1000's:	260
P/U WT. 1000's:	265
S/O WT. 1000's:	260
WOB 1000's:	10
ROTARY RPM:	30
MOTOR RPM:	121
TOTAL Bit RPM	151
ROT TQ. OFF BTM:	700
ROT TQ. ON BTM:	2000
Current Mag Dec:	9.71
Pulse Hight	33
"G" Totals	1.004

MUD DATA	
Mud Type	OBM
Sample	IN
Time	3/31/2009
Wt.	9.8
VIS	48
PV	17
YP	9
WL	3.2
CL	34,500
Gels	9
% Oil	75
% Solids	12
% Sand	0
PH	N/A
Temp F	110
MWD F	160
GPM	460
PSI	2700

	Previous		Current	
2	BHA #	3	BHA #	MOTOR DATA / CURRENT
BIT		BIT		Run No. 3
MOTOR		MOTOR		Size (in.) 6 3/4
FLOAT		FLOAT		Type 6 / 7 5.0
UBHO		UBHO		Serial No. RY 675014
NMDC		NMDC		Tool Deflection 1.5
NMDC		NMDC		Avg. Diff. Press. 200
				Daily Drill Hrs. 21.00
				Daily Circ. Hrs. 1.50
				Daily Total Hrs: 22.50
				Acc. Drill Hrs. 129.40
				Acc. Circ. Hrs. 40.90
				Depth In 11289
				Depth Out
				LIH Hrs. 0:00
				Acc. LIH Hrs. 204.00
BHA WT				Acc. Hrs Cir/Drilg 170.30
BELOW JARS				Total K Revs 1172.36
				Jar # HRS

BIT DATA

Bit No.	Size (in)	Mfg	Type	Serial No.	Nozzles or TFA	Depth In	Cum. Footage	Cum. Hrs.	Depth Out	DULL CONDITION IR	OR	DC	LOC	B/S	G/16"	OC	RPLD
3	8 1/2	HUGHES	HC 506 ZX	7119537	6 X 16	11289											
2	8 1/2	SMITH	TCI-5H7X	PL 7968	3 X 20	10659	630	52.3	11289	1/16	1/16	NT	G	E	1 16	NT	BHA

From	To	Hrs.	Start Depth	End Depth	CL	Code	Time Breakdown
0:00	0:15	0:15	14177	14184	7	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
0:15	0:30	0:15				10	C/S @ 14138 INC= 94.8 AZM= 179.4
0:30	3:30	3:00	14184	14275	91	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
3:30	3:45	0:15				10	C/S @ 14229 INC= 95.0 AZM= 178.9
3:45	4:30	0:45	14275	14281	6	2.B	SLIDE @ GTF 110R WOB=22 GPM=460 DIFF=200
4:30	5:45	1:15	14281	14325	44	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
5:45	6:15	0:30	14325	14332	7	2.B	SLIDE @ GTF 110R WOB=22 GPM=460 DIFF=200
6:15	7:30	1:15	14332	14365	33	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
7:30	9:00	1:30				7	RIG SERVICE
9:00	9:15	0:15				10	C/S @ 14319 INC= 95.3 AZM= 179.4
9:15	10:30	1:15	14365	14373	8	2.B	SLIDE @ GTF 90R WOB=22 GPM=460 DIFF=200
10:30	13:00	2:30	14373	14456	83	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
13:00	13:15	0:15				10	C/S @ 14410 INC= 95.7 AZM= 180.8
13:15	14:45	1:30	14456	14465	9	2.B	SLIDE @ GTF 130R WOB=22 GPM=460 DIFF=200
14:45	17:00	2:15	14465	14546	81	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
17:00	17:15	0:15				10	C/S @ 14500 INC= 95.3 AZM= 181.3
17:15	18:45	1:30	14546	14553	7	2.B	SLIDE @ GTF 130R WOB=22 GPM=460 DIFF=200
18:45	21:15	2:30	14553	14637	84	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
21:15	21:30	0:15				10	C/S @ 14591 INC= 95.6 AZM= 181.6
21:30	22:45	1:15	14637	14643	6	2.B	SLIDE @ GTF 130R WOB=22 GPM=460 DIFF=200
22:45	23:59	1:14	14643	14695	52	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
23:59							

Current Operations

DRILLING PARAMETERS SET BY CHESAPEAKE
ROTATING AND SLIDING IN LATTERAL

Estimated Daily Charges	
Description	Cost

Estimated Daily Cost (USD)	$ -
Accumulated Cost (USD)	$ -

Company Representative (s)	
S. LENNOX	B. JOHNSON
T. SNELLING	K.COOPER

RYAN Directional Representative (s)	
James Bible	
Brian Brewer	

RYAN MWD Representative (s)	
Leon Horner	
Aaron Heartsfield	

24 Hour Breakdown			
Ftg Rot.	475	Time Rot.	14.20
Ftg Orient	43	Time Orient	6.80
Rot. ROP	33.45	Orient ROP	6.32

Report No.: 19
Date M/Y/D: 2-Apr-09

Ryan Job # 3983

DAILY DRILLING REPORT

Oil Company:	Chesapeake Operating	Customer:	Chesapeake Operating
Field:	Reeves	Well Name & No.:	Darden state 71-26 1H
Location:	Texas	Block or Section:	
AFE or PO #:	149203	Rig Contractor & No.:	Trinidad #107

00:00 Depth:	14695	Footage Today:	393	Drlg Hrs Today:	14.00	ROP Today:	28.07
24:00 Depth:	15088	Current Run Ftg:	3799	Run Drlg Hrs:	143.40	Run Avg. ROP:	26.49

Last Casing Set:	9 5/8
Depth:	9568

PUMP Data Total Gals/Min =			447
Pump	1	2	0
Liner (in)	6	6	
%	95	95	
Vol (gps)	4.07	4.07	0.00
SPM	55	55	

DRILLING PARAMETERS	
ST. WT. ROT 1000's:	260
P/U WT. 1000's:	265
S/O WT. 1000's:	260
WOB 1000's:	10
ROTARY RPM:	30
MOTOR RPM:	121
TOTAL Bit RPM	151
ROT TQ. OFF BTM:	700
ROT TQ. ON BTM:	2000
Current Mag Dec:	9.71
Pulse Hight	33
"G" Totals	1.004

MUD DATA	
Mud Type	OBM
Sample	IN
Time	3/31/2009
Wt.	9.8
VIS	48
PV	17
YP	9
WL	3.2
CL	34,500
Gels	9
% Oil	75
% Solids	12
% Sand	0
PH	N/A
Temp F	110
MWD F	160
GPM	460
PSI	2700

	Previous	Current
2 / 3 BHA #	BIT	BIT
	MOTOR	MOTOR
	FLOAT	FLOAT
	UBHO	UBHO
	NMDC	NMDC
	NMDC	NMDC
BHA WT		
BELOW JARS		

MOTOR DATA	CURRENT
Run No.	3
Size (in.)	6 3/4
Type	6 / 7 5.0
Serial No.	RY 675014
Tool Deflection	1.5
Avg. Diff. Press.	200
Daily Drill Hrs.	14.00
Daily Circ. Hrs.	2.00
Daily Total Hrs:	16.00
Acc. Drill Hrs.	143.40
Acc. Circ. Hrs.	42.90
Depth In	11289
Depth Out	
LIH Hrs.	0:00
Acc. LIH Hrs.	228.00
Acc. Hrs Cir/Drilg	186.30
Total K Revs	1299.20
Jar # HRS	

BIT DATA

Bit No.	Size (in)	Mfg.	Type	Serial No.	Nozzles or TFA	Depth In	Cum. Footage	Cum. Hrs.	Depth Out	DULL CONDITION IR	OR	DC	LOC	B/S	G/16"	OC	RPLD
3	8 1/2	HUGHES	HC 506 ZX	7119537	6 X 16	11289											
2	8 1/2	SMITH	TCI-5H7X	PL 7968	3 X 20	10659	630	52.3	11289	1/16	1/16	NT	G	E	1 16	NT	BHA

From	To	Hrs.	Start Depth	End Depth	CL	Code	Time Breakdown
0:00	1:00	1:00	14695	14727	32	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
1:00	1:15	0:15				10	C/S @ 14681 INC= 95.4 AZM= 181.7
1:15	2:00	0:45	14727	14754	27	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
2:00	6:30	4:30				6.A	SHORT TRIP TO TOC
6:30	7:30	1:00				5.A	CIRCULATE
7:30	10:30	3:00				6.A	TRIP IN HOLE
10:30	12:45	2:15	14754	14817	63	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
12:45	13:00	0:15				10	C/S @ 14771 INC= 96.0 AZM= 181.3
13:00	14:30	1:30	14817	14827	10	2.B	SLIDE @ GTF 130R WOB=22 GPM=460 DIFF=200
14:30	17:00	2:30	14827	14907	80	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
17:00	17:30	0:30				7	RIG SERVICE
17:30	17:45	0:15				10	C/S @ 14861 INC= 95.9 AZM= 182.2
17:45	18:15	0:30	14907	14920	13	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
18:15	19:30	1:15	14920	14928	8	2.B	SLIDE @ GTF 160R WOB=22 GPM=460 DIFF=200
19:30	21:15	1:45	14928	14998	70	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
21:15	21:30	0:15				10	C/S @ 14952 INC= 95.3 AZM= 182.7
21:30	23:59	2:29	14998	15088	90	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
23:59							

Current Operations

DRILLING PARAMETERS SET BY
CHESAPEAKE
ROTATING AND SLIDING IN LATTERAL

Estimated Daily Charges	
Description	Cost

Report No.: 20
Date M/Y/D: 3-Apr-09

Ryan Drilling Technologies & Solutions

Ryan Job # 3983

DAILY DRILLING REPORT

Oil Company: Chesapeake Operating
Field: Reeves
Location: Texas
AFE or PO #: 149203

Customer: Chesapeake Operating
Well Name & No.: Darden state 71-26 1H
Block or Section:
Rig Contractor & No.: Trinidad #107

00:00 Depth: 15088
24:00 Depth: 15500
Footage Today: 412
Current Run Ftg: 4211
Drlg Hrs Today: 16.50
Run Drlg Hrs: 159.90
ROP Today: 24.97
Run Avg. ROP: 26.34
Last Casing Set: 9 5/8
Depth: 9568

PUMP Data Total Gals/Min =			447
Pump	1	2	0
Liner (in)	6	6	
%	95	95	
Vol (gps)	4.07	4.07	0.00
SPM	55	55	

DRILLING PARAMETERS	
ST. WT. ROT 1000's:	260
P/U WT. 1000's:	265
S/O WT. 1000's:	260
WOB 1000's:	10
ROTARY RPM:	30
MOTOR RPM:	121
TOTAL Bit RPM	151
ROT TQ. OFF BTM:	700
ROT TQ. ON BTM:	2000
Current Mag Dec:	9.71
Pulse Hight	33
"G" Totals	1.004

MUD DATA	
Mud Type	OBM
Sample	IN
Time	3/31/2009
Wt.	9.8
VIS	48
PV	17
YP	9
WL	3.2
CL	34,500
Gels	9
% Oil	75
% Solids	12
% Sand	0
PH	N/A
Temp F	110
MWD F	160
GPM	460
PSI	2700

	Previous	Current
2 / 3	BHA #	BHA #
BIT	BIT	BIT
MOTOR	MOTOR	MOTOR
FLOAT	FLOAT	FLOAT
UBHO	UBHO	UBHO
NMDC	NMDC	NMDC
NMDC	NMDC	NMDC
BHA WT		
BELOW JARS		

MOTOR DATA	CURRENT
Run No.	3
Size (in.)	6 3/4
Type	6 / 7 5.0
Serial No.	RY 675014
Tool Deflection	1.5
Avg. Diff. Press.	200
Daily Drill Hrs.	16.50
Daily Circ. Hrs.	2.80
Daily Total Hrs:	19.30
Acc. Drill Hrs.	159.90
Acc. Circ. Hrs.	45.70
Depth In	11289
Depth Out	
LIH Hrs.	0.00
Acc. LIH Hrs.	252.00
Acc. Hrs Cir/Drlg	205.60
Total K Revs	1448.69
Jar # HRS	

BIT DATA

Bit No.	Size (in)	Mfg.	Type	Serial No.	Nozzles or TFA	Depth In	Cum. Footage	Cum. Hrs.	Depth Out	DULL CONDITION IR	OR	DC	LOC	B/S	G/16"	OC	RPLD
3	8 1/2	HUGHES	HC 506 ZX	7119537	6 X 16	11289											
2	8 1/2	SMITH	TCI-5H7X	PL 7968	3 X 20	10659	630	52.3	11289	1/16	1/16	NT	G	E	1 16	NT	BHA

From	To	Hrs.	Start Depth	End Depth	CL	Code	Time Breakdown
0:00	0:15	0:15				10	C/S @ 15042 INC= 95.7 AZM= 182.0
0:15	1:00	0:45	15088	15098	10	2.A	ROT. WOB=8 RPM=40 GPM=419 DIFF=200
1:00	2:15	1:15	15098	15106	8	2.B	SLIDE @ GTF 160R WOB=22 GPM=419 DIFF=200
2:15	4:30	2:15	15106	15179	73	2.A	ROT. WOB=8 RPM=40 GPM=419 DIFF=200
4:30	4:45	0:15				10	C/S @ 15133 INC= 95.4 AZM= 182.0
4:45	5:15	0:30	15179	15189	10	2.A	ROT. WOB=8 RPM=40 GPM=460 DIFF=200
5:15	6:00	0:45	15189	15201	12	2.B	SLIDE @ GTF 160R WOB=22 GPM=419 DIFF=200
6:00	7:45	1:45	15201	15269	68	2.A	ROT. WOB=8 RPM=40 GPM=419 DIFF=200
7:45	8:00	0:15				10	C/S @ 15223 INC= 94.7 AZM= 182.2
8:00	10:45	2:45	15269	15359	90	2.A	ROT. WOB=8 RPM=40 GPM=419 DIFF=200
10:45	11:00	0:15				10	C/S @ 15313 INC= 95.1 AZM= 181.8
11:00	11:45	0:45	15359	15372	13	2.A	ROT. WOB=8 RPM=40 GPM=419 DIFF=200
11:45	13:00	1:15	15372	15380	8	2.B	SLIDE @ GTF 130R WOB=22 GPM=419 DIFF=200
13:00	15:30	2:30	15380	15450	70	2.A	ROT. WOB=8 RPM=40 GPM=419 DIFF=200
15:30	16:00	0:30				7	RIG SERVICE
16:00	16:15	0:15				10	C/S @ 15404 INC= 95.1 AZM= 182.5
16:15	18:15	2:00	15450	15500	50	2.A	ROT. WOB=8 RPM=40 GPM=419 DIFF=200
18:15	22:00	3:45				6.A	SHORT TRIP TO TOC
22:00	23:30	1:30				5.A	CIRCULATE BOTTOMS UP
23:30	23:59	0:29				6.A	TIH
23:59							

Current Operations

DRILLING PARAMETERS SET BY
CHESAPEAKE
ROTATING AND SLIDING IN LATTERAL

Estimated Daily Charges

Description	Cost
Estimated Daily Cost (USD)	$ -
Accumulated Cost (USD)	$ -

Company Representative (s)	
S. LENNOX	B. JOHNSON
T. SNELLING	K.COOPER

RYAN Directional Representative (s)	
James Bible	
Brian Brewer	

RYAN MWD Representative (s)	
Leon Horner	
Aaron Heartsfield	

24 Hour Breakdown

Ftg Rot.	384	Time Rot.	13.30
Ftg Orient	28	Time Orient	3.30
Rot. ROP	28.87	Orient ROP	8.48

Report No.: 21
Date M/Y/D: 4-Apr-09

Ryan Job # 3983

DAILY DRILLING REPORT

Oil Company: Chesapeake Operating
Field: Reeves
Location: Texas
AFE or PO #: 149203

Customer: Chesapeake Operating
Well Name & No.: Darden state 71-26 1H
Block or Section:
Rig Contractor & No.: Trinidad #107

00:00 Depth: 15500
24:00 Depth: 15850
Footage Today: 350
Current Run Ftg: 4561
Drlg Hrs Today: 11.50
Run Drlg Hrs: 171.40
ROP Today: 30.43
Run Avg. ROP: 26.61
Last Casing Set: 9 5/8
Depth: 9568

PUMP Data Total Gals/Min =			447
Pump	1	2	0
Liner (in)	6	6	
%	95	95	
Vol (gps)	4.07	4.07	0.00
SPM	55	55	

DRILLING PARAMETERS	
ST. WT. ROT 1000's:	260
P/U WT. 1000's:	265
S/O WT. 1000's:	260
WOB 1000's:	10
ROTARY RPM:	30
MOTOR RPM:	121
TOTAL Bit RPM	151
ROT TQ. OFF BTM:	700
ROT TQ. ON BTM:	2000
Current Mag Dec:	9.71
Pulse Hight	33
"G" Totals	1.004

MUD DATA	
Mud Type	OBM
Sample	IN
Time	3/31/2009
Wt.	9.8
VIS	48
PV	17
YP	9
WL	3.2
CL	34,500
Gels	9
% Oil	75
% Solids	12
% Sand	0
PH	N/A
Temp F	110
MWD F	160
GPM	460
PSI	2700

	Previous	Current
	2 BHA #	3 BHA #
	BIT	BIT
	MOTOR	MOTOR
	FLOAT	FLOAT
	UBHO	UBHO
	NMDC	NMDC
	NMDC	NMDC
BHA WT		
BELOW JARS		

MOTOR DATA	CURRENT
Run No.	3
Size (in.)	6 3/4
Type	6 / 7 5.0
Serial No.	RY 675014
Tool Deflection	1.5
Avg. Diff. Press.	200
Daily Drill Hrs.	11.50
Daily Circ. Hrs.	5.00
Daily Total Hrs:	16.50
Acc. Drill Hrs.	171.40
Acc. Circ. Hrs.	50.70
Depth In	11289
Depth Out	15850
LIH Hrs.	0:00
Acc. LIH Hrs.	276.00
Acc. Hrs Cir/Drilg	222.10
Total K Revs	1552.88
Jar # HRS	

