

MF110388

PARTIAL RELEASE

Effective 10/06/11
SECTION 67 - RELEASED
SECTION 73 - RELEASED

MC

Leasing: *MR*
Analyst: *DR*
Maps: *X*
GIS: *AS*

| State Lease | Control | Base File | County |
|------------------|--|-------------|--------|
| MF110388 | 07-125041 | SF-7056 | WEBB |
| MF110388 | 07-125069 | SF-7058 | WEBB |
| MF110388 | 07-125648 | SF-8154 | WEBB |
| MF110388 | 07-125924 | 98412 | WEBB |
| Survey | BILLINGS JESSE, and etc. | | |
| Block | | | |
| Block Name | | | |
| Township | | | |
| Section/Tract | 23, 25, 27 , 32, 73 , 26 | | |
| Land Part | | | |
| Part Description | | | |
| Acres | 3061 1781 | | |
| Depth Below | Depth Above | Depth Other | |
| 0 | 0 | | |
| Name | FASKEN LAND AND MINERALS, LTD. | | |
| Lease Date | 10/6/2009 | | |
| Primary Term | 3 yrs | | |
| Bonus (\$) | \$918,300.00 | | |
| Rental (\$) | \$10.00 | | |
| Lease Royalty | 0.1875 | | |



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

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



CONTENTS OF FILE NO. MF- 110388

| | | | |
|-----------------------------------|----------|--------------------------------------|---------------|
| 1. Fasken Letter | 7/13/09 | 30. Notice of Spud and plat | 12/16/13 |
| 2. Letter, Affidavit, & mail | 8/18/09 | "La Mesa State - A - # 3H" 479-42649 | L |
| 3. Fasken Letter | 9/22/09 | 31. w-1 and Permit "La Mesa | 12/28/13 |
| 4. Email | 9/23/09 | state # 2H" 479-42632 | L |
| 5. GLO letter | 10/8/09 | 32. Notice of well name change of | 1/14/14 |
| 6. Memo - GLO | 10/6/09 | WRO G-1 for the La Mesa State #1H | L |
| 7. Memo - GLO | 10/23/09 | 479-41716, and plat | L |
| 8. Letter, bonus, & fee | 10/23/09 | 33. Permit and notice of intent to | 11/21/14 |
| 9. Lease | 10/23/09 | spud, La Mesa State A 3H 479-42649 | L |
| 10. Letter, Affidavit, map | 10/21/09 | 34. Pooling Agmt Packet #6645 | |
| 11. GLO Letter | 10/30/09 | La Mesa State "A" 6U #3H | 3/28/14 |
| 12. OAH Reviews | 11/2/09 | 35. Ltr. From Fasken with recorded | |
| 13. Certified lease | 2/8/10 | La Mesa State Unit | 5/15/14 |
| 14 RENTAL PAYMENT | 9/7/10 | scanned PJ | 6-17-14 |
| 15. Rental Payment | 9/16/11 | Sec #4 in M-116109 For the | |
| 16. Notice To Spud La Mesa No. 1H | 02/06/12 | La Mesa State 6U No 2H Unit # 6837 | |
| 17. Well Records: 42-479-41716 | 02/10/12 | scanned PJ | 7-29-14 |
| 18. G-1 & Log Info: 42-479-41716 | 10/09/12 | 37. Audit Notification Letter | 1/23/15 |
| 19. Production Review | 05/01/13 | scanned PJ | 2-23-15 |
| scanned PJ | 5-8-13 | 38. RRC FORMS 479-42649 | 1-30-15 |
| 20. Ltr. From Fasken | 7/2/13 | 39. Recon Billing | 10/5/16 |
| 21. Memo to Commissioner | 7/15/13 | 40. Partial Release | 10/10/16 |
| 22. Ltr. to Fasken | 7/15/13 | 41. Ltr from Fasken | 10/10/16 |
| 23 Amendment to Lease | 7/15/13 | scanned PJ | 2-7-2017 |
| Scanned sm | 7/31/13 | 42. Final Audit Billing Notice | 7-14-17 |
| 24. Ltr. From Fasken | 8/13/13 | 43. Settlement Agreement | 9-28-18 |
| 25 New Lease Amendment | 8/16/13 | 44. Audit Closure Letter | 4-2-19 |
| 26. Ltr. to Fasken | 8/16/13 | scanned PJ | 5-7-2019 |
| 27. Ltr. From Fasken | 10/24/13 | 45. Recon Billing | 3/25/21 |
| 28. Recorded Amendment | 10/21/13 | Scanned sm | 04/07/2021 |
| scanned PJ | 10-31-13 | 46. Notice of Temporary Shud in | 9/1/22 |
| 29. Notice of spud & plat | 12/16/13 | scanned PJ | 12 sept. 2022 |

La Mesa State 2H 479-42632

47. Surface Damages 12/17/24

Scanned sm 01/30/2025

FASKEN OIL AND RANCH, LTD.

303 West Wall Avenue, Suite 1800
Midland, Texas 79701-5106
(432) 687-1777 Fax (432) 687-0669

July 9, 2009

Drew Reid
Texas General Land Office
1700 North Congress Avenue
Austin, Texas 78701-1495

RE: RAL M-106942
Fasken Lease No. TX-627-3-1
Covering 3,061 acres more or less
Recorded in Volume 2292, Page 260
Webb County, Texas

Dear Mr. Reid,

The above referenced Oil and Gas Lease has a three (3) year primary term expiring on September 19, 2009. Pursuant to our phone conversation on July 2, 2009, Fasken Land and Minerals, Ltd., (hereinafter "Fasken") is interested in taking a new Oil and Gas Lease on this same acreage.

Prior to having the referenced lease approved by the General Land Office and as a condition of approval three years ago, Fasken executed documents relinquishing its agency status with regard to the leased acreage. Please let me know what documents the General Land Office has retained in its file and if Fasken can move forward with taking a new lease using the existing documentation.

Fasken proposes to enter into a new Oil and Gas Lease on the same acreage consisting of 3,061.00 acres more or less under the same terms contained the September 19, 2006 lease. These terms are as follows:

1. Three (3) year primary term
2. Three Sixteenths (3/16) royalty provision
3. One Hundred Dollars (\$100) per acre bonus
4. Ten Dollars (\$10) annual rental

Please begin the process and preparation of the lease form and let me know if existing documentation can be used. Should you have any questions regarding this request, please let me know. I can be reached at the above address or phone number or by email at markb@forl.com.

Very Truly Yours,



Mark S. Bell

432.687.1777



1.
File No. MF 110388

Faden / Keller

Date Filed: 7/13/09
Jerry Patterson, Commissioner

By: 

6.00.00

FASKEN OIL AND RANCH, LTD.

303 West Wall Avenue, Suite 1800
Midland, Texas 79701-5106
(432) 687-1777 Fax (432) 687-0669

August 14, 2009

Drew Reid
Texas General Land Office
1700 North Congress Avenue
Austin, Texas 78701-1495

RE: RAL M-106942
Fasken Lease No. TX-627-3-1
Covering 3,061 acres more or less
Recorded in Volume 2292, Page 260
Webb County, Texas

3,061 ac

Dear Mr. Reid,

The above referenced Oil and Gas Lease has a three (3) year primary term expiring on September 19, 2009. Pursuant to our phone conversation on August 14, 2009, I am enclosing a new Affidavit of Waiver of Agency Rights executed by Fasken Land and Minerals, Ltd. (hereinafter "Fasken") to be attached to the proposed new lease covering this same acreage.

I understand Fasken's lease proposal will be presented on the School Land Board docket at the first scheduled meeting after expiration of the referenced lease. You have informed me that should be at the October 6, 2009 meeting.

Should you need any additional information that may be required for this process to move forward, please let me know. I can be reached at the above address or phone number or by email at markb@forl.com.

Very Truly Yours,



Mark S. Bell

Enclosure

EXHIBIT "A"

Attached to that certain AFFADIVIT OF WAIVER OF AGENCY RIGHTS
by Fasken Land and Minerals, Ltd.

1. The East Half (E/2) of Section 23, Abstract 2545, J. Billings Original Grantee, containing 320 acres more or less.
2. All of Section 25, Abstract 2547, J. Billings Original Grantee, containing 640 acres more or less.
3. All of Section 26, Abstract 2950, C. Vergara Original Grantee, containing 701.50 acres more or less.
4. All of Section 32, Abstract 2676, J. D. Essary Original Grantee, containing 119.50 acres more or less.
5. All of Section 67, Abstract 2720, Miles C. Davis Original Grantee, containing 640 acres more or less.
6. All of Section 73, Abstract 2762, O. A. Perron Original Grantee, containing 640 acres more or less.

Totaling approximately 3,061 acres as shown on the official map of Webb County, Texas on file in the Texas General Land Office, Austin, Texas.

Drew Reid - State Lease M-106942

From: "Mark Bell" <markb@forl.com>
To: "Drew Reid" <Drew.Reid@GLO.STATE.TX.US>
Date: 8/14/2009 10:20 AM
Subject: State Lease M-106942

Drew,

The referenced lease dated 9/19/2006 is where Fasken relinquished its agency rights and we are working on a new lease covering the same acreage. In reviewing our file from three years ago, it appears Fasken forwarded two executed originals of the lease along with a check for the bonus consideration and the executed affidavit to the GLO for processing. I have prepared a new affidavit per your request. A check request has also been initiated here at Fasken. If you will send me the lease form, I will see that it is executed accordingly.

I will have all three items (executed lease, executed affidavit, bonus check) sent to you as soon as they are completed. Please let me know if there is anything else I need to be working on to help move this process to completion.

Best regards,

Mark S. Bell
Fasken Oil and Ranch, Ltd.
303 W. Wall Street, Suite 1800
Midland, Texas 79701-5106
(432) 687-1777
(432) 687-0669 FAX

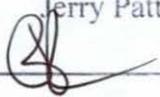
2.

File No. MF 110388

Letter, Affidavit, & email

Date Filed: 8/18/09

Jerry Patterson, Commissioner

By 

FASKEN OIL AND RANCH, LTD.

303 West Wall Avenue, Suite 1800
Midland, Texas 79701-5106
(432) 687-1777 Fax (432) 687-0669

September 22, 2009

Drew Reid
Texas General Land Office
1700 North Congress Avenue
Austin, Texas 78701-1495

RE: RAL M-106942
Fasken Lease No. TX-627-3-1
Covering 3,061 acres more or less
Recorded in Volume 2292, Page 260
Webb County, Texas

Dear Mr. Reid,

The above referenced Oil and Gas Lease has a three (3) year primary which expired on September 19, 2009. Pursuant to our phone conversation on September 21, 2009, I am submitting the following proposal to replace the referenced lease with a new lease:

1. Bonus consideration of \$300/acre for a total consideration of \$918,300.00.
2. Royalty reservation of 3/16ths.
3. Primary term of 3 years.
4. Continuous development provision of 180 days between wells.

Under cover of my letter dated August 14, 2009, I sent you a new Affidavit of Waiver of Agency Rights executed by Fasken Land and Minerals, Ltd. (hereinafter "Fasken") to be attached to the proposed new lease. The Waiver allows the State of Texas to realize 100% of the above proposed bonus and royalty without having to divide it with the owner of the soil as Agent. I understand Fasken's lease proposal will be presented on the School Land Board docket at the first scheduled meeting after expiration of the referenced lease. You have informed me that should be at the October 6, 2009 meeting.

Should you need any additional information that may be required for this process to move forward, please let me know. I can be reached at the above address or phone number or by email at markb@forl.com.

Very Truly Yours,

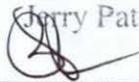
Mark S. Bell

File No. MF110388

Fasken letter

Date Filed: 9/22/09

Jerry Patterson, Commissioner

By 

Drew Reid - Pooling item for the 10/6/2009 School Land Board meeting

From: Daryl Morgan
To: Crenshaw, Stephanie
Date: 9/23/2009 8:00 AM
Subject: Pooling item for the 10/6/2009 School Land Board meeting
CC: Reid, Drew

Stephanie:

Below is an item for the consent agenda of the October 6, 2009, School Land Board meeting. Let me know if you have any questions or need any more information.

Consideration and action on the application of Fasken Land and Minerals, Ltd to waive its Relinquishment Act Agency Rights pursuant to TNRC §52.190 and to obtain an oil and gas lease directly from the State on 3,061 acres in Webb County, Texas.

Thanks

Daryl

J. Daryl Morgan, CPL
Texas General Land Office
Energy Resources
(512) 305-9106

4.

File No. MF 110388

Email

Date Filed: 9/23/09

Jerry Patterson, Commissioner





October 8, 2009

Mr. Mark S. Bell
Fasken Oil & Ranch, Ltd.
303 West Wall Avenue, Suite 1800
Midland, Texas 79701-5106

Re: State Lease No. M-110388
3,061 acres
Webb County, Texas

Dear Mr. Bell:

Your application to lease 3,061 acres of Relinquishment Act Land in Webb County, Texas pursuant to §52.190 of the Natural Resources Code was approved by the School Land Board on October 6, 2009. The lease has been assigned State Lease number **M-110388**. Please refer to this number in all future correspondence concerning this lease.

Enclosed herewith are duplicate originals of the lease to be executed and acknowledged by a duly authorized representative of Fasken Land and Minerals, Ltd. After proper execution and acknowledgment, please return the duplicate originals of the lease for execution by the Commissioner along with a check for the bonus in the amount of \$918,300.00. After being signed by the Commissioner, an executed original of the Lease will then be returned to you for filing in Webb County.

Thank you for your assistance, if you have any questions, please contact me at the number listed.

Sincerely,

J. Daryl Morgan, CPL
Energy Resources Division
(512) 305-9106

Enclosures

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

5.

File No. MF 110388

910 letter

Date Filed: 10/8/09

Jerry Patterson, Commissioner

By 



MEMORANDUM

Texas General Land Office • Jerry Patterson • Commissioner

DATE: October 6, 2009

TO: School Land Board

FROM: J. Daryl Morgan / Mineral Leasing *JDM*

SUBJECT: Consideration and action on the application of Fasken Land and Minerals, Ltd. to waive its agency rights on Relinquishment Act Land and to acquire an oil and gas lease directly from the state under Section 52.190 of the Texas Natural Resources Code.

.....

Section 52.190 of the Texas Natural Resources Code allows the surface owner of a tract of Relinquishment Act Land to waive its agency rights and obtain an oil and gas lease on said land directly from the State. Fasken Land and Minerals, Ltd. ("Fasken") is the surface owner on 3,061 acres in Webb County, Texas, subject to the Relinquishment Act, being described as: E/2 Section 23, A-2545, Section 25, A-2547, Section 26, A-2950, Section 32, A-2676, Section 67, A-2720 and Section 73, A-2762. Fasken has filed an application meeting all of the statutory requirements for obtaining an oil and gas lease on said 3,061 acres. Leasing directly to the surface owner of Relinquishment Act land allows the State to collect 100% of the bonus, rental and royalty rather than the 50% it would receive under a normal Relinquishment Act lease. The terms offered for lease reflect market conditions in the area. The Board approved a similar lease to Fasken in 2006 for a bonus of \$100.00 per acre.

Following are the recommended Lease terms:

Bonus: \$300.00 per acre

Royalty: 3/16

Term: three years

Delay Rental: \$10.00 per acre

Special Provision: A Continuous Development Clause after the primary term allowing no more than 180 days between the completion of one well and the commencement of the next well. Upon the sooner of completion of development or the tenth anniversary date of the lease, any acreage not included in a producing proration unit or pooled unit will expire.

Recommendation: Staff recommends that the School Land Board approve the request for a waiver of agency rights and that the State issue a lease directly to Fasken under the terms stated above.

6.

File No. MF110388

Memo - 920

Date Filed: 10/6/09

Jerry Patterson, Commissioner

By  _____



MEMORANDUM

Texas General Land Office • Jerry Patterson • Commissioner

TIME SENSITIVE: Action Required by: (October 30, 2009)

DATE: October 23, 2009
TO: Commissioner Patterson
FROM: J. Daryl Morgan 
SUBJECT: Oil and Gas Lease for signature

.....

SUMMARY: Attached for your signature are duplicate originals of an Oil and Gas Lease covering Relinquishment Act Land, which was approved by the School land Board on October 6, 2009, in accordance with §52.190 of the Texas Natural Resources Code.

DETAILS: Section 52.190 of the Texas Natural Resources Code allows the State to lease the oil and gas under Relinquishment Act Land directly to a surface owner of said land. The surface owner has filed all the required documents with the application to lease and has waived his rights to act as agent for the State. The School Land Board approved the application and the lease terms and therefore the applicant is entitled to an oil and gas lease pursuant to said statute. The lease complies with existing GLO rules and policies and has been reviewed and approved by minerals leasing staff and the Legal Services Division.

| Document Name | Recipient |
|--|-------------------------------|
| State Lease M-110388 E/2 Section 23, A-2545, Section 25, A-2547, Section 26, A-2950, Section 32, A-2676, Section 67, A-2720 and Section 73, A-2762 3,061 acres Webb County, Texas | Fasken Land and Minerals Ltd. |

Recommendation: Please sign and return to Daryl Morgan in Energy Resources (5-9106).

Attachment: Duplicate originals of a §52.190 Oil and Gas Lease

Thru: LaNell Aston

File No. MF110388

Memo - GLO

Date Filed: 10/23/09

Jerry Patterson, Commissioner

By 

FASKEN OIL AND RANCH, LTD.

303 West Wall, Suite 1800

Midland, TX 79701-5106

(432) 687-1777 (phone)

(432) 687-0669 (fax)

October 21, 2009

Certified Mail Return Receipt No. 7005 0390 0000 6092 7020

Texas General Land Office

P. O. Box 12873

Austin, TX 78711-2873

Attention: J. Daryl Morgan, CPL
Energy Resources Division

RE: State Lease No. M-110388
3,061 Acres, Webb County, Texas

Dear Mr. Morgan,

As requested in your letter of October 8, 2009, Fasken Oil and Ranch, Ltd. enclose its checks in the amount of \$918,300 as bonus consideration for the lease covering 3,061 acres of Relinquishment Act Lands in Webb County, Texas. Also enclosed in duplicate is the executed Oil and Gas Lease that has been executed and notarized by the appropriate office. Please submit the Lease to the Commissioner at your earliest convenience for his signature and return one copy to our office for recording in Webb County, Texas.

Fasken will forward to you a recorded copy of the Lease when available. Should you have any questions, please feel free to call.

Best regards,



Sally M. Kvasnicka
Land Manager

SMK:me
enclosures



FASKEN OIL AND RANCH, LTD.

303 West Wall Ave., Suite 1800, Midland, TX 79701-5116 432/687-1777

LEASE BONUS PAYMENT

CHECK DATE 10/20/09 CHECK NUMBER 139764 CHECK AMOUNT 918,300.00

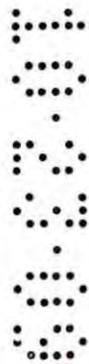
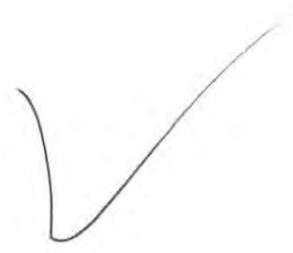
LEASE TX-627-000003-002-5

LESSOR TEX2360 The State of Texas
General Land Office
1700 North Congress Ave.
Austin TX 78701-1495

DUE DATE 10/16/2009
PAYMENT AMOUNT X 918300.00

BNS for State of TX Lease M-110388 covering E/2 of Sec 23 &
all of Sections 25, 26, 32, 67 & 73 totaling 3061.00 acres,
Webb County, Texas

10701620



FASKEN OIL AND RANCH, LTD.
303 West Wall Ave., Suite 1800
Midland, TX 79701-5116

RETAIN THIS COPY
FOR YOUR RECORDS

Lessor: The State of Texas

Check No: 139764

Amount: \$918300.00

Due Date: 10/16/2009

Our reference: TX-627-000003-002

RENTAL PAYMENT RECEIPT

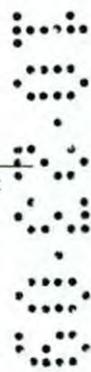
The State of Texas
General Land Office
1700 North Congress Ave.
Austin TX 78701-1495

Received the sum of \$918,300.00, Due on 10/16/2009 Paid by check number 139764
From: FASKEN OIL AND RANCH, LTD. In payment for:

BNS for State of TX Lease M-110388 covering E/2 of Sec 23 &
all of Sections 25, 26, 32, 67 & 73 totaling 3061.00 acres,
Webb County, Texas

Please return this bottom portion to:

FASKEN OIL AND RANCH, LTD.
303 West Wall Ave., Suite 1800
Midland, TX 79701-5116



RECEIPT OF PAYMENT

Received the sum of \$918,300.00, Due on 10/16/2009 Paid by check number 139764
From: FASKEN OIL AND RANCH, LTD. In payment for:

BNS for State of TX Lease M-110388 covering E/2 of Sec 23 &
all of Sections 25, 26, 32, 67 & 73 totaling 3061.00 acres,
Webb County, Texas

Our reference: TX-627-000003-002

Lessor: The State of Texas

Received by: _____
The State of Texas

Date received: _____

00-05-01

8,

File No. MF 110388

Letter, bonus, + fee

Date Filed: 10/23/09

Jerry Patterson, Commissioner

By: [Signature]

The State of Texas



Austin, Texas

OIL AND GAS LEASE NO. M-110388

WHEREAS, on the 6th day of October 2009, hereinafter the "effective date", the Commissioner of the General Land Office and the School Land Board at a regular meeting of said Board approved the written application of Fasken Land and Minerals, Ltd. hereinafter referred to as "Lessee," whose address is 303 West Wall, Suite 1800, Midland, Texas 79701 to receive an oil and gas lease pursuant to §52.190 of the Natural Resources Code on the following area to-wit in Webb County, Texas:

EAST HALF (E/2) OF SECTION 23, A-2545, J. BILLINGS, GRANTEE CONTAINING APPROXIMATELY 320 ACRES
ALL OF SECTION 25, A-2547, J. BILLINGS, GRANTEE CONTAINING APPROXIMATELY 640 ACRES
ALL OF SECTION 26, A-2950, C. VERGARA, GRANTEE CONTAINING APPROXIMATELY 701.50 ACRES
ALL OF SECTION 32, A-2676, J. D. ESSARY, GRANTEE CONTAINING APPROXIMATELY 119.50 ACRES
ALL OF SECTION 67, A-2720, MILES C. DAVIS, GRANTEE CONTAINING APPROXIMATELY 640 ACRES
ALL OF SECTION 73, A-2762, O. A. PERRON, GRANTEE CONTAINING APPROXIMATELY 640 ACRES

TOTALING APPROXIMATELY 3,061 ACRES AS SHOWN ON THE OFFICIAL MAP OF WEBB COUNTY, TEXAS ON FILE IN THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS.

NOW, THEREFORE, I, Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is Austin, Texas, by virtue of the authority vested in me pursuant to the Texas Natural Resources Code Chapters 32, 33, 51 and Chapter 52, Subchapters A-D, F and H (said Code being hereinafter referred to as the N.R.C.), and subject to all rules and regulations promulgated by the General Land Office and the School Land Board pursuant thereto and all other applicable statutes and amendments to said N.R.C. and in consideration of the payment by Lessee, of the sum of Nine Hundred and Eighteen Thousand Three Hundred and 00/100 Dollars (\$918,300.00), receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto Lessee the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

1. RESERVATION: There is hereby excepted and reserved to Lessor the full use of the property covered hereby and all rights with respect to the surface and subsurface thereof for any and all purposes except those granted and to the extent herein granted to Lessee, together with the rights of ingress and egress and use of said lands by Lessor and its mineral lessees, for purposes of exploring for and producing the minerals which are not covered, or which may not be covered in the future, under the terms of this lease, but which may be located within the surface boundaries of the leased area. All of the rights in and to the leased premises retained by Lessor and all of the rights in and to the leased premises granted to Lessee herein shall be exercised in such a manner that neither shall unduly interfere with the operations of the other.

2. TERM: Subject to the other provisions hereof, this lease shall be for a term of **three (3)** years from the effective date hereof (herein called "primary term") and as long thereafter as oil or gas is produced in paying quantities from said area.

3. DELAY RENTALS: If no well be commenced on the land hereby leased on or before the anniversary date of this lease, this lease shall terminate as to both parties unless the Lessee on or before said date shall pay or tender to the Commissioner of the General Land Office of the State of Texas at Austin, Texas, the sum of **Ten Dollars (\$10.00), per acre**, which shall operate as rental and cover the privilege of deferring the commencement of a well for twelve (12) months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods of the same number of months successively during the primary term hereof.

4. PRODUCTION ROYALTIES: Upon production of oil and/or gas, the Lessee agrees to pay or cause to be paid to the Commissioner of the General Land Office in Austin, Texas, for the use and benefit of the State of Texas, during the term hereof:

(A) OIL: As a royalty on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, **3/16** part of the gross production or the market value thereof, at the option of the Lessor, 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 land hereby leased is sold, used or processed in a plant, it will be run free of cost to Lessor through an adequate oil and gas separator of conventional type or other equipment at least as efficient to the end that all liquid hydrocarbons recoverable from the gas by such means will be recovered. Upon written consent of Lessor, the requirement that such gas be run through such a separator or other equipment may be waived upon such terms and conditions as prescribed by Lessor.

(B) 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) **3/16** 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 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 provided that the maximum pressure base in measuring the gas under this lease contract 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 test 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: As a royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons, **3/16** part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the Lessor. 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 arms' 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: As a 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, 3/16 part of gross production of such products, or the market value thereof, at the option of Lessor, such market value to be determined as follows:

- (1) On the basis of the highest market price of each product, during 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.

(E) NO DEDUCTIONS: Lessee agrees that all royalties accruing to Lessor under this lease shall be without deduction for the cost of producing, transporting, and otherwise making the oil, gas and other products produced hereunder ready for sale or use.

(F) ROYALTY IN KIND: Notwithstanding anything contained herein to the contrary, Lessor may, at its option, upon not less than 60 days notice to Lessee, require at any time or from time to time that payment of all or any royalties accruing to Lessor under this lease be made in kind without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting and otherwise making the oil, gas and other products produced hereunder ready for sale or use. Lessor's right to take its royalty in kind shall not diminish or negate Lessor's rights or Lessee's obligations, whether express or implied, under this lease.

(G) 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 anything contained herein to the contrary, and subject to the consent in writing of the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises after the liquid hydrocarbons contained in the gas have been removed, and no royalties shall be payable on the gas so recycled until such time as the same may thereafter be produced and sold or used by Lessee in such manner as to entitle Lessor to a royalty thereon under the royalty provisions of this lease.

(H) 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 to Lessor 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.

(I) MARGINAL PRODUCTION ROYALTY: Upon Lessee's written application, the School Land Board may reduce the royalty rate set out in this paragraph and/or the minimum royalty set out in subparagraph 4 (I) to extend the economic life of this lease and encourage recovery of oil or gas that might otherwise remain unrecovered. Any such royalty reduction must conform to the requirements of any School Land Board administrative rules on this subject. Royalty may not be reduced below the applicable statutory minimum.

5. 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 accruing 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.

6. (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) 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. 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.

7. RETAINED ACREAGE AND CONTINUOUS DEVELOPMENT: 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. If this Lease is held in force and effect two years after the expiration date of the Primary Term, Lessee at that time may begin a continuous development program by commencing a well on the Lease on or before said two years after the expiration date of the primary term and this Lease shall remain in force in its entirety by the drilling of such well, and additional wells on the land covered hereby with no more than one hundred eighty days elapsing between the completion of one well and the commencement of the next succeeding well (herein the "Continuous Development Program"). For purposes of interpretation of this provision, a well shall be determined to be completed on the day Lessee releases the drilling rig used to drill such well, or the day such rig is removed off the location, whichever day occurs first, and a well shall be determined to be commenced when such well is spud with equipment capable of reaching the planned total depth of the well. Notwithstanding anything contained herein to the contrary, on the tenth anniversary date from the effective date of this Lease, the Continuous Development Program, if still in effect, shall end and any acreage not retained under Paragraph 7 (A) shall expire.

(A) VERTICAL: In the event this lease is in force and effect two years after the expiration date of the primary term, on said date or such time as Lessee fails to comply with the drilling schedule set out in the "Continuous Development Program", above, whichever date is later, this lease 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 11 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 Natural

Resources Code Sections 52.151-52.153, 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. Each separate tract retained under this Paragraph 7 (A) shall be considered a separate lease and must be maintained independently of any other tracts retained hereunder. 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 ("retained lands") for all purposes described above, together with easements and rights-of way for existing roads, existing pipelines and other existing facilities on, over and across all the lands originally covered by this Lease for access to and from the retained lands and for gathering or transportation of oil, gas and other minerals produce from the retained lands.

(B) HORIZONTAL: On the date of partial termination as provided in Paragraph 7(A) above, this lease 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 7 (A) above, unless on or before said termination date 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 School Land Board. 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. Notwithstanding any provision of this Lease to the contrary, if at any time after the effective date of the partial termination provisions hereof, the applicable field rules are changed, or the wells located on the leased premises are reclassified by the Railroad Commission of Texas so that less acreage is thereafter allocated to said well or wells for production purposes, this Lease shall not terminate as to all acreage outside of the reclassified production units, if, Lessee within 180 days of said reclassification begins operations to drill such additional wells as to hold the remaining acreage outside of the new production units, but within the previously formed unit(s). Drilling shall continue with no longer than 180 days elapsing between the completion of such new well either as a producing well or as a dry hole and the start of the next well. At Lessee's sole election, drilling may continue until the number of wells and the acreage attributable to the new wells fills out the amount of acres attributable to the old unit. Upon the completion of each such new well as producer said well shall come under the terms and conditions of this Oil and Gas Lease as if it was drilled during the primary term hereof.

8. OFFSET WELLS: If oil and/or gas should be produced in commercial quantities from a well located on land privately owned or on State land leased at a lesser royalty, which well is within one thousand (1,000) feet of the area included herein, or which well is draining the area covered by this lease, the Lessee shall, within sixty (60) days after such initial production from the draining well or the well located within one thousand (1,000) feet from the area covered by this lease begin in good faith and prosecute diligently the drilling of an offset well on the area covered by this lease, and such offset well shall be drilled to such depth as may be necessary to prevent the undue drainage of the area covered by this lease, and the Lessee, manager or driller shall use all means necessary in a good faith effort to make such offset well produce oil and/or gas in commercial quantities. Only upon the determination of the Commissioner and with his written approval, may the payment of a compensatory royalty satisfy the obligation to drill an offset well or wells required under this Paragraph.

9. DRY HOLE/CESSATION OF PRODUCTION DURING PRIMARY TERM: If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if during the primary term hereof and after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall not terminate if on or before the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or pays or tenders the next annual delay rental in the same manner as provided in this lease. If, during the last year of the primary term or within sixty (60) days prior thereto, a dry hole be completed and abandoned, or the production of oil or gas should cease for any cause, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term; and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking operations pursuant to Paragraph 10, using the expiration of the primary term as the date of cessation of production under Paragraph 10. 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.

10. 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.

11. 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. 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. 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.

12. 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 to the Commissioner 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 in 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; and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in N.R.C. Section 52.034; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells. Compensatory royalty payments, which are not timely paid, will accrue penalty and interest in accordance with Paragraph 5 of this lease.

13. USE OF WATER; SURFACE: Lessee shall have the right to use water produced on said land necessary for operations hereunder and solely upon the leased premises; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for water flood operations without the prior written consent of the surface owner. Lessee shall have the right to use so much of the surface of the land that may be reasonably necessary for drilling and operating wells and transporting and marketing the production therefrom, such use to be conducted under conditions of least injury to the surface of the land.

14. 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.

15. IDENTIFICATION MARKERS: Lessee shall erect, at a distance not to exceed twenty-five (25) feet from each well on the premises covered by this lease, a legible sign on which shall be stated the name of the operator, the lease designation and the well number. Where two or more wells on the same lease or where wells on two or more leases are connected to the same tank battery, whether by individual flow line connections direct to the tank or tanks or by use of a multiple header system, each line between each well and such tank or header shall be legibly identified at all times, either by a firmly attached tag or plate or an identification properly painted on such line at a distance not to exceed three (3) feet from such tank or header connection. Said signs, tags, plates or other identification markers shall be maintained in a legible condition throughout the term of this lease.