BIT DATA

Bit No.	Size (in)	Mfg.	Type	Serial No.	Nozzles or TFA	Depth In	Cum. Footage	Cum. Hrs.	Depth Out	DULL CONDITION IR	OR	DC	LOC	B/S	G/16"	OC	RPLD
3	8 1/2	HUGHES	HC 506 ZX	7119537	6 X 16	11289			15850								
2	8 1/2	SMITH	TCI-5H7X	PL 7968	3 X 20	10659	630	52.3	11289	1/16	1/16	NT	G	E	1 16	NT	BHA

From	To	Hrs.	Start Depth	End Depth	CL	Code	Time Breakdown
0:00	3:00	3:00				6.A	TIH
3:00	3:45	0:45	15500	15540	40	2.A	ROT. WOB=8 RPM=40 GPM=419 DIFF=200
3:45	4:00	0:15				10	C/S @ 15494 INC= 95.6 AZM= 182.1
4:00	4:30	0:30	15540	15550	10	2.A	ROT. WOB=8 RPM=40 GPM=419 DIFF=200
4:30	5:15	0:45	15550	15555	5	2.B	SLIDE @ GTF 170R WOB=22 GPM=419 DIFF=200
5:15	7:00	1:45	15555	15630	75	2.A	ROT. WOB=8 RPM=40 GPM=419 DIFF=200
7:00	7:15	0:15				10	C/S @ 15584 INC= 96. 0 AZM= 182.0
7:15	8:00	0:45	15630	15645	15	2.A	ROT. WOB=8 RPM=40 GPM=419 DIFF=200
8:00	9:15	1:15	15645	15652	7	2.B	SLIDE @ GTF 150R WOB=22 GPM=419 DIFF=200
9:15	11:15	2:00	15652	15721	69	2.A	ROT. WOB=8 RPM=40 GPM=419 DIFF=200
11:15	11:30	0:15				10	C/S @ 15675 INC= 96.4 AZM= 182.3
11:30	14:00	2:30	15721	15811	90	2.A	ROT. WOB=8 RPM=40 GPM=419 DIFF=200
14:00	15:00	1:00				7	RIG SERVICE
15:00	15:15	0:15				10	C/S @ 15765 INC= 97.3 AZM= 182.3.
15:15	16:30	1:15	15811	15850	39	2.A	ROT. WOB=8 RPM=40 GPM=419 DIFF=200
16:30	16:45	0:15				10	SVY @ 15804 INC = 97.7 AZM 182.5
16:45	18:00	1:15				5.A	CIRCULATE OUT SWEEP
18:00	21:30	3:30				6.A	POOH TO SHOE
21:30	23:59	2:29				5.A	CIRCULATE
23:59							

Current Operations

DRILLING PARAMETERS SET BY CHESAPEAKE ROTATING AND SLIDING IN LATTERAL

TALKED TO YEMI @ 1200 HRS 4-4-09 TOLD WE COULD ROTATE THE LAST 160' OF LATERIAL

TD @ 15850'

Estimated Daily Charges

Description	Cost

Estimated Daily Cost (USD)	$ -
Accumulated Cost (USD)	$ -

Company Representative (s)	
S. LENNOX	B. JOHNSON
T. SNELLING	K.COOPER

RYAN Directional Representative (s)	
James Bible	
Brian Brewer	

RYAN MWD Representative (s)	
Leon Homer	
Aaron Heartsfield	

24 Hour Breakdown

Ftg Rot.	338	Time Rot.	9.50
Ftg Orient	12	Time Orient	2.00
Rot. ROP	35.58	Orient ROP	6.00

Report No.: 22
Date M/Y/D: 5-Apr-09

Ryan Job # 3983

DAILY DRILLING REPORT

Oil Company: Chesapeake Operating
Field: Reeves
Location: Texas
AFE or PO #: 149203

Customer: Chesapeake Operating
Well Name & No.: Darden state 71-26 1H
Block or Section:
Rig Contractor & No.: Trinidad #107

00:00 Depth: 0
24:00 Depth: 0
Footage Today: 0
Current Run Ftg: -11289
Drlg Hrs Today: 0.00
Run Drlg Hrs: 171.40
ROP Today: -
Run Avg. ROP: -65.86
Last Casing Set: 9 5/8
Depth: 9568

PUMP Data Total Gals/Min =			447
Pump	1	2	0
Liner (in)	6	6	
%	95	95	
Vol (gps)	4.07	4.07	0.00
SPM	55	55	

DRILLING PARAMETERS	
ST. WT. ROT 1000's:	260
P/U WT. 1000's:	265
S/O WT. 1000's:	260
WOB 1000's:	10
ROTARY RPM:	30
MOTOR RPM:	121
TOTAL Bit RPM	151
ROT TQ. OFF BTM:	700
ROT TQ. ON BTM:	2000
Current Mag Dec:	9.71
Pulse Hight	33
"G" Totals	1.004

MUD DATA	
Mud Type	OBM
Sample	IN
Time	3/31/2009
Wt.	9.8
VIS	48
PV	17
YP	9
WL	3.2
CL	34,500
Gels	9
% Oil	75
% Solids	12
% Sand	0
PH	N/A
Temp F	110
MWD F	160
GPM	460
PSI	2700

	Previous	Current
	2 BHA #	3 BHA #
	BIT	BIT
	MOTOR	MOTOR
	FLOAT	FLOAT
	UBHO	UBHO
	NMDC	NMDC
	NMDC	NMDC
BHA WT		
BELOW JARS		

MOTOR DATA	CURRENT
Run No.	3
Size (in.)	6 3/4
Type	6 / 7 5.0
Serial No.	RY 675014
Tool Deflection	1.5
Avg. Diff. Press.	200
Daily Drill Hrs.	0.00
Daily Circ. Hrs.	3.00
Daily Total Hrs:	3.00
Acc. Drill Hrs.	171.40
Acc. Circ. Hrs.	53.70
Depth In	11289
Depth Out	15850
LIH Hrs.	0:00
Acc. LIH Hrs.	300.00
Acc. Hrs Cir/Drilg	225.10
Total K Revs	1552.88
Jar # HRS	

BIT DATA

Bit No.	Size (in)	Mfg.	Type	Serial No.	Nozzles or TFA	Depth In	Cum. Footage	Cum. Hrs.	Depth Out	DULL CONDITION IR	OR	DC	LOC	B/S	G/16"	OC	RPLD
3	8 1/2	HUGHES	HC 506 ZX	7119537	6 X 16	11289			15850								
2	8 1/2	SMITH	TCI-5H7X	PL 7968	3 X 20	10659	630	52.3	11289	1/16	1/16	NT	G	E	1 16	NT	BHA

From	To	Hrs.	Start Depth	End Depth	CL	Code	Time Breakdown
0:00	3:30	3:30				6.A	TIH
3:30	6:30	3:00				5.A	CIRCULATE
6:30	18:30	12:00				6.A	POOH TO LAY DOWN DIRECTIONAL TOOLS
18:30	19:15	0:45				6.G	HANDLE DIRECTIONAL TOOLS

Current Operations

DRILLING PARAMETERS SET BY
CHESAPEAKE
ROTATING AND SLIDING IN LATTERAL

TALKED TO YEMI @ 1200 HRS 4-4-09 TOLD WE
COULD ROTATE THE LAST 160' OF LATERIAL

TD @ 15850'

Estimated Daily Charges

Description	Cost

Estimated Daily Cost (USD)	$ -
Accumulated Cost (USD)	$ -

Company Representative (s)

S. LENNOX	B. JOHNSON
T. SNELLING	K.COOPER

RYAN Directional Representative (s)

James Bible	
Brian Brewer	

RYAN MWD Representative (s)

Leon Horner	
Aaron Heartsfield	

24 Hour Breakdown

Ftg Rot.	0	Time Rot.	0.00
Ftg Orient	0	Time Orient	0.00
Rot. ROP	-	Orient ROP	-

Ryan
Drilling Technologies & Solutions

BOTTOM HOLE ASSEMBLY | **# 1**

WELL INFORMATION		DIRECTIONAL RESPONSE				BIT INFO.	
OIL COMPANY	Chesapeake Operating		IN	OUT	CHANGE RATE	SIZE	8 1/2
RIG #:	Trinidad #107	DATE	16-Mar-09	20-Mar-09		TYPE	MS1384CD
LOCATION	Texas	DEPTH (MD)	9568	10659		JETS	4 X 18
WELL	Darden state 71-26 1H	DEPTH (TVD)		10659		SER #	5279
JOB NUMBER	3983	INCLINATION		2.5		FEET	1091
DIRECTIONAL SUPERVISOR	BIBLE / BREWER	AZIMUTH		197.9		HOURS	48.2
CUSTOMER OFFICE CONTACT		SLIDE PERCENT				ROP	22.63
CUSTOMER WELLSITE SUPERVISOR	S. LENNOX	MUD-WT.-TYPE		9.3 / OB		DULL	

OBJECTIVE:

COMMENTS:

ITEM #	TOOL	COMPANY	SER. #	CONN. UP	CONN. DOWN	O.D.	I.D.	FISH NECK	BLADE O.D.	LENGTH	SUBTOTAL
0	BIT	ULTERRA	5279	4 1/2 REG		8 1/2				1.00	1.00
1	MOTOR	RYAN	RY675031	4 1/2 XH	4 1/2 REG	6 5/8		1.33	8 1/4	25.34	26.34
2	FLOAT	RYAN	RY1671	4 1/2 XH	4 1/2 XH	6 1/4	2 7/8			2.59	28.93
3	UBHO	RYAN	8244	4 1/2 XH	4 1/2 XH	6 1/8	2 7/8			2.23	31.16
4	NMDC	RYAN	RY651670	4 1/2 XH	4 1/2 XH	6 3/8	2 7/8			30.52	61.68
5	NMDC	RYAN	6463010407RY	4 1/2 XH	4 1/2 XH	6 1/4	2 7/8			30.03	91.71
6	CROSS OVER	NATIONAL	G5261	4 1/2 IF	4 1/2 XH	6 1/2	2 11/16			1.38	93.09
7	20 DRILL COLLARS	RIG		4 1/2 IF	4 1/2 IF	6 3/4	2 7/8	3.25		576.68	669.77
8	JARS	NATIONAL	33620707	4 1/2 IF	4 1/2 IF	6 1/2	2 3/4	3.5		31.33	701.10
9	3 DRILL COLLARS	RIG		4 1/2 IF	4 1/2 IF	6 3/4	2 7/8	3.25		85.44	786.54
	DEFLECTION : 1.5										
	MOTOR: 6 / 7 5.0										
	BIT TO BEND : 5.4										
	GAL / REV : .29										
1	BIT TO SURVEY : 47'										
2	GAMMA : 38'										
										TOTAL	786.54

Ryan
Drilling Technologies & Solutions

BOTTOM HOLE ASSEMBLY	# 2

WELL INFORMATION		DIRECTIONAL RESPONSE				BIT INFO.	
OIL COMPANY	Chesapeake Operating		IN	OUT	CHANGE RATE	SIZE	8 1/2
RIG #:	Trinidad #107	DATE	20-Mar-09	24-Mar-09		TYPE	TCI-5H7X
LOCATION	Texas	DEPTH (MD)	10659	11289		JETS	3 X 20
WELL	Darden state 71-26 1H	DEPTH (TVD)	10659	11076		SER #	PL7968
JOB NUMBER	3983	INCLINATION	2.5	76.9		FEET	630
DIRECTIONAL SUPERVISOR	BIBLE / BREWER	AZIMUTH	197.9	183.2		HOURS	52.2
CUSTOMER OFFICE CONTACT		SLIDE PERCENT				ROP	12.07
CUSTOMER WELLSITE SUPERVISOR	S. LENNOX	MUD-WT.-TYPE	9.3 / OB	9.4/OB		DULL	

OBJECTIVE:

COMMENTS:

ITEM #	TOOL	COMPANY	SER. #	CONN. UP	CONN. DOWN	O.D.	I.D.	FISH NECK	BLADE O.D.	LENGTH	SUBTOTAL
0	BIT	SMITH	PL7968	4 1/2 REG		8 1/2				1.00	1.00
1	MOTOR	RYAN	RY650628	4 1/2 XH	4 1/2 REG	6 1/2		1.33	8 1/4	19.41	20.41
2	FLOAT	RYAN	RY1671	4 1/2 XH	4 1/2 XH	6 1/4	2 7/8			2.59	23.00
3	UBHO	RYAN	8244	4 1/2 XH	4 1/2 XH	6 1/8	2 7/8			2.23	25.23
4	NMDC	RYAN	RY651670	4 1/2 XH	4 1/2 XH	6 3/8	2 7/8			30.52	55.75
5	NMFC	RYAN	64503011075	4 1/2 XH	4 1/2 XH	6 3/16	2 7/8	3		31.01	86.76
	DEFLECTION : 2.25										
	MOTOR: 7:8 2.8										
	BIT TO BEND : 6.27										
	GAL / REV : .29										
1	BIT TO SURVEY : 41"										
2	GAMMA : 32'										
										TOTAL	86.76

Ryan
Drilling Technologies & Solutions

BOTTOM HOLE ASSEMBLY	# 3

WELL INFORMATION		DIRECTIONAL RESPONSE				BIT INFO.	
OIL COMPANY	Chesapeake Operating		IN	OUT	CHANGE RATE	SIZE	8 1/2
RIG #:	Trinidad #107	DATE	24-Mar-09	05-Apr-09		TYPE	HC 506 ZX
LOCATION	Texas	DEPTH (MD)	11289	15850		JETS	6 X 16
WELL	Darden state 71-26 1H	DEPTH (TVD)	11076	10682.98		SER #	7119537
JOB NUMBER	3983	INCLINATION	76.9	97.7		FEET	4561
DIRECTIONAL SUPERVISOR	BIBLE / BREWER	AZIMUTH	183.2	182.5		HOURS	171
CUSTOMER OFFICE CONTACT		SLIDE PERCENT	10%			ROP	26.67
CUSTOMER WELLSITE SUPERVISOR	S. LENNOX	MUD-WT.-TYPE	9.4/OB			DULL	

OBJECTIVE:

COMMENTS:

ITEM #	TOOL	COMPANY	SER. #	CONN. UP	CONN. DOWN	O.D.	I.D.	FISH NECK	BLADE O.D.	LENGTH	SUBTOTAL
0	BIT	HUGHES	7119537	4 1/2 REG		8 1/2				1.00	1.00
1	MOTOR	RYAN	RY675014	4 1/2 XH	4 1/2 REG	6 1/2		1.33	SLICK	25.48	26.48
2	FLOAT	RYAN	RY1671	4 1/2 XH	4 1/2 XH	6 1/4	2 7/8			2.59	29.07
3	UBHO	RYAN	8244	4 1/2 XH	4 1/2 XH	6 1/8	2 7/8			2.23	31.30
4	NMDC	RYAN	RY651670	4 1/2 XH	4 1/2 XH	6 3/8	2 7/8			30.52	61.82
5	NMDC	RYAN	RY 651 651	4 1/2 XH	4 1/2 XH	6 1/4	2 7/8			30.11	91.93
	DEFLECTION : 1.5										
	MOTOR: 6:7 5.0										
	BIT TO BEND : 5.0										
	GAL / REV : .29										
1	BIT TO SURVEY : 46'										
2	GAMMA : 37'										
										TOTAL	91.93

Ryan
Drilling Technologies & Solutions

Motor Run Report #1

General Information:	
Ryan Job #:	3983
Customer:	Chesapeake Operating
Location:	Texas
Lease:	
Well Name & Number:	Darden state 71-26 1H
Rig Name & Number:	Trinidad #107
Directional Driller ('s):	

In the Event Of an Incident:	
Date of Incident:	
Date Notified Office:	
Person Notified:	

Incident Comments:

Motor Information:	
Motor Serial #:	RY675031
Motor Size (OD):	6 5/8
Motor Company:	RYAN
Motor Stabilizer Size:	8 1/4
Degree Bent Housing:	1.5
Rotor / Stator Conf.:	6 / 7 5.0
Depth In:	9568
Depth Out:	10659
Footage:	1091
Drilg Hours:	48.2
Circulating Hours:	7.8
Total Hours	56
Hours Below Rotary Table (LIH)	81
Motor yield	
Start of Run: Date	March 16, 2009
GPM"S:	419
Standpipe Press / Off Bottom:	2000
Standpipe Press / On Bottom:	2200
Weight on Bit Avg :	10
End Of Run: Date	March 20, 2009
GPM"S:	419
Standpipe Press / Off Bottom:	2000
Standpipe Press / On Bottom:	2200
Weight on Bit Avg :	10

Bit Information:	
Bit Size:	8 1/2
Bit Type:	MS1384CD
Bit Manufacture:	ULTERRA
Serial #	5279
Jets / TFA:	4 X 18

Mud Information End of Run:	
Mud Type:OBS/WBM	OBS
Mud Weight:	9.3
Viscosity:	45
Plastic Vis	17
Yield Point:	10
Sand %:	NA
Solids %:	9
LCM (yes or no):	NO
% LCM per/BBL:	NA
Static Temp:	112
Circulating Temp:	112
OBM Aniline Point	

Comments

PREFORMED AS DESITERD

Ryan
Drilling Technologies & Solutions

Motor Run Report #2

General Information:	
Ryan Job #:	3983
Customer:	Chesapeake Operating
Location:	Texas
Lease:	
Well Name & Number:	Darden state 71-26 1H
Rig Name & Number:	Trinidad #107
Directional Driller ('s):	

In the Event Of an Incident:	
Date of Incident:	
Date Notified Office:	
Person Notified:	

Incident Comments:

Motor Information:	
Motor Serial #:	RY650628
Motor Size (OD):	6 5/8
Motor Company:	RYAN
Motor Stabilizer Size:	8 1/4
Degree Bent Housing:	2.25
Rotor / Stator Conf.:	7/8 2.8
Depth In:	10659
Depth Out:	11289
Footage:	630
Drilg Hours:	52.2
Circulating Hours:	7.1
Total Hours	59.3
Hours Below Rotary Table (LIH)	65.9
Motor yield	
Start of Run: Date	March 20, 2009
GPM"S:	419
Standpipe Press / Off Bottom:	2000
Standpipe Press / On Bottom:	2200
Weight on Bit Avg :	30
End Of Run: Date	March 24, 2009
GPM"S:	419
Standpipe Press / Off Bottom:	2000
Standpipe Press / On Bottom:	2200
Weight on Bit Avg :	30

Bit Information:	
Bit Size:	8 1/2
Bit Type:	FH35 VPS
Bit Manufacture:	SMITH
Serial #	PL7968
Jets / TFA:	3 X 22

Mud Information End of Run:	
Mud Type:OBS/WBM	OBS
Mud Weight:	9.3
Viscosity:	45
Plastic Vis	17
Yield Point:	10
Sand %:	NA
Solids %:	9
LCM (yes or no):	NO
% LCM per/BBL:	NA
Static Temp:	112
Circulating Temp:	112
OBM Aniline Point	

Comments

PREFORMED AS DESIERED

Ryan
Drilling Technologies & Solutions

Motor Run Report #3

General Information:	
Ryan Job #:	3983
Customer:	Chesapeake Operating
Location:	Texas
Lease:	
Well Name & Number:	Darden state 71-26 1H
Rig Name & Number:	Trinidad #107
Directional Driller ('s):	

In the Event Of an Incident:	
Date of Incident:	
Date Notified Office:	
Person Notified:	

Incident Comments:

Motor Information:	
Motor Serial #:	RY675014
Motor Size (OD):	6 3/4
Motor Company:	RYAN
Motor Stabilizer Size:	SLICK
Degree Bent Housing:	1.5
Rotor / Stator Conf.:	6 / 7 5.0
Depth In:	11289
Depth Out:	15850
Footage:	4561
Drilg Hours:	171.4
Circulating Hours:	48.2
Total Hours	219.6
Hours Below Rotary Table (LIH)	219.6
Motor yield	
Start of Run: Date	March 24, 2009
GPM"S:	419
Standpipe Press / Off Bottom:	2500
Standpipe Press / On Bottom:	2800
Weight on Bit Avg :	12
End Of Run: Date	April 5, 2009
GPM"S:	419
Standpipe Press / Off Bottom:	2500
Standpipe Press / On Bottom:	2800
Weight on Bit Avg :	15

Bit Information:	
Bit Size:	8 1/2
Bit Type:	HC 506 ZX
Bit Manufacture:	HUGHES
Serial #	7119537
Jets / TFA:	6 X 16

Mud Information End of Run:	
Mud Type:OBS/WBM	OBS
Mud Weight:	9.8
Viscosity:	48
Plastic Vis	17
Yield Point:	9
Sand %:	NA
Solids %:	12
LCM (yes or no):	NO
% LCM per/BBL:	NA
Static Temp:	110
Circulating Temp:	160
OBM Aniline Point	

Comments

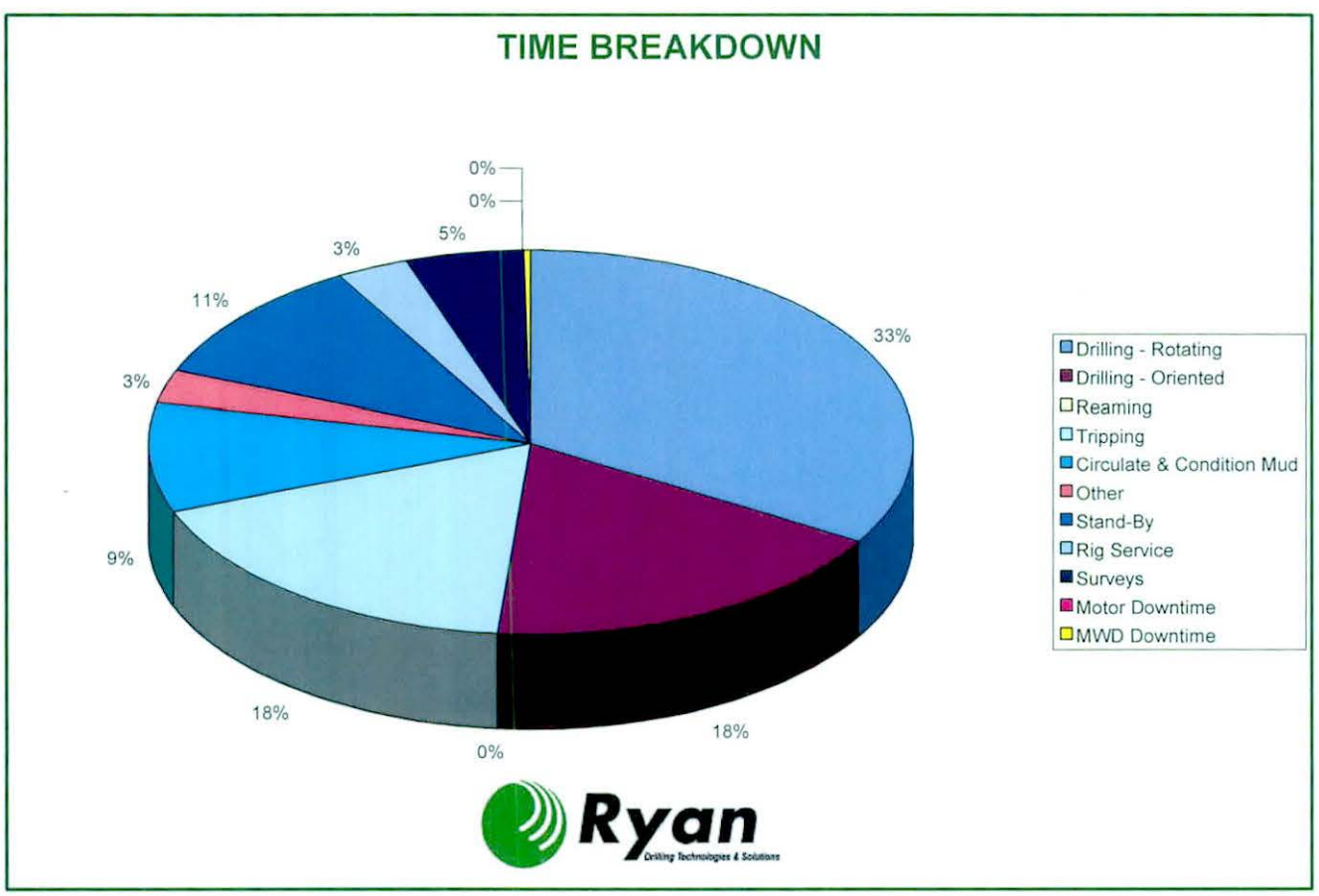
PREFORMED AS DESIERED

Chesapeake Operating
Darden state 71-26 1H
Trinidad #107

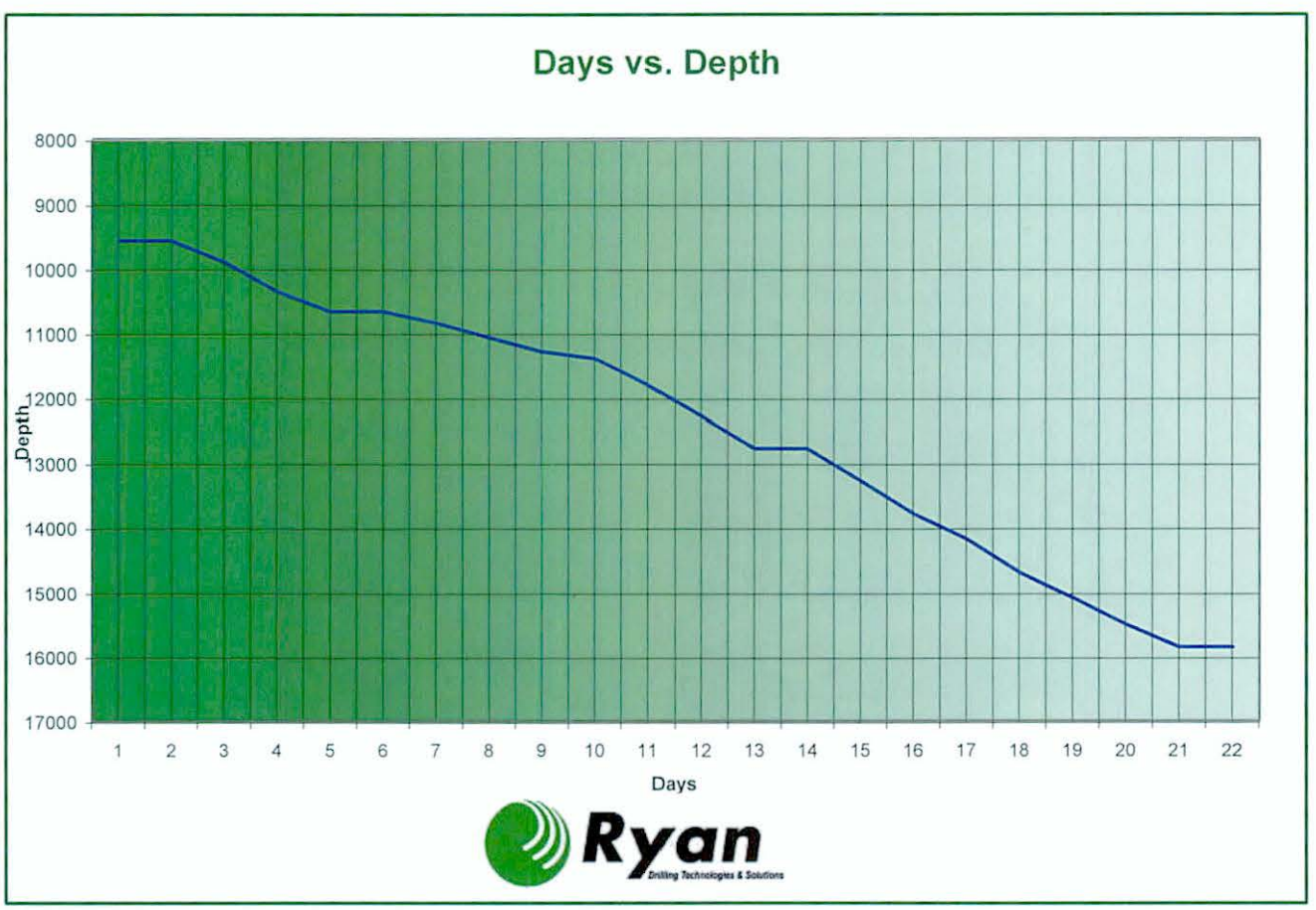
Start Depth: 9568

Date	Day	Depth	Ftg. Today	Ftg. Oriented	Ftg. Rotating	Drilling - Rotating	Drilling - Oriented	Reaming	Tripping	Circulate & Condition Mud	Other	Stand-By	Rig Service	Surveys	Motor Downtime	MWD Downtime	Run Casing, Testing BOP	Fishing	Total Hours
3/15/2009	1	9568	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00	23.98	0.00	0.00	0.00	0.00	0.00	0.00	24.00
3/16/2009	2	9568	0	0	0	0.00	0.00	0.00	7.48	0.25	1.25	15.00	0.00	0.00	0.00	0.00	0.00	0.00	24.00
3/17/2009	3	9896	328	0	328	10.73	0.00	0.00	2.50	4.50	3.50	0.00	1.00	0.75	0.00	0.00	1.00	0.00	24.00
3/18/2009	4	10352	456	32	424	16.23	6.00	0.00	0.00	0.00	0.00	0.00	0.50	1.25	0.00	0.00	0.00	0.00	24.00
3/19/2009	5	10659	307	14	293	10.75	1.00	0.00	0.00	1.25	5.25	0.00	0.50	5.23	0.00	0.00	0.00	0.00	24.00
3/20/2009	6	10659	0	0	0	0.00	0.00	0.00	8.50	1.00	4.00	9.48	1.00	0.00	0.00	0.00	0.00	0.00	24.00
3/21/2009	7	10837	178	178	0	0.00	8.00	0.00	6.50	1.00	0.00	6.50	1.00	0.98	0.00	0.00	0.00	0.00	24.00
3/22/2009	8	11070	233	179	54	4.50	18.23	0.00	0.00	0.00	0.00	0.00	0.00	1.25	0.00	0.00	0.00	0.00	24.00
3/23/2009	9	11284	214	185	29	2.25	18.73	0.00	0.00	0.00	0.00	0.00	1.00	1.00	0.00	1.00	0.00	0.00	24.00
3/24/2009	10	11393	109	99	10	1.00	4.23	0.00	13.25	3.50	0.00	0.00	1.25	0.75	0.00	0.00	0.00	0.00	24.00
3/25/2009	11	11804	411	130	281	10.23	7.50	0.00	2.25	1.25	0.00	0.00	0.50	2.25	0.00	0.00	0.00	0.00	24.00
3/26/2009	12	12287	483	26	457	15.00	2.50	0.00	1.98	1.25	0.00	0.00	0.75	2.50	0.00	0.00	0.00	0.00	24.00
3/27/2009	13	12784	497	10	487	15.00	1.25	0.00	5.48	0.00	0.00	0.00	1.00	1.25	0.00	0.00	0.00	0.00	24.00
3/28/2009	14	12784	0	0	0	0.00	0.00	0.00	1.00	22.23	0.00	0.00	0.75	0.00	0.00	0.00	0.00	0.00	24.00
3/29/2009	15	13281	497	29	468	14.25	3.75	0.00	0.98	1.25	0.00	0.00	2.25	1.50	0.00	0.00	0.00	0.00	24.00
3/30/2009	16	13790	509	36	473	13.98	4.50	0.00	2.00	1.00	0.00	0.00	1.00	1.50	0.00	0.00	0.00	0.00	24.00
3/31/2009	17	14177	387	18	369	13.23	2.25	0.00	6.00	1.00	0.50	0.00	0.00	1.00	0.00	0.00	0.00	0.00	24.00
4/1/2009	18	14695	518	43	475	14.23	6.75	0.00	0.00	0.00	0.00	0.00	1.50	1.50	0.00	0.00	0.00	0.00	24.00
4/2/2009	19	15088	393	18	375	11.23	2.75	0.00	7.50	1.00	0.00	0.00	0.50	1.00	0.00	0.00	0.00	0.00	24.00
4/3/2009	20	15500	412	28	384	13.25	3.25	0.00	4.23	1.50	0.00	0.00	0.50	1.25	0.00	0.00	0.00	0.00	24.00
4/4/2009	21	15850	350	12	338	9.50	2.00	0.00	6.50	3.73	0.00	0.00	1.00	1.25	0.00	0.00	0.00	0.00	24.00
4/5/2009	22	15850	0	0	0	0.00	0.00	0.00	16.25	3.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19.30
			6282	1037	5245	175.38	92.70	0.00	92.42	48.72	14.50	54.97	16.00	26.22	0.00	1.00	1.00	0.00	523.30

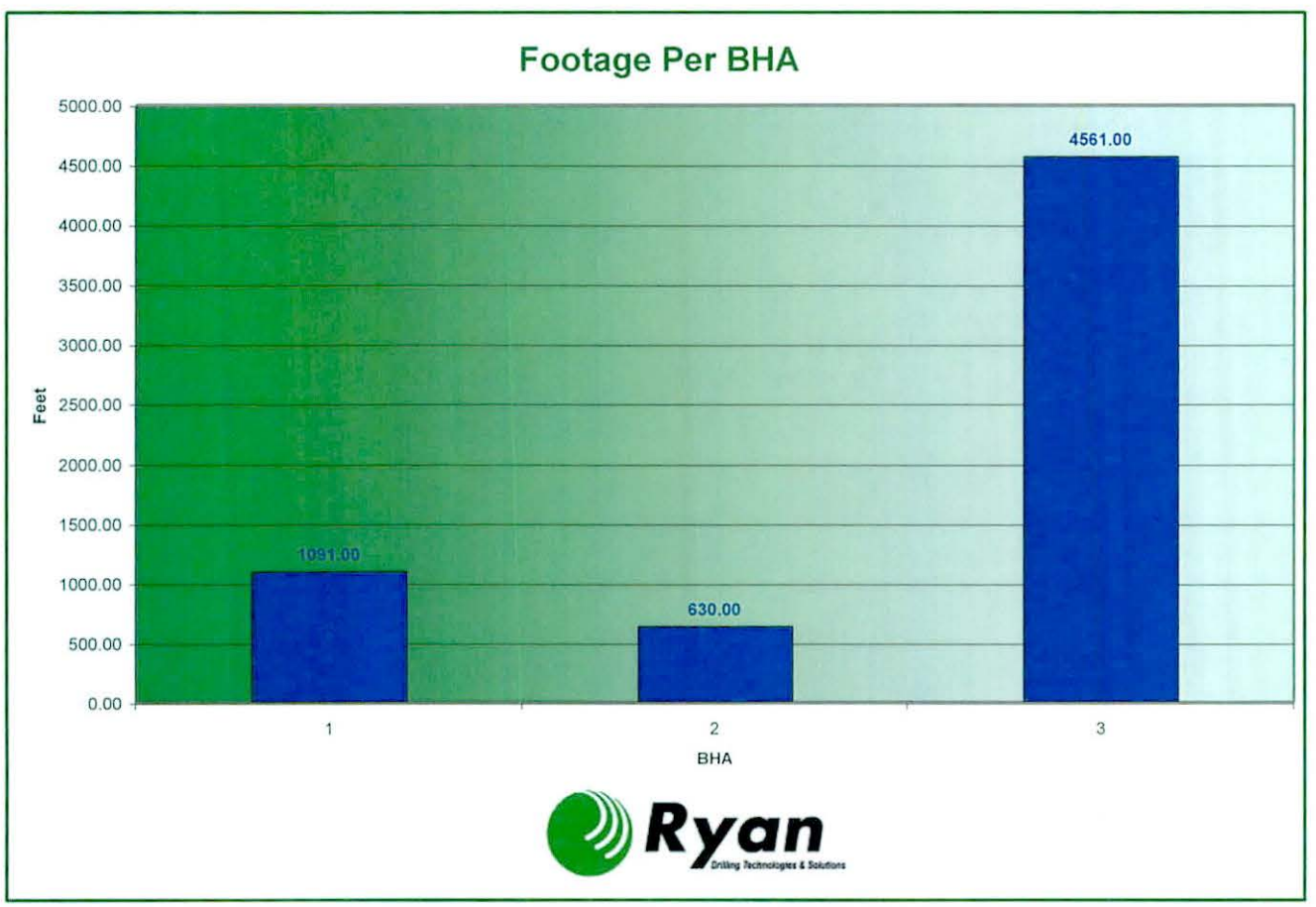
Chesapeake Operating
Darden state 71-26 1H