16. ASSIGNMENTS: The lease may be transferred at any time; provided, however, that the liability of the transferor to properly discharge its obligation under the lease, including properly plugging abandoned wells, removing platforms or pipelines, or remediation of contamination at drill sites shall pass to the transferee upon the prior written consent of the Commissioner of the General Land Office. The Commissioner may require the transferee to demonstrate financial responsibility and may require a bond or other security. All transfers must reference the lease by the file number and must be recorded in the county where the area is located, and the recorded transfer or a copy certified to by the County Clerk of the county where the transfer is recorded must be filed in the General Land Office within ninety (90) days of the execution date, as provided by N.R.C. Section 52.026, accompanied by the filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such transfer or certified copy thereof. Every transferee 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 transferee of the lease, including any liabilities to the state for unpaid royalties.

17. RELEASES: Lessee may relinquish the rights granted hereunder to the State at any time by recording the relinquishment in the county where this area is situated and filing the recorded relinquishment or certified copy of same in the General Land Office within ninety (90) days after its execution accompanied by the filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such relinquishment or certified copy thereof. Such relinquishment will not have the effect of releasing Lessee from any liability theretofore accrued in favor of the State.

18. LIEN: In accordance with N.R.C. Section 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 N.R.C. Section 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, Chapter 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.

19. FORFEITURE: If Lessee shall fail or refuse to make the payment of any sum within thirty (30) 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 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 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 to the highest bidder, under the same regulations controlling the original sale of leases. 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.

20. APPLICABLE LAWS AND DRILLING RESTRICTIONS: This lease shall be subject to all rules and regulations, and amendments thereto, promulgated by the Commissioner of the General Land Office governing drilling and producing operations, payment of royalties, and auditing procedures, and shall be subject to all other valid statutes, rules, regulations, orders and ordinances that may affect operations under the provisions of this lease. Without limiting the generality of the foregoing, Lessee hereby agrees, by the acceptance of this lease, to be bound by and subject to all statutory and regulatory provisions relating to the General Land Office's audit billing notice procedures. Said provisions are currently found at N.R.C. Sections 52.135 and 52.137 through 52.140.

21. REMOVAL OF EQUIPMENT: Upon the termination of this lease for any cause, Lessee shall not, in any event, be permitted to remove the casing or any part of the equipment from any producing, dry, or abandoned well or wells without the written consent of the Commissioner of the General Land Office or his authorized representative; nor shall Lessee, without the written consent of said Commissioner or his authorized representative remove from the leased premises the casing or any other equipment, material, machinery, appliances or property owned by Lessee and used by Lessee in the development and production of oil or gas therefrom until all dry or abandoned wells have been plugged and until all slush or refuse pits have been properly filled and all broken or discarded lumber, machinery, or debris shall have been removed from the premises to the satisfaction of the said Commissioner or his authorized representative.

22. FORCE MAJEURE: Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling operations thereon, or from producing oil and/or gas therefrom, after effort made in good faith, by reason of war, rebellion, riots, strikes, fires, acts of God or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended upon proper and satisfactory proof presented to the Commissioner of the General Land Office in support of Lessee's contention and Lessee shall not be liable for damages for failure to comply therewith (except in the event of lease operations suspended as provided in the rules and regulations adopted by the School Land Board); and this lease shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing oil and/or gas from the leased premises; provided, however, that nothing herein shall be construed to suspend the payment of rentals during the primary or extended term, nor to abridge Lessee's right to a suspension under any applicable statute of this State.

23. LEASE SECURITY: Lessee shall take the highest degree of care and all proper safeguards to protect said premises and to prevent theft of oil, gas, and other hydrocarbons produced from said lease. This includes, but is not limited to, the installation of all necessary equipment, seals, locks, or other appropriate protective devices on or at all access points at the lease's production, gathering and storage systems where theft of hydrocarbons can occur. Lessee shall be liable for the loss of any hydrocarbons resulting from theft and shall pay the State of Texas royalties thereon as provided herein on all oil, gas or other hydrocarbons lost by reason of theft.

24. 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 in accordance with Natural Resources Code Sections 52.151-52.153, 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.

25. **SUCCESSORS AND ASSIGNS:** The covenants, conditions and agreements contained herein shall extend to and be binding upon the heirs, executors, administrators, successors or assigns of Lessee herein.

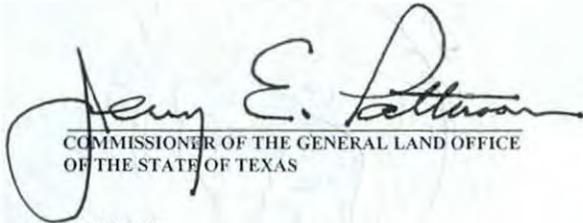
26. **VENUE:** Lessor and lessee, including lessee's successors and assigns, hereby agree that venue for any dispute arising out of a provision of this lease, whether express or implied, regarding interpretation of this lease, or relating in any way to this lease or to applicable case law, statutes, or administrative rules, shall be in a court of competent jurisdiction located in Travis County, State of Texas.

27. **LEASE FILING:** Pursuant to Chapter 9 of the Tex. Bus. & Com. 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. The prescribed filing fee shall accompany the certified copies sent to the General Land Office.

28. **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.

IN TESTIMONY WHEREOF, witness the signature of the Commissioner of the General Land Office of the State of Texas under the seal of the General Land Office.

LESSOR:


COMMISSIONER OF THE GENERAL LAND OFFICE
OF THE STATE OF TEXAS

APPROVED

Contents 
Legal 
DC 
Exec 

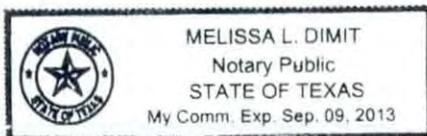
LESSEE:

FASKEN LAND AND MINERALS, LTD.
a Texas Limited Partnership, by Fasken
Management, LLC, its General Partner


Mark B. Merritt, Vice President

STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

This instrument was acknowledged before me this 16th day of October, 2009, by Mark B. Merritt, Vice President of Fasken Management, LLC, General Partner of Fasken Land and Minerals, Ltd., a Texas Limited Partnership on behalf of said partnership.




Notary Public in and for the State of Texas



SECRET

SECRET

9.

File No. MT 110388

Deane

Date Filed: 10/23/09

By: Jerry Patterson, Commissioner



AFFIDAVIT OF WAIVER OF AGENCY RIGHTS

State of Texas

County of Webb

Know all men by these presents, that whereas, the undersigned Mark B. Merritt, Vice President of Fasken Management, LLC, General Partner of Fasken Land and Minerals, Ltd, 303 W. Wall, Suite 1800, Midland, Texas 79701 (Mailing Address), is the owner of the entire surface estate of the tract of mineral classified land described in Exhibit "A" attached hereto, (said tract hereinafter referred to as "the land"); and

Whereas, pursuant to Tex. Nat. Res. Code Ann. § 52.171 et seq. (Vernon 1978, Supp. 2001), the undersigned is designated as the state's agent for leasing the land for the exploration and production of oil and gas; and

Whereas, the undersigned desires to waive the right and duty to act as the state's agent for the leasing of the land for the exploration and production of oil and gas, such waiver being subject to the following conditions:

1. This waiver must be filed for record in each county where any portion of the land is situated. A certified copy of each recorded waiver must be filed in the General Land Office.
2. The undersigned, having waived the right and duty to act as agent for the state, and any assignee, heir or anyone else succeeding to all or part of the undersigned's surface estate interest in the land, are not the state's agent and are not entitled to receive any part of the bonus, rental, royalty and other consideration which would ordinarily accrue to the owner of the soil under Subchapter F of Chapter 52 of the Texas Natural Resources Code as long as a lease is in effect.
3. Upon the expiration, termination or forfeiture of a lease issued pursuant to the provisions of Section 52.190 of the Natural Resources Code, the agency rights and duties of the undersigned as owner of the soil are reinstated without the necessity for further action by the owner of the soil, the board or the commissioner.

Now, therefore, I the undersigned do hereby waive my right and duty to act as agent for the state in the leasing of the land for the exploration and production of oil and gas, and my right to receive any part of the bonus, rental, royalty and other consideration which would ordinarily accrue to the owner of the soil under Subchapter F of Chapter 52 of the Natural Resources Code, and do hereby acknowledge that this waiver is governed by and subject to the conditions contained herein, as well as any applicable statute, administrative rule, or law of this state and all amendments thereto.

FASKEN LAND AND MINERALS, LTD.
a Texas Limited Partnership, by Fasken Management, LLC, its General Partner

Mark B. Merritt

Mark B. Merritt, Vice President

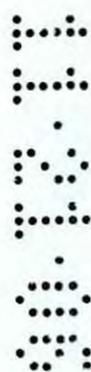
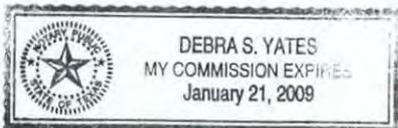
STATE OF TEXAS

COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this 17th day of November, 2006 by Mark B. Merritt, Vice President of Fasken Management, LLC, General Partner, on behalf of Fasken Land and Minerals, Ltd.

Debra S. Yates

Notary Public, State of Texas



FASKEN LAND AND MINERALS, LTD.

303 West Wall, Suite 1800

Midland, TX 79701

432/687-1777 (phone)

432/687-0669 (fax)

June 30, 2006

Federal Express AM Delivery (512)305-9104
Texas General Land Office
Stephen F. Austin Building
1700 N. Congress Avenue
Austin, TX 78701

Attention: C. Louis Renaud, Deputy Commissioner, Energy Resources and
General Land Office Board

RE: 52.190. Application to Lease by Owner
of the Soil, Webb County, Texas

Gentlemen:

Fasken Land and Minerals, Ltd. submits this application to lease the minerals underlying the "Lands" listed below pursuant to Section 52.190. Fasken Land and Minerals, Ltd. ("FLML") is the only owner of the soil for the following "Lands" which encompasses 3,061 acres:

- East half of Section 23, Abstract 2545, J Billings Grantee, containing 320.00 acres
- All of Section 25, Abstract 2547, J Billings Grantee, containing 640 acres
- All of Section 26, Abstract 2950, C Vergara Grantee, containing 701.50 acres
- All of Section 32, Abstract 2676, J D Essary Grantee, containing 119.50 acres
- All of Section 67, Abstract 2720, Miles C. Davis Grantee, containing 640.00 acres
- All of Section 73, Abstract 2762, O A Perron Grantee, containing 640.00 acres

As required by Section 52.190, FLML submits the following:

1. The brief letter opinion signed by Charles F. Hedges, General Counsel for Fasken Land and Minerals, Ltd.,
2. FLML and its predecessors (David Fasken and Barbara Fasken), have drilled 758 wells in the period from 1953 to 2005. This year we anticipate drilling an additional 57 wells. FLML through its Management Agreement with Fasken Oil and Ranch, Ltd. drills and operates all of Fasken's wells in Texas under its Railroad Commission of Texas operator number is 263696,
3. Attached is a listing of Fasken Land and Minerals, Ltd. and other related entities Oil and Gas Leases from University Lands, Texas General Land Office, State of New Mexico and Bureau of Land Management, and



4. Olmos Structure Map and cross section showing some of the development on acreage in close proximity to the requested acreage in this application.

It is the intention of FLML to conduct its own operations through Fasken Oil and Ranch, Ltd. At this time FLML, Ltd. does not anticipate using a third party to conduct exploration and production on the Lands. However, FLML is participating in a 3-D seismic survey covering a portion of the Lands that will be conducted before the hunting season of 2006. This 3-D seismic survey is being conducted by Lewis Petro Properties, Inc., 10101 Reunion Place, Suite 1000, San Antonio, Texas 78216. FLML anticipates that it will explore, operate and maintain any wells drilled on the leasehold interest on the Lands described above.

FLML proposes to pay the General Land Office \$100 per acre (Total bonus-\$306,100), 3/16th royalty, three year primary term and \$10 rentals. The Leases will contain additional provisions which provide a 1) Continuous Development Program after the end of the primary term allowing 180 days between the completion of one well and the commencement of the next succeeding well, 2) Well Takeover provision allowing the surface owner to convert the well to a water well and 3) Continuous Development of Reclassified Production Unit Lands. A copy of the additional provisions as Exhibit "A" and a revision to Paragraph 16. (A) are attached for your review. These additional provisions are identical to the language presented to Segundo Navarro and VirTex for the leases granted on June 1, 2006 for lands within FLML's La Mesa Ranch and accepted by the GLO.

Please review the information in this application at the Board's next regular meeting. Should you have any questions or need additional information, please call me.

Best regards,



Sally M. Kvasnicka
Land Manager

SMK:me
enclosures



~~2~~

File No. ~~170698~~

Date Filed ~~1/1/66~~

By ~~Jerry E. [Signature]~~ Commissioner

~~[Signature]~~

RECEIVED
JAN 1 1966
STATE OF NEW YORK
DEPARTMENT OF TAXATION AND FINANCE



FASKEN LAND AND MINERALS, LTD.

303 West Wall, Suite 1800

Midland, TX 79701

432/687-1777 (phone)

432/687-0669 (fax)

June 19, 2006

Texas General Land Office
P. O. Box 12873
Austin, TX 78711-2873

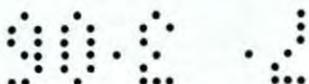
Attention: C. Louis Renaud, Deputy Commissioner, Energy Resources and
General Land Office Board

Re: East half of Section 23, Abstract 2545, Jessee Billings
Grantee, containing 320.00 acres;
All of Section 25, Abstract 2547, Jessee Billings
Grantee, containing 640 acres;
All of Section 26, Abstract 2950, Clemente Vergara
Grantee, containing 701.50 acres;
All of Section 32, Abstract 2676, J D Essary Grantee,
containing 119.50 acres;
All of Section 67, Abstract 2720, Miles C. Davis
Grantee, containing 640.00 acres;
All of Section 73, Abstract 2762, O. A. Perron Grantee,
containing 640.00 acres
Comprising a total of 3,061 acres in Webb County,
Texas

Gentlemen:

You have asked me to render a letter opinion with respect to title to the above captioned land. In connection with doing so, I have reviewed the following:

1. Warranty Deed from La Mesa Land & Cattle Company, et al to Palafox Exploration Company, a corporation, dated April 1, 1957 recorded April 2, 1957 in Volume 253, Pages 167-177 in the Deed Records of Webb County, Texas.
2. Deed of Conveyance from Palafox Exploration Company, to Barbara T. Fasken of all of the outstanding shares of Palafox Exploration Company dated December 17, 1984 and recorded December 24, 1984 in Volume 1089, Page 391 of the Deed Records of Webb County, Texas.
3. Special Warranty Deed from Barbara Fasken to Norbert J. Dickman and Robert Dickson, Co-Trustees dated November 20, 1995 and recorded January 9, 1996 in Volume 364, Pages 722-730 of the Official Public Records of Webb County, Texas.
4. Special Warranty Deed from Norbert J. Dickman and Robert Dickson, Co-Trustees to Fasken Ltd. dated December 15, 1995 and recorded January 12,



1996 in Volume 370, Pages 83-92 of the Official Public Records of Webb County, Texas.

5. Special Warranty Deed from Fasken Ltd. to Fasken Land and Minerals, Ltd. a Texas Limited Partnership dated January 31, 1996 and recorded March 12, 1996 in Volume 383, Page 34-44 of the Official Public Records of Webb County, Texas.

FEE TITLE

SURFACE OF THE CAPTIONED LANDS:

Fasken Land and Minerals, Ltd.-----All

COMMENTS

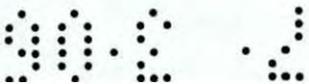
This Opinion does not cover actual acreage, location upon the ground, boundaries, conflicts of boundary lines or survey lines, the same being determinable only upon an actual ground survey. I assume you will use a professional surveyor or engineer for determination of such matters.

This Opinion does not cover questions of adverse possession, occupancy, the capacities of grantors or assignors, homestead rights, unrecorded liens or instruments, undisclosed liens, possible vacancies, boundary disputes, forgeries, fraud, duress, insanity, false notary certificates and matters of a like nature except as otherwise indicated, but is based solely upon the materials and instruments furnished for this examination.

Best regards,



Charles F. Hedges
General Counsel



2

File No

~~7706940~~

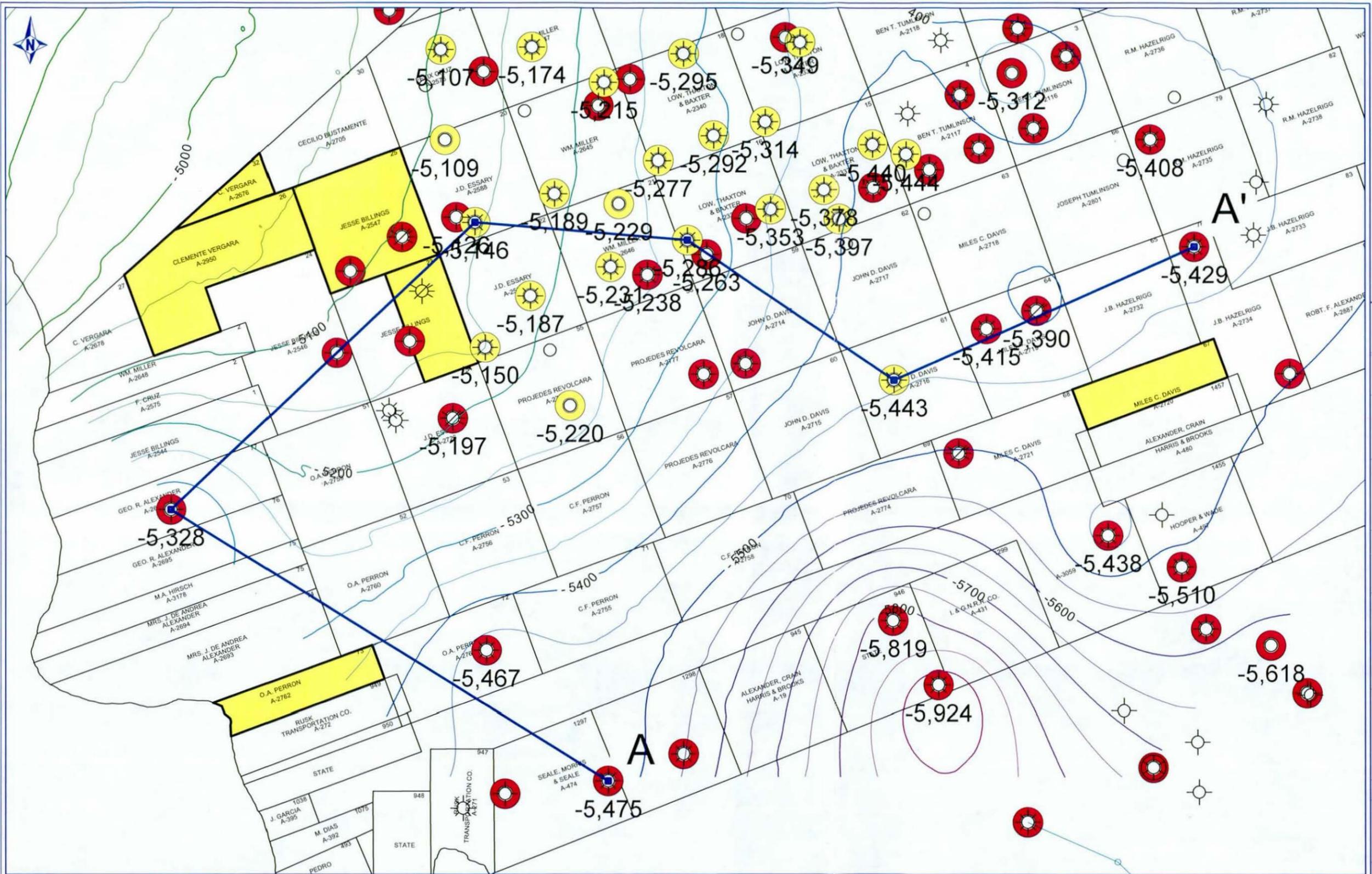
Date

~~7/13/06~~

Jerry [redacted] Commissioner

By

~~[Signature]~~



Fasken Oil & Ranch, Ltd.

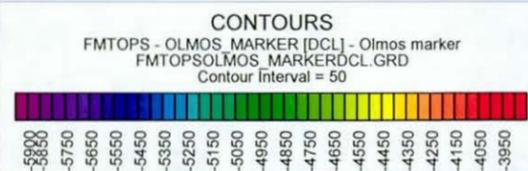
Webb Co., Texas

La Mesa Ranch

Olmos Structure Map

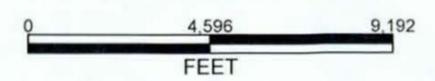
POSTED WELL DATA

- FMTOPS - OLMOS_MARKER[DCL] (SS)
- ATTRIBUTE MAP**
- Any Digital Log IS PRESENT
- Any Raster Log IS PRESENT

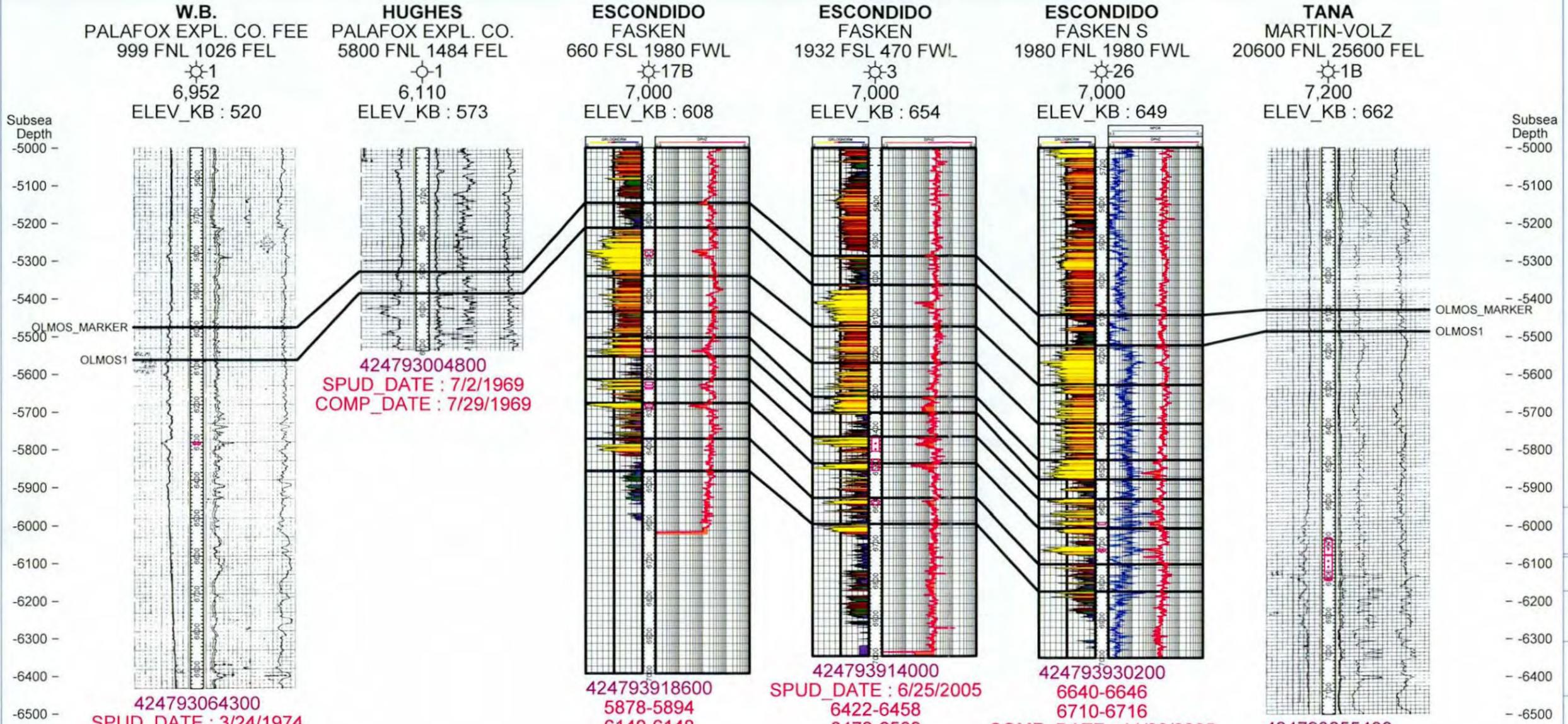


- WELL SYMBOLS**
- Location Only
 - Gas Well
 - Dry Hole
 - Gas Multiple Producer
 - Plugged & Abandoned Gas Well

By: DCL



June 29, 2006



W.B.
PALAFOX EXPL. CO. FEE
999 FNL 1026 FEL
☀-1
6,952
ELEV_KB : 520

HUGHES
PALAFOX EXPL. CO.
5800 FNL 1484 FEL
☉-1
6,110
ELEV_KB : 573

ESCONDIDO
FASKEN
660 FSL 1980 FWL
☀-17B
7,000
ELEV_KB : 608

ESCONDIDO
FASKEN
1932 FSL 470 FWL
☀-3
7,000
ELEV_KB : 654

ESCONDIDO
FASKEN S
1980 FNL 1980 FWL
☀-26
7,000
ELEV_KB : 649

TANA
MARTIN-VOLZ
20600 FNL 25600 FEL
☀-1B
7,200
ELEV_KB : 662

424793004800
SPUD_DATE : 7/2/1969
COMP_DATE : 7/29/1969

424793064300
SPUD_DATE : 3/24/1974
6299-6305
COMP_DATE : 7/11/1974

424793918600
5878-5894
6140-6148
6228-6236
6242-6246
6286-6296
COMP_DATE : 9/12/2005

424793914000
SPUD_DATE : 6/25/2005
6422-6458
6478-6508
6588-6598
COMP_DATE : 6/15/2005

424793930200
6640-6646
6710-6716
COMP_DATE : 11/28/2005

424793055400
SPUD_DATE : 4/6/1973
6694-6694
6694-6806
6696-6696
6738-6738
6740-6740
6804-6804
6806-6806
COMP_DATE : 10/25/1974

Subsea Depth
-5000
-5100
-5200
-5300
-5400
-5500
-5600
-5700
-5800
-5900
-6000
-6100
-6200
-6300
-6400
-6500

Fasken Oil & Ranch, Ltd.

Webb County

La Mesa Ranch

Olmos Cross Section

Horizontal Scale = 2632.7
Vertical Scale = 100.0
Vertical Exaggeration = 26.3x

LOG CURVES
30 -10 DPHI (ft3) 3 Density Porosity
0.3 -0.1 DPHZ (CFCF) HRDD Standard Resolution Density CUTOFF = 0.08
0.3 -0.1 NPOR (CFCF) Enhanced Thermal Neutron Porosity
0 200 GRLOGNORM Normalized GR

Operator
Well Name
Footage Calls
● Well Number
WELL - TD
WELL - ELEV_KB

TEXT BELOW TRACKS
UWI
WELL - SPUD_DATE
Perfs
WELL - COMP_DATE

By: DCL

June 29, 2006 4:09 PM

File No. MF 110388

By  Jerry Patterson, Commissioner

Date Filed: 10/2-1969

Jerry Patterson

101



October 30, 2009

Ms. Sally M. Kvasnicka
Fasken Oil & Ranch, Ltd.
303 West Wall Avenue, Suite 1800
Midland, Texas 79701-5106

Re: State Lease No. M-110388
3,061 acres
Webb County, Texas

Dear Ms. Kvasnicka:

Enclosed is a duplicate original of the referenced oil and gas lease that has been executed by Jerry E. Patterson, Commissioner of the Texas General Land Office. We have retained the other duplicate original, which will be filed in **Mineral File M-110388**. Please refer to this file number in all future correspondence regarding the lease.

Please have the lease filed of record in Somervell County and provide our office with a certified copy of the recorded lease. The lessee's other contractual and statutory responsibilities are outlined in the lease agreement, such as Section 6(B), which requires operators to submit written notice of all drilling, production, and related activities. When lessees file specific forms with the Texas Railroad Commission, they are required to submit copies of these forms to the General Land Office. Examples of these forms are: W-1, Application to Drill, Deepen, or Plug Back; W-2, Oil Well Potential Test, Completion or Recompletion Report and Log; W-3, Plugging Record; G-1, Gas Well Back Pressure Test, Completion/ Recompletion Report and Log; G-5, Gas Well Classification Report; G-10, Gas Well Status Report; W-10, Oil Well Status Report; W-12, Inclination Report; Electric Logs and Directional Surveys.

Thank you for your cooperation and let me know if you have any questions or need any additional information.

Sincerely,

J. Darrell Morgan, CPL
Energy Resources Division
(512) 305-9106

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

11.

File No. MF110388

Sto Letter

Date Filed: 10/30/09

Jerry Patterson, Commissioner

By [Signature]

RAL REVIEW SHEET

Transaction # 6593
Lessor: Fasken Land and Minerals, Ltd.
Lessee: State of Texas

Geologist: L. Collier
Lease Date: 10/6/2009 **UE:**
Gross Acres: 3061
Net Acres: 3061

LEASE DESCRIPTION

| County | PIN# | Base File No | Part | Sec. | Block | Twp | Survey | Abst# |
|--------|-----------|--------------|------|------|-------|-----|------------------|-------|
| WEBB | 07-125041 | 7056 | E/2 | 23 | | 00 | BILLINGS JESSE | 2545 |
| WEBB | 07-125069 | 7058 | ALL | 25 | | 00 | BILLINGS JESSE | 2547 |
| WEBB | 07-127879 | 8416 | ALL | 26 | | 00 | VERGARA CLEMENTE | 2950 |
| WEBB | 07-125924 | 98412 | ALL | 32 | | 00 | ESSARY J D | 2676 |
| WEBB | 07-125648 | 8154 | ALL | 67 | | 00 | DAVIS MILES C | 2720 |

TERMS OFFERED

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

TERMS RECOMMENDED

Primary Term
Bonus/Acre
Rental/Acre
Royalty

COMPARISONS

| MF # | Lessee | Date | Term | Bonus/Ac. | Rental/Ac. | Royalty | Distance |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | | | | | | | Last Lease |
| <input type="text"/> |
| <input type="text"/> |
| <input type="text"/> |
| <input type="text"/> |

Comments:

Approved: _____

RAL REVIEW SHEET

Transaction # ~~5552~~
 Lessor: Fasken Land and Minerals, Ltd. ✓
 Lessee: State of Texas ✓

Geologist: L. Collier
 Lease Date: 9/19/2006 U:
 Gross Acres: 3061 ✓
 Net Acres: 3061 ✓

LEASE DESCRIPTION

| County | PIN# | Base File No | Part | Sec. | Block | Twp | Survey | Abst# |
|--------|-----------|--------------|------|------|-------|-----|------------------|-------|
| WEBB | 07-125041 | 7056 | E/2 | 23 | | 00 | BILLINGS JESSE | 2545 |
| WEBB | 07-125069 | 7058 | ALL | 25 | | 00 | BILLINGS JESSE | 2547 |
| WEBB | 07-127879 | 8416 | ALL | 26 | | 00 | VERGARA CLEMENTE | 2950 |
| WEBB | 07-125924 | 98412 | ALL | 32 | | 00 | ESSARY J D | 2676 |
| WEBB | 07-125648 | 8154 | ALL | 67 | | 00 | DAVIS MILES C | 2720 |

TERMS OFFERED

Primary Term: 3 years ✓
 Bonus/Acre: ~~\$3,061.00~~ 300.00
 Rental/Acre: \$0.00 10.00
 Royalty: 3/16 ✓

TERMS RECOMMENDED

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

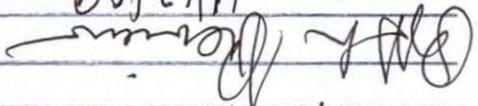
COMPARISONS

| MF # | Lessee | Date | Term | Bonus/Ac. | Rental/Ac. | Royalty | Distance |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | | | | | | | Last Lease |
| <input type="text"/> |
| <input type="text"/> |
| <input type="text"/> |
| <input type="text"/> |

Comments:

Approved: _____

File No. MF 110388



Date Filed: 11/13/09

Jerry Patterson, Commissioner

By 

Doc# 1060719
The State of Texas



Austin, Texas

**OIL AND GAS LEASE
NO. M-110388**

WHEREAS, on the 6th day of October 2009, hereinafter the "effective date", the Commissioner of the General Land Office and the School Land Board at a regular meeting of said Board approved the written application of Fasken Land and Minerals, Ltd. hereinafter referred to as "Lessee," whose address is 303 West Wall, Suite 1800, Midland, Texas 79701 to receive an oil and gas lease pursuant to §52.190 of the Natural Resources Code on the following area to-wit in Webb County, Texas:

- EAST HALF (E/2) OF SECTION 23, A-2545, J. BILLINGS, GRANTEE CONTAINING APPROXIMATELY 320 ACRES
- ALL OF SECTION 25, A-2547, J. BILLINGS, GRANTEE CONTAINING APPROXIMATELY 640 ACRES
- ALL OF SECTION 26, A-2950, C. VERGARA, GRANTEE CONTAINING APPROXIMATELY 701.50 ACRES
- ALL OF SECTION 32, A-2676, J. D. ESSARY, GRANTEE CONTAINING APPROXIMATELY 119.50 ACRES
- ALL OF SECTION 67, A-2720, MILES C. DAVIS, GRANTEE CONTAINING APPROXIMATELY 640 ACRES
- ALL OF SECTION 73, A-2762, O. A. PERRON, GRANTEE CONTAINING APPROXIMATELY 640 ACRES

TOTALING APPROXIMATELY 3,061 ACRES AS SHOWN ON THE OFFICIAL MAP OF WEBB COUNTY, TEXAS ON FILE IN THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS.