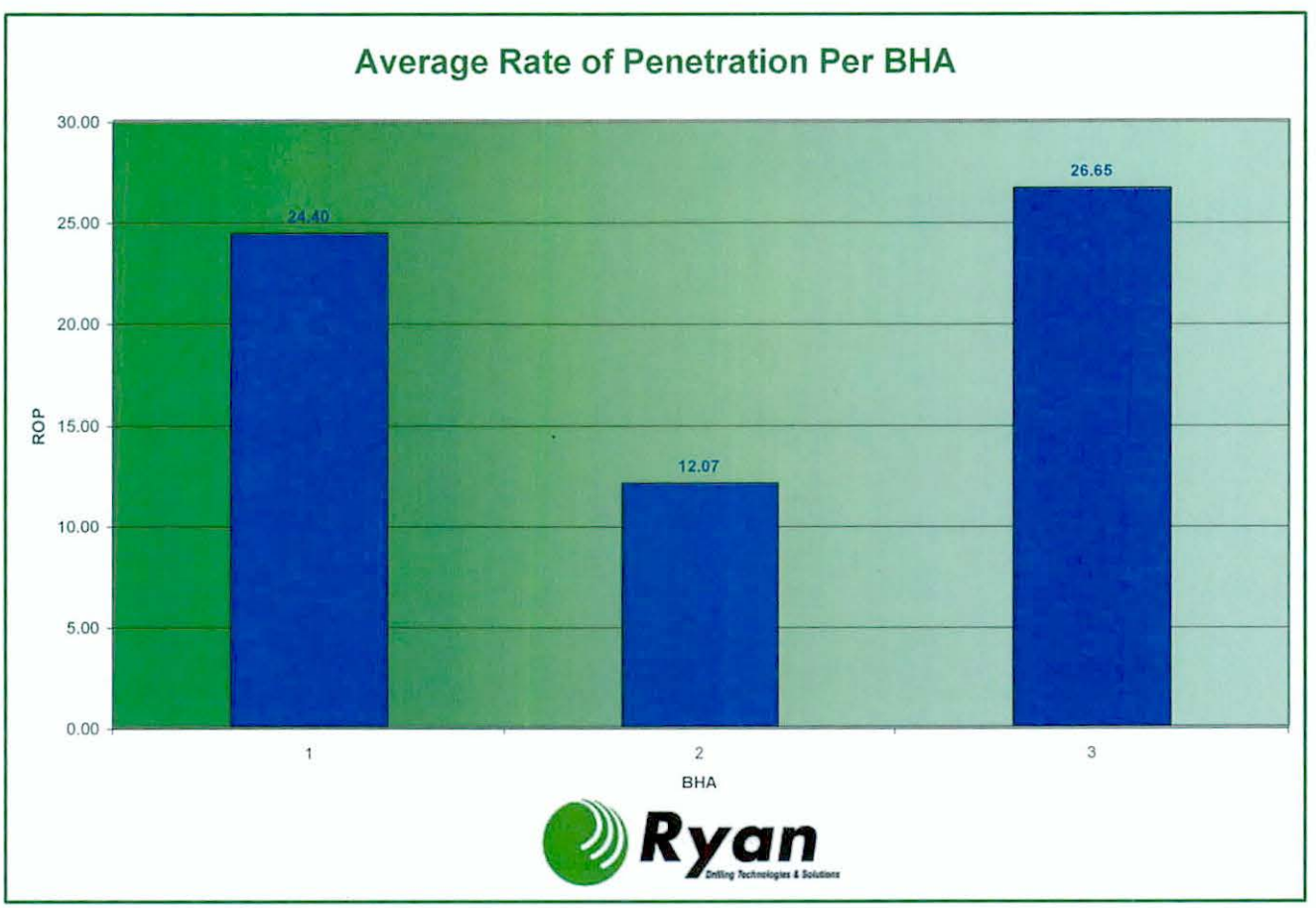
Chesapeake Operating
Darden state 71-26 1H



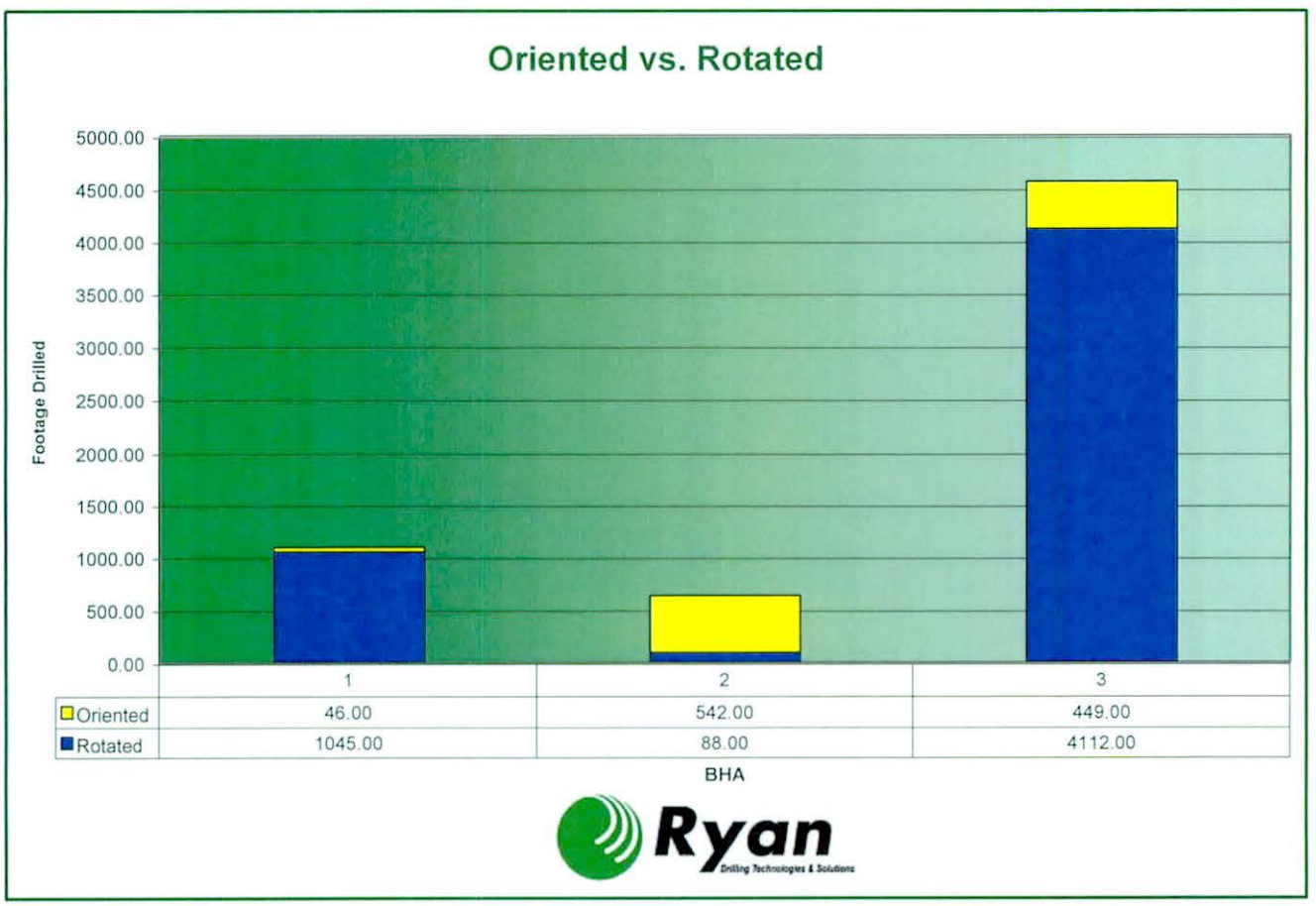
Chesapeake Operating
Darden state 71-26 1H



Chesapeake Operating
Darden state 71-26 1H



Chesapeake Operating
Darden state 71-26 1H



30

File No. MF 108655

Reeves County

Directional Drilling Report

Date Filed: 14 Feb 2016

George P. Bush, Commissioner

By DBJ

COG OPERATING LLC

600 W ILLINOIS AVE
MIDLAND TX 79701
(855) 687-8097

Unpaid

Check Number 0000355819

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
032717	03/27/2017	BONUS CONSIDERATION TOYAH BLK 71	38,723.75	0.00	38,723.75

1771079

121

019460 ⇐ Vendor Check Date: 03/30/2017 Check Amount ⇒ X 38,723.75

THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER

Accounts Payable

17710794

COG OPERATING LLC
600 W ILLINOIS AVE
MIDLAND TX 79701
(855) 687-8097

BANK OF AMERICA
Atlanta, GA

32-2
1110 TX

Check No	Check Date	Check Amount
0000355819	03/30/2017	*********$38,723.75

PAY *Thirty Eight Thousand Seven Hundred Twenty Three Dollars and Seventy Five Cents*

TO THE ORDER OF
TEXAS GENERAL LAND OFFICE
PO BOX 12873
AUSTIN TX 78711

TWO SIGNATURES REQUIRED FOR CHECKS OVER $200,000

⑈0000355819⑈ [redacted]

^PLEASE DETACH AT PERFORATION ABOVE^

^PLEASE DETACH AT PERFORATION ABOVE^

COG OPERATING LLC
600 W ILLINOIS AVE
MIDLAND TX 79701
(855) 687-8097

Unpaid

Check Number 0000355819

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
032717	03/27/2017	BONUS CONSIDERATION TOYAH BLK 71	38,723.75	0.00	38,723.75

17710794

121

019460 ⇦ Vendor | Check Date: 03/30/2017 | Check Amount ⇨ 38,723.75

CONCHO

Joe Dutton
Senior Landman

March 30, 2017

Texas General Land Office
Attention: Dustin Osklick
Mineral Leasing, Energy Resources
P. O. Box 12873
Austin, TX 78711-2873

RE: Toyah Block 71 Prospect
State Lease No. MF108655
Darden State 71-26 1H
Reeves County, Texas

Gentlemen:

Enclosed please find COG's Check No. 355819 dated March 30, 2017 in the amount of $38,723.75, payment for unpaid bonus consideration being one-half (1/2) of the total bonus consideration of $325.00 per acre paid on 238.30 net acres in Reeves County, Texas.

Please acknowledge receipt of this check by signing in the space provided below and return the original letter to the undersigned in the enclosed self-addressed stamped prepaid envelope. A copy is enclosed for your files.

If you have any question please feel free to call me at 432.818-2211 or email jdutton@concho.com.

Respectfully,

COG Operating LLC

Joe Britt Dutton
Senior Landman

Received Check No. 355819 this _____ day of _____, 2017.

Texas General Land Office

By: _____

Printed Name: _____

Dated: _____

COPY

(31)

File No. MF108655

Reeves County

Unpaid Bonus &

Date Filed: 7 April 2017

George P. Bush, Commissioner

By DBJ

CONCHO

May 31, 2017

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7035 2750 3312

The Texas General Land Office
1700 N Congress Ave
Austin, TX 78701
Attn: Dustin Oslick

Re: Joint Partial Releases of Oil and Gas Leases
Reeves County, Texas

Dear Mr. Oslick:

Enclosed please find certified copies of the following recorded documents:

1. 2 Joint Partial Releases of Oil and Gas Lease for Elmore Family Partnership.
2. 2 Joint Partial Releases of Oil and Gas Lease for Ellington L. Darden.
3. 2 Joint Partial Releases of Oil and Gas Lease for Cherrie Lane Watson.

Should you have any questions, please do not hesitate to contact me at (432) 685-2588 or mflanagan@concho.com.

Sincerely,

COG OPERATING LLC

Megan L. Flanagan

Megan Flanagan
Landman– NM Basin

Enc.

17-04941
FILED FOR RECORD
REEVES COUNTY, TEXAS
Mar 23, 2017 at 11:44:00 AM

JOINT PARTIAL RELEASE OF OIL AND GAS LEASE

STATE OF TEXAS §
§
COUNTY OF REEVES §

VOL 1390 PG 0698

THIS Joint Partial Release of Oil and Gas Lease ("Partial Release") is made by COG Operating LLC, whose address is One Concho Center, 600 West Illinois Avenue, Midland, Texas 79701, and Endeavor Energy Resources, LP, whose address is 110 N. Marienfeld Street, Suite 200, Midland, Texas 79701 (hereinafter "Lessees"), who are the current Lessees of that certain oil and gas lease described on **Exhibit "A"** attached hereto and hereby made a part hereof (the "Lease").

By this Partial Release, Lessees do hereby RELEASE, RELINQUISH, SURRENDER and FOREVER QUITCLAIM unto the Lessors under the Lease, their heirs, successors and assigns, all of Lessees' right, title and interest in and to the Lease, **less and except** the Retained Interest described on **Exhibit "A"** attached hereto, and Lessees expressly RESERVE and EXCEPT solely unto themselves, their heirs, successors and assigns, all of Lessees' right, title and interest in and to the lands and depths described as the Retained Interest on **Exhibit "A"** hereto. THIS PARTIAL RELEASE IS TENDERED IN FULL SATISFACTION OF THE RELEASE OBLIGATIONS OF THE RELEVANT PROVISIONS OF THE LEASE.

IN WITNESS WHEREOF, this Partial Release is signed by Lessees as of the date of their respective acknowledgments below, but is effective for all purposes as of January 1, 2017. This Partial Release may be executed in multiple counterparts, which together shall constitute but one and singular Partial Release.

COG OPERATING LLC

By: Mona D Ables
Name: Mona D. Ables
Title: Vice President of Land MLF

ENDEAVOR ENERGY RESOURCES, LP

By: Charles A Melody
Name: CHARLES A. MELODY RBC
Title: CEO & PRESIDENT

[Acknowledgments on the following page]

True & Correct Copy of a
document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 1 of 3

ACKNOWLEDGMENTS

STATE OF TEXAS §
§
COUNTY OF MIDLAND §

This instrument was acknowledged before me this 1st day of February, 2017 by Mona D. Ables, Vice President of Land of COG Operating LLC, a Delaware limited liability company, on behalf of said limited liability company.

My Commission Expires:

BECKY ZINDEL
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 05-07-2017

Becky Zindel
Notary Public, State of Texas

STATE OF TEXAS §
§
COUNTY OF MIDLAND §

This instrument was acknowledged before me this 9th day of FEBRUARY, 2017 by CHARLES A. MELOY as CEO & PRESIDENT of Endeavor Energy Resources, LP, a TEXAS limited partnership, on behalf of said limited partnership.

My Commission Expires:

SARAH ADAMSON
Notary ID # 3844344
My Commission Expires
April 29, 2019

Sarah Adamson
Notary Public, State of Texas

VOL 1390 PG 0699

True & Correct Copy of a document on file at Reeves County Texas, Dianne O. Florez, County Clerk Page 2 of 3

EXHIBIT "A"

to Joint Partial Release of Oil and Gas Lease

Oil & Gas Lease:

Lease Date:	September 23, 2007
Lessor:	Elmore Family Partnership LLC, as Agent for the State of Texas
Lessee:	EnCana Oil & Gas (USA) Inc.
Recorded:	Book 778, Page 283, Official Public Records of Reeves County, Texas
Lands Covered:	South-Half (S/2) Section 3, Block 71, PSL Survey; South-Half (S/2) Section 26, Block 71, PSL Survey; Northwest-Quarter (NW/4), West-Half of the Northeast-Quarter (W/2NE/4) and North-Half of the Southwest-Quarter (N/2SW/4) of Section 33, Block 71, PSL Survey, less & except two tracts more particularly described as the "Second Tract" & the "Third Tract" by metes & bounds in that certain Warranty Deed from J. H. Shoaf to The Texas and Pacific Railway Company, dated August 16, 1928, recorded in Vol. 67 Page 319 of the Deed Records of Reeves County, Texas (said tracts comprising a total of 6.80 acres, more or less).

Retained Interest (Lands and Depths Reserved and Excepted by Lessees from this Partial Release):

All of Lessees' right, title and interest in and to the lands and depths described below, which Lessees are hereby reserving and retaining and which lands and depths are contained within the unit boundaries for the Darden State 71-26 #1H Well (API No. 42-389-32585):

Lands: SE/4 Section 26, Block 71, PSL Survey; SW/4, LESS THE W/2 W/2 SW/4 Section 26, Block 71, PSL Survey; NW/4 NE/4 Section 33, Block 71, PSL Survey; NE/4 NW/4 Section 33, Block 71, PSL Survey; E/2 NW/4 NW/4 Section 33, Block 71, PSL Survey, being a portion of the unit for the Darden State 71-26 #1H Well.

Depths: those depths from the surface of the earth down to a depth of 11,193' subsurface, being one hundred feet (100') below the total depth drilled in the Darden State 71-26 #1H Well.

End of Exhibit "A"

True & Correct Copy of a document on file at Reeves County Texas, Dianne O. Florez, County Clerk
Page 3 of 3

Inst No. 17-04941
DIANNE O. FLOREZ
COUNTY CLERK
2017 Mar 23 at 11:44 AM
REEVES COUNTY, TEXAS
By: MS MBaldana, DEPUTY

VOL 1390 PG 0700

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. 1390, PAGE 698, THRU 700.

I hereby certified on 20 Apr. 2017

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY E Rayos DEPUTY

17-04942
FILED FOR RECORD
REEVES COUNTY, TEXAS
Mar 23, 2017 at 11:44:00 AM

JOINT PARTIAL RELEASE OF OIL AND GAS LEASE

STATE OF TEXAS §
§
COUNTY OF REEVES §

VOL 1390 PG 0701

THIS Joint Partial Release of Oil and Gas Lease ("Partial Release") is made by COG Operating LLC, whose address is One Concho Center, 600 West Illinois Avenue, Midland, Texas 79701, and Endeavor Energy Resources, LP, whose address is 110 N. Marienfeld Street, Suite 200, Midland, Texas 79701 (hereinafter "Lessees"), who are the current Lessees of that certain oil and gas lease described on **Exhibit "A"** attached hereto and hereby made a part hereof (the "Lease").

By this Partial Release, Lessees do hereby RELEASE, RELINQUISH, SURRENDER and FOREVER QUITCLAIM unto the Lessors under the Lease, their heirs, successors and assigns, all of Lessees' right, title and interest in and to the Lease, **less and except** the Retained Interest described on **Exhibit "A"** attached hereto, and Lessees expressly RESERVE and EXCEPT solely unto themselves, their heirs, successors and assigns, all of Lessees' right, title and interest in and to the lands and depths described as the Retained Interest on **Exhibit "A"** hereto. THIS PARTIAL RELEASE IS TENDERED IN FULL SATISFACTION OF THE RELEASE OBLIGATIONS OF THE RELEVANT PROVISIONS OF THE LEASE.

IN WITNESS WHEREOF, this Partial Release is signed by Lessees as of the date of their respective acknowledgments below, but is effective for all purposes as of January 1, 2017. This Partial Release may be executed in multiple counterparts, which together shall constitute but one and singular Partial Release.

COG OPERATING LLC

By: Mona D Ables
Name: Mona D. Ables
Title: Vice President of Land MLF

ENDEAVOR ENERGY RESOURCES, LP

By: _____
Name: _____
Title: _____

[Acknowledgments on the following page]

True & Correct Copy of a
document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 1 of 3

ACKNOWLEDGMENTS

STATE OF TEXAS §
§
COUNTY OF MIDLAND §

This instrument was acknowledged before me this 1st day of February, 2017 by Mona D. Ables, Vice President of Land of COG Operating LLC, a Delaware limited liability company, on behalf of said limited liability company.

My Commission Expires:

BECKY ZINDEL
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 05-07-2017

Becky Zindel
Notary Public, State of Texas

STATE OF TEXAS §
§
COUNTY OF MIDLAND §

This instrument was acknowledged before me this _____ day of _____, 2017 by _____ as _____ of Endeavor Energy Resources, LP, a _____ limited partnership, on behalf of said limited partnership.

My Commission Expires:

_____
Notary Public, State of Texas

VOL 1390 PG 0702

True & Correct Copy of a document on file at Reeves County Texas, Dianne O. Florez, County Clerk Page 2 of 3

EXHIBIT "A"

to Joint Partial Release of Oil and Gas Lease

Oil & Gas Lease:

Lease Date:	September 23, 2007
Lessor:	Elmore Family Partnership LLC, as Agent for the State of Texas
Lessee:	EnCana Oil & Gas (USA) Inc.
Recorded:	Book 778, Page 283, Official Public Records of Reeves County, Texas
Lands Covered:	South-Half (S/2) Section 3, Block 71, PSL Survey; South-Half (S/2) Section 26, Block 71, PSL Survey; Northwest-Quarter (NW/4), West-Half of the Northeast-Quarter (W/2NE/4) and North-Half of the Southwest-Quarter (N/2SW/4) of Section 33, Block 71, PSL Survey, less & except two tracts more particularly described as the "Second Tract" & the "Third Tract" by metes & bounds in that certain Warranty Deed from J. H. Shoaf to The Texas and Pacific Railway Company, dated August 16, 1928, recorded in Vol. 67 Page 319 of the Deed Records of Reeves County, Texas (said tracts comprising a total of 6.80 acres, more or less).

Retained Interest (Lands and Depths Reserved and Excepted by Lessees from this Partial Release):

All of Lessees' right, title and interest in and to the lands and depths described below, which Lessees are hereby reserving and retaining and which lands and depths are contained within the unit boundaries for the Darden State 71-26 #1H Well (API No. 42-389-32585):

Lands: SE/4 Section 26, Block 71, PSL Survey; SW/4, LESS THE W/2 W/2 SW/4 Section 26, Block 71, PSL Survey; NW/4 NE/4 Section 33, Block 71, PSL Survey; NE/4 NW/4 Section 33, Block 71, PSL Survey; E/2 NW/4 NW/4 Section 33, Block 71, PSL Survey, being a portion of the unit for the Darden State 71-26 #1H Well.

Depths: those depths from the surface of the earth down to a depth of 11,193' subsurface, being one hundred feet (100') below the total depth drilled in the Darden State 71-26 #1H Well.

End of Exhibit "A"

True & Correct Copy of a
document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 3 of 3

Inst No. 17-04942
DIANNE O. FLOREZ
COUNTY CLERK
2017 Mar 23 at 11:44 AM
REEVES COUNTY, TEXAS
By: MS Ubaldana, DEPUTY

VOL 1390 PG 0703

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. 1309 PAGE 701, THRU 703.

I hereby certified on 20 Apr. 2017

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY E Rayos DEPUTY

17-04943
FILED FOR RECORD
REEVES COUNTY, TEXAS
Mar 23, 2017 at 11:44:00 AM

JOINT PARTIAL RELEASE OF OIL AND GAS LEASE

STATE OF TEXAS §
§
COUNTY OF REEVES §

VOL 1390 PG 0704

THIS Joint Partial Release of Oil and Gas Lease ("Partial Release") is made by COG Operating LLC, whose address is One Concho Center, 600 West Illinois Avenue, Midland, Texas 79701, and Endeavor Energy Resources, LP, whose address is 110 N. Marienfeld Street, Suite 200, Midland, Texas 79701 (hereinafter "Lessees"), who are the current Lessees of that certain oil and gas lease described on **Exhibit "A"** attached hereto and hereby made a part hereof (the "Lease").

By this Partial Release, Lessees do hereby RELEASE, RELINQUISH, SURRENDER and FOREVER QUITCLAIM unto the Lessors under the Lease, their heirs, successors and assigns, all of Lessees' right, title and interest in and to the Lease, **less and except** the Retained Interest described on **Exhibit "A"** attached hereto, and Lessees expressly RESERVE and EXCEPT solely unto themselves, their heirs, successors and assigns, all of Lessees' right, title and interest in and to the lands and depths described as the Retained Interest on **Exhibit "A"** hereto. THIS PARTIAL RELEASE IS TENDERED IN FULL SATISFACTION OF THE RELEASE OBLIGATIONS OF THE RELEVANT PROVISIONS OF THE LEASE.

IN WITNESS WHEREOF, this Partial Release is signed by Lessees as of the date of their respective acknowledgments below, but is effective for all purposes as of January 1, 2017. This Partial Release may be executed in multiple counterparts, which together shall constitute but one and singular Partial Release.

COG OPERATING LLC

By: Mona D. Ables
Name: Mona D. Ables
Title: Vice President of Land

MLF

ENDEAVOR ENERGY RESOURCES, LP

By: Charles A. McLay
Name: Charles A. McLay
Title: CEO & President

ROC

[Acknowledgments on the following page]

True & Correct Copy of a document on file at Reeves County Texas, Dianne O. Florez, County Clerk
Page 1 of 3

ACKNOWLEDGMENTS

STATE OF TEXAS §
§
COUNTY OF MIDLAND §

This instrument was acknowledged before me this 13 day of February 2017 by Mona D. Ables, Vice President of Land of COG Operating LLC, a Delaware limited liability company, on behalf of said limited liability company.

My Commission Expires:

Kathryn Renee [illegible]
NOTARY PUBLIC
STATE OF TEXAS
n. Exp. 11-12-2019
13043933-7

Kathryn Renee [illegible]
Notary Public, State of Texas

STATE OF TEXAS §
§
COUNTY OF MIDLAND §

This instrument was acknowledged before me this 16th day of February, 2017 by Charles A Meloy as CEO & President of Endeavor Energy Resources, LP, a Texas limited partnership, on behalf of said limited partnership.

My Commission Expires:

SARAH ADAMSON
Notary ID # 3844344
My Commission Expires
April 29, 2019

Sarah Adamson
Notary Public, State of Texas

VOL 1390 PG 0705

True & Correct Copy of a document on file at Reeves County Texas, Dianne O. Florez, County Clerk
Page 2 of 3

EXHIBIT "A"

to Joint Partial Release of Oil and Gas Lease

Oil & Gas Lease:

Lease Date:	November 6, 2007
Lessor:	Ellington L. Darden, as Agent for the State of Texas
Lessee:	EnCana Oil & Gas (USA) Inc.
Recorded:	Book 781, Page 650, Official Public Records of Reeves County, Texas
Lands Covered:	South-Half (S/2) Section 3, Block 71, PSL Survey; South-Half (S/2) Section 26, Block 71, PSL Survey; Northwest-Quarter (NW/4), West-Half of the Northeast-Quarter (W/2NE/4) and North-Half of the Southwest-Quarter (N/2SW/4) of Section 33, Block 71, PSL Survey, less & except two tracts more particularly described as the "Second Tract" & the "Third Tract" by metes & bounds in that certain Warranty Deed from J. H. Shoaf to The Texas and Pacific Railway Company, dated August 16, 1928, recorded in Vol. 67 Page 319 of the Deed Records of Reeves County, Texas (said tracts comprising a total of 6.80 acres, more or less).

Retained Interest (Lands and Depths Reserved and Excepted by Lessees from this Partial Release):

All of Lessees' right, title and interest in and to the lands and depths described below, which Lessees are hereby reserving and retaining and which lands and depths are contained within the unit boundaries for the Darden State 71-26 #1H Well (API No. 42-389-32585):

Lands: SE/4 Section 26, Block 71, PSL Survey; SW/4, LESS THE W/2 W/2 SW/4 Section 26, Block 71, PSL Survey; NW/4 NE/4 Section 33, Block 71, PSL Survey; NE/4 NW/4 Section 33, Block 71, PSL Survey; E/2 NW/4 NW/4 Section 33, Block 71, PSL Survey, being a portion of the unit for the Darden State 71-26 #1H Well.

Depths: those depths from the surface of the earth down to a depth of 11,193' subsurface, being one hundred feet (100') below the total depth drilled in the Darden State 71-26 #1H Well.

End of Exhibit "A"

VOL 1390 PG 0706

True & Correct Copy of a
document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 3 of 3

Inst No. 17-04943
DIANNE O. FLOREZ
COUNTY CLERK
2017 Mar 23 at 11:44 AM
REEVES COUNTY, TEXAS
By: MS Msaldana DEPUTY

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. 1390 PAGE 704, THRU 706.

I hereby certified on 20 Apr. 2017

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY E Reyes DEPUTY

17-04944
FILED FOR RECORD
REEVES COUNTY, TEXAS
Mar 23, 2017 at 11:44:00 AM

JOINT PARTIAL RELEASE OF OIL AND GAS LEASE

STATE OF TEXAS §
§
COUNTY OF REEVES §

VOL 1390 PG 0707

THIS Joint Partial Release of Oil and Gas Lease ("Partial Release") is made by COG Operating LLC, whose address is One Concho Center, 600 West Illinois Avenue, Midland, Texas 79701, and Endeavor Energy Resources, LP, whose address is 110 N. Marienfeld Street, Suite 200, Midland, Texas 79701 (hereinafter "Lessees"), who are the current Lessees of that certain oil and gas lease described on **Exhibit "A"** attached hereto and hereby made a part hereof (the "Lease").

By this Partial Release, Lessees do hereby RELEASE, RELINQUISH, SURRENDER and FOREVER QUITCLAIM unto the Lessors under the Lease, their heirs, successors and assigns, all of Lessees' right, title and interest in and to the Lease, **less and except** the Retained Interest described on **Exhibit "A"** attached hereto, and Lessees expressly RESERVE and EXCEPT solely unto themselves, their heirs, successors and assigns, all of Lessees' right, title and interest in and to the lands and depths described as the Retained Interest on **Exhibit "A"** hereto. THIS PARTIAL RELEASE IS TENDERED IN FULL SATISFACTION OF THE RELEASE OBLIGATIONS OF THE RELEVANT PROVISIONS OF THE LEASE.

IN WITNESS WHEREOF, this Partial Release is signed by Lessees as of the date of their respective acknowledgments below, but is effective for all purposes as of January 1, 2017. This Partial Release may be executed in multiple counterparts, which together shall constitute but one and singular Partial Release.

COG OPERATING LLC

By: Mona D. Ables MLF
Name: Mona D. Ables
Title: Vice President of Land

ENDEAVOR ENERGY RESOURCES, LP

By: _____
Name: _____
Title: _____

[Acknowledgments on the following page]

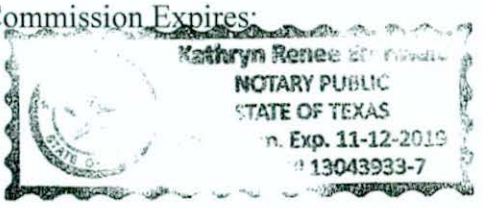
True & Correct Copy of a
document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 1 of 3

ACKNOWLEDGMENTS

STATE OF TEXAS §
§
COUNTY OF MIDLAND §

This instrument was acknowledged before me this 13 day of February 2017 by Mona D. Ables, Vice President of Land of COG Operating LLC, a Delaware limited liability company, on behalf of said limited liability company.

My Commission Expires:



Notary Public, State of Texas

STATE OF TEXAS §
§
COUNTY OF MIDLAND §

This instrument was acknowledged before me this _____ day of _____, 2017 by _____ as _____ of Endeavor Energy Resources, LP, a _____ limited partnership, on behalf of said limited partnership.

My Commission Expires:

_____
Notary Public, State of Texas

VOL 1390 PG 0708

True & Correct Copy of a document on file at Reeves County Texas, Dianne O. Florez, County Clerk
Page 2 of 3

EXHIBIT "A"

to Joint Partial Release of Oil and Gas Lease

Oil & Gas Lease:

Lease Date:	November 6, 2007
Lessor:	Ellington L. Darden, as Agent for the State of Texas
Lessee:	EnCana Oil & Gas (USA) Inc.
Recorded:	Book 781, Page 650, Official Public Records of Reeves County, Texas
Lands Covered:	South-Half (S/2) Section 3, Block 71, PSL Survey; South-Half (S/2) Section 26, Block 71, PSL Survey; Northwest-Quarter (NW/4), West-Half of the Northeast-Quarter (W/2NE/4) and North-Half of the Southwest-Quarter (N/2SW/4) of Section 33, Block 71, PSL Survey, less & except two tracts more particularly described as the "Second Tract" & the "Third Tract" by metes & bounds in that certain Warranty Deed from J. H. Shoaf to The Texas and Pacific Railway Company, dated August 16, 1928, recorded in Vol. 67 Page 319 of the Deed Records of Reeves County, Texas (said tracts comprising a total of 6.80 acres, more or less).

VOL 1390 PG 0709

Retained Interest (Lands and Depths Reserved and Excepted by Lessees from this Partial Release):

All of Lessees' right, title and interest in and to the lands and depths described below, which Lessees are hereby reserving and retaining and which lands and depths are contained within the unit boundaries for the Darden State 71-26 #1H Well (API No. 42-389-32585):

Lands: SE/4 Section 26, Block 71, PSL Survey; SW/4, LESS THE W/2 W/2 SW/4 Section 26, Block 71, PSL Survey; NW/4 NE/4 Section 33, Block 71, PSL Survey; NE/4 NW/4 Section 33, Block 71, PSL Survey; E/2 NW/4 NW/4 Section 33, Block 71, PSL Survey, being a portion of the unit for the Darden State 71-26 #1H Well.

Depths: those depths from the surface of the earth down to a depth of 11,193' subsurface, being one hundred feet (100') below the total depth drilled in the Darden State 71-26 #1H Well.

End of Exhibit "A"

True & Correct Copy of a document on file at Reeves County Texas, Dianne O. Florez, County Clerk Page 3 of 3

Inst No. 17-04944
DIANNE O. FLOREZ
COUNTY CLERK
2017 Mar 23 at 11:44 AM
REEVES COUNTY, TEXAS
By: MS Maldana DEPUTY

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. 1390 PAGE 107, THRU 109.

I hereby certified on 20 Apr. 2017

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY ERayos DEPUTY

17-04945
FILED FOR RECORD
REEVES COUNTY, TEXAS
Mar 23, 2017 at 11:44:00 AM

JOINT PARTIAL RELEASE OF OIL AND GAS LEASE

STATE OF TEXAS §
§
COUNTY OF REEVES §

VOL 1390 PG 0710

THIS Joint Partial Release of Oil and Gas Lease ("Partial Release") is made by COG Operating LLC, whose address is One Concho Center, 600 West Illinois Avenue, Midland, Texas 79701, and Endeavor Energy Resources, LP, whose address is 110 N. Marienfeld Street, Suite 200, Midland, Texas 79701 (hereinafter "Lessees"), who are the current Lessees of that certain oil and gas lease described on **Exhibit "A"** attached hereto and hereby made a part hereof (the "Lease").

By this Partial Release, Lessees do hereby RELEASE, RELINQUISH, SURRENDER and FOREVER QUITCLAIM unto the Lessors under the Lease, their heirs, successors and assigns, all of Lessees' right, title and interest in and to the Lease, **less and except** the Retained Interest described on **Exhibit "A"** attached hereto, and Lessees expressly RESERVE and EXCEPT solely unto themselves, their heirs, successors and assigns, all of Lessees' right, title and interest in and to the lands and depths described as the Retained Interest on **Exhibit "A"** hereto. THIS PARTIAL RELEASE IS TENDERED IN FULL SATISFACTION OF THE RELEASE OBLIGATIONS OF THE RELEVANT PROVISIONS OF THE LEASE.

IN WITNESS WHEREOF, this Partial Release is signed by Lessees as of the date of their respective acknowledgments below, but is effective for all purposes as of January 1, 2017. This Partial Release may be executed in multiple counterparts, which together shall constitute but one and singular Partial Release.

COG OPERATING LLC

By: Mona D. Ables
Name: Mona D. Ables
Title: Vice President of Land MLF

ENDEAVOR ENERGY RESOURCES, LP

By:
Name: Charles A. Meloy
Title: CEO & President CAM

[Acknowledgments on the following page]

True & Correct Copy of a document on file at Reeves County Texas, Dianne O. Florez, County Clerk
Page 1 of 3

17-9

ACKNOWLEDGMENTS

STATE OF TEXAS §
§
COUNTY OF MIDLAND §

This instrument was acknowledged before me this 13 day of February, 2017 by Mona D. Ables, Vice President of Land of COG Operating LLC, a Delaware limited liability company, on behalf of said limited liability company.

Kathryn Renee Elmwald

Notary Public, State of Texas

My Commission Expires:

Kathryn Renee Elmwald
NOTARY PUBLIC
STATE OF TEXAS
Exp. 11-12-2019
13043933-7

STATE OF TEXAS §
§
COUNTY OF MIDLAND §

This instrument was acknowledged before me this 16th day of February, 2017 by Charles A. Meloy as CEO & President of Endeavor Energy Resources, LP, a Texas limited partnership, on behalf of said limited partnership.