NOW, THEREFORE, I, Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is Austin, Texas, by virtue of the authority vested in me pursuant to the Texas Natural Resources Code Chapters 32, 33, 51 and Chapter 52, Subchapters A-D, F and H (said Code being hereinafter referred to as the N R C), and subject to all rules and regulations promulgated by the General Land Office and the School Land Board pursuant thereto and all other applicable statutes and amendments to said N R C and in consideration of the payment by Lessee, of the sum of Nine Hundred and Eighteen Thousand Three Hundred and 00/100 Dollars (\$918,300.00), receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto Lessee the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

1. RESERVATION: There is hereby excepted and reserved to Lessor the full use of the property covered hereby and all rights with respect to the surface and subsurface thereof for any and all purposes except those granted and to the extent herein granted to Lessee, together with the rights of ingress and egress and use of said lands by Lessor and its mineral lessees, for purposes of exploring for and producing the minerals which are not covered, or which may not be covered in the future, under the terms of this lease, but which may be located within the surface boundaries of the leased area. All of the rights in and to the leased premises retained by Lessor and all of the rights in and to the leased premises granted to Lessee herein shall be exercised in such a manner that neither shall unduly interfere with the operations of the other.

2. TERM: Subject to the other provisions hereof, this lease shall be for a term of three (3) years from the effective date hereof (herein called "primary term") and as long thereafter as oil or gas is produced in paying quantities from said area.

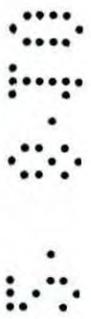
3. DELAY RENTALS: If no well be commenced on the land hereby leased on or before the anniversary date of this lease, this lease shall terminate as to both parties unless the Lessee on or before said date shall pay or tender to the Commissioner of the General Land Office of the State of Texas at Austin, Texas, the sum of Ten Dollars (\$10.00), per acre, which shall operate as rental and cover the privilege of deferring the commencement of a well for twelve (12) months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods of the same number of months successively during the primary term hereof.

4. PRODUCTION ROYALTIES: Upon production of oil and/or gas, the Lessee agrees to pay or cause to be paid to the Commissioner of the General Land Office in Austin, Texas, for the use and benefit of the State of Texas, during the term hereof:

(A) OIL: As a royalty on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, 3/16 part of the gross production or the market value thereof, at the option of the Lessor, 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 land hereby leased is sold, used or processed in a plant, it will be run free of cost to Lessor through an adequate oil and gas separator of conventional type or other equipment at least as efficient to the end that all liquid hydrocarbons recoverable from the gas by such means will be recovered. Upon written consent of Lessor, the requirement that such gas be run through such a separator or other equipment may be waived upon such terms and conditions as prescribed by Lessor.

(B) 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) 3/16 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 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 provided that the maximum pressure base in measuring the gas under this lease contract 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 test 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: As a royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons, 3/16 part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the Lessor. 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 arms' length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in the industry), whichever



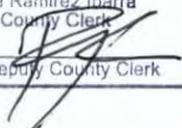
I, Margie Ramirez Ibarra, County Clerk, Webb County, do hereby certify that this is a true and correct copy, as the same appears of record in my office,

Witness my hand and seal of office on

FEB 1 2010



Margie Ramirez Ibarra
Webb County Clerk

By 
Deputy County Clerk

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: As a 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, 3/16 part of gross production of such products, or the market value thereof, at the option of Lessor, such market value to be determined as follows:

- (1) On the basis of the highest market price of each product, during 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.

(E) NO DEDUCTIONS: Lessee agrees that all royalties accruing to Lessor under this lease shall be without deduction for the cost of producing, transporting, and otherwise making the oil, gas and other products produced hereunder ready for sale or use.

(F) ROYALTY IN KIND: Notwithstanding anything contained herein to the contrary, Lessor may, at its option, upon not less than 60 days notice to Lessee, require at any time or from time to time that payment of all or any royalties accruing to Lessor under this lease be made in kind without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting and otherwise making the oil, gas and other products produced hereunder ready for sale or use. Lessor's right to take its royalty in kind shall not diminish or negate Lessor's rights or Lessee's obligations, whether express or implied, under this lease.

(G) 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 anything contained herein to the contrary, and subject to the consent in writing of the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises after the liquid hydrocarbons contained in the gas have been removed, and no royalties shall be payable on the gas so recycled until such time as the same may thereafter be produced and sold or used by Lessee in such manner as to entitle Lessor to a royalty thereon under the royalty provisions of this lease.

(H) 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 to Lessor 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.

(I) MARGINAL PRODUCTION ROYALTY: Upon Lessee's written application, the School Land Board may reduce the royalty rate set out in this paragraph and/or the minimum royalty set out in subparagraph 4 (I) to extend the economic life of this lease and encourage recovery of oil or gas that might otherwise remain unrecovered. Any such royalty reduction must conform to the requirements of any School Land Board administrative rules on this subject. Royalty may not be reduced below the applicable statutory minimum.

5. 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 accruing 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.

6. (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) 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. 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.

7. RETAINED ACREAGE AND CONTINUOUS DEVELOPMENT: 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. If this Lease is held in force and effect two years after the expiration date of the Primary Term, Lessee at that time may begin a continuous development program by commencing a well on the Lease on or before said two years after the expiration date of the primary term and this Lease shall remain in force in its entirety by the drilling of such well, and additional wells on the land covered hereby with no more than one hundred eighty days elapsing between the completion of one well and the commencement of the next succeeding well (herein the "Continuous Development Program"). For purposes of interpretation of this provision, a well shall be determined to be completed on the day Lessee releases the drilling rig used to drill such well, or the day such rig is removed off the location, whichever day occurs first, and a well shall be determined to be commenced when such well is spud with equipment capable of reaching the planned total depth of the well. Notwithstanding anything contained herein to the contrary, on the tenth anniversary date from the effective date of this Lease, the Continuous Development Program, if still in effect, shall end and any acreage not retained under Paragraph 7 (A) shall expire.

(A) VERTICAL: In the event this lease is in force and effect two years after the expiration date of the primary term, on said date or such time as Lessee fails to comply with the drilling schedule set out in the "Continuous Development Program", above, whichever date is later, this lease 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 11 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 Natural

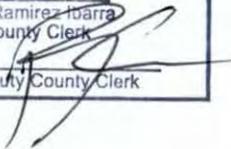
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I, Margie Ramirez Ibarra, County Clerk, Webb County,
do hereby certify that this is a true and correct copy, as
the same appears of record in my office,
Witness my hand and seal of office on

FEB 1 2010



Margie Ramirez Ibarra
Webb County Clerk

By 
Deputy County Clerk

Resources Code Sections 52.151-52.153, 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. Each separate tract retained under this Paragraph 7 (A) shall be considered a separate lease and must be maintained independently of any other tracts retained hereunder. 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 ("retained lands") for all purposes described above, together with easements and rights-of-way for existing roads, existing pipelines and other existing facilities on, over and across all the lands originally covered by this Lease for access to and from the retained lands and for gathering or transportation of oil, gas and other minerals produce from the retained lands.

(B) HORIZONTAL: On the date of partial termination as provided in Paragraph 7(A) above, this lease 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 7 (A) above, unless on or before said termination date 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 School Land Board. 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. Notwithstanding any provision of this Lease to the contrary, if at any time after the effective date of the partial termination provisions hereof, the applicable field rules are changed, or the wells located on the leased premises are reclassified by the Railroad Commission of Texas so that less acreage is thereafter allocated to said well or wells for production purposes, this Lease shall not terminate as to all acreage outside of the reclassified production units, if, Lessee within 180 days of said reclassification begins operations to drill such additional wells as to hold the remaining acreage outside of the new production units, but within the previously formed unit(s). Drilling shall continue with no longer than 180 days elapsing between the completion of such new well either as a producing well or as a dry hole and the start of the next well. At Lessee's sole election, drilling may continue until the number of wells and the acreage attributable to the new wells fills out the amount of acres attributable to the old unit. Upon the completion of each such new well as producer said well shall come under the terms and conditions of this Oil and Gas Lease as if it was drilled during the primary term hereof.

8. OFFSET WELLS: If oil and/or gas should be produced in commercial quantities from a well located on land privately owned or on State land leased at a lesser royalty, which well is within one thousand (1,000) feet of the area included herein, or which well is draining the area covered by this lease, the Lessee shall, within sixty (60) days after such initial production from the draining well or the well located within one thousand (1,000) feet from the area covered by this lease begin in good faith and prosecute diligently the drilling of an offset well on the area covered by this lease, and such offset well shall be drilled to such depth as may be necessary to prevent the undue drainage of the area covered by this lease, and the Lessee, manager or driller shall use all means necessary in a good faith effort to make such offset well produce oil and/or gas in commercial quantities. Only upon the determination of the Commissioner and with his written approval, may the payment of a compensatory royalty satisfy the obligation to drill an offset well or wells required under this Paragraph.

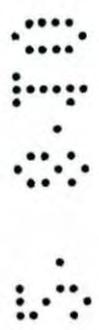
9. DRY HOLE/CESSATION OF PRODUCTION DURING PRIMARY TERM: If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if during the primary term hereof and after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall not terminate if on or before the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or pays or tenders the next annual delay rental in the same manner as provided in this lease. If, during the last year of the primary term or within sixty (60) days prior thereto, a dry hole be completed and abandoned, or the production of oil or gas should cease for any cause, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term; and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking operations pursuant to Paragraph 10, using the expiration of the primary term as the date of cessation of production under Paragraph 10. 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.

10. 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.

11. 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. 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. 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.

12. 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 to the Commissioner 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 in 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; and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in N.R.C. Section 52.034; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells. Compensatory royalty payments, which are not timely paid, will accrue penalty and interest in accordance with Paragraph 5 of this lease.

13. USE OF WATER; SURFACE: Lessee shall have the right to use water produced on said land necessary for operations hereunder and solely upon the leased premises; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for water flood operations without the prior written consent of the surface owner. Lessee shall have the right to use so much of the surface of the land that may be reasonably necessary for drilling and operating wells and transporting and marketing the production therefrom, such use to be conducted under conditions of least injury to the surface of the land.

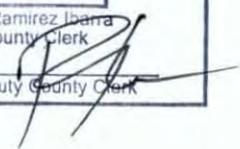


I, Margie Ramirez Ibarra, County Clerk, Webb County,
do hereby certify that this is a true and correct copy, as
the same appears of record in my office,
Witness my hand and seal of office on

FEB 1 2010



Margie Ramirez Ibarra
Webb County Clerk

By 
Deputy County Clerk

14. 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.

15. IDENTIFICATION MARKERS: Lessee shall erect, at a distance not to exceed twenty-five (25) feet from each well on the premises covered by this lease, a legible sign on which shall be stated the name of the operator, the lease designation and the well number. Where two or more wells on the same lease or where wells on two or more leases are connected to the same tank battery, whether by individual flow line connections direct to the tank or tanks or by use of a multiple header system, each line between each well and such tank or header shall be legibly identified at all times, either by a firmly attached tag or plate or an identification properly painted on such line at a distance not to exceed three (3) feet from such tank or header connection. Said signs, tags, plates or other identification markers shall be maintained in a legible condition throughout the term of this lease.

16. ASSIGNMENTS: The lease may be transferred at any time; provided, however, that the liability of the transferor to properly discharge its obligation under the lease, including properly plugging abandoned wells, removing platforms or pipelines, or remediation of contamination at drill sites shall pass to the transferee upon the prior written consent of the Commissioner of the General Land Office. The Commissioner may require the transferee to demonstrate financial responsibility and may require a bond or other security. All transfers must reference the lease by the file number and must be recorded in the county where the area is located, and the recorded transfer or a copy certified to by the County Clerk of the county where the transfer is recorded must be filed in the General Land Office within ninety (90) days of the execution date, as provided by N.R.C. Section 52.026, accompanied by the filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such transfer or certified copy thereof. Every transferee 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 transferee of the lease, including any liabilities to the state for unpaid royalties.

17. RELEASES: Lessee may relinquish the rights granted hereunder to the State at any time by recording the relinquishment in the county where this area is situated and filing the recorded relinquishment or certified copy of same in the General Land Office within ninety (90) days after its execution accompanied by the filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such relinquishment or certified copy thereof. Such relinquishment will not have the effect of releasing Lessee from any liability theretofore accrued in favor of the State.

18. LIEN: In accordance with N.R.C. Section 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 N.R.C. Section 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, Chapter 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.

19. FORFEITURE: If Lessee shall fail or refuse to make the payment of any sum within thirty (30) 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 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 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 to the highest bidder, under the same regulations controlling the original sale of leases. 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.

20. APPLICABLE LAWS AND DRILLING RESTRICTIONS: This lease shall be subject to all rules and regulations, and amendments thereto, promulgated by the Commissioner of the General Land Office governing drilling and producing operations, payment of royalties, and auditing procedures, and shall be subject to all other valid statutes, rules, regulations, orders and ordinances that may affect operations under the provisions of this lease. Without limiting the generality of the foregoing, Lessee hereby agrees, by the acceptance of this lease, to be bound by and subject to all statutory and regulatory provisions relating to the General Land Office's audit billing notice procedures. Said provisions are currently found at N.R.C. Sections 52.135 and 52.137 through 52.140.

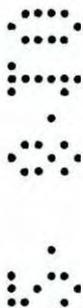
21. REMOVAL OF EQUIPMENT: Upon the termination of this lease for any cause, Lessee shall not, in any event, be permitted to remove the casing or any part of the equipment from any producing, dry, or abandoned well or wells without the written consent of the Commissioner of the General Land Office or his authorized representative, nor shall Lessee, without the written consent of said Commissioner or his authorized representative remove from the leased premises the casing or any other equipment, material, machinery, appliances or property owned by Lessee and used by Lessee in the development and production of oil or gas therefrom until all dry or abandoned wells have been plugged and until all slush or refuse pits have been properly filled and all broken or discarded lumber, machinery, or debris shall have been removed from the premises to the satisfaction of the said Commissioner or his authorized representative.

22. FORCE MAJEURE: Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling operations thereon, or from producing oil and/or gas therefrom, after effort made in good faith, by reason of war, rebellion, riots, strikes, fires, acts of God or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended upon proper and satisfactory proof presented to the Commissioner of the General Land Office in support of Lessee's contention and Lessee shall not be liable for damages for failure to comply therewith (except in the event of lease operations suspended as provided in the rules and regulations adopted by the School Land Board); and this lease shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing oil and/or gas from the leased premises; provided, however, that nothing herein shall be construed to suspend the payment of rentals during the primary or extended term, nor to abridge Lessee's right to a suspension under any applicable statute of this State.

23. LEASE SECURITY: Lessee shall take the highest degree of care and all proper safeguards to protect said premises and to prevent theft of oil, gas, and other hydrocarbons produced from said lease. This includes, but is not limited to, the installation of all necessary equipment, seals, locks, or other appropriate protective devices on or at all access points at the lease's production, gathering and storage systems where theft of hydrocarbons can occur. Lessee shall be liable for the loss of any hydrocarbons resulting from theft and shall pay the State of Texas royalties thereon as provided herein on all oil, gas or other hydrocarbons lost by reason of theft.

24. 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 in accordance with Natural Resources Code Sections 52.151-52.153, 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.

Volume 2879 Page 154



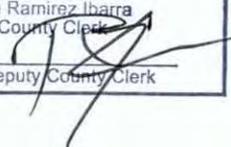
I, Margie Ramirez Ibarra, County Clerk, Webb County, do hereby certify that this is a true and correct copy, as the same appears of record in my office,

Witness my hand and seal of office on

FEB 1 2010



Margie Ramirez Ibarra
Webb County Clerk

By 
Deputy County Clerk

25. **SUCCESSORS AND ASSIGNS:** The covenants, conditions and agreements contained herein shall extend to and be binding upon the heirs, executors, administrators, successors or assigns of Lessee herein.

26. **VENUE:** Lessor and lessee, including lessee's successors and assigns, hereby agree that venue for any dispute arising out of a provision of this lease, whether express or implied, regarding interpretation of this lease, or relating in any way to this lease or to applicable case law, statutes, or administrative rules, shall be in a court of competent jurisdiction located in Travis County, State of Texas.

27. **LEASE FILING:** Pursuant to Chapter 9 of the Tex. Bus. & Com. 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. The prescribed filing fee shall accompany the certified copies sent to the General Land Office.

28. **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.

IN TESTIMONY WHEREOF, witness the signature of the Commissioner of the General Land Office of the State of Texas under the seal of the General Land Office.

LESSOR:

Jerry E. Patterson
COMMISSIONER OF THE GENERAL LAND OFFICE
OF THE STATE OF TEXAS

APPROVED
Contents
Legal
DC
Exec

LESSEE:

FASKEN LAND AND MINERALS, LTD.
a Texas Limited Partnership, by Fasken Management, LLC, its General Partner

Mark B. Merritt
Mark B. Merritt, Vice President

I, Margie Ramirez Ibarra, County Clerk, Webb County, do hereby certify that this is a true and correct copy, as the same appears of record in my office,
Witness my hand and seal of office on
FEB 1 2010
Margie Ramirez Ibarra
Webb County Clerk
By *[Signature]*
Deputy County Clerk

STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

This instrument was acknowledged before me this 16th day of October, 2009, by **Mark B. Merritt**, Vice President of Fasken Management, LLC, General Partner of Fasken Land and Minerals, Ltd., a Texas Limited Partnership on behalf of said partnership.

 MELISSA L. DIMIT
Notary Public
STATE OF TEXAS
My Comm. Exp. Sep. 09. 2013

Melissa L. Dimit
Notary Public in and for the State of Texas

Volume 2879 Page 155

13.

File No: MF 110388
Certified lease
 Date Filed: 2/8/10
 By: Jerry Patterson, Commissioner

THE STATE OF TEXAS)
 COUNTY OF WEBB) I, MARGIE RAMIREZ IBARRA, Clerk
 of the County Court of Webb County, Texas, do hereby
 certify that the foregoing is a true and correct copy of the
 original Oil and Gas Lease as the same
 appears on record in my office, in Vol 2879 (page(s) 151-155
 of the Official Records of Webb County, Texas.
 Witness my Hand and Seal of Office this the 1st
 day of February A.D., 2010

MARGIE RAMIREZ IBARRA Webb County Clerk
 Webb County, Texas.

By [Signature] Deputy
 Ruben Rodriguez Jr.



LEASE DELAY RENTAL PAYMENT

CHECK DATE 09/01/10 CHECK NUMBER 151711 CHECK AMOUNT 30,610.00

LEASE TX-627-000003-002-10

LESSOR TEX2360 The State of Texas
General Land Office
1700 North Congress Ave.
Suite 600
Austin TX 78701-1495

11700190

DUE DATE 10/06/2010

PAYMENT AMOUNT 30610.00

RNT for State of TX Lease M-110388 covering E/2 of Sec 23 &
all of Sections 25, 26, 32, 67 & 73 totaling 3061.00 acres,
Webb County, Texas

MF
110388

(P)

121



RETAIN THIS COPY
FOR YOUR RECORDS

FASKEN OIL AND RANCH, LTD.
303 West Wall Ave., Suite 1800
Midland, TX 79701-5116

Lessor: The State of Texas

Check No: 151711

Amount: \$30610.00

Due Date: 10/06/2010

Our reference: TX-627-000003-002

RENTAL PAYMENT RECEIPT

The State of Texas
General Land Office
1700 North Congress Ave.
Suite 600
Austin TX 78701-1495

Received the sum of \$30,610.00, Due on 10/06/2010 Paid by check number 151711
From: FASKEN OIL AND RANCH, LTD. In payment for:

RNT for State of TX Lease M-110388 covering E/2 of Sec 23 &
all of Sections 25, 26, 32, 67 & 73 totaling 3061.00 acres,
Webb County, Texas

Please return this bottom portion to:

FASKEN OIL AND RANCH, LTD.
303 West Wall Ave., Suite 1800
Midland, TX 79701-5116

RECEIPT OF PAYMENT

Received the sum of \$30,610.00, Due on 10/06/2010 Paid by check number 151711
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all of Sections 25, 26, 32, 67 & 73 totaling 3061.00 acres,
Webb County, Texas

Our reference: TX-627-000003-002

Lessor: The State of Texas

Received by: _____
The State of Texas

Date received: _____

FASKEN OIL AND RANCH, LTD.

303 West Wall Street, Suite 1800
Midland, Texas 79701-5106
(432) 687-1777 (432) 687-0669 Fax

September 2, 2010

CERTIFIED MAIL 7008 3230 0001 9265 1258

The State Of Texas
General Land Office
P. O. Box 12873
Austin, TX 78711-2873

**RE: Annual Rental for State of Texas Lease M-110388
E/2 of Section 23 & all of Sections 25, 26, 67 & 73, 3061 acres
Webb County, Texas**

Gentlemen:

Enclosed is a check in the amount of \$30,610.00 for the annual rental due under the subject lease. Please sign and return one of the enclosed Rental Payment Receipts in the self-addressed stamped envelope provided.

Thank you for your assistance. Should you have any questions, you may contact me by phone at 432-687-1777 or by email at melissab@forl.com.

Thank you,



Melissa Dimit
Lease Analyst
Fasken Oil and Ranch, Ltd.

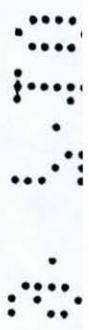
(14)

File No. MF- 110388

RENTAL PAYMENT

Date Filed: 9/7/10
Jerry E. Patterson, Commissioner

By [Signature]



[Faint handwritten text, possibly a signature or date]

LEASE DELAY RENTAL PAYMENT

CHECK DATE 09/08/11 CHECK NUMBER 166424 CHECK AMOUNT 30,610.00

LEASE TX-627-000003-002-10

LESSOR TEX2360 The State of Texas
General Land Office
1700 North Congress Ave.
Suite 600
Austin TX 78701-1495

12700642

DUE DATE 10/06/2011

PAYMENT AMOUNT ~~30610.00~~

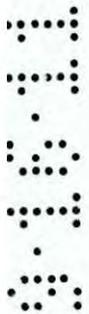
121

RNT for State of TX Lease M-110388 covering E/2 of Sec 23 &
all of Sections 25, 26, 32, 67 & 73 totaling 3061.00 acres,
Webb County, Texas

(P)

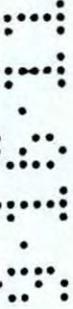
COPY

(P)



FASKEN OIL AND RANCH, LTD.

303 West Wall Street, Suite 1800
Midland, Texas 79701-5106
(432) 687-1777 (432) 687-0669 Fax



September 9, 2011

CERTIFIED MAIL 7008 3230 0001 9261 7612

The State Of Texas
General Land Office
P. O. Box 12873
Austin, TX 78711-2873

**RE: Annual Rental for State of Texas Lease M-110388
E/2 of Section 23 & all of Sections 25, 26, 67 & 73, 3061 acres
Webb County, Texas**

Gentlemen:

Enclosed is a check in the amount of \$30,610.00 for the annual rental due under the subject lease. Please sign and return one of the enclosed Rental Payment Receipts in the self-addressed stamped envelope provided.

Thank you for your assistance. Should you have any questions, you may contact me by phone at 432-687-1777 or by email at melissab@forl.com.

Thank you,

Melissa Dimit
Lease Analyst
Fasken Oil and Ranch, Ltd.

FASKEN OIL AND RANCH, LTD.
303 West Wall Ave., Suite 1800
Midland, TX 79701-5116

RETAIN THIS COPY
FOR YOUR RECORDS

Lessor: The State of Texas

Check No: 166424

Amount: \$30610.00

Due Date: 10/06/2011

Our reference: TX-627-000003-002

RENTAL PAYMENT RECEIPT

The State of Texas
General Land Office
1700 North Congress Ave.
Suite 600
Austin TX 78701-1495

Received the sum of \$30,610.00, Due on 10/06/2011 Paid by check number 166424
From: FASKEN OIL AND RANCH, LTD. In payment for:

RNT for State of TX Lease M-110388 covering E/2 of Sec 23 &
all of Sections 25, 26, 32, 67 & 73 totaling 3061.00 acres,
Webb County, Texas

Please return this bottom portion to:

FASKEN OIL AND RANCH, LTD.
303 West Wall Ave., Suite 1800
Midland, TX 79701-5116

RECEIPT OF PAYMENT

Received the sum of \$30,610.00, Due on 10/06/2011 Paid by check number 166424
From: FASKEN OIL AND RANCH, LTD. In payment for:

RNT for State of TX Lease M-110388 covering E/2 of Sec 23 &
all of Sections 25, 26, 32, 67 & 73 totaling 3061.00 acres,
Webb County, Texas

Our reference: TX-627-000003-002

Lessor: The State of Texas

Received by: RENTAL PAYMENT
The State of Texas

Date received: SEP 16 2011

File No. MF 110 388
Deby Rental

Date Filed: 9/16/11

Jerry E. Patterson, Commissioner

By EA

FASKEN OIL AND RANCH, LTD.

303 West Wall Avenue, Suite 1800
Midland, Texas 79701-5106
(432) 687-1777 Fax (432) 687-0669

February 2, 2012

Drew Reid
Texas General Land Office
1700 North Congress Avenue, Suite 800
Austin, Texas 78701-1495

RE: Relinquishment Act Oil and Gas Lease dated October 6, 2009
GLO Lease No. M-110388
Fasken Lease No. TX-627-3-2
Covering 3,061 acres more or less
Webb County, Texas

Dear Mr. Reid,

Fasken Land and Minerals, Ltd., (hereinafter "Fasken") is the current owner of the referenced Oil and Gas Lease (hereinafter the "Lease"). Paragraph 6. (B) of the Lease requires written notice of all operations on the Lease to be given to the Commissioner of the General Land Office.

Please accept this as Fasken's notice to spud the La Mesa No. 1H well on or about February 12, 2012. The well will be a horizontal well to test the Eagle Ford Shale with the location set out as follows:

Surface Hole – 616' FSL & 24' FEL of Section 23, A-2545, Jesse Billings Grantee
First Take Point – 1,303' FSL & 300' FEL of Section 23, A-2545, Jesse Billings Grantee
Terminus – 434' FSL & 2,074' FEL of Section 25, A-2547, Jesse Billings Grantee

This information is set out on the attached plat. Fasken will forward a copy of the Railroad Commission application to drill as soon as it is available. Should you have any questions or need any additional information, please let me know. I can be reached at the above address or phone number or by email at markb@forl.com.

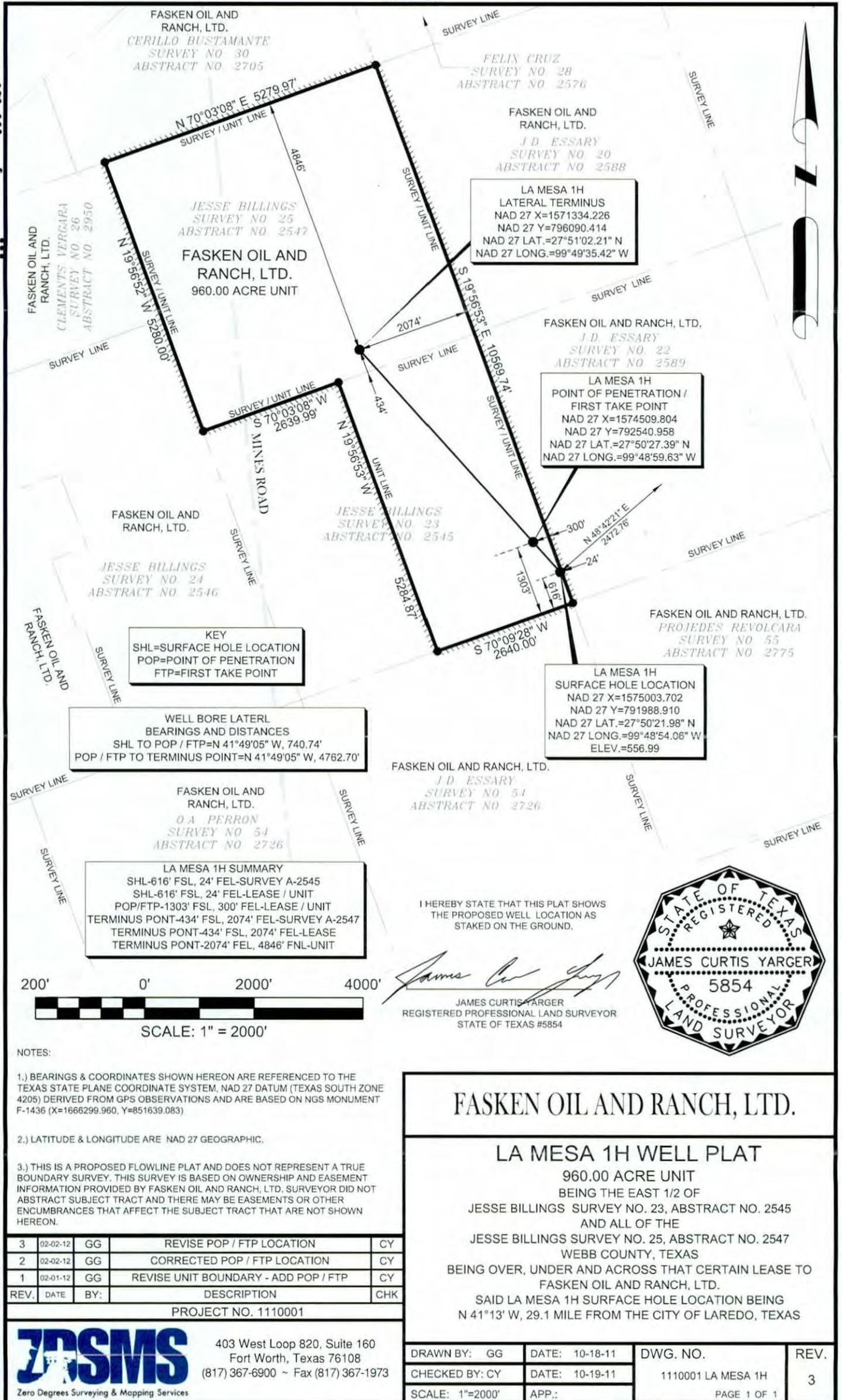
Very Truly Yours,



Mark S. Bell

Enclosure

EXHIBIT



KEY
 SHL=SURFACE HOLE LOCATION
 POP=POINT OF PENETRATION
 FTP=FIRST TAKE POINT

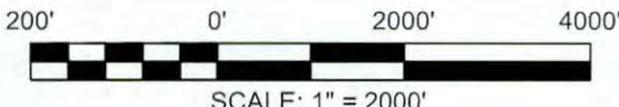
WELL BORE LATERL BEARINGS AND DISTANCES
 SHL TO POP / FTP=N 41°49'05" W, 740.74'
 POP / FTP TO TERMINUS POINT=N 41°49'05" W, 4762.70'

LA MESA 1H SUMMARY
 SHL-616' FSL, 24' FEL-SURVEY A-2545
 SHL-616' FSL, 24' FEL-LEASE / UNIT
 POP/FTP-1303' FSL, 300' FEL-LEASE / UNIT
 TERMINUS PONT-434' FSL, 2074' FEL-SURVEY A-2547
 TERMINUS PONT-434' FSL, 2074' FEL-LEASE
 TERMINUS PONT-2074' FEL, 4846' FNL-UNIT

FASKEN OIL AND RANCH, LTD.
 J.D. ESSARY
 SURVEY NO. 54
 ABSTRACT NO. 2726

I HEREBY STATE THAT THIS PLAT SHOWS THE PROPOSED WELL LOCATION AS STAKED ON THE GROUND.