Sarah Adamson

Notary Public, State of Texas

My Commission Expires:

SARAH ADAMSON
Notary ID # 3841344
My Commission Expires
April 29, 20[illegible]

True & Correct Copy of a document on file at Reeves County Texas, Dianne O. Florez, County Clerk
Page 2 of 3

VOL 1390 PG 0711

EXHIBIT "A"

to Joint Partial Release of Oil and Gas Lease

Oil & Gas Lease:

Lease Date:	September 23, 2007
Lessor:	Cherrie Lane Watson, as Agent for the State of Texas
Lessee:	EnCana Oil & Gas (USA) Inc.
Recorded:	Book 778, Page 292, Official Public Records of Reeves County, Texas
Lands Covered:	South-Half (S/2) Section 3, Block 71, PSL Survey; South-Half (S/2) Section 26, Block 71, PSL Survey; Northwest-Quarter (NW/4), West-Half of the Northeast-Quarter (W/2NE/4) and North-Half of the Southwest-Quarter (N/2SW/4) of Section 33, Block 71, PSL Survey, less & except two tracts more particularly described as the "Second Tract" & the "Third Tract" by metes & bounds in that certain Warranty Deed from J. H. Shoaf to The Texas and Pacific Railway Company, dated August 16, 1928, recorded in Vol. 67 Page 319 of the Deed Records of Reeves County, Texas (said tracts comprising a total of 6.80 acres, more or less).

Retained Interest (Lands and Depths Reserved and Excepted by Lessees from this Partial Release):

All of Lessees' right, title and interest in and to the lands and depths described below, which Lessees are hereby reserving and retaining and which lands and depths are contained within the unit boundaries for the Darden State 71-26 #1H Well (API No. 42-389-32585):

Lands: SE/4 Section 26, Block 71, PSL Survey; SW/4, LESS THE W/2 W/2 SW/4 Section 26, Block 71, PSL Survey; NW/4 NE/4 Section 33, Block 71, PSL Survey; NE/4 NW/4 Section 33, Block 71, PSL Survey; E/2 NW/4 NW/4 Section 33, Block 71, PSL Survey, being a portion of the unit for the Darden State 71-26 #1H Well.

Depths: those depths from the surface of the earth down to a depth of 11,193' subsurface, being one hundred feet (100') below the total depth drilled in the Darden State 71-26 #1H Well.

End of Exhibit "A"

True & Correct Copy of a document on file at Reeves County Texas, Dianne O. Florez, County Clerk
Page 3 of 3

Inst No. 17-04945
DIANNE O. FLOREZ
COUNTY CLERK
2017 Mar 23 at 11:44 AM
REEVES COUNTY, TEXAS
By: MS Albaldana DEPUTY

VOL 1390 PG 0712

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. 1390 PAGE 710 THRU 712.

I hereby certified on 20 Apr. 2017

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY E Reyes DEPUTY

17-04946
FILED FOR RECORD
REEVES COUNTY, TEXAS
Mar 23, 2017 at 11:44:00 AM

JOINT PARTIAL RELEASE OF OIL AND GAS LEASE

STATE OF TEXAS §
§
COUNTY OF REEVES §

VOL 1390 PG 0713

THIS Joint Partial Release of Oil and Gas Lease ("Partial Release") is made by COG Operating LLC, whose address is One Concho Center, 600 West Illinois Avenue, Midland, Texas 79701, and Endeavor Energy Resources, LP, whose address is 110 N. Marienfeld Street, Suite 200, Midland, Texas 79701 (hereinafter "Lessees"), who are the current Lessees of that certain oil and gas lease described on **Exhibit "A"** attached hereto and hereby made a part hereof (the "Lease").

By this Partial Release, Lessees do hereby RELEASE, RELINQUISH, SURRENDER and FOREVER QUITCLAIM unto the Lessors under the Lease, their heirs, successors and assigns, all of Lessees' right, title and interest in and to the Lease, **less and except** the Retained Interest described on **Exhibit "A"** attached hereto, and Lessees expressly RESERVE and EXCEPT solely unto themselves, their heirs, successors and assigns, all of Lessees' right, title and interest in and to the lands and depths described as the Retained Interest on **Exhibit "A"** hereto. THIS PARTIAL RELEASE IS TENDERED IN FULL SATISFACTION OF THE RELEASE OBLIGATIONS OF THE RELEVANT PROVISIONS OF THE LEASE.

IN WITNESS WHEREOF, this Partial Release is signed by Lessees as of the date of their respective acknowledgments below, but is effective for all purposes as of January 1, 2017. This Partial Release may be executed in multiple counterparts, which together shall constitute but one and singular Partial Release.

COG OPERATING LLC

By: Mona D. Ables
Name: Mona D. Ables
Title: Vice President of Land MLF

ENDEAVOR ENERGY RESOURCES, LP

By: _____
Name: _____
Title: _____

[Acknowledgments on the following page]

True & Correct Copy of a
document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 1 of 3

ACKNOWLEDGMENTS

STATE OF TEXAS §
§
COUNTY OF MIDLAND §

This instrument was acknowledged before me this 13 day of February, 2017 by Mona D. Ables, Vice President of Land of COG Operating LLC, a Delaware limited liability company, on behalf of said limited liability company.

Kathryn Renee Ehrnwald
Notary Public, State of Texas

My Commission Expires:

Kathryn Renee Ehrnwald
NOTARY PUBLIC
STATE OF TEXAS
Exp. 11-12-2019
13043933-7

STATE OF TEXAS §
§
COUNTY OF MIDLAND §

This instrument was acknowledged before me this _____ day of _____, 2017 by _____ as _____ of Endeavor Energy Resources, LP, a _____ limited partnership, on behalf of said limited partnership.

My Commission Expires:

_____
Notary Public, State of Texas

VOL 1390 PG 0714

True & Correct Copy of a
document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 2 of 3

41.9 .9

EXHIBIT "A"

to Joint Partial Release of Oil and Gas Lease

Oil & Gas Lease:

Lease Date:	September 23, 2007
Lessor:	Cherrie Lane Watson, as Agent for the State of Texas
Lessee:	EnCana Oil & Gas (USA) Inc.
Recorded:	Book 778, Page 292, Official Public Records of Reeves County, Texas
Lands Covered:	South-Half (S/2) Section 3, Block 71, PSL Survey; South-Half (S/2) Section 26, Block 71, PSL Survey; Northwest-Quarter (NW/4), West-Half of the Northeast-Quarter (W/2NE/4) and North-Half of the Southwest-Quarter (N/2SW/4) of Section 33, Block 71, PSL Survey, less & except two tracts more particularly described as the "Second Tract" & the "Third Tract" by metes & bounds in that certain Warranty Deed from J. H. Shoaf to The Texas and Pacific Railway Company, dated August 16, 1928, recorded in Vol. 67 Page 319 of the Deed Records of Reeves County, Texas (said tracts comprising a total of 6.80 acres, more or less).

Retained Interest (Lands and Depths Reserved and Excepted by Lessees from this Partial Release):

All of Lessees' right, title and interest in and to the lands and depths described below, which Lessees are hereby reserving and retaining and which lands and depths are contained within the unit boundaries for the Darden State 71-26 #1H Well (API No. 42-389-32585):

Lands: SE/4 Section 26, Block 71, PSL Survey; SW/4, LESS THE W/2 W/2 SW/4 Section 26, Block 71, PSL Survey; NW/4 NE/4 Section 33, Block 71, PSL Survey; NE/4 NW/4 Section 33, Block 71, PSL Survey; E/2 NW/4 NW/4 Section 33, Block 71, PSL Survey, being a portion of the unit for the Darden State 71-26 #1H Well.

Depths: those depths from the surface of the earth down to a depth of 11,193' subsurface, being one hundred feet (100') below the total depth drilled in the Darden State 71-26 #1H Well.

End of Exhibit "A"

True & Correct Copy of a
document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 3 of 3

Inst No. 17-04946
DIANNE O. FLOREZ
COUNTY CLERK
2017 Mar 23 at 11:44 AM
REEVES COUNTY, TEXAS
By: MS Usaldana DEPUTY

VOL 1390 PG 0715

(32)

File No. MF108655

Reeves County

Partial Release

Date Filed: 7 June 2017

George P. Bush, Commissioner

By DBo

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. 1390 PAGE 713, THRU 715.

I hereby certified on 20 Apr. 2017

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY E Rayos DEPUTY

MF104585, MF104586, MF108655
inlet 9008

NADOA Model Form Division Order (Adopted 9/95)

DIVISION ORDER

To: LUXE OPERATING LLC
6500 River Place Blvd
Bldg 5, Ste 150
Austin, TX 78730

Date: 07/05/2018
Initials: TN

Property Number: 103890032
Property Name: DARDEN STATE 71-26 1H
Operator: LUXE OPERATING LLC
County and State: REEVES, TEXAS
389-32585
Property Description:
Production: _____Gas _____Oil _____X___Any _____Plant

Effective Date: First Production

Owner Name and Address: COMM OF GENERAL LAND OFFICE STATE OF TX
ATTN: ENERGY RESOURCES
PO BOX 12873
AUSTIN, TX 78711

OWNER NUMBER: 1000182
Type of Interest: RI - ROYALTY INTEREST
Decimal Interest: 0.18510900

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by LUXE OPERATING LLC (Payor).

Payor shall be notified, 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.

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned. The undersigned agrees to indemnify and reimburse Payor any amount attributable to an interest to which the undersigned is not entitled.

Payor may accrue proceeds until the total amount equals ONE HUNDRED DOLLARS AND NO CENTS ($100.00), or pay $100.00 annually, whichever occurs first, or as required by applicable state statute.

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 or gas.

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

Special Clauses: NONE

Owner(s) Signature(s): x_____ x_____

Owner(s) Tax I.D. Number(s): _____ _____

Owner Daytime Telephone #: _____ _____

Owner FAX Telephone #: _____ _____

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number. Failure to comply will result in 28% tax withholding and will not be refundable by Payor.

TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

September 4, 2018

Tara Nash
Division Order and Title Analyst
Luxe Operating LLC
6500 River Place Blvd., Bldg 5, Ste 150
Austin, Texas 78730

Re: State Lease Nos. MF104585, MF104586 and MF108655 Darden State 71-26 1H iNut 9008

Dear Mr. Nash:

The Texas General Land Office (GLO) has received your Division Order for the referenced unit. This Division Order has been filed in the appropriate mineral files.

The payment of royalties attributable to state-owned mineral and royalty interests is set by contract and applicable statutes and rules. The execution of division orders may, in some cases, affect the manner in which such payments are made or calculated. Therefore, Title 31, §9.32, of the Texas Administrative Code specifies that GLO staff cannot execute a division order or bind the state to any terms contained within it.

Subject to applicable state law and the state's right to take its production in-kind, the GLO acquiesces to the sale of oil and gas in accordance with the terms and conditions set out in the oil and gas leases. If you have questions concerning this matter, please feel free to e-mail me at the address below my signature.

We look forward to being placed on pay status as soon as you are able to set up the wells in our RRAC system.

Thank you,

Vivian Zamora

Vivian Zamora
Landman, Energy Resources
512-475-0428
512-475-1404 (fax)
vivian.zamora@glo.texas.gov

File No. MF108655

Reeves County

Division Order

Date Filed: 9-4-18

George P. Bush, Commissioner

By: VB

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at *www.usps.com®*.

OFFICIAL USE

Certified Mail Fee
$

Extra Services & Fees *(check box, add fee as appropriate)*
- ☐ Return Receipt (hardcopy) $ _____
- ☐ Return Receipt (electronic) $ _____
- ☐ Certified Mail Restricted Delivery $ _____
- ☐ Adult Signature Required $ _____
- ☐ Adult Signature Restricted Delivery $ _____

Postage
$

Total Postage and Fees
$

Postmark Here

MF 104585
MF 104586
MF 108655

Sent To
Luxe Operating LLC Bldg 5 Ste 150

Street and Apt. No., or PO Box No.
6500 River Place Blvd

City, State, ZIP+4®
Austin, Tx 78730-1119

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7016 0600 0000 6595 5774

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:

Luxe Operating LLC
BLDG 5 STE 150
6500 River Place Blvd
Austin, TX 78730-1119



9590 9402 1749 6074 7575 57

2. Article Number

70

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent
☐ Addressee

B. Received by *(Printed Name)*

C. Date of Delivery

1-31

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

MF108655
4

3. Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Return Receipt for Merchandise
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

PS Form 3811 July 2015 PSN 7530-02-000-9053 Domestic Return Receipt

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

Luxe Operating LLC
BLDG 5 STE 150
6500 RIVER PLACE BLVD
Austin, TX 78730-1119

Billing Date: 1/24/2019
Billing Due Date: 2/23/2019
Customer Number: C000089146

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
19I00211	MF104585	$8,720.63	$0.00	$872.06	$164.74	$9,757.43
19I00212	MF104586	$3,746.65	$0.00	$375.51	$70.77	$4,192.93
19I00214	MF108655	$6,729.30	$0.00	$672.94	$127.12	$7,529.36
Total Due		$19,196.58	$0.00	$1,920.51	$362.63	**$21,479.72**

Penalty and interest have been calculated thru 1/31/2019. Payment remitted after 1/31/2019 will result in additional penalty and interest charges.

Contact Info: Mike Nicklaus (512) 475-1517 or Mike.Nicklaus@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

Luxe Operating LLC
Billing Date: 1/24/2019
Billing Due Date: 2/23/2019
Customer Number: C000089146

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
19I00211	MF104585	$8,720.63	$0.00	$872.06	$164.74	$9,757.43
19I00212	MF104586	$3,746.65	$0.00	$375.51	$70.77	$4,192.93
19I00214	MF108655	$6,729.30	$0.00	$672.94	$127.12	$7,529.36
Total Due		$19,196.58	$0.00	$1,920.51	$362.63	**$21,479.72**
Amt. Paid						

Customer ID: C000089146
Invoice Number:
GLO Lease: MF104585
GLO Review: Luxe Operating LLC
Review Period: Sept 2017 - Aug 2018

Category Gas
Auditor/AE: Mnicklau
Billing Date: 1/10/2019
P&I Calculation Date: 1/31/2019
Royalty Rate: 25.000%

(1) Month / Year	(2) RRC Number	(3) Gas/Oil Volume	(4) Tract Participation Rate	(5) Price	(6) BTU	(7) Gross Value	(8) Royalty Due	(9) Royalty Paid	(10) Additional Royalty Due	(11) Number of Days Late	(12) Interest Rate For Additional Royalty	(13) Penalty Rate From Additional Royalty	(14) Interest Rate From Additional Royalty2	(15) Revenue Due
Apr-18	08-253047	9,488	0.33636078	$ 2.770000	1.000000	$8,840.15	$2,210.04	$0.00	$2,210.04	230	5.50%	$221.00	$56.95	$2,487.99
May-18	08-253047	9,098	0.33636078	$ 2.910000	1.000000	$8,905.21	$2,226.30	$0.00	$2,226.30	200	5.50%	$222.63	$47.30	$2,496.23
Jun-18	08-253047	10,110	0.33636078	$ 3.030000	1.000000	$10,303.84	$2,575.96	$0.00	$2,575.96	169	5.50%	$257.60	$42.70	$2,876.26
Jul-18	08-253047	4,528	0.33636078	$ 3.010000	1.000000	$4,584.36	$1,146.09	$0.00	$1,146.09	138	5.50%	$114.61	$13.64	$1,274.34
Aug-18	08-253047	2,346	0.33636078	$ 2.850000	1.000000	$2,248.94	$562.24	$0.00	$562.24	108	5.50%	$56.22	$4.15	$622.61
TOTALS		**35,570**				**$34,882.50**	**$8,720.63**	**$0.00**	**$8,720.63**			**$872.06**	**$164.74**	**$9,757.43**

COMMENTS: COLUMN (3) ---VOLUMES SHOWN REPRESENT RESIDUE SALES VOLUMES SHOWN ON RRC REPORTS FILED FOR WELL #08-253047. THESE VOLUMES ARE FOR GLO UNIT #9008 (DARDEN STATE 71-26).

COLUMN (5) ---PRICES SHOWN ARE HOUSTON SHIP CHANNEL PRICES. GLO2 REPORTS HAVE NOT BEEN FILED FOR THIS LEASE.

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

ATTENTION: LESLEE SCHNECK

CERTIFIED MAIL: 7016 0600 0000 6595 5776

NOTE 1 : PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS. THE PREFERED 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 108655 (34)

County

Recon Billing

Date Filed: 1/29/2019

George P. Bush, Commissioner

By

TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

January 13, 2020 Certified Mail# 7011-1150-0001-2420-7145

Chesapeake Operating, LLC.
6100 N. Western Avenue
Oklahoma City, OK 73118
Attention: Lacy McCornack, Accounting Manager

RE: Final Audit Billing Notice for State Leases MF104792, MF084110, MF106201, MF109267 and other Toyah State Leases (in Exhibit A)

Dear Ms. McCornack:

The Texas General Land Office (GLO) has completed the audit of above referenced state leases (and other Toyah State leases on Exhibit A) that were operated and/or held by Chesapeake Operating, LLC. (Chesapeake). The audit covered the reporting period of January 2008 through March 2013. This letter constitutes an Audit Billing notice as defined in Section 52.135(c) of Texas Natural Resources Code. The audit resulted in the determination of additional amounts due as follows:

Royalty	$1,556,486.81
Penalty	$177,610.41
Interest	$1,481,854.03
Total	$3,215,951.25

Interest has been computed through August 31, 2019 in accordance with Section 52.131 of the Texas Natural Resources Code and will continue to accrue until the royalty has been paid.

The following documents are attached in support of our findings:

- Attachment I - Summary of the audit exceptions by lease;
- Attachment II – Final Audit Report which includes a brief discussion of the audit exceptions and recommendations;
- Attachment III - The procedures used for assessment of penalties and interest; and
- Attachment IV - Various schedules and documents that support royalty calculations

To ensure your company remains in good standing with the GLO, please respond within 30 days from the receipt of this Final Audit Billing Notice with your payment, or to request a hearing before the

Commissioner, or his representative, for redetermination of such assessment. In order to ensure proper credit, your payment should be mailed with your audit billing notice, to the following address:

Texas General Land Office
Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701-1495

For any questions or additional information on this audit, please contact Brian B. Raygon at 512-463-0154 or send an email to brian.raygon@glo.texas.gov.