James Curtis Yarger
 JAMES CURTIS YARGER
 REGISTERED PROFESSIONAL LAND SURVEYOR
 STATE OF TEXAS #5854



NOTES:

- 1.) BEARINGS & COORDINATES SHOWN HEREON ARE REFERENCED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, NAD 27 DATUM (TEXAS SOUTH ZONE 4205) DERIVED FROM GPS OBSERVATIONS AND ARE BASED ON NGS MONUMENT F-1436 (X=1666299.960, Y=851639.083)
- 2.) LATITUDE & LONGITUDE ARE NAD 27 GEOGRAPHIC.
- 3.) THIS IS A PROPOSED FLOWLINE PLAT AND DOES NOT REPRESENT A TRUE BOUNDARY SURVEY. THIS SURVEY IS BASED ON OWNERSHIP AND EASEMENT INFORMATION PROVIDED BY FASKEN OIL AND RANCH, LTD. SURVEYOR DID NOT ABSTRACT SUBJECT TRACT AND THERE MAY BE EASEMENTS OR OTHER ENCUMBRANCES THAT AFFECT THE SUBJECT TRACT THAT ARE NOT SHOWN HEREON.

| | | | | |
|------|----------|-----|--------------------------------------|-----|
| 3 | 02-02-12 | GG | REVISE POP / FTP LOCATION | CY |
| 2 | 02-02-12 | GG | CORRECTED POP / FTP LOCATION | CY |
| 1 | 02-01-12 | GG | REVISE UNIT BOUNDARY - ADD POP / FTP | CY |
| REV. | DATE | BY: | DESCRIPTION | CHK |

PROJECT NO. 1110001



403 West Loop 820, Suite 160
 Fort Worth, Texas 76108
 (817) 367-6900 ~ Fax (817) 367-1973

FASKEN OIL AND RANCH, LTD.

LA MESA 1H WELL PLAT
 960.00 ACRE UNIT
 BEING THE EAST 1/2 OF
 JESSE BILLINGS SURVEY NO. 23, ABSTRACT NO. 2545
 AND ALL OF THE
 JESSE BILLINGS SURVEY NO. 25, ABSTRACT NO. 2547
 WEBB COUNTY, TEXAS
 BEING OVER, UNDER AND ACROSS THAT CERTAIN LEASE TO
 FASKEN OIL AND RANCH, LTD.
 SAID LA MESA 1H SURFACE HOLE LOCATION BEING
 N 41°13' W, 29.1 MILE FROM THE CITY OF LAREDO, TEXAS

| | | | |
|-----------------|----------------|--------------------|------|
| DRAWN BY: GG | DATE: 10-18-11 | DWG. NO. | REV. |
| CHECKED BY: CY | DATE: 10-19-11 | 1110001 LA MESA 1H | 3 |
| SCALE: 1"=2000' | APP.: | PAGE 1 OF 1 | |

File No. MF110388

(16)

Notice To Spud La Mesa No. 1 H

Date Filed: 02/06/2012

Jerry E. Patterson, Commissioner

By [Signature]

5 075

M-110-88

**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION**

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

| | | | | |
|---|---|--|----------------------|------|
| PERMIT NUMBER 733150 | DATE PERMIT ISSUED OR AMENDED Feb 10, 2012 | DISTRICT * 04 | | |
| API NUMBER 42-479-41716 | FORM W-1 RECEIVED Feb 03, 2012 | COUNTY WEBB | | |
| TYPE OF OPERATION NEW DRILL | WELLBORE PROFILE(S) Horizontal | ACRES 960 | | |
| OPERATOR FASKEN OIL AND RANCH, LTD. | 263696 | NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (210) 227-1313 | | |
| LEASE NAME LA MESA | | WELL NUMBER 1H | | |
| LOCATION 29.1 miles NW direction from LAREDO | | TOTAL DEPTH 10000 | | |
| Section, Block and/or Survey SECTION ◀ 23 BLOCK ◀ ABSTRACT ◀ 2545 SURVEY ◀ BILLINGS, J | | | | |
| DISTANCE TO SURVEY LINES 616 ft. SOUTH 24 ft. EAST | | DISTANCE TO NEAREST LEASE LINE 330 ft. | | |
| DISTANCE TO LEASE LINES 616 ft. SOUTH 24 ft. EAST | | DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below | | |
| FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES * | | | | |
| FIELD NAME LEASE NAME | ACRES NEAREST LEASE | DEPTH NEAREST WE | WELL # NEAREST WE | DIST |
| ----- HAWKVILLE (EAGLEFORD SHALE) LA MESA | 960.00 330 | 8,900 0 | 1H | 01 |
| ----- WELLBORE PROFILE(S) FOR FIELD: Horizontal ----- | | | | |
| RESTRICTIONS: Lateral: TH1 Penetration Point Location Lease Lines: 1378.0 F SOUTH L 330.0 F EAST L Terminus Location BH County: WEBB Section: Block: Abstract: 2547 Survey: JESSE BILLINGS SURVEY Lease Lines: 4846.0 F NORTH L 2074.0 F EAST L Survey Lines: 434.0 F SOUTH L 2074.0 F EAST L | | | | |
| THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS | | | | |
| This well shall be completed and produced in compliance with applicable special field or statewide spacing and density rules. If this well is to be used for brine mining, underground storage of liquid hydrocarbons in salt formations, or underground storage of gas in salt formations, a permit for that specific purpose must be obtained from Environmental Services prior to construction, including drilling, of the well in accordance with Statewide Rules 81, 95, and 97. | | | | |

| | | | | | | | |
|--|-----------------|---|--------------------------|---|--|---|---|
| API No. <u>42-479-41716</u> | | RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION | | | | FORM W-1 07/2004 | |
| Drilling Permit # <u>733150</u> | | APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER | | | | Permit Status: <u>Approved</u> | |
| SWR Exception Case/Docket No. _____ | | <i>This facsimile W-1 was generated electronically from data submitted to the RRC. A certification of the automated data is available in the RRC's Austin office.</i> | | | | | |
| 1. RRC Operator No. <u>263696</u> | | 2. Operator's Name (as shown on form P-5, Organization Report) <u>FASKEN OIL AND RANCH, LTD.</u> | | | 3. Operator Address (include street, city, state, zip): | | |
| 4. Lease Name <u>LA MESA</u> | | | 5. Well No. <u>1H</u> | | | | |
| GENERAL INFORMATION | | | | | | | |
| 6. Purpose of filing (mark ALL appropriate boxes): <input checked="" type="checkbox"/> New Drill <input type="checkbox"/> Recompletion <input type="checkbox"/> Reclass <input type="checkbox"/> Field Transfer <input type="checkbox"/> Re-Enter <input type="checkbox"/> Amended <input type="checkbox"/> Amended as Drilled (BHL) (Also File Form W-1D) | | | | | | | |
| 7. Wellbore Profile (mark ALL appropriate boxes): <input type="checkbox"/> Vertical <input checked="" type="checkbox"/> Horizontal (Also File Form W-1H) <input type="checkbox"/> Directional (Also File Form W-1D) <input type="checkbox"/> Sidetrack | | | | | | | |
| 8. Total Depth <u>10000</u> | | 9. Do you have the right to develop the minerals under any right-of-way? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | | 10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | |
| SURFACE LOCATION AND ACREAGE INFORMATION | | | | | | | |
| 11. RRC District No. <u>04</u> | | 12. County <u>WEBB</u> | | 13. Surface Location <input checked="" type="checkbox"/> Land <input type="checkbox"/> Bay/Estuary <input type="checkbox"/> Inland Waterway <input type="checkbox"/> Offshore | | | |
| 14. This well is to be located <u>29.1</u> miles in a <u>NW</u> direction from <u>Laredo</u> which is the nearest town in the county of the well site. | | | | | | | |
| 15. Section <u>23</u> | 16. Block | 17. Survey <u>BILLINGS, J</u> | | 18. Abstract No. <u>A-2545</u> | 19. Distance to nearest lease line: <u>330</u> ft. | 20. Number of contiguous acres in lease, pooled unit, or unitized tract: <u>960</u> | |
| 21. Lease Perpendiculars: <u>616</u> ft from the <u>SOUTH</u> line and <u>24</u> ft from the <u>EAST</u> line. | | 22. Survey Perpendiculars: <u>616</u> ft from the <u>SOUTH</u> line and <u>24</u> ft from the <u>EAST</u> line. | | | | | |
| 23. Is this a pooled unit? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | 24. Unitization Docket No: | | 25. Are you applying for Substandard Acreage Field? <input type="checkbox"/> Yes (attach Form W-1A) <input checked="" type="checkbox"/> No | | | |
| FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line. | | | | | | | |
| 26. RRC District No. | 27. Field No. | 28. Field Name (exactly as shown in RRC records) | | 29. Well Type | 30. Completion Depth | 31. Distance to Nearest Well in this Reservoir | 32. Number of Wells on this lease in this Reservoir |
| <u>01</u> | <u>39744500</u> | <u>HAWKVILLE (EAGLEFORD SHALE)</u> | | <u>Gas Well</u> | <u>8900</u> | <u>0.00</u> | <u>1</u> |
| BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment) | | | | | | | |
| Remarks <u>[RRC STAFF Feb 10, 2012 1:10 PM]: Manual Review ok. Density met.</u> | | | | Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge. | | | |
| | | | | <u>Kim Tyson</u> Name of filer | | <u>Feb 03, 2012</u> Date submitted | |
| RRC Use Only Data Validation Time Stamp: <u>Feb 10, 2012 1:50 PM(Current Version)</u> | | | | <u>(432)687-1777, x2043</u> Phone | | <u>kimt@forl.com</u> E-mail Address (OPTIONAL) | |

**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION**

Form W-1H 07/2004
Supplemental Horizontal Well Information

Permit Status: **Approved**
*The RRC has not approved this application.
Duplication or distribution of information is
at the user's own risk.*

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER

*This facsimile W-1 was generated electronically from data submitted to the RRC.
A certification of the automated data is available in the RRC's Austin office.*

Permit # **733150**
Approved Date: **Feb 10, 2012**

| | | | |
|---|---|---|----------------------------|
| 1. RRC Operator No. 263696 | 2. Operator's Name (exactly as shown on form P-5, Organization Report) FASKEN OIL AND RANCH, LTD. | 3. Lease Name LA MESA | 4. Well No. 1H |
| Lateral Drainhole Location Information | | | |
| 5. Field as shown on Form W-1 HAWKVILLE (EAGLEFORD SHALE) (Field # 39744500, RRC District 01) | | | |
| 6. Section | 7. Block | 8. Survey JESSE BILLINGS SURVEY | 9. Abstract 2547 |
| | | 10. County of BHL WEBB | |
| 11. Terminus Lease Line Perpendiculars 4846 ft. from the North line. and 2074 ft. from the East line | | | |
| 12. Terminus Survey Line Perpendiculars 434 ft. from the South line. and 2074 ft. from the East line | | | |
| 13. Penetration Point Lease Line Perpendiculars 1378 ft. from the South line. and 330 ft. from the East line | | | |



RAILROAD COMMISSION OF TEXAS OIL AND GAS DIVISION

February 8, 2012

Fasken Oil and Ranch, LTD
Attn: Kim Tyson
303 W. Wall Street, Suite 1800
Midland, TX 79701

Re: **La Mesa Lease, Well No. 1H, Webb County, Texas**

Pursuant to your request dated **February 8, 2012**, this letter will be your authority to set approximately **3600** feet of surface casing on the captioned well. Please note that a copy of this letter must be kept on location during all phases of drilling and/or plugging operations.

You must comply with all other provisions of Statewide Rule 13 (b)(2). If cement is not circulated to ground surface while cementing the surface casing, you must promptly contact the District Director or authorized representative and follow the procedures as set out in Statewide Rule 13 (b)(2)(G)(iii).

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

It is requested that the Railroad Commission District Office be notified 8 hours prior to the time casing is cemented in this well. It is also requested that your representative provide the following information at notification; drilling permit number and Texas Commission on Environmental Quality usable quality water depth, and SC Number.

*District requirements for open hole plugging: (1) plug of sufficient volume placed 500 feet from total depth (2) additional plugs every 3000 feet of open hole.

If further information is needed, please contact this office.

Yours very truly,

A handwritten signature in black ink that reads "Arnold Ott, P.E.".

Arnold Ott, P.E.
District Director

AO/ir

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

RRC District Office Action:

RRC Use Only: Approved Approved as Modified Denied

By: _____ Date: _____

| | | |
|---|------------------------------------|------------------|
| Operator's Name and Address: Fasken Oil and Ranch, Ltd. 303 W. Wall St., Ste. 1800 Midland, TX 79701 | Lease: La Mesa | Well No.: 1H |
| | Field: Hawkville (Eagleford Shale) | |
| | Drilling Permit No.: 733150 | |
| | County: Webb | RRC District: 04 |
| | Location: Sec. N/A; Block N/A | Sur. Twp. N/A |
| Proposed TD: 10,000' TVD | | Jesse Billings |

Distance and Direction from nearest town: 29.1 miles Northwest from Laredo. Survey

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

Usable-quality water strata (as determined by TNRCC "Waterboard" letter) occur to a depth of 3200' ft.
and from _____ ft to _____ ft.
and from _____ ft to _____ ft.

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

Distance and direction of nearest water well (within ¼ mile): None known.

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

Proposed Casing and Cementing Program

This application is for (check applicable boxes):

Short surface string excess surface string no surface casing multi-stage tool

The proposed surface casing depth: 3600' Multistage tool depth: _____

Intermediate/Production Casing Depth: _____ Multistage tool depth: _____

Centralizer number and placement: On bottom 3 jts., & every 4th jt. to surface.

Cement data - applies to cement from multi-stage tool or intermediate/production casing shoe to ground surface.

| | TYPE & ADDITIVES | WEIGHT & YIELD | DISPLACEMENT FEET | COMPRESSIVE STRENGTH |
|-------------|-----------------------|----------------|-------------------|----------------------|
| LEAD SLURRY | 15/85 POZ/A + 3% salt | 12.5 & 2.18 | 2600 | 382 (24 hr.) |
| TAIL SLURRY | Class A +.2% retarder | 15.6 & 1.18 | 1000 | 3045 (72 hr.) |

Reason for this request: To case off the shale interval from 3200' - 3600' and to increase casing shoe integrity for well control.

NOTICE

1. Caution: If this well is being drilled for injection or disposal purposes, an application for an injection or disposal well permit may be denied unless surface casing is set and cemented through all zones of usable-quality groundwater.
2. Centralizers must be used through all usable waters. Refer to Rule 13(b)(2)(F).
3. Notify District Office 8 hours prior to setting casing, and notify D. O. if cement does not circulate to ground surface.
4. Operator is to comply with all conditions on the attached sheet, regarding circulation, notice, and remedial actions.

Signature: Kim Tyson Name & Title: Kim Tyson, Regulatory Analyst Phone Number: 432-687-1777

Groundwater
Advisory Unit

GROUNDWATER PROTECTION DETERMINATION

Date January 26, 2012 GAU File No.: SC- 16066

***** EXPEDITED APPLICATION *****
API Number 47900000

Attention: KIM TYSON RRC Lease No. 000000

SC_263696_47900000_000000_16066.pdf

| | | | |
|---|--------------|-----------------------|-----------------|
| FASKEN OIL AND RANCH LTD 303 W WALL STE 1800 MIDLAND TX 79701 P-5# 263696 | --Measured-- | Digital Map Location: | |
| | 24 ft FEL | X-coord/Long | <u>99.81500</u> |
| | 616 ft FSL | Y-coord/Lat | <u>27.83940</u> |
| | MRL: SURVEY | Datum | <u>27</u> Zone |

County WEBB Lease & Well No. LA MESA #1H&ALL Purpose ND

Location SUR-BILLINGS J., A-2545, -- [TD=9000], [RRC 4],

To protect usable-quality groundwater at this location, the Groundwater Advisory Unit of the Texas Railroad Commission recommends:

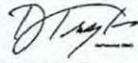
The base of usable-quality water is estimated to occur at a depth of 3200 feet. Moreover, the interval from the land surface to a depth of 300 feet and the zone from a depth of 700 feet to 1350 feet contains water of usable-quality which must be protected. Furthermore, the CARRIZO from 1100 feet to 1350 feet contains superior quality water which must be isolated from water in underlying and overlying beds.

This recommendation is applicable to all wells drilled in this SURVEY.

Note: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. 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 512-463-2741, gau@rrc.state.tx.us, or by mail.

Sincerely,


Digitally signed by Robert Traylor
DN: cn=RR, o=RR, ou=RR, email=Robert.Traylor@rrc.state.tx.us, c=US
Date: 2012.01.26 10:54:41 -0600

Robert J. Traylor, P.G.

GEOLOGIST SEAL

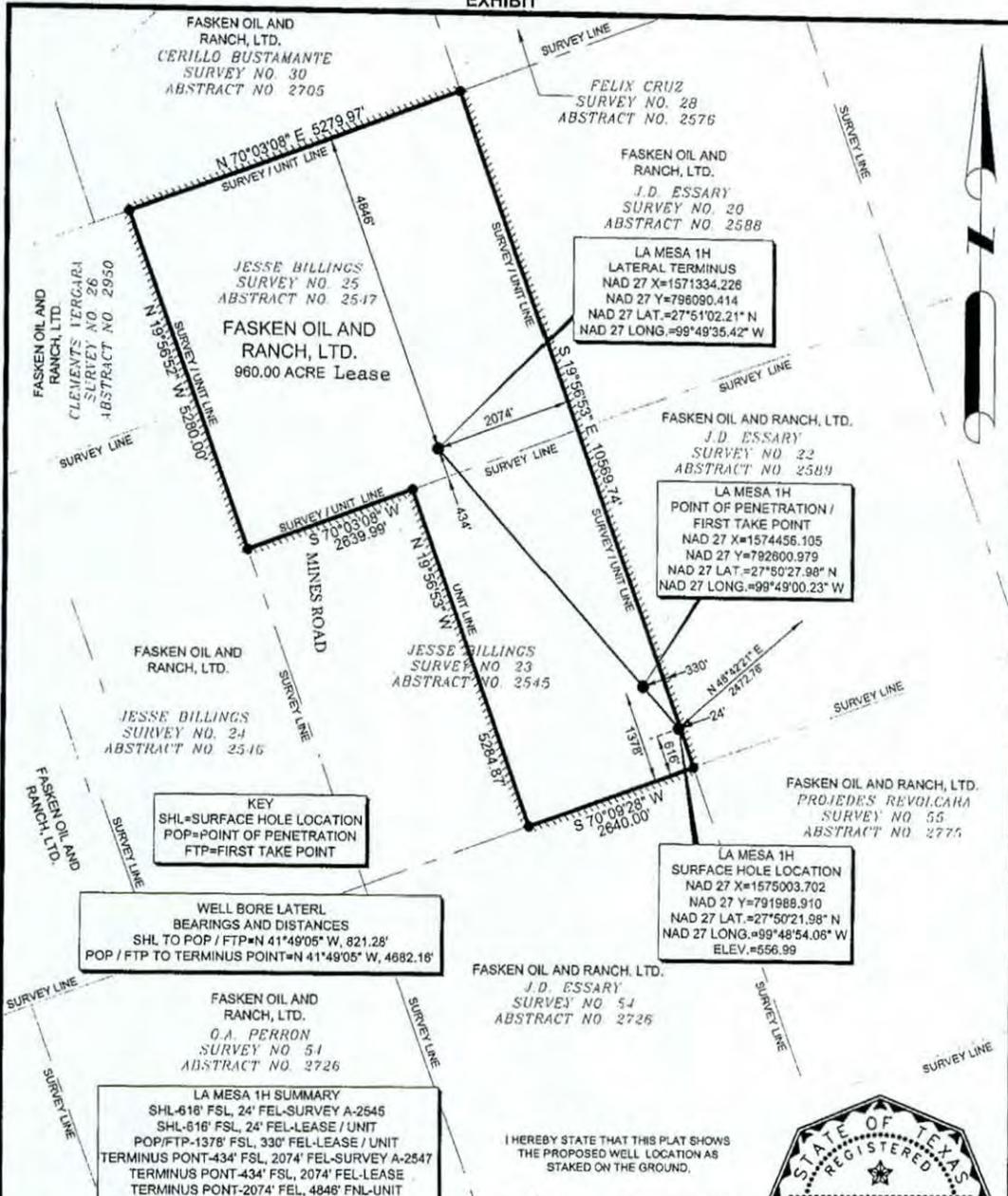


Geologist, Groundwater Advisory Unit
Oil & Gas Division

The seal appearing on this document was authorized by Robert J. Traylor on 1/26/2012
Note: Alteration of this electronic document will invalidate the digital signature.

0081R Transition Form Rev. 9/7/2011 P.O. Box 12987 Austin, Texas 78711-2987 512-463-2741 Internet address: www.rrc.state.tx.us

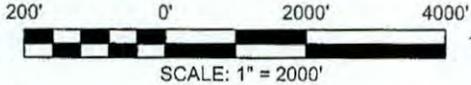
EXHIBIT



KEY
 SHL=SURFACE HOLE LOCATION
 POP=POINT OF PENETRATION
 FTP=FIRST TAKE POINT

WELL BORE LATERL BEARINGS AND DISTANCES
 SHL TO POP / FTP=N 41°49'05" W, 821.28'
 POP / FTP TO TERMINUS POINT=N 41°49'05" W, 4682.16'

LA MESA 1H SUMMARY
 SHL-618' FSL, 24' FEL-SURVEY A-2545
 SHL-616' FSL, 24' FEL-LEASE / UNIT
 POP/FTP-1378' FSL, 330' FEL-LEASE / UNIT
 TERMINUS POINT-434' FSL, 2074' FEL-SURVEY A-2547
 TERMINUS POINT-434' FSL, 2074' FEL-LEASE
 TERMINUS POINT-2074' FEL, 4846' FNL-UNIT



I HEREBY STATE THAT THIS PLAT SHOWS THE PROPOSED WELL LOCATION AS STAKED ON THE GROUND.

James Curtis Yarger
 JAMES CURTIS YARGER
 REGISTERED PROFESSIONAL LAND SURVEYOR
 STATE OF TEXAS #5854



NOTES:

- BEARINGS & COORDINATES SHOWN HEREON ARE REFERENCED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, NAD 27 DATUM (TEXAS SOUTH ZONE 4205) DERIVED FROM GPS OBSERVATIONS AND ARE BASED ON NGS MONUMENT F-1436 (X=1666299.980, Y=851639.083)
- LATITUDE & LONGITUDE ARE NAD 27 GEOGRAPHIC.
- THIS IS A PROPOSED FLOWLINE PLAT AND DOES NOT REPRESENT A TRUE BOUNDARY SURVEY. THIS SURVEY IS BASED ON OWNERSHIP AND EASEMENT INFORMATION PROVIDED BY FASKEN OIL AND RANCH, LTD. SURVEYOR DID NOT ABSTRACT SUBJECT TRACT AND THERE MAY BE EASEMENTS OR OTHER ENCUMBRANCES THAT AFFECT THE SUBJECT TRACT THAT ARE NOT SHOWN HEREON.

| REV. | DATE | BY: | DESCRIPTION | CHK |
|------|----------|-----|------------------------------|-----|
| 4 | 02-02-12 | GG | REVISE POP / FTP LOCATION | CY |
| 3 | 02-02-12 | GG | REVISE POP / FTP LOCATION | CY |
| 2 | 02-02-12 | GG | CORRECTED POP / FTP LOCATION | CY |
| REV. | DATE | BY: | DESCRIPTION | CHK |

PROJECT NO. 1110001

ZDSMS
 Zero Degrees Surveying & Mapping Services

403 West Loop 820, Suite 160
 Fort Worth, Texas 76108
 (817) 367-6900 ~ Fax (817) 367-1973

FASKEN OIL AND RANCH, LTD.

LA MESA 1H WELL PLAT

960.00 ACRE Lease
 BEING THE EAST 1/2 OF
 JESSE BILLINGS SURVEY NO. 23, ABSTRACT NO. 2545
 AND ALL OF THE
 JESSE BILLINGS SURVEY NO. 25, ABSTRACT NO. 2547
 WEBB COUNTY, TEXAS
 BEING OVER, UNDER AND ACROSS THAT CERTAIN LEASE TO
 FASKEN OIL AND RANCH, LTD.
 SAID LA MESA 1H SURFACE HOLE LOCATION BEING
 N 41°13' W, 29.1 MILE FROM THE CITY OF LAREDO, TEXAS

| | | | |
|-----------------|----------------|--------------------|------|
| DRAWN BY: GG | DATE: 10-18-11 | DWG. NO. | REV. |
| CHECKED BY: CY | DATE: 10-19-11 | 1110001 LA MESA 1H | 4 |
| SCALE: 1"=2000' | APP: | PAGE 1 OF 1 | |

Kim Tyson

From: Kim Tyson [kimt@forl.com]
Sent: Wednesday, February 08, 2012 1:20 PM
To: 'imelda.ramirez@rrc.state.tx.us'
Subject: La Mesa No. 1H - Application for Alternate Surface Casing Exception

Imelda,

I have attached Fasken Oil and Ranch, Ltd's application for alternate surface casing exception for the La Mesa No. 1H. I have attached a copy of the water board letter and the plat.

If you have any questions or need any additional information please call me at 432-687-1777 or e-mail me at kimt@forl.com.

Thanks for your help concerning this matter.

Kim Tyson

2/8/2012

Groundwater
Advisory Unit

GROUNDWATER PROTECTION DETERMINATION

Date **January 26, 2012**

GAU File No.: SC- **16066**

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

API Number **47900000**

Attention: **KIM TYSON**

RRC Lease No. **000000**

SC_263696_47900000_000000_16066.pdf

FASKEN OIL AND RANCH LTD
303 W WALL
STE 1800
MIDLAND TX 79701

P-5# 263696

--Measured--

24 ft FEL

616 ft FSL

MRL: SURVEY

Digital Map Location:

X-coord/Long **99.81500**

Y-coord/Lat **27.83940**

Datum **27** Zone

County **WEBB**

Lease & Well No. **LA MESA #1H&ALL**

Purpose **ND**

Location **SUR-BILLINGS J. ,A-2545,--[TD=9000],[RRC 4],**

To protect usable-quality groundwater at this location, the Groundwater Advisory Unit of the Texas Railroad Commission recommends:

The base of usable-quality water is estimated to occur at a depth of 3200 feet. Moreover, the interval from the land surface to a depth of 300 feet and the zone from a depth of 700 feet to 1350 feet contains water of usable-quality which must be protected. Furthermore, the CARRIZO from 1100 feet to 1350 feet contains superior quality water which must be isolated from water in underlying and overlying beds.

This recommendation is applicable to all wells drilled in this SURVEY.

Note: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. 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 512-463-2741, gau@rrc.state.tx.us, or by mail.

Sincerely,

Digitally signed by Robert Traylor
DN: cn=US, st=TEXAS, o=Austin,
ou=Railroad Commission of Texas,
cn=Robert Traylor,
email=robert.traylor@rrc.state.tx.us
Date: 2012.01.26 10:34:41 -0600

Robert J. Traylor, P.G.

Geologist, Groundwater Advisory Unit
Oil & Gas Division

GEOLOGIST SEAL



The seal appearing on this document was authorized by Robert J. Traylor on 1/26/2012
Note: Alteration of this electronic document will invalidate the digital signature.

FASKEN OIL AND RANCH, LTD.

303 West Wall Avenue, Suite 1800
Midland, Texas 79701-5106
(432) 687-1777 Fax (432) 687-0669

February 10, 2012

VIA EMAIL TO:

Drew Reid
Texas General Land Office
1700 North Congress Avenue, Suite 800
Austin, Texas 78701-1495

RE: Relinquishment Act Oil and Gas Lease dated October 6, 2009
GLO Lease No. M-110388
Fasken Lease No. TX-627-3-2
Covering 3,061 acres more or less
Webb County, Texas

Dear Mr. Reid,

Fasken Land and Minerals, Ltd., (hereinafter "Fasken") is the current owner of the referenced Oil and Gas Lease (hereinafter the "Lease"). Paragraph 6. (B) of the Lease requires written notice of all operations on the Lease to be given to the Commissioner of the General Land Office.

In my letter dated February 2, 2012, I included information that I will update in this letter. The spud date for the Fasken La Mesa #1H has been updated to February 14, 2012. The well will be a horizontal well to test the Eagle Ford Shale with the location set out as follows with the only revision to this information being the First Take Point:

Surface Hole – 616' FSL & 24' FEL of Section 23, A-2545, Jesse Billings Grantee
First Take Point – 1,303' FSL & 330' FEL of Section 23, A-2545, Jesse Billings Grantee
Terminus – 434' FSL & 2,074' FEL of Section 25, A-2547, Jesse Billings Grantee

This information is set out on the attached plat which has been updated. I have also included copies of all forms and permits submitted to or received from the Railroad Commission for your files. Should you have any questions or need any additional information, please let me know. I can be reached at the above address or phone number or by email at markb@forl.com.

Very Truly Yours,



Mark S. Bell

Enclosure

File No. MF 110388

17

Well Records: 42-479-41716

Date Filed: 02/10/2012

Jerry E. Patterson, Commissioner

By JEP

Well File SP TX-612
JWD CW
OIL

RAILROAD COMMISSION OF TEXAS

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

Tracking No.: 51125

Status: Submitted

Oil and Gas Division

API No. 42- 479-41716

7. RRC District No.

01

8. RRC Gas ID No.

**Gas Well Back Pressure Test.
Completion or Recompletion Report, and Log**

| | | | | | |
|---|--|---------------------------------|--|--------------------------|--|
| 1. FIELD NAME (as per RRC Records or Wildcat) HAWKVILLE (EAGLEFORD SHALE) | | 2. LEASE NAME LA MESA | | 9. Well No. 1H | |
| 3. OPERATOR'S NAME (Exactly as shown on Form P-5, Organization Report) FASKEN OIL AND RANCH, LTD. | | | RRC Operator No. 263696 | | 10. County of well site WEBB |
| 4. ADDRESS 303 WEST WALL AVE STE 1900 MIDLAND, TX 79701-5116 | | | | | |
| 5. Location (Section, Block, and Survey) 23, BILLINGS, J, A-2545 | | | 5b. Distance and direction to nearest town in this county. 29.1 MILES NORTHWEST FROM LAREDO. | | |
| 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. N/A | | | | | |
| 13. Pipe Line Connection FASKEN OIL AND RANCH, LTD. | | | | | |

11. Purpose of filing

Initial Potential

Retest

Reclass

Well record only (Explain in remarks)

| | | | | | |
|--|--|---|--|--|--|
| 14. Completion or recompletion date 06/16/2012 | | 15. Any condensate on hand at time of workover or recompletion? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | 16. Type of Electric or other Log Run Combo of Induction/Neutron/Density | |
|--|--|---|--|--|--|

Section I GAS MEASUREMENT DATA

| Date of Test 06/26/2012 | | Gas Measurement Method (Check One) Orifice Meter <input checked="" type="checkbox"/> Flange Taps <input checked="" type="checkbox"/> Pipe Taps <input type="checkbox"/> Positive Choke <input checked="" type="checkbox"/> Orifice Vent Meter <input type="checkbox"/> Pitot Tube <input type="checkbox"/> Critical-flow Prover <input type="checkbox"/> | | | | Gas produced during test 5747 MCF | | | | |
|-----------------------------------|-----------|---|-----------------------------|--------------------------|---------------------|---|-----------------------------|-------------------------------|---------------------------------|----------------|
| Run Size | Line Size | Orif. or Choke Size | 24 hr Coeff. Orif. or Choke | Static Pm or Choke Press | Diff h _w | Flow Temp. °F | Temp Factor F _{tf} | Gravity Factor F _g | Compress Factor F _{pv} | Volume MCF/DAY |
| 1 | 4.026 | 1.375 | 12010.34 | 1256.0 | 162.2 | 83.0 | 0.9786 | 0.9837 | 1.1012 | 5747.0 |
| 2 | | | | | | | | | | |
| 3 | | | | | | | | | | |
| 4 | | | | | | | | | | |

Section II FIELD DATA AND PRESSURE CALCULATIONS

| Gravity (Dry Gas) 0.62 | | Gravity Liquid Hydrocarbon Deg. API | | Gas-Liquid Hydro Ratio CF/Bbl | | Gravity of Mixture G _{mix} = 0.62 | | Avg. Shut-in Temp. °F 140.0 | | Bottom Hole Temp. °F @ 9553.0 (Depth) | |
|--|-----------------|--|--|----------------------------------|--|--|--|---------------------------------------|---------------------------------|---|--|
| $D_{eff}^{8/3} =$ | | $\sqrt{T_f} = \sqrt{\quad}$ | | $=$ | | $\sqrt{GL} = \sqrt{\quad}$ | | $=$ | | $=$ | |
| $C = \frac{1118 \times (D_{eff})^{8/3}}{\sqrt{T}}$ | | $=$ | | $=$ | | $\frac{\sqrt{GL}}{C} =$ | | $=$ | | $=$ | |
| Run No. | Time of Run Min | Choke Size | Wellhead Press. PSIA P _w | Wellhead Flow Temp °F | P _w ² (Thousands) | R | R ² (Thousands) | P _l | P _w / P _l | | |
| Shut-in | | | 6250 | 140.0 | | | | | | | |
| 1 | 4320 | 0.234375 | 5400 | 140.0 | | | | | | | |
| 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) | Angle of Slope | | | |
| Shut-in | | | | | 7062.5 | | | θ | | | |
| 1 | | | | | | | | n | | | |
| 2 | | | | | | | | Absolute Open Flow | | | |
| 3 | | | | | | | | MCF/DAY | | | |
| 4 | | | | | | | | | | | |

WELL TESTERS 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.