Sincerely,

J. Dale Sump, CPA
Director of Minerals Audit
Texas General Land Office
(512) 463-2921 / dale.sump@glo.texas.gov

Attachments
Ltr. Log #0294

Attachment I

Summary of Audit Exceptions (Attachment I)

Lease/Unit Well Name		State Lease Number	Workpaper Reference#	Additional Gas Royalty Due	Penalty through 08/31/19	Interest through 08/31/19	Total Gas Revenue Amount	Production Months Covered
Pelican Ranch & Robertson State Units	1	MF104792	D.1.23	$117,401.74	$11,805.98	$131,473.45	$260,681.17	1/2008 through 3/2013
Harrison State	2	MF104871	D.1.26	$170,812.60	$17,298.97	$165,370.03	$353,481.60	1/2008 through 3/2013
Darden State 71-26-1H	3	MF104585	D.1.27	$35,211.58	$3,534.30	$11,867.90	$50,613.78	1/2008 through 3/2013
Darden State 71-26-1H	4	MF108655	D.1.29	$25,760.53	$2,595.43	$8,971.51	$37,327.47	1/2008 through 3/2013
Wright State Non-unit & Jobe State Unit	5	MF104186	D.1.30	$60,571.32	$6,147.71	$69,337.04	$136,056.07	1/2008 through 3/2013
Wright State Non-unit & Jobe State Unit	6	MF107630	D.1.31	$5,222.47	$1,054.14	$5,918.45	$12,195.06	1/2008 through 3/2013
Yada State	7	MF105495	D.1.32	$73,034.10	$7,521.51	$83,109.78	$163,665.39	1/2008 through 3/2013
Torrez State 61-1H	8	MF104587	D.1.33	$41,714.56	$4,417.20	$37,026.77	$83,158.53	1/2008 through 3/2013
Torrez State 61-1H	9	MF104601	D.1.35	$19,691.33	$2,219.26	$15,552.98	$37,463.57	1/2008 through 3/2013
Brackenridge State 57-44-1	10	MF105848	D.1.36	$66,386.95	$6,744.39	$56,641.82	$129,773.16	1/2008 through 3/2013
Block 59 State 27-11-1	11	MF104524	D.1.37	$805.25	$258.94	$2,364.30	$3,428.49	1/2008 through 3/2013
Block 59 State 27-11-1	12	MF104530	D.1.38	$70,077.39	$7,038.63	$50,798.63	$127,914.65	1/2008 through 3/2013
Block 59 State 27-11-1	13	MF104539	D.1.39	$28,645.53	$3,056.07	$26,506.76	$58,208.36	1/2008 through 3/2013
Jobe State 70-58-1H	14	MF104187	D.1.40	$66,527.36	$6,863.77	$71,785.76	$145,176.89	1/2008 through 3/2013
Block 59 State 35-1H	15	MF103430	D.1.42	$36,150.35	$3,655.27	$23,154.50	$62,960.12	1/2008 through 3/2013
Jobe State 70-1/C-17-18	16	MF104185	D.1.43	$57,375.33	$6,201.43	$64,324.74	$127,901.50	1/2008 through 3/2013
Caldwell State 71-5-1H	17	MF104190	D.1.44	$15,353.63	$1,751.66	$14,945.44	$32,050.73	1/2008 through 3/2013
Caldwell State 71-5-1H	18	MF104191	D.1.45	$46,086.16	$4,634.81	$44,867.68	$95,588.65	1/2008 through 3/2013
Johnson State 56-10-1	19	MF102645	D.1.46	$27,859.69	$2,884.52	$34,437.38	$65,181.59	1/2008 through 3/2013
Block 58 State Unit Wells	20	MF105285	D.1.47	$38,573.99	$4,010.42	$29,846.71	$72,431.12	1/2008 through 3/2013
McClure State 72-23 1H	21	MF105243	D.1.48	$8,112.84	$1,141.38	$8,616.40	$17,870.62	1/2008 through 3/2013
McClure State 72-23 1H	22	MF105497	D.1.49	$25,404.10	$2,684.14	$26,661.03	$54,749.27	1/2008 through 3/2013
Hodge ST 70-24, Jobe ST 72-7, Lowe ST 72-8	23	MF104184	D.1.50	$56,178.45	$5,926.06	$64,335.89	$126,440.40	1/2008 through 3/2013
Methodist ST 72-38	24	MF108406	D.1.51	$31,229.60	$3,296.19	$19,580.27	$54,106.06	1/2008 through 3/2013
Grove ST 72-21	25	MF105245	D.1.54	$39,744.96	$4,205.40	$39,339.80	$83,290.16	1/2008 through 3/2013
Grove ST 72-21	26	MF105320	D.1.55	$6,599.95	$1,185.80	$6,304.99	$14,090.74	1/2008 through 3/2013
Grove ST 72-21	27	MF106675	D.1.56	$1,644.48	$725.89	$1,570.35	$3,940.72	1/2008 through 3/2013
Grove ST 72-21	28	MF107499	D.1.57	$1,314.60	$700.00	$1,255.86	$3,270.46	1/2008 through 3/2013
Grove ST 72-21	29	MF109204	D.1.58	$10,868.50	$1,618.07	$8,999.83	$21,486.40	1/2008 through 3/2013

Lease/Unit Well Name		State Lease Number	Workpaper Reference#	Additional Gas Royalty Due	Penalty through 08/31/19	Interest through 08/31/19	Total Gas Revenue Amount	Production Months Covered
Grove ST 72-21	30	MF109189	D.1.60	$1,067.37	$575.00	$1,020.28	$2,662.65	1/2008 through 3/2013
Block 58 ST 40-14 & ST 42-1H	31	MF104778	D.1.61	$33,431.77	$3,529.30	$18,889.76	$55,850.83	1/2008 through 3/2013
Block 58 ST 40-14	32	MF104548	D.1.62	$19,180.95	$2,440.13	$18,307.74	$39,928.82	1/2008 through 3/2013
Block 58 ST 40-14	33	MF105287	D.1.63	$5,972.00	$820.53	$5,971.22	$12,763.75	1/2008 through 3/2013
Block 58 ST 40-14	34	MF107619	D.1.64	$4,849.38	$1,210.11	$3,607.67	$9,667.16	1/2008 through 3/2013
Block 58 ST 40-14 & ST 42-1H	35	MF107733	D.1.66	$3,777.16	$717.75	$3,783.08	$8,277.99	1/2008 through 3/2013
Block 58 ST 40-14	36	MF107769	D.1.67	$8,743.67	$1,435.89	$4,821.60	$15,001.16	1/2008 through 3/2013
Block 58 ST 42-1H	37	MF104580	D.1.68	$14,231.69	$1,762.90	$7,575.78	$23,570.37	1/2008 through 3/2013
Block 58 ST 42-1H	38	MF107612	D.1.70	$764.51	$202.79	$1,383.69	$2,350.99	1/2008 through 3/2013
Lowe ST 72-8	39	MF105534	D.1.73	$19,303.67	$2,295.64	$24,211.92	$45,811.23	1/2008 through 3/2013
Block 59 ST 37-1H	40	MF104526	D.1.74	$15,100.95	$1,844.85	$12,624.43	$29,570.23	1/2008 through 3/2013
Block 59 ST 37-1H	41	MF105485	D.1.75	$2,951.39	$430.31	$4,354.67	$7,736.37	1/2008 through 3/2013
Block 59 ST 37-1H	42	MF107610	D.1.76	$1,639.72	$313.46	$2,419.30	$4,372.48	1/2008 through 3/2013
Shuffield 72-14	43	MF108598	D.1.77	$11,559.34	$2,034.42	$13,015.83	$26,609.59	1/2008 through 3/2013
Shuffield 72-14	44	MF108599	D.1.78	$11,505.14	$2,030.36	$12,954.85	$26,490.35	1/2008 through 3/2013
Hill State 71-4	45	MF105230	D.1.79	$8,803.83	$1,594.23	$9,351.52	$19,749.58	1/2008 through 3/2013
Hill State 71-4	46	MF105236	D.1.80	$3,956.07	$1,082.59	$4,201.69	$9,240.35	1/2008 through 3/2013
Hill State 71-4	47	MF105494	D.1.81	$3,205.23	$927.68	$3,404.19	$7,537.10	1/2008 through 3/2013
Hodge ST 70-24	48	MF104981	D.1.82	$5,080.79	$574.60	$5,999.92	$11,655.31	1/2008 through 3/2013
Lowe ST 72-8	49	MF105532	D.1.83	$4,825.67	$1,154.06	$6,052.98	$12,032.71	1/2008 through 3/2013
Lowe ST 72-8	50	MF105433	D.1.84	$3,602.79	$980.71	$4,519.11	$9,102.61	1/2008 through 3/2013
Lowe ST 72-8, Jobe ST 72-7	51	MF105499	D.1.85	$4,391.12	$1,090.11	$4,847.66	$10,328.89	1/2008 through 3/2013
Block 58 ST 31-3	52	MF104780	D.1.86	$2,481.59	$770.91	$2,691.22	$5,943.72	1/2008 through 3/2013
Block 58 ST 31-3	53	MF104781	D.1.88	$2,928.11	$841.89	$3,163.59	$6,933.59	1/2008 through 3/2013
Block 58 ST 31-3	54	MF104782	D.1.87	$4,804.73	$953.22	$5,191.20	$10,949.15	1/2008 through 3/2013
Block 58 ST 31-3	55	MF105291	D.1.89	$1,601.56	$719.75	$1,730.33	$4,051.64	1/2008 through 3/2013
Block 58 ST 31-3	56	MF105490	D.1.90	$4,504.73	$913.96	$4,866.99	$10,285.68	1/2008 through 3/2013
Block 58 ST 31-3	57	MF106627	D.1.91	$2,323.42	$795.92	$2,500.20	$5,619.54	1/2008 through 3/2013
Block 58 ST 31-3, Block 55 T5 ST 31-1H	58	MF106641	D.1.92	$807.14	$550.00	$874.02	$2,231.16	1/2008 through 3/2013
Block 58 ST 31-3	59	MF108251	D.1.93	$749.55	$550.00	$810.68	$2,110.23	1/2008 through 3/2013
Hodge ST 70-24	60	MF104982	D.1.94	$3,010.65	$545.24	$4,667.57	$8,223.46	1/2008 through 3/2013
Hodge ST 70-24	61	MF105825	D.1.95	$3,763.53	$463.29	$4,444.32	$8,671.14	1/2008 through 3/2013
Jobe ST 72-7	62	MF106243	D.1.96	$1,168.28	$300.00	$387.93	$1,856.21	1/2008 through 3/2013
Vaquillas Ranch	63	MF084110	D.1.99	$49,771.57	$5,007.93	$58,300.44	$113,079.94	1/2008 through 12/2010
Indus-State & Ford Unit	64	MF106201	D.1.100	$108,208.35	$10,860.79	$93,651.59	$212,720.73	1/2008 through 12/2012
Ford Unit	65	MF106600	D.1.104	$876.91	$112.75	$289.01	$1,278.67	1/2008 through 12/2012
				$1,559,303.67	**$177,610.41**	**$1,481,854.03**	**$3,218,768.11**	**Sub-total Amount**
MBF Non-unit	66	MF104874	D.1.41	($2,816.86)	$0.00	$0.00	($2,816.86)	1/2008 through 3/2013
				$1,556,486.81	**$177,610.41**	**$1,481,854.03**	**$3,215,951.25**	**Total Amount**

Attachment II

ATTACHMENT II

Final Audit Report
Chesapeake Operating, LLC.
Discussion of Audit Exceptions

The Texas General Land Office (GLO) has reviewed the payment of royalties made by Chesapeake Operating, LLC. (Chesapeake) on selected State Leases for the period January 2008 through March 2013. Our review consisted of examining the components that comprise the royalty payments: volume, price, and royalty interest.

Our examination of volumes consisted of comparing amounts reported to the State with documents both produced by Chesapeake and third-party documents provided to Chesapeake. Prices reported by the royalty payor(s) were compared to governing provisions of the leases, statutes, rules, agreements and contracts. The appropriate royalty interest was verified by comparison to the governing contractual agreements. Other procedures were used, as we considered necessary to enable us to determine if royalties were reported and computed properly.

As a result of our audit, we have concluded the State is due additional royalty. The exceptions and related details for the audit exceptions are summarized below. Discrepancies noted in the audit period are calculated from January 2008 through March 2013.

COUNTY NAME	LEASE#	LEASE TYPE	AUDIT PERIOD
Reeves	MF104792	Relinquishment Act Lands	1/2008 thru 3/2013
Webb	MF084110	Relinquishment Act Lands	1/2008 thru 12/2010
Tarrant	MF106201	Department of Corrections	1/2008 thru 12/2012
Tarrant	MF109267	Mental Health & Retardation	1/2008 thru 12/2012

For complete listing of audited State leases, see *Exhibit A*.

Under-reporting of Non-Processed Gas Volumes (Audit Exception# 1):

Audit Exception Overview

The review of non-processed Gas volumes comprised on and off-lease fuel, unaccounted Gas and Gas sales. Our testing indicated material volume differences among Chesapeake's Wellhead Meter Statements, Allocation Statements, and GLO Reports. Specifically, the auditor noted material difference between "Theo MMBtu" gas from the Allocation Statements and MMBtu Gas from GLO-2 Reports. Note that "Theo MMBtu" gas from the Allocation Statements can be traced to Wellhead Meter Statements when Gas Lift is deducted. The Gas volumes in these meter statements were produced at the lease; they were measured after oil, gas and water were separated and before being commingled with other Gas volumes in the area. For production months in which meter statements were not available (January 2008 through December 2009), the auditor reviewed and compared Gas volumes on Daily Reports (provided by Chesapeake) to those in the Allocation Statements and noted that Gas volumes from both records were comparable. Finally, due to material differences in a comparison of prices conducted between MMBtu Gas prices and prices from GLO-2 Reports, the auditor notified Chesapeake that the Weighted Average Selling Price (WASP) would be used to recalculate the GLO's Gas royalties.

MF104792 Lease Agreement Relevant Royalty Provision

According to Section 4, Paragraph (B) entitled *Non Processed Gas*: "Royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (A) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons or other products) shall be 1/5 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is greater..."

MF084110 Lease Agreement Relevant Royalty Provision
According to Section 3, Paragraph (b) entitled *Non-Processed Gas*: "As a 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) One-fourth (1/4) part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be based on the highest market price paid or offered for gas of comparable quality for the field where produced and when run, or the gross price paid or offered to the producer, whichever is greater..."

MF106201 and MF109267 Lease Agreement Relevant Royalty Provision
According to Section 4, Paragraph (B) entitled *Non-Processed Gas*: "As a 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) 1/4 part of the gross production or the market value thereof, at the option of the Lessor, such value to be based on the highest market price paid or offered for gas comparable quality in the general area where produced and when run or the gross price paid or offered to the producer, whichever is greater..."

MF106600 Lease Agreement Relevant Royalty Provision
According to Section 3, Paragraph (b) entitled *Non-Processed Gas*: "To pay Lessor on gas and casinghead gas produced from said land (1) when sold by lessee 1/4 of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of 1/4 of such gas and casinghead gas..."

ADDITIONAL ROYALTY DUE: **$1,506,715.24**

Under-reporting of Processed Gas and NGLs (Audit Exception# 2)

A review of the field schematics indicated that State gas volumes were commingled with other gas volumes in the area; then production was sent to gas plants (i.e. Houston Central Plant CP) for processing of NGL and Residue Gas volumes. After processing, NGLs and Residue Gas were sold. To review and determine Processed Gas and NGL volumes and values, the auditor used the GLO's Processed Gas Model (PGM). The PGM simulates the Natural Gas Fractionation process that allows us to compute volume and value of products available in the gas stream.

The GLO used the following source documents as inputs into the PGM to determine the gross value and volume of NGL and Residue: The Gas Plant Settlement statements (Net Deliveries, Meter Totals Theoretical and Allocated Gallons, Plant Fuel Usage Percentage, Gas Mol% and prices for NGLs & Residue). Note that Inlet Gas volumes from the allocation statements were used as inlet gas inputs when gas meter statements were not available. The results from the PGM and GLO-2 Reports indicated material differences on Residue Gas, NGL volumes and values. Consequently, the PGM was used to determine the additional royalties due to the GLO.

MF084110 Lease Agreement Relevant Royalty Provision
According to Section 3, Paragraph (c) entitled *Processed Gas*: "As a royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons, One-fourth (1/4) part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office. All royalties due herein shall be based on one hundred percent (100%) of the total plant production of residue gas attributable to gas produced from this lease, and on fifty percent (50%) or that percent accruing to Lessee, whichever is greater, of the total plant production of liquid hydrocarbons attributable to the gas produced from this lease..."

ADDITIONAL ROYALTY DUE: **$49,771.57**

Gas Royalty Overpayment (Audit Exception# 3)
Detail Testing results indicated that Chesapeake continued to report and pay royalties after the unit and associated State leases in the unit had expired, which resulted in royalty overpayments. Incorrect Btu Factors

were used on GLO-2 Production Reports (GLO-2) that resulted in overpayment. Noted MMBtu Gas Differences between Allocation Statements and GLO-2, misallocated MMBtu Gas among unitized leases and Chesapeake used incorrect Net Royalty Interest (NRI) that resulted in gas royalty overpayments. For MF104874, Chesapeake used Btu Factor of 1 instead of the actual Btu Factors from Wellhead Meter Statements of 0.7772213 and 0.859148 in reporting gas volumes. As a result, the auditor applied these overpayments as credits to audited State leases with outstanding balances and calculated the remaining balance.

TOTAL APPLIED GAS ROYALTY CREDIT: **- $163,942.31**
For an overview of this credit, see *Exhibit B*

Audit Exception #1 & #2 Resolution
After several months of discussion between the GLO and Chesapeake personnel via telephone, it was agreed upon that the MMBtu Gas from the Wellhead Meter Statements are reliable and can be used to recalculate the GLO's royalty on non-processed gas. Also, that Wellhead MMBtu Gas from the Allocation Statements are not just "Theoretical Gas" as previously indicated by Chesapeake personnel in response to the Draft Audit Billing Notice. The auditor demonstrated (using field schematics) that the Wellhead Meter Statements included Gas measured when the gas was first separated from water and condensate. Furthermore, the Detail Testing results indicated that Wellhead MMBtu Gas from the Allocation Statements are comparable to those in the Wellhead Meter Statements (and Daily Reports for 2008 and 2009 production months when Meter Statements were not provided) when Gas Lift is deducted. Therefore, the Wellhead MMBtu Gas from the Allocation Statements are royalty bearing.