ODIE ROBERTS FASKEN OIL AND RANCH, LTD.
Signature: Well Tester Name of Company RRC Representative

OPERATORS CERTIFICATION: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that I or prepared supervised and directed this report, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

FASKEN OIL AND RANCH, LTD.
Kim Tyson 08/08/2012 (432) 687-1777 EXT 2043
Signature: Operator's representative Title Date Tel. A/C Number

SECTION III DATA ON WELL COMPLETION AND LOG (Not Required on Retest)

17. Type of Completion
 New Well Deepening Plug Back Other

18. Permit to Drill Plug Back or Deepen DATE 02/10/2012 PERMIT NO 733150
 Rule 37 Exception CASE NO

19. Notice of Intention to Drill this well was filed in Name of FASKEN OIL AND RANCH, LTD.
 Water Injection Permit PERMIT NO
 Salt Water Disposal Permit PERMIT NO
 Other PERMIT NO

20. Number of producing wells on this lease in this field (reservoir) including this well 1
 21. Total number of acres in this lease 1781.0

22. Date Plug Back, Deepening, Workover or Drilling Operations: Commenced 02/14/2012 Completed 03/16/2012
 23. Distance to nearest well Same Lease & Reservoir 0.0

24. Location of well, relative to nearest lease boundaries 616.0 Feet From South Line and 24.0 Feet from East Line of the LA MESA Lease

25. Elevation (DF, RKB, RT, GR, ETC) 556 GR
 26. Was directional survey made other than inclination (Form W-12)? Yes No

27. Top of Pay 9366 MD:9898
 28. Total Depth 9366 MD:14730
 29. P. B. Depth 9365 MD:14641
 30. Surface Casing Determined by Field Rules Recommendation of F.D.W.R.
 Railroad Commission (Special)
 Dt. of Letter 01/26/2012
 Dt. of Letter 02/08/2012

31. Is well multiple completion? Yes 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-G Gas-G | Well # |
|-------------------|-----------------------|-------------|--------|
| N/A | | | |

33. Intervals Drilled by: Rotary Tools Cable Tools
 34. Name of Drilling Contractor H & P #260
 35. Is Cementing Affidavit Attached? 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. |
|-------------|---------|-----------|-----------------------|------------------------------|-----------|---------------|---------------------|
| 10 3/4 | 45.5 | 3621 | | 15/85 POZ A & A 1900 | 14 3/4 | 0 | 3542.0 |
| 5 1/2 | 23.0 | 14693 | | 35/65 POZ H & H 2260 | 8 3/4 | 3614 | 3296.0 |

37. LINER RECORD

| Size | Top | Bottom | Sacks Cement | Screen |
|------|-----|--------|--------------|--------|
| | | | | |

38. LOGGING RECORD

| Size | Depth Set | Packer Set | From | To |
|------|-----------|------------|---------|-------|
| N/A | | | L1 9898 | 14620 |
| | | | | |
| | | | | |

39. Producing Interval (this completion) Indicate depth of perforation or open hole

ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC

| Depth Interval | Amount and Kind of Material Used |
|------------------|---|
| 9898.0 - 14620.0 | FRAC. W/ 3,387,428 GALS CROSSLINK FLUID & ACID; 4,469,498 LBS SAND. |

41. FORMATION RECORD (LIST DEPTHS OF PRINCIPAL GEOLOGICAL MARKERS AND FORMATION TOPS)

| Formations | Depth |
|------------------|-------------------|
| EDWARDS | 9723.0 MD: 9900 |
| EAGLE FORD | 9234.0 MD: 9255.0 |
| LOWER EAGLE FORD | 9453.0 MD: 9585.0 |

REMARKS: SPOT A 260 SX "H" KICKOFF PLUG FROM 9400' - 8783'. TAGGED TOC @ 8804'. DRESS PLUG OFF TO 8856'. KOP @ 8856'. TOC FOR 5 1/2" CSG. DETERMINED CBL. THE LEASE WAS ORIGINALLY PERMITTED AS A 960 ACRE LEASE. I HAVE ATTACHED A PLAT AMENDING THE LEASE ACRES FROM 960 ACRES TO 1781 ACRES.

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

GAS WELL
CLASSIFICATION REPORT

Form G-5

Tracking No.: 51125

This facsimile G-5 was generated electronically from data submitted to the RRC

| | | | | | | | | | | | | | | | | | |
|---|-------------------------|--|------------------------------------|-----------------------|-----------------------|-----------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------------|
| 1. OPERATOR NAME (Exactly as shown on Form P5 Organization Report) FASKEN OIL AND RANCH, LTD. | | 3. RRC DISTRICT NO 01 | 4. OIL LEASE NO OR GAS WELL ID NO. | | | | | | | | | | | | | | |
| 2. MAILING ADDRESS 303 WEST WALL AVE STE 1900 MIDLAND, TX 79701-5116 | | 5. WELL NO. 1H | 6. API NO 42- 479-41716 | | | | | | | | | | | | | | |
| 8. FIELD NAME (as per RRC Records) HAWKVILLE (EAGLEFORD SHALE) | | 7. COUNTY OF WELL SITE WEBB | | | | | | | | | | | | | | | |
| 9. LEASE NAME LA MESA | | 11. PIPELINE CONNECTION OR USE OF GAS FASKEN OIL AND RANCH, LTD. | | | | | | | | | | | | | | | |
| 10. LOCATION (Section, Block and Survey) 23 , BILLINGS, J , A-2545 | | | | | | | | | | | | | | | | | |
| PRODUCTION TEST AT RATE ELECTED BY OPERATOR (data on 24-hour basis) | | 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. | | | | | | | | | | | | | | | |
| A. Date of Test _____ 06/26/2012 _____ B. Gas Volume _____ 5747.0 _____ (Mcf) C. Oil or Condensate Volume _____ 0.0 _____ (Bbl) D. Water Volume _____ 193.0 _____ (Bbl) E. Gas/Liquid Hydrocarbon Ratio _____ _____ (Cf/Bbl) F. Flowing Tubing Pressure _____ 5400 _____ (psia) G. Choke Size _____ 0.234375 _____ (in.) H. Casing Pressure _____ _____ (psia) I. Shut-in Wellhead Pressure-- Tubing _____ 6250 _____ (psia) J. Separator Operating Pressure _____ _____ (psia) K. Color of Stock Tank Liquid _____ L. Gravity of Separator Liquid _____ ° API M. Gravity of Stock Tank Liquid _____ ° API N. Specific Gravity of the Gas (Air = 1) _____ 0.62 _____ | | Date Liquid Sample Obtained _____ Where Obtained: <input type="checkbox"/> Separator <input type="checkbox"/> Stock Tank <table border="0"> <tr> <td>% Over Temp. (deg. F)</td> <td>% Over Temp. (deg. F)</td> </tr> <tr> <td>Initial Boiling Temp. _____</td> <td>60 _____</td> </tr> <tr> <td>10 _____</td> <td>70 _____</td> </tr> <tr> <td>20 _____</td> <td>80 _____</td> </tr> <tr> <td>30 _____</td> <td>90 _____</td> </tr> <tr> <td>40 _____</td> <td>95 _____</td> </tr> <tr> <td>50 _____</td> <td>End Point _____</td> </tr> </table> Total Recovery _____ percent Residue _____ percent Loss _____ percent | | % Over Temp. (deg. F) | % Over Temp. (deg. F) | Initial Boiling Temp. _____ | 60 _____ | 10 _____ | 70 _____ | 20 _____ | 80 _____ | 30 _____ | 90 _____ | 40 _____ | 95 _____ | 50 _____ | End Point _____ |
| % Over Temp. (deg. F) | % Over Temp. (deg. F) | | | | | | | | | | | | | | | | |
| Initial Boiling Temp. _____ | 60 _____ | | | | | | | | | | | | | | | | |
| 10 _____ | 70 _____ | | | | | | | | | | | | | | | | |
| 20 _____ | 80 _____ | | | | | | | | | | | | | | | | |
| 30 _____ | 90 _____ | | | | | | | | | | | | | | | | |
| 40 _____ | 95 _____ | | | | | | | | | | | | | | | | |
| 50 _____ | End Point _____ | | | | | | | | | | | | | | | | |
| 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. | | RRC USE ONLY | | | | | | | | | | | | | | | |
| _____ FASKEN OIL AND RANCH, LTD. NAME (Type or Print) | | | | | | | | | | | | | | | | | |
| _____ Kim Tyson SIGNATURE | | | | | | | | | | | | | | | | | |
| _____ TITLE | | | | | | | | | | | | | | | | | |
| 08/08/2012 DATE | _____ CONTACT PERSON | (432) 687-1777 EXT 2043 PHONE NUMBER | | | | | | | | | | | | | | | |



Tracking No.: 51125

OPERATOR NAME AND ADDRESS including city, state and zip
FASKEN OIL AND RANCH, LTD.
 303 WEST WALL AVE STE 1900
 MIDLAND, TX 79701-5116

**GAS WELL
 STATUS REPORT**
 RAILROAD COMMISSION OF TEXAS
 Oil and Gas Division
 P.O. Box 12967
 Austin, Texas 78711-2967
*This facsimile G-10 was generated electronically
 from data submitted to the RRC.*

| | | | |
|--|---|---------------------|-------------|
| Reason for Filing <input type="checkbox"/> Survey <input checked="" type="checkbox"/> Initial Test <input type="checkbox"/> Retest <input type="checkbox"/> Correction | Operator P-5 Organization No. 263696 | RRC Dist. No. 01 | G-10 |
| Test Period: | | | |
| Due Date: | | | |
| Effective Date: | | | |

| FIELD NAME * LEASE NAME | RRC IDENT NO. | DATE TESTED MO/DAY/YR | GAS PRODUCED MCF/DAY ** | CONDENSATE PRODUCED | WATER PROD BBL/DAY | ***SIWH PRESSURE PSIA |
|-----------------------------|---------------|----------------------------|----------------------------|-----------------------------|-------------------------------|-----------------------------|
| | WELL NO. | MARK X FOR SHUT-IN WELL | GAS SPEC, GRAVITY | CONDENSATE GRAVITY (API) | X BOTTOMHOLE PRESSURE PSIA | ***FLOWING PRESSURE PSIA |
| HAWKVILLE (EAGLEFORD SHALE) | | 06/26/2012 | 5747 MCF | 0.0 BBL | 193.0 BBL | 6250 |
| LA MESA | 1H | | 0.62 | | 7063 | 5400 |
| | | | MCF | BBL | BBL | |
| | | | MCF | BBL | BBL | |
| | | | MCF | BBL | BBL | |
| | | | MCF | BBL | BBL | |
| | | | MCF | BBL | BBL | |
| | | | MCF | BBL | BBL | |
| | | | MCF | BBL | BBL | |
| | | | MCF | BBL | BBL | |

CERTIFICATION: I declare under penalties prescribed in Texas Natural Resources Code, Sec. 91.143, 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 herein are true, correct, and complete to the best of my knowledge.
FASKEN OIL AND RANCH, LTD.

Signature: ODIE ROBERTS Title: _____ Phone: (432) 687-1777 Date: 08/08/2012

* AN ASTERISK PREPRINTED ON A SURVEY IDENTIFIES WELL SUBJECT TO COMMINGLING TEST REQUIREMENT
 ** GAS PRODUCTION RATE, IN MCF, IS TO BE REPORTED FULL-WELL STREAM, INCLUDING CONDENSATE
 *** PRESSURE FOR THE TEXAS HUGOTON FIELD IS REPORTED IN PSIG

X AN 'X' PREPRINTED ON A SURVEY IN THE BOTTOMHOLE PRESSURE BOX INDICATES A BOTTOMHOLE PRESSURE MUST BE REPORTED FOR THE WELL





Kim T
Wellfile

Gyrodata Corpus Christi
1805 North Lexington Blvd
Corpus Christi, Texas 78409

Tel: 361-289-1734
Fax: 361-289-1032
www.gyrodata.com

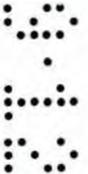
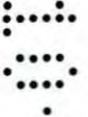
RECEIVED

MAY 09 2012

FASKEN OIL AND
RANCH, LTD.

May 4, 2012

Attn: Cory Frederick
Fasken Oil & Ranch
303 W. Wall Avenue
Suite #1800
Midland, TX 79701-5116



RE: La Mesa #1H
Webb County, Texas

Please find enclosed a copy of the information filed with the Railroad Commission of Texas on the above referenced well.

If any additional information is required, please feel free to contact me.

Sincerely,

Gwenn Winsauer
Operations

Enclosure



Gyrodata Corpus Christi
1305 North Lexington Blvd
Corpus Christi, Texas 78402

Tel: 361-269-1734
Fax: 361-269-1032
www.gyrodata.com

April 6, 2012

Railroad Commission of Texas
Oil & Gas Division
P.O. Box 12967
Capitol Station
Austin, Texas 78711

Attn: Ms. Pamela Johns

RE:
Fasken Oil & Ranch, LTD
La Mesa #1H
Permit No. 733150
Hawkville (Eagleford Shale), Abstract No. 2545
Webb County, Texas
API No. 42-479-41716

Ms. Johns:

Enclosed, please find the original and one copy of the survey performed on the referenced well by Gyrodata, Inc (P-5 No. 339711). Other information required by your office is as follows:

| Name & Title Of Surveyor | Drainhole Number | Surveyed Depths | Date(s) Performed | Type of Survey |
|-----------------------------|------------------|-------------------|----------------------|------------------------|
| Will Norman | Original Hole | Surface – 9200.00 | 2/29/12-3/1/12 | Rate Gyro Multishot |

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,

Gwenn Winsauer
Operations

Enclosure



A Gyrodata Directional Survey

FINAL DEFINITIVE COPY

for

FASKEN OIL & RANCH, LTD

Lease: La Mesa Well: 1H, 4-1/2" Drillpipe

Location: H&P #260, Webb County, Texas

Job Number: CC0212GMSW202

Run Date: 01 Mar 2012

Surveyor: Will Norman

Calculation Method: MINIMUM CURVATURE

Survey Latitude: 27.839439 deg. N Longitude: 99.815017 deg. W

Azimuth Correction:
Gyro: 0.60000 deg to Grid North

Proposed Well Direction: 318.180 deg

Depth Reference: Rotary Table

Rotary Table Elevation: 27.00

Vertical Section Calculated from Well Head Location

Closure Calculated from Well Head Location

Horizontal Coordinates Calculated from Well Head Location

276 01

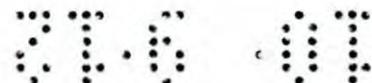
A Gyrodata Directional Survey

Fasken Oil & Ranch, LTD
 Lease: La Mesa Well: 1H, 4-1/2" Drillpipe
 Location: H&P 260, Webb County, Texas
 Job Number: CC0212GMSW202

| MEASURED IN C | LAZIMUTH | VERTICAL | DOGLEG | VERTICAL | CLOSURE | HORIZONTAL | | |
|---------------|----------|----------|----------|------------------|---------|------------|-------------|---------------|
| DEPTH | | SECTION | SEVERITY | DEPTH | DIST. | AZIMUTH | COORDINATES | |
| feet | deg. | deg. | feet | deg./ 100 ft. | feet | feet | deg. | feet |
| 0.00 | 0.00 | 0.00 | 0.0 | 0.00 | 0.00 | 0.0 | 0.0 | 0.00 N 0.00 E |

0 - 9,200 FT RATE GYROSCOPIC MULTISHOT SURVEY RUN INSIDE 4-1/2" DRILLPIPE
 ALL MEASURED DEPTS AND COORDINATES ARE REFERENCED TO H&P \$260 R.K.B. HEIGHT OF 27 FT

| | | | | | | | | |
|---------|------|--------|------|------|---------|-----|-------|---------------|
| 100.00 | 0.34 | 161.33 | -0.3 | 0.34 | 100.00 | 0.3 | 161.3 | 0.28 S 0.09 E |
| 200.00 | 0.45 | 175.20 | -0.9 | 0.14 | 200.00 | 1.0 | 166.8 | 0.95 S 0.22 E |
| 300.00 | 0.53 | 172.06 | -1.6 | 0.08 | 299.99 | 1.8 | 169.9 | 1.80 S 0.32 E |
| 400.00 | 0.43 | 178.92 | -2.2 | 0.12 | 399.99 | 2.7 | 171.6 | 2.64 S 0.39 E |
| 500.00 | 0.32 | 188.70 | -2.7 | 0.13 | 499.99 | 3.3 | 173.8 | 3.29 S 0.36 E |
| 600.00 | 0.37 | 191.69 | -3.1 | 0.05 | 599.99 | 3.9 | 176.3 | 3.88 S 0.25 E |
| 700.00 | 0.39 | 188.66 | -3.5 | 0.03 | 699.98 | 4.5 | 178.3 | 4.53 S 0.13 E |
| 800.00 | 0.37 | 189.95 | -3.9 | 0.02 | 799.98 | 5.2 | 179.7 | 5.19 S 0.02 E |
| 900.00 | 0.40 | 191.02 | -4.3 | 0.03 | 899.98 | 5.8 | 181.0 | 5.85 S 0.10 W |
| 1000.00 | 0.36 | 188.54 | -4.7 | 0.04 | 999.98 | 6.5 | 181.9 | 6.50 S 0.21 W |
| 1100.00 | 0.32 | 155.50 | -5.2 | 0.20 | 1099.98 | 7.1 | 181.2 | 7.07 S 0.14 W |
| 1200.00 | 0.19 | 144.59 | -5.6 | 0.14 | 1199.97 | 7.5 | 179.5 | 7.45 S 0.07 E |
| 1300.00 | 0.20 | 336.84 | -5.6 | 0.39 | 1299.97 | 7.4 | 179.3 | 7.43 S 0.10 E |
| 1400.00 | 0.45 | 306.33 | -5.0 | 0.30 | 1399.97 | 7.0 | 182.3 | 7.04 S 0.29 W |
| 1500.00 | 0.53 | 313.90 | -4.2 | 0.10 | 1499.97 | 6.6 | 188.2 | 6.48 S 0.94 W |
| 1600.00 | 0.47 | 310.79 | -3.3 | 0.07 | 1599.97 | 6.1 | 195.0 | 5.89 S 1.58 W |
| 1700.00 | 0.48 | 324.39 | -2.5 | 0.11 | 1699.96 | 5.7 | 202.0 | 5.29 S 2.14 W |



A Gyrodata Directional Survey

Fasken Oil & Ranch, LTD
 Lease: La Mesa Well: 1H, 4-1/2" Drillpipe
 Location: H&P 260, Webb County, Texas
 Job Number: CC0212GMSW202

| MEASURED IN C DEPTH | LAZIMUTH | VERTICAL | DOGLEG | VERTICAL | CLOSURE | HORIZONTAL | | | |
|------------------------|----------|----------|--------|------------------|---------|------------|---------|-------------|---------|
| feet | deg. | deg. | feet | deg./ 100 ft. | feet | DIST. | AZIMUTH | COORDINATES | feet |
| 1800.00 | 0.48 | 316.98 | -1.7 | 0.06 | 1799.96 | 5.4 | 209.9 | 4.64 S | 2.67 W |
| 1900.00 | 0.32 | 301.84 | -1.0 | 0.19 | 1899.96 | 5.3 | 217.3 | 4.19 S | 3.19 W |
| 2000.00 | 0.38 | 298.43 | -0.4 | 0.06 | 1999.95 | 5.4 | 223.8 | 3.88 S | 3.72 W |
| 2100.00 | 0.44 | 270.37 | 0.2 | 0.21 | 2099.95 | 5.8 | 229.7 | 3.72 S | 4.39 W |
| 2200.00 | 0.40 | 286.11 | 0.7 | 0.12 | 2199.95 | 6.3 | 234.7 | 3.62 S | 5.11 W |
| 2300.00 | 0.34 | 272.07 | 1.2 | 0.11 | 2299.95 | 6.7 | 238.6 | 3.51 S | 5.74 W |
| 2400.00 | 0.45 | 241.62 | 1.5 | 0.23 | 2399.94 | 7.4 | 240.0 | 3.69 S | 6.39 W |
| 2500.00 | 0.53 | 258.46 | 1.8 | 0.16 | 2499.94 | 8.2 | 241.1 | 3.97 S | 7.19 W |
| 2600.00 | 0.61 | 243.15 | 2.2 | 0.17 | 2599.94 | 9.2 | 242.1 | 4.30 S | 8.11 W |
| 2700.00 | 0.55 | 250.11 | 2.5 | 0.09 | 2699.93 | 10.2 | 242.5 | 4.70 S | 9.04 W |
| 2800.00 | 0.70 | 240.57 | 2.8 | 0.18 | 2799.92 | 11.3 | 242.7 | 5.17 S | 10.02 W |
| 2900.00 | 0.72 | 241.53 | 3.1 | 0.02 | 2899.92 | 12.5 | 242.6 | 5.77 S | 11.11 W |
| 3000.00 | 0.72 | 245.63 | 3.4 | 0.05 | 2999.91 | 13.8 | 242.7 | 6.33 S | 12.23 W |
| 3100.00 | 0.62 | 237.73 | 3.7 | 0.14 | 3099.90 | 14.9 | 242.6 | 6.87 S | 13.26 W |
| 3200.00 | 0.60 | 238.31 | 3.9 | 0.02 | 3199.90 | 16.0 | 242.3 | 7.44 S | 14.16 W |
| 3300.00 | 0.55 | 247.34 | 4.2 | 0.10 | 3299.89 | 17.0 | 242.3 | 7.90 S | 15.05 W |
| 3400.00 | 0.68 | 250.73 | 4.5 | 0.13 | 3399.89 | 18.1 | 242.7 | 8.28 S | 16.06 W |
| 3500.00 | 0.14 | 215.57 | 4.7 | 0.57 | 3499.88 | 18.8 | 242.8 | 8.57 S | 16.69 W |
| 3600.00 | 0.24 | 197.57 | 4.6 | 0.12 | 3599.88 | 19.0 | 242.2 | 8.87 S | 16.82 W |
| 3700.00 | 1.01 | 144.10 | 3.6 | 0.89 | 3699.88 | 19.1 | 239.1 | 9.79 S | 16.37 W |
| 3800.00 | 0.45 | 158.39 | 2.4 | 0.58 | 3799.87 | 19.1 | 235.3 | 10.87 S | 15.71 W |
| 3900.00 | 0.28 | 207.74 | 1.9 | 0.34 | 3899.87 | 19.4 | 233.9 | 11.45 S | 15.68 W |



A Gyrodata Directional Survey

Fasken Oil & Ranch, LTD
 Lease: La Mesa Well: 1H, 4-1/2" Drillpipe
 Location: H&P 260, Webb County, Texas
 Job Number: CC0212GMSW202

| MEASURED IN C DEPTH feet | LAZIMUTH deg. | VERTICAL SECTION deg. | DOGLEG SEVERITY feet | VERTICAL DEPTH deg./ 100 ft. | CLOSURE DIST. feet | AZIMUTH deg. | HORIZONTAL COORDINATES feet |
|--------------------------------|------------------|-----------------------------|----------------------------|---------------------------------------|--------------------------|-----------------|-----------------------------------|
| 4000.00 | 0.12 | 177.11 | 1.8 | 0.19 | 3999.87 | 19.7 233.3 | 11.77 S 15.78 W |
| 4100.00 | 0.19 | 205.24 | 1.6 | 0.10 | 4099.87 | 19.9 232.8 | 12.02 S 15.85 W |
| 4200.00 | 0.44 | 251.69 | 1.7 | 0.34 | 4199.86 | 20.4 233.0 | 12.29 S 16.28 W |
| 4300.00 | 0.64 | 243.37 | 2.0 | 0.21 | 4299.86 | 21.3 233.6 | 12.66 S 17.15 W |
| 4400.00 | 0.84 | 243.77 | 2.3 | 0.20 | 4399.85 | 22.6 234.1 | 13.24 S 18.31 W |
| 4500.00 | 0.85 | 234.14 | 2.6 | 0.14 | 4499.84 | 24.1 234.4 | 14.00 S 19.56 W |
| 4600.00 | 0.97 | 244.13 | 2.9 | 0.20 | 4599.83 | 25.6 234.7 | 14.80 S 20.93 W |
| 4700.00 | 1.05 | 239.29 | 3.3 | 0.12 | 4699.81 | 27.4 235.2 | 15.64 S 22.48 W |
| 4800.00 | 1.22 | 245.58 | 3.8 | 0.21 | 4799.79 | 29.3 235.7 | 16.55 S 24.23 W |
| 4900.00 | 1.17 | 246.10 | 4.5 | 0.05 | 4899.77 | 31.4 236.3 | 17.40 S 26.14 W |
| 5000.00 | 1.20 | 249.15 | 5.2 | 0.07 | 4999.75 | 33.4 237.0 | 18.19 S 28.05 W |
| 5100.00 | 1.43 | 248.86 | 6.0 | 0.23 | 5099.72 | 35.7 237.8 | 19.01 S 30.19 W |
| 5200.00 | 1.39 | 252.73 | 6.9 | 0.10 | 5199.69 | 38.1 238.6 | 19.82 S 32.51 W |
| 5300.00 | 1.54 | 256.87 | 8.1 | 0.18 | 5299.66 | 40.5 239.6 | 20.48 S 34.98 W |
| 5400.00 | 1.62 | 256.09 | 9.4 | 0.08 | 5399.62 | 43.2 240.7 | 21.13 S 37.66 W |
| 5500.00 | 1.59 | 258.73 | 10.7 | 0.08 | 5499.58 | 45.9 241.7 | 21.74 S 40.39 W |
| 5600.00 | 1.87 | 260.64 | 12.3 | 0.29 | 5599.54 | 48.8 242.8 | 22.28 S 43.36 W |
| 5700.00 | 1.87 | 259.73 | 14.0 | 0.03 | 5699.48 | 51.9 243.9 | 22.83 S 46.58 W |
| 5800.00 | 2.21 | 260.44 | 15.9 | 0.34 | 5799.42 | 55.3 244.9 | 23.44 S 50.09 W |
| 5900.00 | 2.25 | 261.76 | 18.0 | 0.07 | 5899.34 | 59.0 246.0 | 24.05 S 53.93 W |
| 6000.00 | 2.29 | 260.91 | 20.2 | 0.05 | 5999.27 | 62.9 246.9 | 24.64 S 57.84 W |



A Gyrodata Directional Survey

Fasken Oil & Ranch, LTD
 Lease: La Mesa Well: 1H, 4-1/2" Drillpipe
 Location: H&P 260, Webb County, Texas
 Job Number: CC0212GMSW202

| MEASURED IN C | LAZIMUTH | VERTICAL | DOGLEG | VERTICAL | CLOSURE | HORIZONTAL | | |
|---------------|----------|----------|----------|------------------|---------|-------------|-------|-----------------|
| DEPTH | | SECTION | SEVERITY | DEPTH | DIST. | COORDINATES | | |
| feet | deg. | deg. | feet | deg./ 100 ft. | feet | feet | deg. | feet |
| 6100.00 | 2.13 | 255.83 | 22.1 | 0.25 | 6099.19 | 66.7 | 247.6 | 25.41 S 61.62 W |
| 6200.00 | 2.15 | 260.79 | 24.0 | 0.19 | 6199.12 | 70.3 | 248.2 | 26.17 S 65.27 W |
| 6300.00 | 2.06 | 257.12 | 25.9 | 0.16 | 6299.05 | 73.9 | 248.7 | 26.87 S 68.88 W |
| 6400.00 | 2.32 | 263.00 | 27.9 | 0.34 | 6398.98 | 77.7 | 249.3 | 27.52 S 72.64 W |
| 6500.00 | 2.21 | 279.45 | 30.6 | 0.66 | 6498.90 | 81.3 | 250.3 | 27.45 S 76.55 W |
| 6600.00 | 1.68 | 261.82 | 32.9 | 0.79 | 6598.85 | 84.4 | 251.1 | 27.34 S 79.90 W |
| 6700.00 | 1.03 | 268.93 | 34.3 | 0.67 | 6698.82 | 86.7 | 251.5 | 27.56 S 82.25 W |
| 6800.00 | 0.62 | 312.15 | 35.4 | 0.72 | 6798.81 | 87.9 | 252.0 | 27.22 S 83.55 W |
| 6900.00 | 1.44 | 2.07 | 36.9 | 1.14 | 6898.79 | 87.7 | 253.0 | 25.60 S 83.91 W |
| 7000.00 | 2.23 | 4.02 | 39.1 | 0.79 | 6998.74 | 86.7 | 255.0 | 22.40 S 83.72 W |
| 7100.00 | 2.73 | 11.61 | 41.9 | 0.60 | 7098.65 | 85.1 | 257.7 | 18.13 S 83.11 W |
| 7200.00 | 2.88 | 28.91 | 44.1 | 0.86 | 7198.53 | 82.5 | 260.5 | 13.60 S 81.42 W |
| 7300.00 | 1.94 | 41.34 | 45.2 | 1.07 | 7298.44 | 79.7 | 262.7 | 10.13 S 79.08 W |
| 7400.00 | 1.46 | 53.01 | 45.3 | 0.59 | 7398.40 | 77.4 | 264.0 | 8.09 S 76.95 W |
| 7500.00 | 1.40 | 80.98 | 44.5 | 0.69 | 7498.37 | 75.1 | 264.5 | 7.13 S 74.72 W |
| 7600.00 | 1.51 | 77.49 | 43.2 | 0.14 | 7598.33 | 72.5 | 264.7 | 6.65 S 72.23 W |
| 7700.00 | 1.45 | 81.00 | 41.9 | 0.11 | 7698.30 | 70.0 | 264.9 | 6.17 S 69.69 W |
| 7800.00 | 1.15 | 80.80 | 40.6 | 0.30 | 7798.28 | 67.7 | 265.1 | 5.81 S 67.45 W |
| 7900.00 | 1.03 | 89.66 | 39.5 | 0.21 | 7898.26 | 65.8 | 265.1 | 5.65 S 65.56 W |
| 8000.00 | 0.73 | 81.18 | 38.6 | 0.33 | 7998.25 | 64.3 | 265.1 | 5.54 S 64.04 W |
| 8100.00 | 0.46 | 56.96 | 38.2 | 0.36 | 8098.24 | 63.3 | 265.3 | 5.23 S 63.07 W |
| 8200.00 | 0.45 | 23.13 | 38.3 | 0.26 | 8198.24 | 62.8 | 265.8 | 4.65 S 62.58 W |

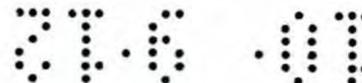


A Gyrodata Directional Survey

Fasken Oil & Ranch, LTD
 Lease: La Mesa Well: 1H, 4-1/2" Drillpipe
 Location: H&P 260, Webb County, Texas
 Job Number: CC0212GMSW202

| MEASURED IN C DEPTH feet | LAZIMUTH deg. | VERTICAL deg. | SECTION feet | DOGLEG SEVERITY deg./ 100 ft. | VERTICAL DEPTH feet | CLOSURE DIST. feet | AZIMUTH deg. | HORIZONTAL COORDINATES feet | |
|--------------------------------|------------------|------------------|-----------------|--|---------------------------|--------------------------|-----------------|-----------------------------------|---------|
| 8300.00 | 0.42 | 23.29 | 38.6 | 0.03 | 8298.23 | 62.4 | 266.4 | 3.95 S | 62.28 W |
| 8400.00 | 0.66 | 0.07 | 39.2 | 0.32 | 8398.23 | 62.2 | 267.2 | 3.04 S | 62.13 W |
| 8500.00 | 0.70 | 339.54 | 40.2 | 0.25 | 8498.22 | 62.4 | 268.3 | 1.89 S | 62.35 W |
| 8600.00 | 0.53 | 332.39 | 41.2 | 0.19 | 8598.22 | 62.8 | 269.2 | 0.91 S | 62.78 W |
| 8700.00 | 0.73 | 336.98 | 42.2 | 0.21 | 8698.21 | 63.2 | 270.1 | 0.09 N | 63.24 W |
| 8800.00 | 0.69 | 332.29 | 43.4 | 0.07 | 8798.20 | 63.8 | 271.1 | 1.21 N | 63.77 W |
| 8900.00 | 0.72 | 312.08 | 44.6 | 0.25 | 8898.20 | 64.6 | 271.9 | 2.16 N | 64.51 W |
| 9000.00 | 0.83 | 308.40 | 46.0 | 0.12 | 8998.19 | 65.6 | 272.6 | 3.03 N | 65.55 W |
| 9100.00 | 0.83 | 297.37 | 47.4 | 0.16 | 9098.18 | 66.9 | 273.3 | 3.82 N | 66.76 W |
| 9200.00 | 0.92 | 293.08 | 48.8 | 0.11 | 9198.16 | 68.3 | 273.7 | 4.46 N | 68.14 W |

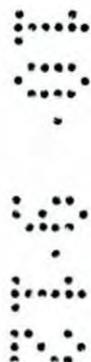
Final Station Closure: Distance: 68.29 ft Az: 273.75 deg.





Gyrodata Corpus Christi
1805 North Levington Blvd
Corpus Christi, Texas 78409

Tel: 361-289-1734
Fax: 361-289-1032
www.gyrodata.com



State of Texas
County of Harris

I, Ronny Mayrant, certify that; I am employed by Gyrodata Inc.; that I am authorized and qualified to review the rate gyro multishot survey from a depth of 0.00 feet to a depth of 9200.00 feet conducted on the day(s) of 29 Feb 2012 through 01 Mar 2012; that this survey was conducted at the request of Fasken Oil & Ranch, LTD for the La Mesa #1H Well API No. 42-479-41716 in Webb County, Texas; that the data is true, correct, complete, and within the limitations of the tool as set forth by Gyrodata Inc.; and that I have reviewed this report and find that it conforms to the principles and procedures as set forth by Gyrodata Inc.

Ronny Mayrant
District Manager

Fasken Oil and Ranch, Ltd.-WT

Webb County, TX

Jesse Billings Survey #25, A2547

La Mesa #1H

Wellbore #1

Survey: Survey #1

DDC Survey Report

15 March, 2012



DDC
Survey Report



Company: Fasken Oil and Ranch, Ltd -WT
 Project: Webb County, TX
 Site: Jesse Billings Survey #25, A2547
 Well: La Mesa #1H
 Wellbore: Wellbore #1
 Design: Wellbore #1

Local Co-ordinate Reference: Well La Mesa #1H
 TVD Reference: WELL @ 582.0usft (H&P #260)
 MD Reference: WELL @ 582.0usft (H&P #260)
 North Reference: Grid
 Survey Calculation Method: Minimum Curvature
 Database: EDM 5000 1 Single User Db

| | | | |
|-------------|--------------------------------------|---------------|----------------|
| Project | Webb County, TX | | |
| Map System: | US State Plane 1927 (Exact solution) | System Datum: | Mean Sea Level |
| Geo Datum: | NAD 1927 (NADCON CONUS) | | |
| Map Zone: | Texas South 4205 | | |

Site Jesse Billings Survey #25, A2547

Site Position: Northing: 791,988.91 usft Latitude: 27° 50' 21.978 N
 From: Map Easting: 1,575,003.70 usft Longitude: 99° 48' 54.064 W
 Position Uncertainty: 0.0 usft Slot Radius: 13-3/16 " Grid Convergence: -0.60 "

Well La Mesa #1H

Well Position +N/-S 0.0 usft Northing: 791,988.91 usft Latitude: 27° 50' 21.978 N
 +E/-W 0.0 usft Easting: 1,575,003.70 usft Longitude: 99° 48' 54.064 W
 Position Uncertainty 0.0 usft Wellhead Elevation: usft Ground Level: 557.0 usft

Wellbore Wellbore #1

| Magnetics | Model Name | Sample Date | Declination (°) | Dip Angle (°) | Field Strength (nT) |
|-----------|------------|-------------|-----------------|---------------|---------------------|
| | IGRF2010 | 2/9/2012 | 5.53 | 56.54 | 46,218 |

Design Wellbore #1

Audit Notes:

Version: 1.0 Phase: ACTUAL Tie On Depth: 8,800.0

Vertical Section: Depth From (TVD) (usft) +N/-S (usft) +E/-W (usft) Direction (°)
 0.0 0.0 0.0 318.18

Survey Program Date 3/15/2012

| From (usft) | To (usft) | Survey (Wellbore) | Tool Name | Description |
|-------------|-----------|--------------------------|-------------|----------------|
| 100.0 | 8,800.0 | Gyro Survey (Pilot Hole) | Good_gyro | Good Gyro |
| 8,865.0 | 14,730.0 | Survey #1 (Wellbore #1) | MWD default | MWD - Standard |

Survey

| Measured Depth (usft) | Inclination (°) | Azimuth (°) | Vertical Depth (usft) | +N/-S (usft) | +E/-W (usft) | Vertical Section (usft) | Dogleg Rate (°/100usft) | Build Rate (°/100usft) | Turn Rate (°/100usft) |
|-------------------------------|-----------------|-------------|-----------------------|--------------|--------------|-------------------------|-------------------------|------------------------|-----------------------|
| Tie In @ 8800' MD / 8798' TVD | | | | | | | | | |
| 8,800.0 | 0.69 | 332.29 | 8,798.2 | 1.2 | -63.8 | 43.4 | 0.00 | 0.00 | 0.00 |
| 8,865.0 | 0.70 | 317.90 | 8,863.2 | 1.8 | -64.2 | 44.2 | 0.27 | 0.02 | -22.14 |
| 8,896.0 | 0.80 | 309.50 | 8,894.2 | 2.1 | -64.5 | 44.6 | 0.48 | 0.32 | -27.10 |
| 8,928.0 | 2.60 | 312.00 | 8,926.2 | 2.8 | -65.2 | 45.5 | 5.63 | 5.63 | 7.81 |
| 8,959.0 | 5.50 | 323.40 | 8,957.1 | 4.4 | -66.6 | 47.7 | 9.66 | 9.35 | 36.77 |
| 8,991.0 | 6.90 | 317.00 | 8,988.9 | 7.1 | -68.9 | 51.2 | 4.87 | 4.38 | -20.00 |
| 9,022.0 | 9.00 | 308.30 | 9,019.6 | 9.9 | -72.0 | 55.4 | 7.79 | 6.77 | -28.06 |
| 9,054.0 | 10.90 | 308.80 | 9,051.1 | 13.4 | -76.4 | 60.9 | 5.94 | 5.94 | 1.56 |
| 9,085.0 | 14.40 | 312.50 | 9,081.4 | 17.8 | -81.5 | 67.6 | 11.58 | 11.29 | 11.94 |

DDC
Survey Report



Company: Fasken Oil and Ranch, Ltd -WT
 Project: Webb County, TX
 Site: Jesse Billings Survey #25, A2547
 Well: La Mesa #1H
 Wellbore: Wellbore #1
 Design: Wellbore #1

Local Co-ordinate Reference: Well La Mesa #1H
 TVD Reference: WELL @ 582.0usft (H&P #260)
 MD Reference: WELL @ 582.0usft (H&P #260)
 North Reference: Grd
 Survey Calculation Method: Minimum Curvature
 Database: EDM 5000 1 Single User Db

Survey

| Measured Depth (usft) | Inclination (°) | Azimuth (°) | Vertical Depth (usft) | +N/-S (usft) | +E/-W (usft) | Vertical Section (usft) | Dogleg Rate (°/100usft) | Build Rate (°/100usft) | Turn Rate (°/100usft) |
|-----------------------|-----------------|-------------|-----------------------|--------------|--------------|-------------------------|-------------------------|------------------------|-----------------------|
| 9,116.0 | 18.50 | 316.70 | 9,111.1 | 24.0 | -87.7 | 76.4 | 13.76 | 13.23 | 13.55 |
| 9,148.0 | 22.30 | 318.30 | 9,141.1 | 32.2 | -95.2 | 87.5 | 12.00 | 11.88 | 5.00 |
| 9,179.0 | 26.80 | 318.20 | 9,169.3 | 41.8 | -103.8 | 100.4 | 14.52 | 14.52 | -0.32 |
| 9,211.0 | 31.00 | 318.30 | 9,197.3 | 53.4 | -114.1 | 115.8 | 13.13 | 13.13 | 0.31 |
| 9,242.0 | 35.30 | 319.70 | 9,223.2 | 66.2 | -125.2 | 132.8 | 14.09 | 13.87 | 4.52 |
| 9,273.0 | 38.60 | 322.20 | 9,248.0 | 80.6 | -136.9 | 151.4 | 11.70 | 10.65 | 8.06 |
| 9,305.0 | 40.70 | 323.20 | 9,272.6 | 96.9 | -149.3 | 171.8 | 6.86 | 6.56 | 3.13 |
| 9,336.0 | 43.50 | 323.30 | 9,295.6 | 113.5 | -161.7 | 192.5 | 9.03 | 9.03 | 0.32 |
| 9,367.0 | 45.90 | 322.10 | 9,317.7 | 130.9 | -174.9 | 214.2 | 8.21 | 7.74 | -3.87 |
| 9,399.0 | 47.70 | 321.50 | 9,339.6 | 149.2 | -189.4 | 237.5 | 5.79 | 5.63 | -1.88 |
| 9,430.0 | 48.60 | 321.40 | 9,360.3 | 167.3 | -203.8 | 260.5 | 2.91 | 2.90 | -0.32 |
| 9,462.0 | 50.10 | 321.20 | 9,381.1 | 186.2 | -218.9 | 284.8 | 4.71 | 4.69 | -0.63 |
| 9,493.0 | 52.20 | 319.90 | 9,400.6 | 204.9 | -234.3 | 308.9 | 7.52 | 6.77 | -4.19 |
| 9,524.0 | 54.60 | 317.70 | 9,419.0 | 223.6 | -250.7 | 333.8 | 9.61 | 7.74 | -7.10 |
| 9,556.0 | 56.40 | 317.20 | 9,437.2 | 243.0 | -268.5 | 360.1 | 5.77 | 5.63 | -1.56 |
| 9,587.0 | 57.70 | 316.70 | 9,454.0 | 262.0 | -286.3 | 386.1 | 4.41 | 4.19 | -1.61 |
| 9,619.0 | 61.20 | 315.40 | 9,470.3 | 281.8 | -305.4 | 413.7 | 11.48 | 10.94 | -4.06 |
| 9,650.0 | 64.90 | 315.40 | 9,484.3 | 301.5 | -324.8 | 441.3 | 11.94 | 11.94 | 0.00 |
| 9,682.0 | 67.30 | 314.60 | 9,497.3 | 322.2 | -345.5 | 470.5 | 7.84 | 7.50 | -2.50 |
| 9,713.0 | 70.00 | 315.10 | 9,508.6 | 342.6 | -365.9 | 499.3 | 8.84 | 8.71 | 1.61 |
| 9,745.0 | 71.60 | 315.70 | 9,519.1 | 364.1 | -387.2 | 529.5 | 5.30 | 5.00 | 1.88 |
| 9,776.0 | 76.20 | 316.40 | 9,527.7 | 385.5 | -407.8 | 559.2 | 15.00 | 14.84 | 2.26 |
| 9,808.0 | 78.60 | 318.00 | 9,534.7 | 408.4 | -429.0 | 590.5 | 8.95 | 7.50 | 5.00 |
| 9,839.0 | 79.80 | 318.80 | 9,540.5 | 431.2 | -449.3 | 620.9 | 4.63 | 3.87 | 2.58 |
| 9,870.0 | 80.60 | 318.60 | 9,545.8 | 454.1 | -469.4 | 651.5 | 2.66 | 2.58 | -0.65 |
| 9,902.0 | 83.90 | 318.10 | 9,550.1 | 477.8 | -490.5 | 683.2 | 10.43 | 10.31 | -1.56 |
| 9,933.0 | 87.70 | 316.80 | 9,552.4 | 500.6 | -511.4 | 714.1 | 12.95 | 12.26 | -4.19 |
| 9,964.0 | 88.80 | 316.50 | 9,553.3 | 523.1 | -532.7 | 745.0 | 3.68 | 3.55 | -0.97 |
| 9,996.0 | 90.00 | 316.30 | 9,553.6 | 546.3 | -554.7 | 777.0 | 3.80 | 3.75 | -0.63 |
| 10,027.0 | 90.40 | 316.10 | 9,553.5 | 568.7 | -576.2 | 808.0 | 1.44 | 1.29 | -0.65 |
| 10,122.0 | 92.20 | 317.40 | 9,551.4 | 637.9 | -641.3 | 902.9 | 2.34 | 1.89 | 1.37 |
| 10,216.0 | 92.60 | 317.40 | 9,547.4 | 707.0 | -704.8 | 996.9 | 0.43 | 0.43 | 0.00 |
| 10,310.0 | 92.90 | 316.70 | 9,542.9 | 775.7 | -768.8 | 1,090.7 | 0.81 | 0.32 | -0.74 |
| 10,404.0 | 89.90 | 319.20 | 9,540.6 | 845.5 | -831.7 | 1,184.7 | 4.15 | -3.19 | 2.66 |
| 10,498.0 | 90.00 | 319.70 | 9,540.7 | 916.9 | -892.8 | 1,278.7 | 0.54 | 0.11 | 0.53 |
| 10,592.0 | 89.80 | 319.30 | 9,540.9 | 988.4 | -953.9 | 1,372.6 | 0.48 | -0.21 | -0.43 |
| 10,686.0 | 90.90 | 321.20 | 9,540.3 | 1,060.6 | -1,014.0 | 1,466.6 | 2.34 | 1.17 | 2.02 |
| 10,781.0 | 91.70 | 321.70 | 9,538.1 | 1,134.9 | -1,073.2 | 1,561.4 | 0.99 | 0.84 | 0.53 |
| 10,875.0 | 92.10 | 321.90 | 9,535.0 | 1,208.8 | -1,131.3 | 1,655.1 | 0.48 | 0.43 | 0.21 |
| 10,970.0 | 90.90 | 321.00 | 9,532.5 | 1,283.0 | -1,190.5 | 1,750.0 | 1.58 | -1.26 | -0.95 |
| 11,064.0 | 92.40 | 318.60 | 9,529.8 | 1,354.8 | -1,251.1 | 1,843.9 | 3.01 | 1.60 | -2.55 |
| 11,158.0 | 92.40 | 318.30 | 9,525.9 | 1,425.1 | -1,313.4 | 1,937.8 | 0.32 | 0.00 | -0.32 |
| 11,251.0 | 92.20 | 318.40 | 9,522.2 | 1,494.5 | -1,375.1 | 2,030.7 | 0.24 | -0.22 | 0.11 |



DDC
Survey Report

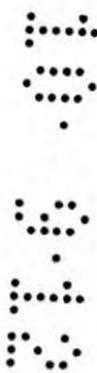


Company: Fasken Oil and Ranch, Ltd -WT
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 Wellbore: Wellbore #1
 Design: Wellbore #1

Local Co-ordinate Reference: Well La Mesa #1H
 TVD Reference: WELL @ 582.0usft (H&P #260)
 MD Reference: WELL @ 582.0usft (H&P #260)
 North Reference: Gnd
 Survey Calculation Method: Minimum Curvature
 Database: EDM 5000 1 Single User Db

Survey

| Measured Depth (usft) | Inclination (°) | Azimuth (°) | Vertical Depth (usft) | +N/-S (usft) | +E/-W (usft) | Vertical Section (usft) | Dogleg Rate (°/100usft) | Build Rate (°/100usft) | Turn Rate (°/100usft) |
|----------------------------|-----------------|-------------|-----------------------|--------------|--------------|-------------------------|-------------------------|------------------------|-----------------------|
| 11,346.0 | 91.80 | 318.40 | 9,518.8 | 1,565.5 | -1,438.2 | 2,125.6 | 0.42 | -0.42 | 0.00 |
| 11,440.0 | 91.50 | 318.30 | 9,516.1 | 1,635.7 | -1,500.6 | 2,219.6 | 0.34 | -0.32 | -0.11 |
| 11,535.0 | 91.40 | 319.30 | 9,513.7 | 1,707.2 | -1,563.2 | 2,314.6 | 1.06 | -0.11 | 1.05 |
| 11,629.0 | 91.50 | 320.30 | 9,511.4 | 1,778.9 | -1,623.8 | 2,408.5 | 1.07 | 0.11 | 1.06 |
| 11,724.0 | 92.20 | 317.30 | 9,508.3 | 1,850.4 | -1,686.4 | 2,503.4 | 3.24 | 0.74 | -3.16 |
| 11,818.0 | 92.10 | 317.00 | 9,504.8 | 1,919.2 | -1,750.3 | 2,597.4 | 0.34 | -0.11 | -0.32 |
| 11,912.0 | 91.90 | 316.80 | 9,501.5 | 1,987.8 | -1,814.4 | 2,691.3 | 0.30 | -0.21 | -0.21 |
| 12,006.0 | 91.60 | 317.40 | 9,498.6 | 2,056.7 | -1,878.4 | 2,785.2 | 0.71 | -0.32 | 0.64 |
| 12,100.0 | 91.50 | 316.80 | 9,496.1 | 2,125.5 | -1,942.4 | 2,879.2 | 0.65 | -0.11 | -0.64 |
| 12,194.0 | 91.90 | 318.80 | 9,493.3 | 2,195.1 | -2,005.5 | 2,973.1 | 2.17 | 0.43 | 2.13 |
| 12,288.0 | 91.70 | 318.40 | 9,490.3 | 2,265.6 | -2,067.6 | 3,067.1 | 0.48 | -0.21 | -0.43 |
| 12,382.0 | 91.40 | 318.60 | 9,487.8 | 2,335.9 | -2,129.9 | 3,161.0 | 0.38 | -0.32 | 0.21 |
| 12,476.0 | 92.20 | 317.40 | 9,484.8 | 2,405.8 | -2,192.7 | 3,255.0 | 1.53 | 0.85 | -1.28 |
| 12,570.0 | 92.10 | 317.00 | 9,481.3 | 2,474.7 | -2,256.6 | 3,348.9 | 0.44 | -0.11 | -0.43 |
| 12,664.0 | 91.60 | 319.20 | 9,478.3 | 2,544.6 | -2,319.3 | 3,442.8 | 2.40 | -0.53 | 2.34 |
| 12,758.0 | 93.60 | 319.40 | 9,474.0 | 2,615.8 | -2,380.5 | 3,536.7 | 2.14 | 2.13 | 0.21 |
| 12,852.0 | 93.70 | 319.30 | 9,468.0 | 2,687.0 | -2,441.6 | 3,630.5 | 0.15 | 0.11 | -0.11 |
| 12,946.0 | 93.50 | 319.20 | 9,462.1 | 2,758.0 | -2,502.9 | 3,724.3 | 0.24 | -0.21 | -0.11 |
| 13,040.0 | 92.90 | 319.00 | 9,456.9 | 2,829.0 | -2,564.3 | 3,818.2 | 0.67 | -0.64 | -0.21 |
| 13,134.0 | 90.60 | 319.70 | 9,454.0 | 2,900.3 | -2,625.5 | 3,912.1 | 2.56 | -2.45 | 0.74 |
| 13,228.0 | 91.90 | 319.30 | 9,452.0 | 2,971.7 | -2,686.6 | 4,006.0 | 1.45 | 1.38 | -0.43 |
| 13,322.0 | 92.20 | 319.50 | 9,448.6 | 3,043.0 | -2,747.7 | 4,100.0 | 0.38 | 0.32 | 0.21 |
| 13,417.0 | 93.70 | 320.30 | 9,443.7 | 3,115.6 | -2,808.8 | 4,194.8 | 1.79 | 1.58 | 0.84 |
| 13,511.0 | 93.60 | 320.40 | 9,437.7 | 3,187.8 | -2,868.7 | 4,288.5 | 0.15 | -0.11 | 0.11 |
| 13,605.0 | 93.60 | 320.60 | 9,431.8 | 3,260.2 | -2,928.3 | 4,382.3 | 0.21 | 0.00 | 0.21 |
| 13,699.0 | 93.40 | 320.40 | 9,426.1 | 3,332.6 | -2,988.0 | 4,476.0 | 0.30 | -0.21 | -0.21 |
| 13,794.0 | 93.20 | 320.40 | 9,420.6 | 3,405.7 | -3,048.5 | 4,570.8 | 0.21 | -0.21 | 0.00 |
| 13,888.0 | 92.80 | 320.40 | 9,415.7 | 3,478.0 | -3,108.3 | 4,664.6 | 0.43 | -0.43 | 0.00 |
| 13,983.0 | 93.90 | 320.60 | 9,410.1 | 3,551.2 | -3,168.6 | 4,759.3 | 1.18 | 1.16 | 0.21 |
| 14,077.0 | 93.70 | 320.70 | 9,403.9 | 3,623.7 | -3,228.1 | 4,853.0 | 0.24 | -0.21 | 0.11 |
| 14,172.0 | 94.40 | 319.20 | 9,397.2 | 3,696.3 | -3,289.1 | 4,947.8 | 1.74 | 0.74 | -1.58 |
| 14,266.0 | 94.10 | 319.10 | 9,390.2 | 3,767.2 | -3,350.4 | 5,041.5 | 0.34 | -0.32 | -0.11 |
| 14,361.0 | 93.60 | 319.20 | 9,383.9 | 3,838.9 | -3,412.4 | 5,136.3 | 0.54 | -0.53 | 0.11 |
| 14,455.0 | 93.10 | 319.30 | 9,378.4 | 3,910.0 | -3,473.6 | 5,230.1 | 0.54 | -0.53 | 0.11 |
| 14,549.0 | 92.80 | 319.40 | 9,373.5 | 3,981.2 | -3,534.8 | 5,323.9 | 0.34 | -0.32 | 0.11 |
| 14,644.0 | 92.30 | 319.70 | 9,369.3 | 4,053.4 | -3,596.4 | 5,418.8 | 0.61 | -0.53 | 0.32 |
| TD @ 14730' MD / 9366' TVD | | | | | | | | | |
| 14,730.0 | 92.30 | 319.70 | 9,365.8 | 4,119.0 | -3,651.9 | 5,504.7 | 0.00 | 0.00 | 0.00 |



DDC
Survey Report



Company: Fasken Oil and Ranch Ltd -WT
Project: Webb County, TX
Site: Jesse Billings Survey #25 A2547
Well: La Mesa #1H
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MD Reference: WELL @ 582.0usft (H&P #260)
North Reference: Grid
Survey Calculation Method: Minimum Curvature
Database: EDM 5000.1 Single User Db

Survey Annotations

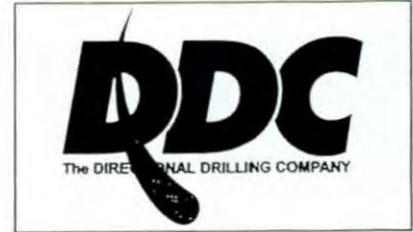
| Measured Depth (usft) | Vertical Depth (usft) | Local Coordinates | | Comment |
|-----------------------------|-----------------------------|-------------------|-----------------|-------------------------------|
| | | +N/-S (usft) | +E/-W (usft) | |
| 8,800.0 | 8,798.2 | 1.2 | -63.8 | Tie In @ 8800' MD / 8798' TVD |
| 14,730.0 | 9,365.8 | 4,119.0 | -3,651.9 | TD @ 14730' MD / 9366' TVD |

Checked By: _____ Approved By: _____ Date: _____

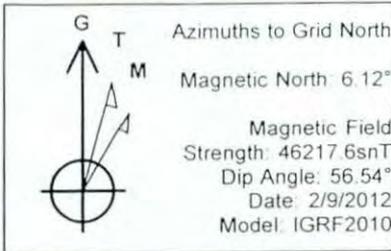


Company Name: Fasken Oil and Ranch, Ltd. -WT
 La Mesa #1H
 Webb County, TX
 Rig H&P #260
 Created By: Diva Chance
 Date: 03/15/2012

La Mesa #1H
 Webb County, TX
 Q120104 & GC-12132



Fasken Oil & Ranch, LTD

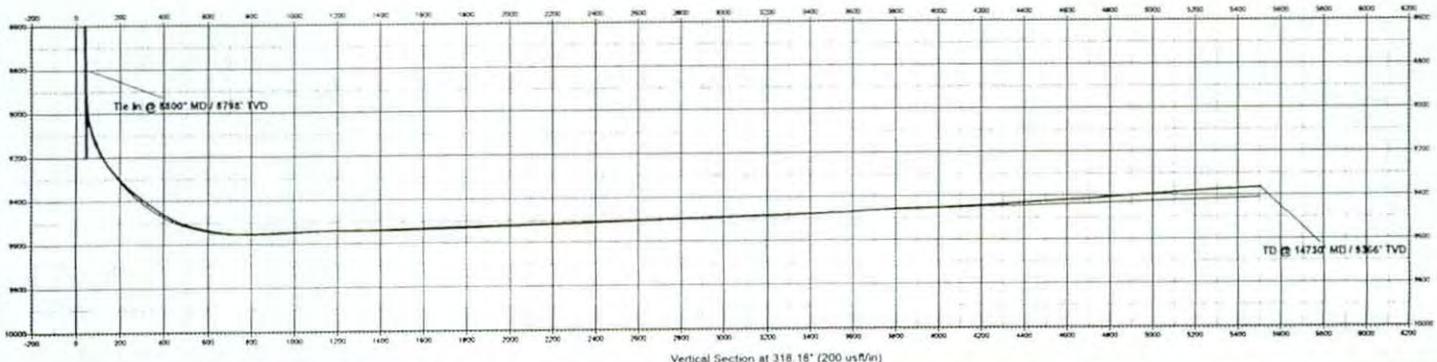
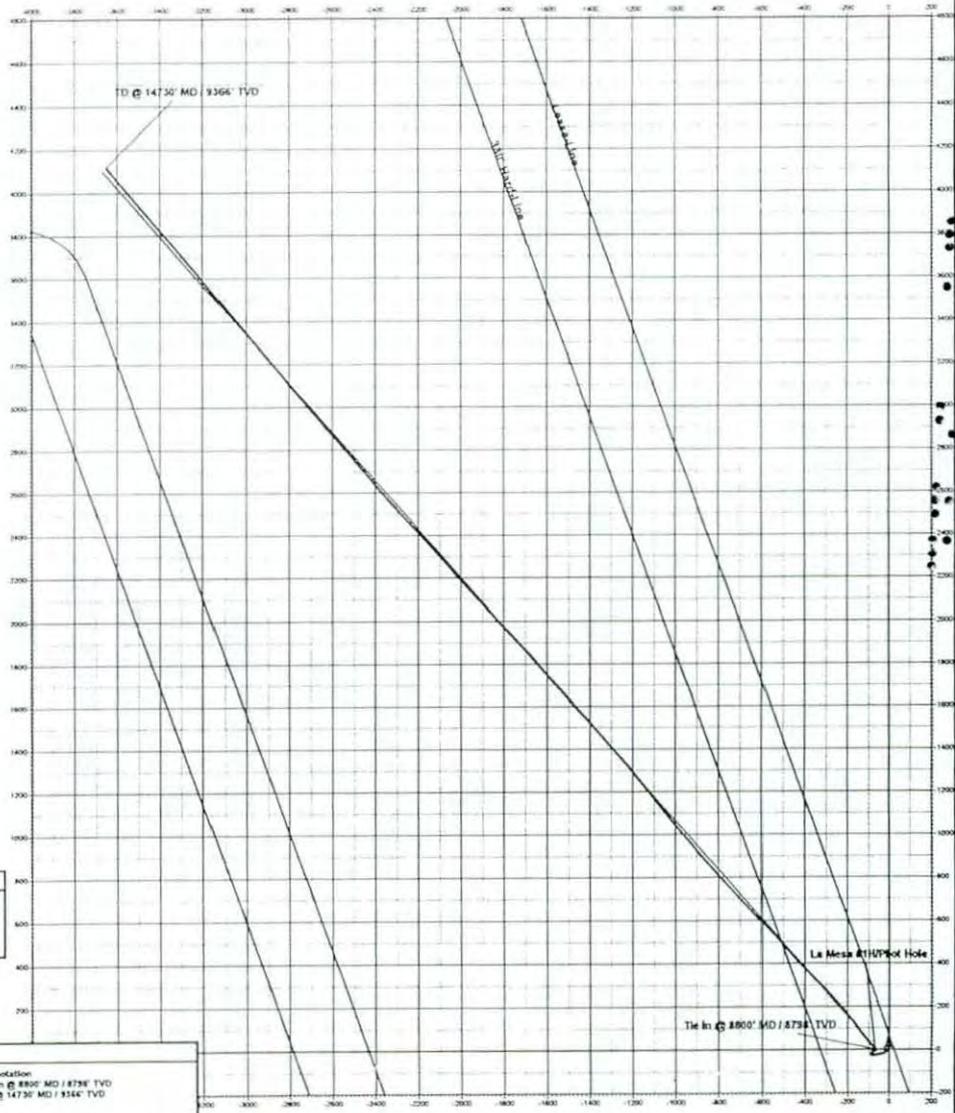


| PROJECT DETAILS | | Webb County, TX |
|------------------|--------------------------------------|-----------------|
| Geodetic System: | US State Plane 1927 (Exact solution) | |
| Datum: | NAD 1927 (NADCON CONUS) | |
| Ellipsoid: | Clarke 1866 | |
| Zone: | Texas South 4205 | |
| System Datum: | Mean Sea Level | |

| WELL DETAILS | | La Mesa #1H |
|---------------|-----------------|------------------|
| Ground Level: | 557.0 | |
| +N-S | +E-W | Nothing |
| 0.0 | 0.0 | 791988.81 |
| Existing | Latitude | Longitude |
| 1575003.70 | 27° 50' 21.87 N | 99° 48' 54.064 W |

| DESIGN TARGET DETAILS | |
|---------------------------|------------------|
| Name | TVD |
| PB&L LA Mesa #1H TC #1 | 4101.5 |
| +N-S | +E-W |
| 0.0 | 0.0 |
| Nothing | Nothing |
| 796290.41 | 1571334.23 |
| Latitude | Longitude |
| 27° 51' 2.209 N | 99° 49' 38.416 W |
| - plan view target center | |

| ANNOTATIONS | | | | | | | | |
|-------------|-------|--------|--------|--------|---------|--------|-----------|-------------------------------|
| MD | Inc | Adj | TVD | +N-S | +E-W | VSec | Departure | Annotation |
| 8800.0 | 0.69 | 332.29 | 8798.2 | 1.2 | -43.8 | 43.4 | 144.3 | Tie In @ 8800' MD / 8798' TVD |
| 14730.0 | 92.30 | 519.70 | 8365.8 | 4119.0 | -3451.9 | 5504.7 | 5608.8 | TD @ 14730' MD / 8366' TVD |



Vertical Section at 318.18° (200 us/m)

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

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

| | | | |
|---|--------------------------------------|---|---------------------------------------|
| 1. Operator's Name (As shown on Form P-5, Organization Report) Fasken Oil and Ranch, Ltd. | 2. RRC Operator No. 263696 | 3. RRC District No. 04 | 4. County of Well Site Webb |
| 5. Field Hawkvile (Eagleford Shale) | 6. API No. 42- 479-41716 | 7. Drilling Permit No. 733150 | |
| 8. Lease Name La Mesa | 9. Rule 37 Case No. | 10. Oil Lease/Gas ID No. | 11. Well No. 1H |

| CASING CEMENTING DATA: | SURFACE CASING | INTER-MEDIATE CASING | PRODUCTION CASING | | MULTI-STAGE CEMENTING PROCESS | |
|---|---------------------------------------|----------------------|-------------------|---------------------------|-------------------------------|------|
| | | | Single String | Multiple Parallel Strings | Tool | Shoe |
| 12. Cementing Date | 2/17/2012 | | | | | |
| 13. ●Drilling hole size | 14 3/4" | | | | | |
| ●Est. % wash or hole enlargement | | | | | | |
| 14. Size of casing (in. O.D.) | 10 3/4" | | | | | |
| 15. Top of liner (ft.) | | | | | | |
| 16. Setting depth (ft.) | 3621' | | | | | |
| 17. Number of centralizers used | 22 | | | | | |
| 18. Hrs. waiting on cement before drill-out | 24 | | | | | |
| 1st Slurry | 19. API cement used: No. of sacks ▶ | 1250 | | | | |
| | Class ▶ | A | | | | |
| | Additives ▶ | Remarks | | | | |
| 2nd Slurry | No. of sacks ▶ | 650 | | | | |
| | Class ▶ | A | | | | |
| | Additives ▶ | Remarks | | | | |
| 3rd Slurry | No. of sacks ▶ | | | | | |
| | Class ▶ | | | | | |
| | Additives ▶ | | | | | |
| 1st | 20. Slurry pumped: Volume (cu. ft.) ▶ | 2775 | | | | |
| | Height (ft.) ▶ | 745 | | | | |
| 2nd | Volume (cu. ft.) ▶ | 767 | | | | |
| | Height (ft.) ▶ | 2880 | | | | |
| 3rd | Volume (cu. ft.) ▶ | | | | | |
| | Height (ft.) ▶ | | | | | |
| Total | Volume (cu. ft.) ▶ | 3542 | | | | |
| | Height (ft.) ▶ | 3625 | | | | |
| 21. Was cement circulated to ground surface (or bottom of cellar) outside casing? | Yes | | | | | |

22. Remarks
Lead System- 15/85 Poz A+3%D44+8%D20+.2%D46+.55%D13
Tail System- Class A+.35%D13

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

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

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

| | | | |
|---|-------------------------------------|---------------------------------|---|
| 1. Operator's Name (As shown on Form P-5, Organization Report) FASKEN OIL AND RANCH, Ltd. | 2. RRC Operator No 263696 | 3. RRC District No 04 | 4. County of Well Site WEBB |
| 5. Field Name (Wildcat or exactly as shown on RRC records) Hawkville (Eagleford Shale) | 6. API No. 42-479-41716 | | 7. Drilling Permit No. 733150 |
| 8. Lease Name LA MESA | 9. Rule 37 Case No | 10. Oil Lease Gas ID No | 11. Well No. 1H |

| CASING CEMENTING DATA: | SURFACE CASING | INTER-MEDIATE CASING | PRODUCTION CASING | | MULTI-STAGE CEMENTING PROCESS | |
|---|-------------------------------------|----------------------|-------------------|---------------------------|-------------------------------|------|
| | | | Single String | Multiple Parallel Strings | Tool | Shoe |
| 12. Cementing Date | | | | | | |
| 13. ● Drilling hole size | | | | | | |
| ● Est % wash or hole enlargement | | | | | | |
| 14. Size of casing (in. O.D.) | | | | | | |
| 15. Top of liner (ft.) | | | | | | |
| 16. Setting depth (ft.) | | | | | | |
| 17. Number of centralizers used | | | | | | |
| 18. Hrs. waiting on cement before drill-out | | | | | | |
| 1st Slurry | 19. API cement used: No. of sacks | | | | | |
| | Class | | | | | |
| | Additives | | | | | |
| 2nd Slurry | No. of sacks | | | | | |
| | Class | | | | | |
| | Additives | | | | | |
| 3rd Slurry | No. of sacks | | | | | |
| | Class | | | | | |
| | Additives | | | | | |
| 1st | 20. Slurry pumped: Volume (cu. ft.) | | | | | |
| | Height (ft.) | | | | | |
| 2nd | Volume (cu. ft.) | | | | | |
| | Height (ft.) | | | | | |
| 3rd | Volume (cu. ft.) | | | | | |
| | Height (ft.) | | | | | |
| Total | Volume (cu. ft.) | 0 | | | | |
| | Height (ft.) | 0 | | | | |
| 21. Was cement circulated to ground surface (or bottom of cellar) outside casing? | | | | | | |
| 22. Remarks | | | | | | |

PLUG1=260 SKS CLASS H + .02 GAL/SK D206 + .02 GAL/SK D80 + .07 GAL/SK D197
Spot a 260 sx "H" kickoff plug from 9400' - 8783'. Tagged TOC @ 8804'. Dress plug off to 8856'. KOP @ 8856'.

| CEMENTING TO PLUG AND ABANDON | PLUG #1 | PLUG #2 | PLUG #3 | PLUG #4 | PLUG #5 | PLUG #6 | PLUG #7 | PLUG #8 |
|--|----------|---------|---------|---------|---------|---------|---------|---------|
| 3. Cementing date | 3/1/2012 | | | | | | | |
| 4. Size of hole or pipe plugged (in.) | 8 3/4 | | | | | | | |
| 5. Depth to bottom of tubing or drill pipe (ft.) | 944 | | | | | | | |
| 6. Sacks of cement used (each plug) | 260 | | | | | | | |
| 7. Slurry volume pumped (cu. ft.) | 257 | | | | | | | |
| 8. Calculated top of plug (ft.) | 8783 | | | | | | | |
| 9. Measured top of plug, if tagged (ft.) | 8804' | | | | | | | |
| 10. Slurry wt. (lbs/gal) | 17 | | | | | | | |
| 11. Type cement | H | | | | | | | |

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

WAYNE TITUS FS
 Name and title of cementer's representative
 SCHLUMBERGER
 Cementing Company
 Signature
 10310 FISCHER RD
 Address
 VON ORMY, TX 78073
 City, State, Zip Code
 210-623-9500
 Tel. Area Code Number
 3/1/2012
 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.