To determine Non-Processed Gas royalty valuation, the auditor multiplied the MMBtu Gas from the Wellhead Meter Statements (or Allocation Statements and Daily Reports) by the Lease Royalty Rate or by the State Lease Net Royalty Interest (NRI) to determine State's Production in MMBtu's. The State's production MMBtu Gas were then multiplied by the MMBtu WASP (as agreed upon by GLO and Chesapeake) from the purchase statements to arrive with Gas Royalty Due. Lastly, the recalculated Gas Royalty Due was then subtracted by the Gas royalty payments reported to the GLO to attain the Additional Gas Royalty Due.

To determine the Processed Gas royalty, the auditor multiplied Processed Gas Values by the Lease Royalty Rate or by the State Lease Net Royalty Interest (NRI) to determine Royalty Due. Gas Royalty Due was subtracted from the Gas royalty payments reported to the GLO to determine Additional Gas Royalty Due. The key factors contributing to these differences were attributed to the allocation of Residue Gas and NGLs' molecular balance and values; the reporting of Residue Gas volumes and NGLs to the GLO in compliance with the lease agreements.

For more information on royalty provisions used in the audit for other State leases, see lease agreement(s) of applicable audited leases.

Total Additional Royalty Due: $1,556,486.81

ATTACHMENT II

GLO Recommendations
Chesapeake Operating, LLC.

1. AE# 1 – Under-reporting of Non-Sales Gas Volumes:
   Recommendations: Measure on-and off-lease fuel and report and pay royalties on these volumes to the GLO, including unaccounted gas volumes. Compare Wellhead Meter Statements to Allocated Gas from the Allocation Statements and review material differences. Pay the GLO on its royalties based on Gas Gross Production. Use the price based on the highest market price paid or offered for gas of comparable quality in the general area.

2. AE# 2 – Under-reporting of Processed Gas and NGL Sales Volumes:
   Recommendations: Review the volumes returned for Residue Gas and NGLs from the Plant Settlement Statements to determine and allocate each product by molecular balance, including State leases. Pay the GLO's royalties on Residue Gas Volumes at 100% per the State Lease Agreement. Communicate and request "Permission to Commingle" with the GLO and solicit guidance from the GLO's Engineers in reporting Non-processed Gas, Residue Gas and NGL Components to the GLO.

Exhibit A

County Name	Lease#	Lease Type	Audit Period
Reeves	MF104792	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF104871	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF104585	Upland Fee	1/2008 through 3/2013
Reeves	MF108655	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF104186	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF107630	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF105495	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF104587	Upland Fee	1/2008 through 3/2013
Reeves	MF104601	Upland Fee	1/2008 through 3/2013
Reeves	MF105848	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF104524	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF104530	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF104539	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF104187	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF104874	Free Royalty Lease	1/2008 through 3/2013
Reeves	MF103430	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF104185	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF104190	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF104191	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF102645	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF105285	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF105243	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF105497	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF104184	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF108406	Surface Sold - All Minerals Reserved	1/2008 through 3/2013
Reeves	MF105229	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF105245	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF105320	Upland Fee	1/2008 through 3/2013
Reeves	MF106675	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF107499	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF109204	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF109205	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF109189	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF104778	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF104548	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF105287	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF107619	Relinquishment Act Lease	1/2008 through 3/2013

Reeves	MF107733	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF107769	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF104580	Upland Fee	1/2008 through 3/2013
Reeves	MF105289	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF107612	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF108664	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF105534	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF104526	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF105485	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF107610	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF108598	Free Royalty Lease	1/2008 through 3/2013
Reeves	MF108599	Free Royalty Lease	1/2008 through 3/2013
Reeves	MF105230	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF105236	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF105494	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF104981	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF105532	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF105433	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF105499	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF104780	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF104781	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF104782	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF105291	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF105490	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF106627	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF106641	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF108251	Free Royalty Lease	1/2008 through 3/2013
Reeves	MF104982	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF105825	Relinquishment Act Lease	1/2008 through 3/2013
Reeves	MF106243	Relinquishment Act Lease	1/2008 through 3/2013
Webb	MF084110	Relinquishment Act Lease	1/2008 through 12/2010
Tarrant	MF106201	Department of Corrections	1/2008 through 12/2012
Tarrant	MF109267	Mental Health & Retardation	1/2008 through 12/2012
Tarrant	MF106600	County Roads	1/2008 through 12/2012

Chesapeake Audit - Exhibit B (Royalty Overpayment to Chesapeake)

Lease#	WP#	Amount (Credit)
MF104585	D.1.27	($13,763.42)
MF104586	D.1.28	($28,449.06)
MF109479	D.1.28	($5,901.21)
MF109480	D.1.28	($1,003.08)
MF109559	D.1.28	($372.39)
MF108655	D.1.29	($11,150.59)
MF104186	D.1.30	($2,239.95)
MF107630	D.1.31	($11,232.67)
MF105495	D.1.32	($318.34)
MF104601	D.1.35	($2,567.74)
MF104530	D.1.38	($1,686.20)
MF104539	D.1.39	($1,555.21)
MF104874	D.1.41	($2,816.86)
MF103430	D.1.42	($2,221.14)
MF104190	D.1.44	($3,888.57)
MF104191	D.1.45	($11,665.76)
MF102645	D.1.46	($24,064.65)
MF105285	D.1.47	($1,670.99)
MF104184	D.1.50	($1,671.03)
MF108406	D.1.51	($922.32)
MF105229	D.1.52	($2,186.83)
MF104981	D.1.82	($1,437.63)
MF105825	D.1.95	($1,064.91)
MF106243	D.1.96	($2,401.75)
MF084110	D.1.99	($2,748.21)
MF106201	D.1.100	($4,877.68)
MF109267	D.1.101	($14,354.59)
MF106600	D.1.104	($5,709.53)
	Total	**($163,942.31)**

Attachment III

ATTACHMENT III

SUMMARY OF PENALTY/ INTEREST ASSESSMENT RULES FOR DELINQUENT ROYALTIES AND DELINQUENT REQUIRED REPORTS OR DOCUMENTS

	Due Before 10/1/75 (Production prior to 8/1/75)	Due After 10/1/75 and Before 9/1/85 (Production 8/1/75 through 6/30/85)	Due After 9/1/85 (Production 7/1/85 through 12/31/09)	Due After 2/26/10 (Production 1/1/10 through present)
PENALTY (1) For delinquent royalty	None	The greater of 1% of the delinquent amount or $5.00 for each 30-day delinquency	(2) For delinquencies of 30 days or less, the greater of 5% of the delinquent amount or $25.00; for delinquencies of more than 30 days, the greater of 10% of the delinquent amount or $25.00	(2) For delinquencies of 30 days or less, the greater of 5% of the delinquent amount or $25.00; for delinquencies of more than 30 days, the greater of 10% of the delinquent amount or $25.00
For delinquent report, affidavit, or other document	None	$5.00 per document for each 30-day period of delinquency	$10.00 per document for each 30-day period of delinquency	$10.00 per document for each 30-day period of delinquency
INTEREST (2) For delinquent royalty	6% per year, simple; accrual begins 30 days after due date	6% per year, simple; accrual begins 30 days after due date	(3) 12% per year, simple; accrual begins 60 days after due date	(4) Prime plus 1% set on the first business day of each calendar year

(1) 31 TAC §9.51 (b) (3) (A)

(2) Penalties are not assessed in cases of title dispute as to the state's portion of the royalty or to royalty in dispute as to fair market value except when fraud is involved, in which case the fraud penalty is applicable. Penalty provisions are found at Tex Nat. Res. Code Ann §52.131 (e) (f) (h).

(3) Tex Nat. Res. Code Ann §52.131 (g)

(4) Per 31 TAC §9.51 (b) (3) (E), the interest rate on past due royalty is Wall Street Journal Prime plus 1%, to be adjusted annually.

Calendar Year	Prime Rate	Interest Rate
2010 - 2015	3.25%	4.25%
2016	3.50%	4.50%
2017	3.75%	4.75%
2018	4.50%	5.50%
2019	5.50%	6.50%

A royalty payment that is not accompanied by the required royalty affidavit identifying the GLO lease number is delinquent, 31 TAC §9.51 (2) (B).
The state's power to forfeit a lease shall not be affected by the assessment or payment of any delinquency, penalty, or interest provided in 31 TAC §9.51 (b) (3) (D).

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File No. MT 108655

Reeves County

Lease to Chesapeake 1-13-2020

Date Filed: 5-18-2021

George P. Bush, Commissioner

By

TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

May 4, 2020 CERTIFIED MAIL NO. 7016-2070-0000-7391-0902

Chesapeake Operating, LLC.
6100 N. Western Avenue
Oklahoma City, OK 73118
Attention: Lacy McCornack, Accounting Manager

RE: Audit Closure Letter for the Period January 2008 through March 2013

Dear Ms. Lacy:

Chesapeake Operating, LLC (Chesapeake) directly or indirectly holds or held interest in state oil and gas leases as listed on Exhibit A. The Texas General Land Office (GLO) conducted an audit of the books, accounts, reports and other records relating to the subject leases for the audit period of January 2008 through March 2013. As a result of the audit, the GLO has received Chesapeake's payment of $1,556,486.81 on February 18, 2020 and $400,000 on April 27, 2020 with a total audit payment of $1,956,486.81 to close out audit exceptions.

In accordance with the Texas Natural Resource Code Section 52.139 (b), the Commissioner may not again audit the books and records covering the same issues, time period, and leases involved in this audit. However, the Texas Natural Resource Code Section 52.139 (c) states that nothing shall preclude the GLO from conducting subsequent audits or examinations covering the same issues, time periods and leases in cases where fraud exits.

For any questions or additional information on this audit, please contact me.

Sincerely,

Brian B. Raygon
Interim Director of Minerals Audit
Texas General Land Office
(512) 463-0154 / brian.raygon@glo.texas.gov

Ltr Log # 0297

Exhibit A (List of Audited State Leases in Chesapeake Audit)

# of Lease	Audit Property Category	County Name	Lease#	Lease Type	Audit Period
1	Toyah State Leases	Reeves	MF104792	Relinquishment Act Lease	1/2008 through 3/2013
2	Toyah State Leases	Reeves	MF104871	Relinquishment Act Lease	1/2008 through 3/2013
3	Toyah State Leases	Reeves	MF104585	Upland Fee	1/2008 through 3/2013
4	Toyah State Leases	Reeves	MF104586	Upland Fee	1/2008 through 3/2013
5	Toyah State Leases	Reeves	MF109479	Relinquishment Act Lease	1/2008 through 3/2013
6	Toyah State Leases	Reeves	MF109480	Relinquishment Act Lease	1/2008 through 3/2013
7	Toyah State Leases	Reeves	MF109559	Relinquishment Act Lease	1/2008 through 3/2013
8	Toyah State Leases	Reeves	MF108655	Relinquishment Act Lease	1/2008 through 3/2013
9	Toyah State Leases	Reeves	MF104186	Relinquishment Act Lease	1/2008 through 3/2013
10	Toyah State Leases	Reeves	MF107630	Relinquishment Act Lease	1/2008 through 3/2013
11	Toyah State Leases	Reeves	MF105495	Relinquishment Act Lease	1/2008 through 3/2013
12	Toyah State Leases	Reeves	MF104587	Upland Fee	1/2008 through 3/2013
13	Toyah State Leases	Reeves	MF104601	Upland Fee	1/2008 through 3/2013
14	Toyah State Leases	Reeves	MF105848	Relinquishment Act Lease	1/2008 through 3/2013
15	Toyah State Leases	Reeves	MF104524	Relinquishment Act Lease	1/2008 through 3/2013
16	Toyah State Leases	Reeves	MF104530	Relinquishment Act Lease	1/2008 through 3/2013
17	Toyah State Leases	Reeves	MF104539	Relinquishment Act Lease	1/2008 through 3/2013
18	Toyah State Leases	Reeves	MF104187	Relinquishment Act Lease	1/2008 through 3/2013
19	Toyah State Leases	Reeves	MF104874	Free Royalty Lease	1/2008 through 3/2013
20	Toyah State Leases	Reeves	MF103430	Relinquishment Act Lease	1/2008 through 3/2013
21	Toyah State Leases	Reeves	MF104185	Relinquishment Act Lease	1/2008 through 3/2013
22	Toyah State Leases	Reeves	MF104190	Relinquishment Act Lease	1/2008 through 3/2013
23	Toyah State Leases	Reeves	MF104191	Relinquishment Act Lease	1/2008 through 3/2013
24	Toyah State Leases	Reeves	MF102645	Relinquishment Act Lease	1/2008 through 3/2013
25	Toyah State Leases	Reeves	MF105285	Relinquishment Act Lease	1/2008 through 3/2013
26	Toyah State Leases	Reeves	MF105243	Relinquishment Act Lease	1/2008 through 3/2013
27	Toyah State Leases	Reeves	MF105497	Relinquishment Act Lease	1/2008 through 3/2013
28	Toyah State Leases	Reeves	MF104184	Relinquishment Act Lease	1/2008 through 3/2013
29	Toyah State Leases	Reeves	MF108406	Surface Sold - All Minerals Reserved	1/2008 through 3/2013
30	Toyah State Leases	Reeves	MF105229	Relinquishment Act Lease	1/2008 through 3/2013
31	Toyah State Leases	Reeves	MF105245	Relinquishment Act Lease	1/2008 through 3/2013
32	Toyah State Leases	Reeves	MF105320	Upland Fee	1/2008 through 3/2013
33	Toyah State Leases	Reeves	MF106675	Relinquishment Act Lease	1/2008 through 3/2013
34	Toyah State Leases	Reeves	MF107499	Relinquishment Act Lease	1/2008 through 3/2013
35	Toyah State Leases	Reeves	MF109204	Highway-Right-of-Way	1/2008 through 3/2013
36	Toyah State Leases	Reeves	MF109205	Relinquishment Act Lease	1/2008 through 3/2013

37	Toyah State Leases	Reeves	MF109189	Relinquishment Act Lease	1/2008 through 3/2013
38	Toyah State Leases	Reeves	MF104778	Relinquishment Act Lease	1/2008 through 3/2013
39	Toyah State Leases	Reeves	MF104548	Relinquishment Act Lease	1/2008 through 3/2013
40	Toyah State Leases	Reeves	MF105287	Relinquishment Act Lease	1/2008 through 3/2013
41	Toyah State Leases	Reeves	MF107619	Relinquishment Act Lease	1/2008 through 3/2013
42	Toyah State Leases	Reeves	MF107733	Relinquishment Act Lease	1/2008 through 3/2013
43	Toyah State Leases	Reeves	MF107769	Relinquishment Act Lease	1/2008 through 3/2013
44	Toyah State Leases	Reeves	MF104580	Upland Fee	1/2008 through 3/2013
45	Toyah State Leases	Reeves	MF105289	Relinquishment Act Lease	1/2008 through 3/2013
46	Toyah State Leases	Reeves	MF107612	Relinquishment Act Lease	1/2008 through 3/2013
47	Toyah State Leases	Reeves	MF108664	Relinquishment Act Lease	1/2008 through 3/2013
48	Toyah State Leases	Reeves	MF105534	Relinquishment Act Lease	1/2008 through 3/2013
49	Toyah State Leases	Reeves	MF104526	Relinquishment Act Lease	1/2008 through 3/2013
50	Toyah State Leases	Reeves	MF105485	Relinquishment Act Lease	1/2008 through 3/2013
51	Toyah State Leases	Reeves	MF107610	Relinquishment Act Lease	1/2008 through 3/2013
52	Toyah State Leases	Reeves	MF108598	Free Royalty Lease	1/2008 through 3/2013
53	Toyah State Leases	Reeves	MF108599	Free Royalty Lease	1/2008 through 3/2013
54	Toyah State Leases	Reeves	MF105230	Relinquishment Act Lease	1/2008 through 3/2013
55	Toyah State Leases	Reeves	MF105236	Relinquishment Act Lease	1/2008 through 3/2013
56	Toyah State Leases	Reeves	MF105494	Relinquishment Act Lease	1/2008 through 3/2013
57	Toyah State Leases	Reeves	MF104981	Relinquishment Act Lease	1/2008 through 3/2013
58	Toyah State Leases	Reeves	MF105532	Relinquishment Act Lease	1/2008 through 3/2013
59	Toyah State Leases	Reeves	MF105433	Relinquishment Act Lease	1/2008 through 3/2013
60	Toyah State Leases	Reeves	MF105499	Relinquishment Act Lease	1/2008 through 3/2013
61	Toyah State Leases	Reeves	MF104780	Relinquishment Act Lease	1/2008 through 3/2013
62	Toyah State Leases	Reeves	MF104781	Relinquishment Act Lease	1/2008 through 3/2013
63	Toyah State Leases	Reeves	MF104782	Relinquishment Act Lease	1/2008 through 3/2013
64	Toyah State Leases	Reeves	MF105291	Relinquishment Act Lease	1/2008 through 3/2013
65	Toyah State Leases	Reeves	MF105490	Relinquishment Act Lease	1/2008 through 3/2013
66	Toyah State Leases	Reeves	MF106627	Relinquishment Act Lease	1/2008 through 3/2013
67	Toyah State Leases	Reeves	MF106641	Relinquishment Act Lease	1/2008 through 3/2013
68	Toyah State Leases	Reeves	MF108251	Free Royalty Lease	1/2008 through 3/2013
69	Toyah State Leases	Reeves	MF104982	Relinquishment Act Lease	1/2008 through 3/2013
70	Toyah State Leases	Reeves	MF105825	Relinquishment Act Lease	1/2008 through 3/2013
71	Toyah State Leases	Reeves	MF106243	Relinquishment Act Lease	1/2008 through 3/2013
72	Toyah State Leases	Reeves	MF107483	Relinquishment Act Lease	1/2008 through 3/2013
73	Toyah State Leases	Reeves	MF106676	Relinquishment Act Lease	1/2008 through 3/2013
74	Non-Toyah State Leases	Webb	MF084110	Relinquishment Act Lease	1/2008 through 12/2010
75	Non-Toyah State Leases	Tarrant	MF106201	Mental Health & Retardation	1/2008 through 12/2012

76	Non-Toyah State Leases	Tarrant	MF109267	Mental Health & Retardation	1/2008 through 12/2012
77	Non-Toyah State Leases	Tarrant	MF106600	County Roads	1/2008 through 12/2012

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File No. MF 108655

Reeves County

Letter to Crespedo 5-4-2020

Date Filed: 5.18.2021

George P. Bush, Commissioner

By