Kim Tyson
 Name or printed name of operator's representative
 Regulatory Analyst
 Title
 Signature
 303 W. Wall St., Ste. 1800, Midland, TX 79701
 Address
 City, State, Zip Code
 432-687-1777
 Tel. Area Code Number
 8-8-2012
 Date mo. day yr.

Instructions to Form W-15, Cementing Report

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

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

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

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

Surface casing. An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Texas Department of Water Resources, Austin. Before drilling a well in any field or area in which no field rules are in effect or in which surface casing requirements are not specified in the applicable rules, an operator must obtain a letter from the Department of Water Resources stating the protection depth. Surface casing should not be set deeper than 100 feet below the specified depth without prior approval from the Commission.

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

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

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

Plugging and abandoning. Cement plugs must be placed in the wellbore as required by Statewide Rule 14. The District Director may require additional cement. 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 other plugs, except the top plug, must have sufficient slurry volume to fill 100 feet of hole, plus ten percent for each 1,000 feet of depth from the ground surface to the bottom of the plug.

To plug and abandon a well, operators must use only cementers approved by the Director of Field Operations. Cementing companies, service companies, or others 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

RAILROAD COMMISSION OF TEXAS
 Oil and Gas Division

| | | | |
|--|------------------------------------|---------------------------|---------------------------------------|
| 1. Operator's Name (As shown on Form P-5, Organization Report) Fasken Oil and Ranch , Ltd. | 2. RRC Operator No. 263696 | 3. RRC District No. 04 | 4. County of Well Site Webb |
| 5. Field Hawkville (Eagleford Shale) | 6. API No. 42- 479-41716 | | 7. Drilling Permit No. 733150 |
| 8. Lease Name La Mesa | 9. Rule 37 Case No. | 10. Oil Lease/Gas ID No. | 11. Well No. 1H |

| CASING CEMENTING DATA: | SURFACE CASING | INTER-MEDIATE CASING | PRODUCTION CASING | | MULTI-STAGE CEMENTING PROCESS | |
|---|---------------------------------------|----------------------|-------------------|---------------------------|-------------------------------|------|
| | | | Single String | Multiple Parallel Strings | Tool | Shoe |
| 12. Cementing Date | | | 3/15/2012 | | | |
| 13. ●Drilling hole size | | | 8 3/4 | | | |
| ●Est. % wash or hole enlargement | | | | | | |
| 14. Size of casing (in. O.D.) | | | 5 1/2 | | | |
| 15. Top of liner (ft.) | | | | | | |
| 16. Setting depth (ft.) | | | 14,693' | | | |
| 17. Number of centralizers used | | | 132 | | | |
| 18. Hrs. waiting on cement before drill-out | | | 24 | | | |
| 1st Slurry | 19. API Cement used: No. of sacks ▶ | | 1090.0 | | | |
| | Class ▶ | | 35:65 Poz:H | | | |
| | Additives ▶ | | Remarks | | | |
| 2nd Slurry | No. of sacks ▶ | | 1170.0 | | | |
| | Class ▶ | | H | | | |
| | Additives ▶ | | Remarks | | | |
| 3rd Slurry | No. of sacks ▶ | | | | | |
| | Class ▶ | | | | | |
| | Additives ▶ | | | | | |
| 1st | 20. Slurry pumped: Volume (cu. ft.) ▶ | | 1645.9 | | | |
| | Height (ft.) ▶ | | 5426.0 | | | |
| 2nd | Volume (cu. ft.) ▶ | | 1649.7 | | | |
| | Height (ft.) ▶ | | 5426.0 | | | |
| 3rd | Volume (cu. ft.) ▶ | | | | | |
| | Height (ft.) ▶ | | | | | |
| Total | Volume (cu. ft.) ▶ | | 3295.6 | | | |
| | Height (ft.) ▶ | | 10852.0 | | | |
| 21. Was cement circulated to ground surface (or bottom of cellar) outside casing? | | | no | | | |

22. Remarks
Lead System- 35:65 Poz:H + 4%D20 + 0.2%D46 + 0.2%D65 + 0.35%D198
Tail System- Class H + 35%D66 + 0.4%D167 + 0.3%D65 + 0.2%D46 + 0.45%D148

| 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. (lb/gal) | | | | | | | | |
| 31. Type cement | | | | | | | | |

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

Heraclio Vela, Field Specialist

Schlumberger

Name and title of cementer's representative

Cementing Company

Signature

8221 Las Cruces Dr.

Laredo, TX 38045

956-724-4461

3/15/2012

Address

City, State, Zip Code

Tel.: Area Code Number

Date: mo. day yr.

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

Kim Tyson

Regulatory Analyst

Signature

Typed or printed name of operator's representative

Title

303 W. Wall St., Ste. 1800, Midland, TX 79701

432-687-1777

8-8-2012

Address

City, State, Zip Code

Tel.: Area Code Number

Date: mo. day yr.

Instructions to Form W-15, Cementing Report

IMPORTANT: Operators and cementing companies must comply with the requirements of the Commission's State Rules 8 (Water Protection), 13 (Casing, Cementing, Drilling, and Completion), and 14 (Well Plugging). For offshore operations, see the requirements of Rule 15 (c).

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

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

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

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

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

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

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

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

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

Tracking No: 51125

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

Instructions

When to File Form L-1:

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

When is Form L-1 NOT required:

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

Where to File Form L-1:

- with the appropriate Commission district office

Filling out Form L-1:

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

Type of log required:

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

SECTION I. IDENTIFICATION

| | | |
|---|----------------------------|-----------------------------|
| Operator Name: FASKEN OIL AND RANCH, LTD. | District No. 01 | Completion Date: 06/16/2012 |
| Field Name: HAWKVILLE (EAGLEFORD SHALE) | Drilling Permit No. 733150 | |
| Lease Name: LA MESA | Lease/ID No. | Well No. 1H |
| County: WEBB | API No. 42- 479-41716 | |

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). _____

| | |
|---|--|
| Kim Tyson Signature | _____ Title |
| FASKEN OIL AND RANCH, LTD Name (print) | (432) 687-1777 EXT 2043 08/08/2012 Phone Date |

-FOR RAILROAD COMMISSION USE ONLY-

Schlumberger

Company: Fasken Oil and Ranch, Ltd.

Well: La Mesa #1H

Field: Hawkville (Eagleford Shale)

County: Webb State: Texas

| | | | | |
|--|---|--------------------------------|-------------------------------|--|
| County: Webb Field: Hawkville (Eagleford Shale) Location: 616' FSL & 24' FEL of the La Mesa #1H Company: Fasken Oil and Ranch, Ltd. | ARRAY INDUCTION | | | |
| | RESISTIVITY PRINT | | | |
| | Location 616' FSL & 24' FEL of the Billings, J survey. S-23. A-2545 29.1 miles NW direction from Laredo | | Elev.: | K.B. 582.00 ft G.L. 557.00 ft D.F. 581.00 ft |
| | Permanent Datum: | Ground Level | Elev.: | 557.00 ft |
| Log Measured From: | Kelly Bushing | 25.00 ft | above Perm.Datum | |
| Drilling Measured From: | Kelly Bushing | | | |
| API Serial No. 42-479-41716 | Rig: H&P #260 | Longitude: 99° 48' 54.06" W | Latitude: 27° 50' 21.98" N | |
| Logging Date | 29-Feb-2012 | | | |
| Run Number | One | | | |
| Depth Driller | 9800.00 ft | | | |
| Schlumberger Depth | 9804.00 ft | | | |
| Bottom Log Interval | 9796.00 ft | | | |
| Top Log Interval | 3622.00 ft | | | |
| Casing Driller Size @ Depth | 10.75 in @ 3622.00 ft | | | |
| Casing Schlumberger | 3622 ft | | | |
| Bit Size | 8.75 in | | | |
| Type Fluid In Hole | Diesel | | | |
| MUD | Density | Viscosity | 11.6 lbm/gal 53 s | |
| | Fluid Loss | PH | 6 cm3 | |
| | Source of Sample | N/A | | |
| RM @ Meas Temp | N/A | | | |
| RMF @ Meas Temp | N/A | | | |
| RMC @ Meas Temp | N/A | | | |
| Source RMF | RMC | N/A | N/A | |
| RM @ BHT | RMF @ BHT | N/A | N/A | |
| Max Recorded Temperatures | 232 degF | 241 | | |
| Circulation Stopped | Time | 28-Feb-2012 | 20:00:00 | |
| Logger on Bottom | Time | 29-Feb-2012 | 05:56:28 | |
| Unit Number | Location: | 2201 | Laredo, TX | |
| Recorded By | Manuel Silva | | | |
| Witnessed By | Hunter Manley | | | |



Company: Fasken Oil and Ranch, Ltd.
Well: La Mesa #1H
Field: Hawkville (Eagleford Shale)
County: Webb **Country:**

| | | | | |
|---|----------------------------------|---|----------------------------|-----------|
| County: Webb Field: Hawkville (Eagleford Shale) Location: 616' FSL & 24' FEL of the La Mesa #1H Well: La Mesa #1H Company: Fasken Oil and Ranch, Ltd. | COMPENSATED NEUTRON-LITHODENSITY | | | |
| | NUCLEAR PRINT | | | |
| | ***PLATFORM EXPRESS 150*** | | | |
| | Location: | 616' FSL & 24' FEL of the Billings, J survey. S-23. A-2545 29.1 miles NW direction from Laredo | Elev. K.B. | 582.00 ft |
| | | | G.L. | 557.00 ft |
| | | D.F. | 581.00 ft | |
| | Permanent Datum: | Ground Level | Elev.: 557.00 ft | |
| | Log Measured From: | Kelly Bushing | 25.00 ft above Perm. Datum | |
| | Drilling Measured From: | Kelly Bushing | | |
| | API Serial No. | Max. Hole Deviation | Longitude: | |
| | 42-479-41716 | 0 deg | 99° 48' 54.06" W | |
| | | | Latitude: | |
| | | | 27° 50' 21.98" N | |

| | | | |
|-----------------------------|------------------|-------------|-------------------|
| Logging Date | 29-Feb-2012 | | |
| Run Number | One | | |
| Depth Driller | 9800.00 ft | | |
| Schlumberger Depth | 9804.00 ft | | |
| Bottom Log Interval | 9796.00 ft | | |
| Top Log Interval | 3622.00 ft | | |
| Casing Driller Size @ Depth | 10.75 in | @ | 3622.00 ft |
| Casing Schlumberger | 3622 ft | | |
| Bit Size | 8.75 in | | |
| Type Fluid In Hole | Diesel | | |
| MUD | Density | Viscosity | 11.6 lbm/gal 53 s |
| | Fluid Loss | PH | 6 cm3 |
| | Source of Sample | N/A | |
| RM @ Meas Temp | N/A | | |
| RMF @ Meas Temp | N/A | | |
| RMC @ Meas Temp | N/A | | |
| Source RMF | RMC | N/A | N/A |
| RM @ BHT | RMF @ BHT | N/A | N/A |
| Max Recorded Temperatures | 232 degF | 241 | |
| Circulation Stopped | Time | | |
| Logger on Bottom | Time | 29-Feb-2012 | 05:56:28 |
| Unit Number | Location | 2201 | Laredo, TX |
| Recorded By | Manuel Silva | | |
| Witnessed By | Hunter Manley | | |

Schlumberger

Company: Fasken Oil and Ranch, Ltd.

Well: La Mesa #1H

Field: Hawkville (Eagleford Shale)

County: Webb State: Texas

| | | | | |
|---|--|---------------------------|--------------------------------|-------------------------------|
| County: Webb Field: Hawkville (Eagleford Shale) Location: 616' FSL & 24' FEL of the La Mesa #1H Well: La Mesa #1H Company: Fasken Oil and Ranch, Ltd. | SPECTRAL GAMMA RAY | | | |
| | Location: 616' FSL & 24' FEL of the Billings, J survey. S-23. A-2545 29.1 miles NW direction from Laredo | | Elev. K.B. | 582.00 ft |
| | | | G.L. | 557.00 ft |
| | | | D.F. | 581.00 ft |
| Permanent Datum: | | Ground Level | Elev.: | 557.00 ft |
| Log Measured From: | | Kelly Bushing | 25.00 ft | above Perm. Datum |
| Drilling Measured From: | | Kelly Bushing | | |
| API Serial No. 42-479-41716 | | Rig: H&P #260 | Longitude: 99° 48' 54.06" W | Latitude: 27° 50' 21.98" N |
| Logging Date | | 29-Feb-2012 | | |
| Run Number | | One | | |
| Depth Driller | | 9800.00 ft | | |
| Schlumberger Depth | | 9804.00 ft | | |
| Bottom Log Interval | | 9796.00 ft | | |
| Top Log Interval | | 3622.00 ft | | |
| Casing Driller Size @ Depth | | 10.75 in @ 3622.00 ft | | |
| Casing Schlumberger | | 3622 ft | | |
| Bit Size | | 8.75 in | | |
| Type Fluid In Hole | | Diesel | | |
| MUD | Density | Viscosity | 11.6 lbm/gal | 53 s |
| | Fluid Loss | PH | 6 cm3 | |
| | Source of Sample | | N/A | |
| RM @ Meas Temp | | N/A | | |
| RMF @ Meas Temp | | N/A | | |
| RMC @ Meas Temp | | N/A | | |
| Source RMF | RMC | N/A | N/A | |
| RM @ BHT | RMF @ BHT | N/A | N/A | |
| Max Recorded Temperatures | | 232 degF | 241 | |
| Circulation Stopped | | Time | | |
| Logger on Bottom | | Time 29-Feb-2012 05:56:28 | | |
| Unit Number | Location: | 2201 | Laredo, TX | |
| Recorded By | | Manuel Silva | | |
| Witnessed By | | Hunter Manley | | |

Groundwater
Advisory Unit

GROUNDWATER PROTECTION DETERMINATION

Date January 26, 2012 GAU File No.: SC 16066

***** EXPEDITED APPLICATION *****
API Number 47900000

Attention: KIM TYSON

RRC Lease No. 000000

SC_263696_47900000_000000_16066.pdf

FASKEN OIL AND RANCH LTD
303 W WALL
STE 1800
MIDLAND TX 79701

--Measured--
24 ft FEL
616 ft FSL
MRL: SURVEY

| | |
|----------------------|------------------------|
| Digital Map Location | |
| X-coord/Long | <u>99.81500</u> |
| Y-coord/Lat | <u>27.83940</u> |
| Datum | <u>27</u> Zone <u></u> |

P-5# 263696

County WEBB Lease & Well No. LA MESA #1H&ALL Purpose ND

Location SUR-BILLINGS J., A-2545, -- [TD=9000], [RRC 4],

To protect usable-quality groundwater at this location, the Groundwater Advisory Unit of the Texas Railroad Commission recommends:

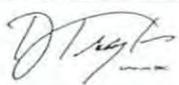
The base of usable-quality water is estimated to occur at a depth of 3200 feet. Moreover, the interval from the land surface to a depth of 300 feet and the zone from a depth of 700 feet to 1350 feet contains water of usable-quality which must be protected. Furthermore, the CARRIZO from 1100 feet to 1350 feet contains superior quality water which must be isolated from water in underlying and overlying beds.

This recommendation is applicable to all wells drilled in this SURVEY.

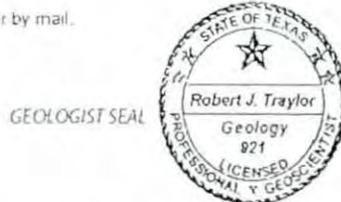
Note: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operation into a nonproductive zone (RRC Form W-14).

If you have any questions, please contact us at 512-463-2741, gau@rrc.state.tx.us, or by mail.

Sincerely,


 Digitally signed by Robert Traylor
 DN: c=US, o=TEXAS, ou=Austin,
 ou=Railroad Commission of Texas,
 cn=Robert Traylor,
 email=robert.traylor@rrc.state.tx.us
 Date: 2012.01.26 10:54:41 -06:00

Robert J. Traylor, P.G.



Geologist, Groundwater Advisory Unit
Oil & Gas Division

The seal appearing on this document was authorized by Robert J. Traylor on 1/26/2012.
Note: Alteration of this electronic document will invalidate the digital signature.



RAILROAD COMMISSION OF TEXAS

OIL AND GAS DIVISION

February 8, 2012

2 copies - Kim's F.L.
Well F.L.
CF
TET



Fasken Oil and Ranch, LTD
Attn: Kim Tyson
303 W. Wall Street, Suite 1800
Midland, TX 79701

Re: **La Mesa Lease, Well No. 1H, Webb County, Texas**

Pursuant to your request dated **February 8, 2012**, this letter will be your authority to set approximately **3600** feet of surface casing on the captioned well. Please note that a copy of this letter must be kept on location during all phases of drilling and/or plugging operations.

You must comply with all other provisions of Statewide Rule 13 (b)(2). If cement is not circulated to ground surface while cementing the surface casing, you must promptly contact the District Director or authorized representative and follow the procedures as set out in Statewide Rule 13 (b)(2)(G)(iii).

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

It is requested that the Railroad Commission District Office be notified 8 hours prior to the time casing is cemented in this well. It is also requested that your representative provide the following information at notification; drilling permit number and Texas Commission on Environmental Quality usable quality water depth, and SC Number.

*District requirements for open hole plugging: (1) plug of sufficient volume placed 500 feet from total depth (2) additional plugs every 3000 feet of open hole.

If further information is needed, please contact this office.

Yours very truly,

A handwritten signature in black ink that reads "Arnold Ott, P.E.".

Arnold Ott, P.E.
District Director

AO/ir

STATEMENT OF PRODUCTIVITY OF ACREAGE
ASSIGNED TO PRORATION UNITS

Form P-15

Tracking No.: 51125

This facsimile P-15 was generated electronically
from data submitted to the RRC

The undersigned states that he is authorized to make this statement; that he has knowledge of the facts concerning the FASKEN OIL AND RANCH, LTD.

LA MESA
LEASE

OPERATOR

No. 1H

WELL

; that such well is

completed in the HAWKVILLE (EAGLEFORD SHALE) Field, WEBB 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 _____

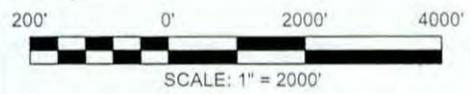
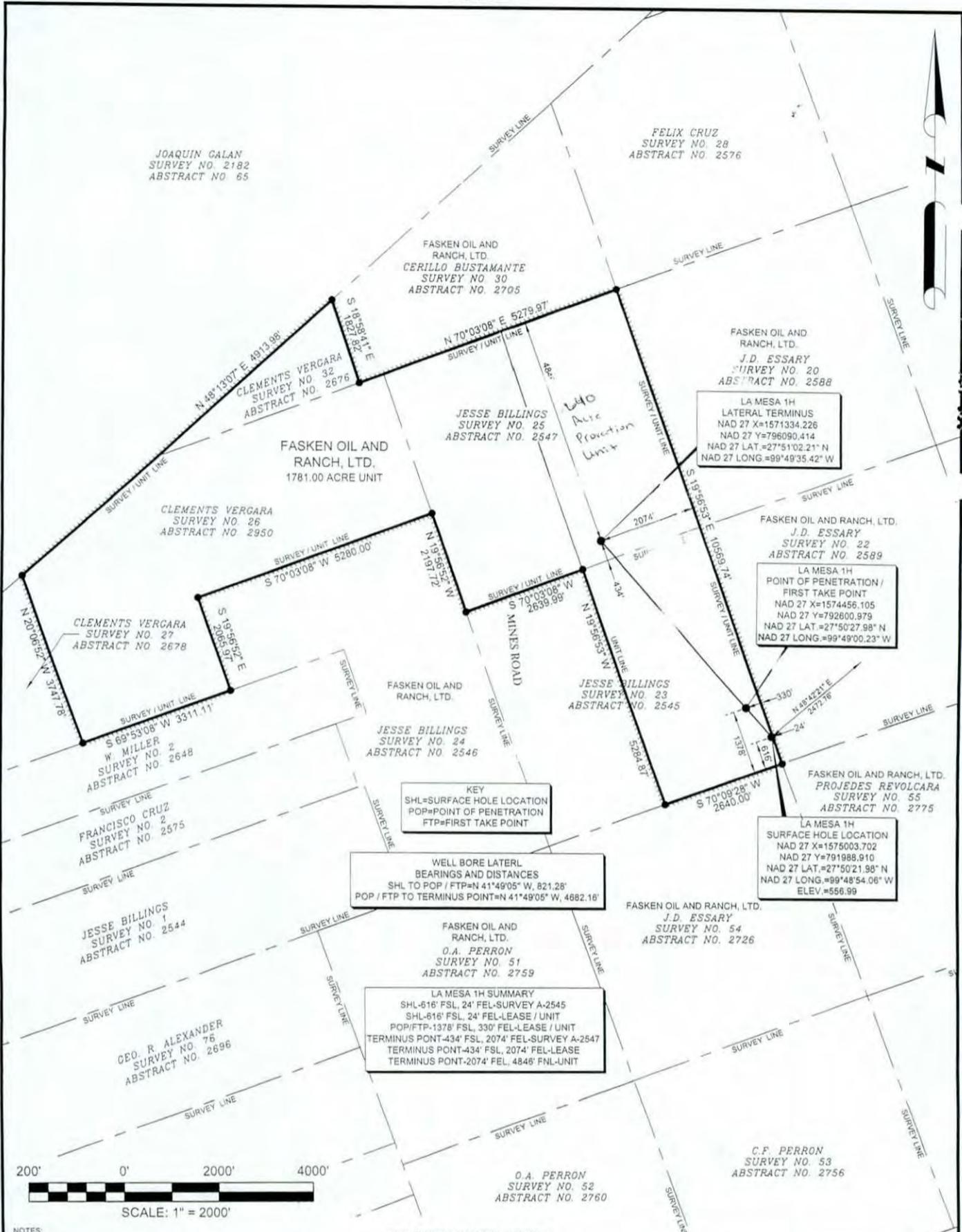
640.0 acres which can reasonably be considered to be productive of hydrocarbons.

- 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 08/08/2012 Signature Kim Tyson

Telephone (432) 687-1777 EXT 2043 Title _____
AREA CODE



NOTES:

- BEARINGS & COORDINATES SHOWN HEREON ARE REFERENCED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, NAD 27 DATUM (TEXAS SOUTH ZONE 4205) DERIVED FROM GPS OBSERVATIONS AND ARE BASED ON NGS MONUMENT F-1436 (X=1886299.980, Y=851639.083)
- LATITUDE & LONGITUDE ARE NAD 27 GEOGRAPHIC.
- THIS IS A PROPOSED FLOWLINE PLAT AND DOES NOT REPRESENT A TRUE BOUNDARY SURVEY. THIS SURVEY IS BASED ON OWNERSHIP AND EASEMENT INFORMATION PROVIDED BY FASKEN OIL AND RANCH, LTD. SURVEYOR DID NOT ABSTRACT SUBJECT TRACT AND THERE MAY BE EASEMENTS OR OTHER ENCUMBRANCES THAT AFFECT THE SUBJECT TRACT THAT ARE NOT SHOWN HEREON.

I HEREBY STATE THAT THIS PLAT SHOWS THE PROPOSED WELL LOCATION AS STAKED ON THE GROUND.

James Curtis Yarger
 JAMES CURTIS YARGER
 REGISTERED PROFESSIONAL LAND SURVEYOR
 STATE OF TEXAS #5854



| REV. | DATE | BY: | DESCRIPTION | CHK |
|------|----------|-----|---------------------------|-----|
| 5 | 08-02-12 | GG | ENLARGE UNIT BOUNDARY | CY |
| 4 | 02-02-12 | GG | REVISE POP / FTP LOCATION | CY |
| 3 | 02-02-12 | GG | REVISE POP / FTP LOCATION | CY |
| | | | DESCRIPTION | CHK |

PROJECT NO. 1110001

ZASMS
 Zero Degree Surveying & Mapping Services
 8205 Camp Bowie West, Suite 204
 Fort Worth, Texas 76116
 (817) 386-0362 ~ Fax (817) 224-3377

FASKEN OIL AND RANCH, LTD.

LA MESA 1H WELL PLAT
 1781.00 ACRE UNIT
 BEING THE EAST 1/2 OF
 JESSE BILLINGS SURVEY NO. 23, ABSTRACT NO. 2545
 AND ALL OF THE
 JESSE BILLINGS SURVEY NO. 25, ABSTRACT NO. 2547
 CLEMENTS VERGARA SURVEY NO. 32, ABSTRACT NO. 2676
 CLEMENTS VERGARA SURVEY NO. 26, ABSTRACT NO. 2950
 WEBB COUNTY, TEXAS
 BEING OVER, UNDER AND ACROSS THAT CERTAIN LEASE TO
 FASKEN OIL AND RANCH, LTD.
 SAID LA MESA 1H SURFACE HOLE LOCATION BEING
 N 41°13' W, 29.1 MILE FROM THE CITY OF LAREDO, TEXAS

| | | | |
|-----------------|----------------|--------------------|------|
| DRAWN BY: GG | DATE: 10-18-11 | DWG. NO. | REV. |
| CHECKED BY: CY | DATE: 10-19-11 | 1110001 LA MESA 1H | 5 |
| SCALE: 1"=2000' | APP.: | PAGE 1 OF 1 | |

FASKEN OIL AND RANCH, LTD.

303 West Wall Avenue, Suite 1800
Midland, Texas 79701-5106
(432) 687-1777 Fax (432) 687-0669

October 5, 2012

Drew Reid
Texas General Land Office
1700 North Congress Avenue, Suite 800
Austin, Texas 78701-1495

RE: Relinquishment Act Oil and Gas Lease dated October 6, 2009
GLO Lease No. M-110388
Fasken Lease No. TX-627-3-2
Covering 3,061 acres more or less
Webb County, Texas

Dear Mr. Reid,

Fasken Land and Minerals, Ltd., (hereinafter "Fasken") is the current owner of the referenced Oil and Gas Lease (hereinafter the "Lease"). Paragraph 6. (B) of the Lease requires certain information be made available and forwarded to the Commissioner of the General Land Office.

I have enclosed a copy of Fasken's G-1 report on the Fasken "La Mesa No. 1H" well for your files as well as a CD containing log information on said well. This will supplement other information sent previously on this well.

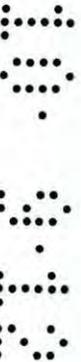
Should you have any questions or need any additional information, please let me know. I can be reached at the above address or phone number or by email at markb@forl.com.

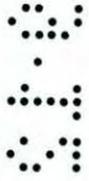
Very Truly Yours,



Mark S. Bell

Enclosures





File No. MF10388

G-1 P Log Info: 42-479-41716

Date Filed: 10/09/2012

Jerry E. Patterson, Commissioner

By *JEP*



LA MESA
1-H

maxell
CD-R

80min/700MB

L
E
R

DrillingInfo One-Page Production Summary



[Tag This Element](#)

API# 42-479-41716
 Well# 1H
 Lease LA MESA
 Field HAWKVILLE(EAGLE)
 Lease FASKEN OIL AND RANCH, LTD.
 Operator [Well Op History](#)
 County Webb
 State Texas
 Location 616.0 SOUTH / 24.0 EAST, BILLINGS, J A-2545 Section:23
 Elevation
 Date Spud --
 Date TD --
 Logs Run COMBO,OF,INDUCTION/NEUTRON/DENSITY,

| Prod. | First Production | Most Recent Production | Cumulative (MCF & BBL) | Gravity (SG & API) | Gatherer |
|-------|------------------|------------------------|------------------------|--------------------|----------|
| Oil | 6/1/12 | 2/1/13 | 0 | 0.00 | |
| Gas | 6/1/12 | 2/1/13 | 1,439,598 | 0.00 | |

Most Recently Reported Monthly Production (12 Months)

| Mo/Yr | Gas (MCF) | | | | | Oil (BBL) | | | | Water (BW) | #Wells Flowing | #Wells Other | Avg Gas (MCF/D) | Avg Oil (BBL/D) | Avg Wtr (BW/D) |
|---------|-----------|------|------|---------------|-------|-----------|------|-------|---------|------------|----------------|--------------|-----------------|-----------------|----------------|
| | Produced | Sold | Used | Vented/Flared | Other | Produced | Sold | Other | Closing | | | | | | |
| 6/2012 | 57,480 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | --- | --- | 1,916.00 | 0.00 | 0.00 |
| 7/2012 | 168,859 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | --- | --- | 5,447.06 | 0.00 | 0.00 |
| 8/2012 | 189,763 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | --- | --- | 6,121.39 | 0.00 | 0.00 |
| 9/2012 | 183,910 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | --- | --- | 6,130.33 | 0.00 | 0.00 |
| 10/2012 | 187,324 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | --- | --- | 6,042.71 | 0.00 | 0.00 |
| 11/2012 | 186,424 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | --- | --- | 6,214.13 | 0.00 | 0.00 |
| 12/2012 | 183,994 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | --- | --- | 5,935.29 | 0.00 | 0.00 |
| 1/2013 | 149,735 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | --- | --- | 4,830.16 | 0.00 | 0.00 |
| 2/2013 | 132,109 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | --- | --- | 4,718.18 | 0.00 | 0.00 |
| Totals | 1,439,598 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | --- | --- | --- | --- | --- |

Annual Production

| Year | Gas (MCF) | Oil (BBL) | Water (BW) | #Wells Flowing | #Wells Other | Avg Gas (MCF/D) | Avg Oil (BBL/D) | Avg Wtr (BW/D) | Annual Dec. Gas | Annual Dec. Oil |
|--------|-----------|-----------|------------|----------------|--------------|-----------------|-----------------|----------------|-----------------|-----------------|
| 2012 | 1,157,754 | 0 | --- | --- | --- | 5,440.57 | 0.00 | 0.00 | --- | --- |
| 2013 | 281,844 | 0 | --- | --- | --- | 4,635.59 | 0.00 | 0.00 | 75.7% | --- |
| Totals | 1,439,598 | 0 | --- | --- | --- | --- | --- | --- | --- | --- |

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File No. MF110388

19

Production Review

Date Filed: 05/01/13

Jerry E. Patterson, Commissioner

By JEP



6101 Holiday Hill Road Midland, Texas 79707-1631
(432) 687-1777 FAX (432) 687-0669

June 28, 2013

Drew Reid
Texas General Land Office
1700 North Congress Avenue, Suite 800
Austin, Texas 78701-1495

RE: Oil and Gas Lease dated October 6, 2009
GLO Lease No. M-110388
Fasken Lease No. TX-627-3-2
Covering 3,061 acres more or less
Webb County, Texas

Dear Mr. Reid,

You and I previously discussed amending the Continuous Development provision of the referenced Oil and Gas Lease (hereinafter the "Lease"). Fasken Land and Minerals, Ltd. (hereinafter "Fasken") is submitting the enclosed amendment for your review and approval.

The language in Paragraph 7 allowing for no more than One Hundred Eighty (180) days between the completion of one well and the commencement of the next succeeding well has been replaced with language allowing the Lessee to drill two wells per calendar year. The commencement of the Continuous Development program would not change and would begin by the commencement of the first continuous development well on or before October 6, 2014. This amendment would allow Fasken to take advantage of economies of scale by drilling two wells back-to-back thereby benefitting from the cost savings in lieu of drilling a well once every six months. The State of Texas still gets two wells drilled in a year but on a slightly different time frame.

Please review the proposed amendment and if approved, have it executed on behalf of the State of Texas. You can return the executed amendment to me at the above address and I will have it recorded in Webb County and provide you with a copy of the recorded instrument for your records.

Should you have any questions or need any additional information, please let me know. I can be reached at the above phone number or by email at markb@forl.com.

Very Truly Yours,

A handwritten signature in blue ink that reads "Mark S. Bell".

Mark S. Bell

Enclosure

(20)

File No. M-110388
Ltr. from Fasken
Date Filed: 7/2/13
Jerry E. Patterson, Commissioner
By [Signature]

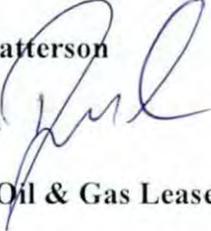
510



MEMORANDUM

Texas General Land Office • Jerry Patterson • Commissioner

TIME SENSITIVE: Action Required by: (July 10, 2013)

DATE: July 3, 2013
TO: Commissioner Patterson
FROM: J. Daryl Morgan 
SUBJECT: Amendment to Oil & Gas Lease for signature

.....

SUMMARY: Attached for your signature are duplicate originals of an Amendment to Oil and Gas Lease that amends the Continuous Development Program in the Lease.

DETAILS: State Lease No. M-110388 ("Lease") covers 3,061 acres of Relinquishment Act Land in Webb County, Texas. The Lease was issued to the surface owner Fasken Land and Minerals Ltd. pursuant to Section 52.190 of the TNRC with the surface owner having waived their agency rights and taken a lease directly from the State as approved by the School Land Board. The Lease is held by production and included a Continuous Development Program beginning two years after the end of the primary. The continuous development requires wells to be drilled with no more than 180 days elapsing between the completion of one well and commencement of the next well (2 wells a year). The Lessee has requested and staff agrees to amend this provision to delete the every 180 day commitment and just require that at least two wells be commenced within each twelve month period. Minerals leasing staff and the legal services division have reviewed the Amendment and staff recommends approval and signature by the Commissioner.

Recommendation: Please sign and return to Daryl Morgan in Energy Resources (5-9106).

Attachment: Two Amendment Agreements

CC: LaNell Aston

File No. M-110388
Memo to Commissioner

Date Filed: 7/15/13
Jerry E. Patterson, Commissioner
By JEP



July 15, 2013

Mr. Mark S. Bell
Fasken Oil and Ranch
6101 Holliday Hill Road
Midland, Texas 79707-1631

Re: Amendment to Oil and Gas Lease
State Lease No. M-110388
Fasken Lease No. TX-627-3-2
3,061 acres more or less
Webb County, Texas

Dear Mr. Bell:

Enclosed is an original of the Amendment to State Oil and Gas Lease that has been executed by Jerry E. Patterson, Commissioner of the Texas General Land Office ("GLO"). We have retained one of the originals, which will be filed in Mineral file M-110388.

Please have the Amendment filed of record in Webb County, Texas and provide our office with a copy of the recorded Amendment.

Thank you for your assistance in this regard and please let me know if you have any questions.

Sincerely,

J. Daryl Morgan, CPL
Energy Resources Division
(512) 305-9106

Enclosure

2

File No. M-110388
Ltr. to Fesken

Date Filed: 7/15/13

Jerry E. Patterson, Commissioner
By: [Signature]

AMENDMENT TO
Oil and Gas Lease M-110388
Dated October 6, 2009

Between The General Land Office of the State of Texas (Lessor) and
Fasken Land and Minerals, Ltd. (Lessee)

WHEREAS, the State of Texas as Lessor and Fasken Land and Minerals, Ltd. as Lessee entered into an Oil and Gas Lease dated October 6, 2009, recorded in Volume 2879, Page 151, Official Public Records of Webb County, Texas (hereinafter the "Lease"); and

WHEREAS, the Lessor and the Lessee desire to amend the Lease;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned parties do hereby amend the lease as set forth below.

- (1) Amend Paragraph 7 to delete the existing language in its entirety and substituting the following Paragraph 7:

"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. If this Lease is held in force and effect two years after the expiration date of the Primary Term, Lessee at that time may begin a continuous development program by commencing a well on the Lease on or before said two years after the expiration date of the primary term and this Lease shall remain in force in its entirety by the drilling of such well, and additional wells on the land covered hereby with the commencement of a minimum of two (2) wells within a twelve (12) month calendar year with the beginning of each calendar year to coincide with the effective date of the Lease being October 6th and ending on October 5th of the succeeding year (herein the "Continuous Development Program"). For purposes of interpretation of this provision, a well shall be determined to be completed on the day Lessee releases the drilling rig used to drill such well, or the day such rig is removed off the location, whichever day occurs first, and a well shall be determined to be commenced when such well is spud with equipment capable of reaching the planned total depth of the well. Notwithstanding anything contained herein to the contrary, on the tenth anniversary date from the effective date of this Lease, the Continuous Development Program, if still in effect, shall end and any acreage not retained under Paragraph 7 (A) shall expire."

In all other respects, Lessor ~~ADOPTS, RATIFIES, and CONFIRMS~~ ⁹¹ the terms of the Lease, as amended, ~~and LEASES, DEMISES, and LETS~~ the Lease to Lessee, subject to the terms and provisions of the Lease, as amended. It is the intent of Lessor and Lessee that Paragraph 7 (A), Paragraph 7 (B) and

Paragraph 7(C) are not affected by this amendment and each will remain as originally written in the Lease.

Executed on this 12 day of July, 2013 but effective as of October 6, 2009.

LESSOR:

THE STATE OF TEXAS

By: Jerry E. Patterson
Commissioner of the General Land Office
Of the State of Texas

Approved Legal mmj
Contents llh
Min. Leasing RJH
Executive g

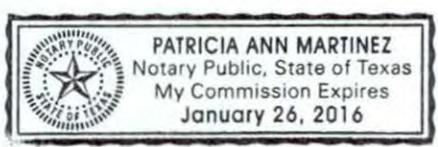
LESSEE:

FASKEN LAND AND MINERALS, LTD.
A Texas Limited Partnership, by Fasken
Management, LLC, its General Partner

By: Charles F. Hedges, Jr.
Charles F. Hedges, Jr.
Vice President

STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

This instrument was acknowledged before me on the 28 day of June, 2013, by the said CHARLES F. HEDGES, JR., Vice President of FASKEN MANAGEMENT, LLC, a Texas limited liability company, general partner to FASKEN LAND AND MINERALS, LTD., a Texas limited partnership, on behalf of said limited partnership.



Patricia Ann Martinez
Notary Public, State of Texas

23

File No. M-110388
Amendment to Lease

Date Filed: 7/15/13
Jerry E. Patterson, Commissioner

By [Signature]

RECEIVED
JUL 15 2013
MICHIGAN DEPARTMENT OF TREASURY



5 513



6101 Holiday Hill Road Midland, Texas 79707-1631
(432) 687-1777 FAX (432) 687-0669

August 9, 2013

J. Daryl Morgan
Texas General Land Office
1700 N. Congress Ave., Suite 800
Austin, Texas 78701-1495

RE: Amendment to Oil and Gas Lease
State Lease No. M-110388
Fasken Lease No. TX-627-3-2
3,061 acres more or less
Webb County, Texas

Dear Daryl,

I have enclosed Fasken Land and Minerals, Ltd.'s (hereinafter "Fasken") revised amendment to the continuous development language contained in paragraph 7 of the referenced Oil and Gas Lease. We have attempted to clean it up a bit eliminating possible confusion. The provision still requires two wells prior to October 6, 2015 and two wells per twelve month period thereafter to maintain the continuous development provision in effect.

If this revision is agreeable to you, please have the amendment executed on behalf of the Texas General Land Office and returned to me at the above address. I will have it recorded in the records of Webb County and forward a copy of the recorded instrument to you for your file.

Should you have any questions or need any additional information, please let me know. I can be reached at the above phone number or by email at markb@forl.com.

Very Truly Yours,

A handwritten signature in blue ink that reads 'Mark S. Bell'.

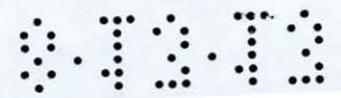
Mark S. Bell

Enclosure

File No. M-110388
Ltr. From Fyksen

Date Filed: 8/13/13
Jerry E. Patterson, Commissioner

By [Signature]



AMENDMENT TO
Oil and Gas Lease M-110388
Dated October 6, 2009
Between The General Land Office of the State of Texas (Lessor) and
Fasken Land and Minerals, Ltd. (Lessee)

WHEREAS, the State of Texas as Lessor and Fasken Land and Minerals, Ltd. as Lessee entered into an Oil and Gas Lease dated October 6, 2009, recorded in Volume 2879, Page 151, Official Public Records of Webb County, Texas (hereinafter the "Lease"); and

WHEREAS, the Lessor and the Lessee desire to amend the Lease;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned parties do hereby amend the lease as set forth below.

- (1) Amend Paragraph 7 to delete the first paragraph of numbered Paragraph 7 in its entirety and replace it with the following:

"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. If this Lease is held in force and effect after the expiration date of the Primary Term, Lessee at that time may begin a continuous development program by commencing a well on the Lease on or before two years after the expiration date of the primary term and this Lease shall remain in force in its entirety if Lessee commences and completes a minimum of two wells prior to October 6, 2015 (herein the "Continuous Development Program"). Thereafter to maintain the Continuous Development Program in force, Lessee, at its option, shall commence and complete a minimum of two wells within each succeeding twelve (12) month period with the beginning of each twelve (12) month period to coincide with the effective date of the Lease being October 6th and ending on October 5th of the succeeding year. For purposes of interpretation of this provision, a well shall be determined to be completed on the day Lessee releases the drilling rig used to drill such well, or the day such rig is removed off the location, whichever day occurs first, and a well shall be determined to be commenced when such well is spud with equipment capable of reaching the planned total depth of the well. Notwithstanding anything contained herein to the contrary, on the tenth anniversary date from the effective date of this Lease, the Continuous Development Program, if still in effect, shall end and any acreage not retained under Paragraph 7 (A) shall expire."

In all other respects, Lessor ADOPTS, and CONFIRMS the terms of the Lease, as amended, subject to the terms and provisions of the Lease, as amended hereby. Lessor and Lessee do hereby further agree that Paragraph 7 (A), Paragraph 7 (B) and Paragraph 7(C) are not affected by this amendment and each will remain as originally written in the Lease.

Executed on this 8th day of August, 2013, but effective as of October 6, 2009.

LESSOR:

THE STATE OF TEXAS

By: *Jerry E. Patterson*
Commissioner of the General Land Office
Of the State of Texas

Approved
Legal *mmj*
Contents *mmj*
Min. Leasing *mmj*
Executive *ee bylo*

LESSEE:

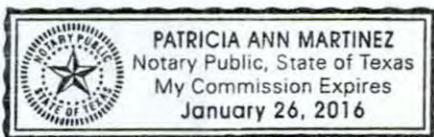
FASKEN LAND AND MINERALS, LTD.

A Texas Limited Partnership, by Fasken Management, LLC, its General Partner

By: *Charles F. Hedges, Jr.*
Charles F. Hedges, Jr.
Senior Vice President

STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

This instrument was acknowledged before me on the 8th day of August, 2013, by the said CHARLES F. HEDGES, JR., Senior Vice President of FASKEN MANAGEMENT, LLC, a Texas limited liability company, general partner to FASKEN LAND AND MINERALS, LTD., a Texas limited partnership, on behalf of said limited partnership.



Patricia Ann Martinez
Notary Public, State of Texas

25

File No. M-110388
New Civic Amendment

Date Filed: 8/16/13

Jerry E. Patterson, Commissioner

By [Signature]



August 16, 2013

Mr. Mark S. Bell
Fasken Oil and Ranch
6101 Holliday Hill Road
Midland, Texas 79707-1631

Re: Amendment to Oil and Gas Lease
State Lease No. M-110388
Fasken Lease No. TX-627-3-2
3,061 acres more or less
Webb County, Texas

Dear Mr. Bell:

Enclosed is the original of the Amendment to State Oil and Gas Lease that has been executed by Jerry E. Patterson, Commissioner of the Texas General Land Office ("GLO"). We have retained a copy, which will be filed in Mineral file M-110388.

Please have the Amendment filed of record in Webb County, Texas and provide our office with a copy of the recorded Amendment.

Thank you for your assistance in this regard and please let me know if you have any questions.

Sincerely,

J. Daryl Morgan, CPL
Energy Resources Division
(512) 305-9106

Enclosure

26

File No. M-110388
Let. to Fiskus

Date Filed: 8/16/10
Jerry E. Patterson, Commissioner

By [Signature]



6101 Holiday Hill Road Midland, Texas 79707-1631
(432) 687-1777 FAX (432) 687-0669

October 17, 2013

J. Daryl Morgan
Texas General Land Office
1700 N. Congress Ave., Suite 800
Austin, Texas 78701-1495

RE: Amendment to Oil and Gas Lease
State Lease No. M-110388
Fasken Lease No. TX-627-3-2
3,061 acres more or less
Webb County, Texas

Dear Daryl,

I have enclosed a copy of the recorded referenced Oil and Gas Lease Amendment for your file.

Should you have any questions or need any additional information, please let me know. I can be reached at the above phone number or by email at markb@forl.com.

Very Truly Yours,

A handwritten signature in blue ink that reads 'Mark S. Bell'.

Mark S. Bell

Enclosure

(27)

File No. M-110380
Ltr. From Fasten

Date Filed: 10/21/13
Jerry E. Patterson, Commissioner

By [Signature]

10.51.13

**AMENDMENT TO
Oil and Gas Lease M-110388
Dated October 6, 2009**

**Between The General Land Office of the State of Texas (Lessor) and
Fasken Land and Minerals, Ltd. (Lessee)**

WHEREAS, the State of Texas as Lessor and Fasken Land and Minerals, Ltd. as Lessee entered into an Oil and Gas Lease dated October 6, 2009, recorded in Volume 2879, Page 151, Official Public Records of Webb County, Texas (hereinafter the "Lease"); and

WHEREAS, the Lessor and the Lessee desire to amend the Lease;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned parties do hereby amend the lease as set forth below.

- (1) Amend Paragraph 7 to delete the first paragraph of numbered Paragraph 7 in its entirety and replace it with the following:

"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. If this Lease is held in force and effect after the expiration date of the Primary Term, Lessee at that time may begin a continuous development program by commencing a well on the Lease on or before two years after the expiration date of the primary term and this Lease shall remain in force in its entirety if Lessee commences and completes a minimum of two wells prior to October 6, 2015 (herein the "Continuous Development Program"). Thereafter to maintain the Continuous Development Program in force, Lessee, at its option, shall commence and complete a minimum of two wells within each succeeding twelve (12) month period with the beginning of each twelve (12) month period to coincide with the effective date of the Lease being October 6th and ending on October 5th of the succeeding year. For purposes of interpretation of this provision, a well shall be determined to be completed on the day Lessee releases the drilling rig used to drill such well, or the day such rig is removed off the location, whichever day occurs first, and a well shall be determined to be commenced when such well is spud with equipment capable of reaching the planned total depth of the well. Notwithstanding anything contained herein to the contrary, on the tenth anniversary date from the effective date of this Lease, the Continuous Development Program, if still in effect, shall end and any acreage not retained under Paragraph 7 (A) shall expire."



In all other respects, Lessor ADOPTS, and CONFIRMS the terms of the Lease, as amended, subject to the terms and provisions of the Lease, as amended hereby. Lessor and Lessee do hereby further agree that Paragraph 7 (A), Paragraph 7 (B) and Paragraph 7(C) are not affected by this amendment and each will remain as originally written in the Lease.

Executed on this 8th day of August, 2013, but effective as of October 6, 2009.

LESSOR:
THE STATE OF TEXAS

By: *Henry E. Lottman*
Commissioner of the General Land Office
Of the State of Texas

Approved Legal *mmj*
Contents *mmj*
Min. Leasing *mmj*
Executive *see byls*

LESSEE:
FASKEN LAND AND MINERALS, LTD.
A Texas Limited Partnership, by Fasken
Management, LLC, its General Partner

By: *Charles F. Hedges, Jr.*
Charles F. Hedges, Jr.
Senior Vice President

STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

This instrument was acknowledged before me on the 8th day of August, 2013, by the said CHARLES F. HEDGES, JR., Senior Vice President of FASKEN MANAGEMENT, LLC, a Texas limited liability company, general partner to FASKEN LAND AND MINERALS, LTD., a Texas limited partnership, on behalf of said limited partnership.



Patricia Ann Martinez
Notary Public, State of Texas

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STATE OF TEXAS
COUNTY OF WEBB
I HEREBY CERTIFY THAT THIS INSTRUMENT WAS
FILED ON THE DATE AND AT THE TIME STAMPED
HEREON BY ME AND WAS DULY RECORDED IN THE
VOLUME AND PAGE OF THE OFFICIAL PUBLIC
RECORDS OF WEBB COUNTY TEXAS AS STAMPED
HEREON BY ME



Margie Ramirez Brown

COUNTY CLERK
WEBB COUNTY, TEXAS

28

File No. M-110388
Recorded Amendment
Date Filed: 10/21/13
Jerry E. Patterson, Commissioner
By [Signature]

10.51.13



6101 Holiday Hill Road Midland, Texas 79707-1631
(432) 687-1777 FAX (432) 687-0669

December 10, 2013

Drew Reid
Texas General Land Office
1700 North Congress Avenue, Suite 800
Austin, Texas 78701-1495

RE: Relinquishment Act Oil and Gas Lease dated October 6, 2009
GLO Lease No. M-110388
Fasken Lease No. TX-627-3-2
Covering 3,061 acres more or less
Webb County, Texas

Dear Mr. Reid,

Fasken Land and Minerals, Ltd., (hereinafter "Fasken") is the current owner of the referenced Oil and Gas Lease (hereinafter the "Lease"). Paragraph 6. (B) of the Lease requires written notice of all operations on the Lease to be given to the Commissioner of the General Land Office.

479-42632

Please accept this as Fasken's notice to spud the La Mesa State No. 2H well on or about December 14, 2013. The well will be a horizontal well to test the Eagle Ford Shale with the location set out as follows:

Surface Hole – 377' FNL & 1,478' FWL of Section 23, A-2545, Jesse Billings Grantee
First Take Point – 174' FSL & 1,182' FWL of Section 25, A-2547, Jesse Billings Grantee
Terminus – 100' FNL & 1,602' FEL of Section 32, A-2676, J. D. Essary Grantee

This information is set out on the attached plat. I will forward a copy of the Railroad Commission application to drill as soon as it is available. I have also submitted Fasken's Application for Pooling State Leases under cover of my letter to Grant Huber dated November 27, 2013. There are 13.24 net mineral acres of unleased highway right of way that will be pooled into our 640 acre proration unit for the La Mesa State No. 2H.

Should you have any questions or need any additional information, please let me know. I can be reached at the above address or phone number or by email at markb@forl.com.

Very Truly Yours,

Mark S. Bell

Enclosure

WELL SYMBOL LEGEND

- OIL / GAS WELL
- GAS WELL
- PLUGGED OIL WELL
- OIL WELL / POP / BHL
- PERMITTED LOCATION
- SHUT-IN OIL WELL
- WATER SUPPLY WELL
- INJECTION / DISPOSAL

LA MESA STATE NO. 2H SUMMARY
 SHL-377' FNL, 1478' FWL-SURVEY A-2545
 SHL-377' FSL, 1182' FWL-OFF LEASE
 POP-152' FSL, 1194' FWL-SURVEY A-2547
 POP-152' FSL, 1194' FWL-LEASE
 FTP-174' FSL, 1182' FWL-SURVEY A-2547
 FTP-174' FSL, 1182' FWL-LEASE
 LTP-150' FNL, 1577' FEL-SURVEY A-2676
 LTP-150' FNL, 1577' FEL-LEASE
 LTL-100' FNL, 1602' FEL-SURVEY A-2676
 LTL-100' FNL, 1602' FEL-LEASE

LA MESA STATE NO. 2H
 WELL BORE SUMMARY NAD 83
 SHL TO POP=N 43°25'05" W, 600.00'
 POP TO FTP=N 43°25'05" W, 25.00'
 FTP TO LTP=N 43°25'05" W, 6918.98'
 LTP TO LTL=N 43°25'05" W, 50.00'

LA MESA STATE NO. 2H
 SURFACE HOLE LOCATION
 TX-SOUTH ZONE 4205
 NAD 83 X=554139.352
 NAD 83 Y=17199042.928
 NAD 83 LAT.=27°50'49.712"N
 NAD 83 LONG.=99°49'51.455"W
 NAD 27 X=1569986.345
 NAD 27 Y=794738.674
 NAD 27 LAT.=27°50'48.684"N
 NAD 27 LONG.=99°49'50.271"W
 ELEV.=569.617

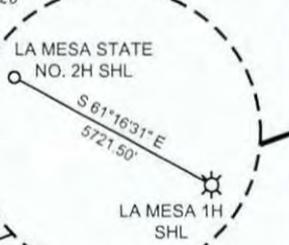
LA MESA STATE NO. 2H
 POINT OF PENETRATION
 TX-SOUTH ZONE 4205
 NAD 83 X=553692.221
 NAD 83 Y=17199443.020
 NAD 83 LAT.=27°50'53.626"N
 NAD 83 LONG.=99°49'56.483"W
 NAD 27 X=1569138.763
 NAD 27 Y=795138.763
 NAD 27 LAT.=27°50'52.599"N
 NAD 27 LONG.=99°49'55.299"W

LA MESA STATE NO. 2H
 FIRST TAKE POINT
 TX-SOUTH ZONE 4205
 NAD 83 X=553673.590
 NAD 83 Y=17199459.691
 NAD 83 LAT.=27°50'53.790"N
 NAD 83 LONG.=99°49'56.692"W
 NAD 27 X=1569520.587
 NAD 27 Y=795155.434
 NAD 27 LAT.=27°50'52.762"N
 NAD 27 LONG.=99°49'55.508"W

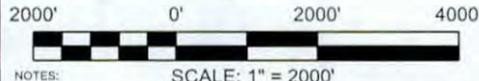
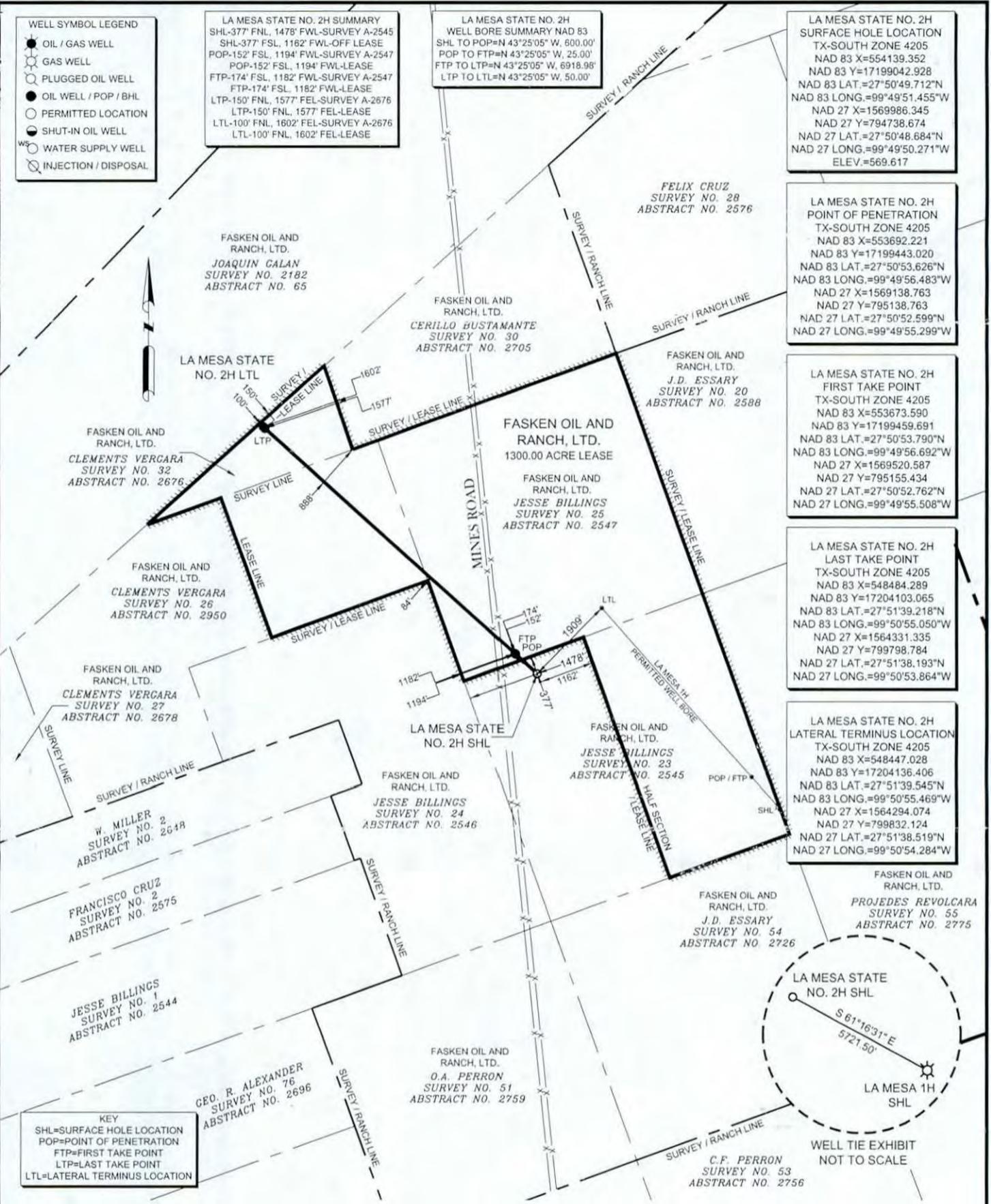
LA MESA STATE NO. 2H
 LAST TAKE POINT
 TX-SOUTH ZONE 4205
 NAD 83 X=548484.289
 NAD 83 Y=17204103.065
 NAD 83 LAT.=27°51'39.218"N
 NAD 83 LONG.=99°50'55.050"W
 NAD 27 X=1564331.335
 NAD 27 Y=799798.784
 NAD 27 LAT.=27°51'38.193"N
 NAD 27 LONG.=99°50'53.864"W

LA MESA STATE NO. 2H
 LATERAL TERMINUS LOCATION
 TX-SOUTH ZONE 4205
 NAD 83 X=548447.028
 NAD 83 Y=17204136.406
 NAD 83 LAT.=27°51'39.545"N
 NAD 83 LONG.=99°50'55.469"W
 NAD 27 X=1564294.074
 NAD 27 Y=799832.124
 NAD 27 LAT.=27°51'38.519"N
 NAD 27 LONG.=99°50'54.284"W

FASKEN OIL AND RANCH, LTD.
 PROJEDES REVOLCARA
 SURVEY NO. 55
 ABSTRACT NO. 2775



WELL TIE EXHIBIT
 NOT TO SCALE



NOTES: SCALE: 1" = 2000'

- 1.) BEARINGS & COORDINATES SHOWN HEREON ARE REFERENCED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, NAD 27 & NAD 83 DATUM (TEXAS SOUTH ZONE 4205) DERIVED FROM GPS OBSERVATIONS AND ARE BASED ON NGS MONUMENT F-1436 (X=650,452.29, Y=17,255,944.91 NAD 83)
- 2.) LATITUDE & LONGITUDE ARE NAD 83 AND NAD 27 GEOGRAPHIC.
- 3.) THIS IS A PROPOSED WELL LOCATION PLAT AND DOES NOT REPRESENT A TRUE BOUNDARY SURVEY. THIS SURVEY IS BASED ON OWNERSHIP AND EASEMENT INFORMATION PROVIDED BY FASKEN OIL AND RANCH, LTD. SURVEYOR DID NOT ABSTRACT SUBJECT TRACT AND THERE MAY BE EASEMENTS OR OTHER ENCUMBRANCES THAT AFFECT THE SUBJECT TRACT THAT ARE NOT SHOWN HEREON.

I HEREBY STATE THAT THIS PLAT SHOWS THE WELL LOCATION AS STAKED ON THE GROUND

James Curtis Yarger
 JAMES CURTIS YARGER
 REGISTERED PROFESSIONAL LAND SURVEYOR
 STATE OF TEXAS #5854



| REV. | DATE | BY: | DESCRIPTION | CHK |
|------|----------|-----|---------------------------|-----|
| 5 | 12-09-13 | GG | REVISE LEASE BOUNDARY | CY |
| 4 | 11-25-13 | GG | REVISE WELL NAME | CY |
| 3 | 11-06-13 | GG | REVISE WELL BORE LOCATION | CY |

PROJECT NO. 1309001
 8205 Camp Bowie West, Suite 204
 Fort Worth, Texas 76116
 (817) 386-0362 - Fax (682) 224-3377
 TBPLS FIRM # 10193740



FASKEN OIL AND RANCH, LTD.

**Railroad Commission Permit Plat
 LA MESA STATE NO. 2H**

Situated in the
 JAMES BILLINGS, SURVEY NO. 23, ABSTRACT NO. 2545
 JAMES BILLINGS, SURVEY NO. 25, ABSTRACT NO. 2547
 CLEMENTS VERGARA, SURVEY NO. 26, ABSTRACT NO. 2950
 and the
 CLEMENTS VERGARA, SURVEY NO. 32, ABSTRACT NO. 2676
 Webb County, Texas
 said location being N 37°44' W, 32.0 miles from the
 City of Laredo, Webb County, Texas

| | | | |
|-----------------|----------------|---|------|
| DRAWN BY: GG | DATE: 10-08-13 | DWG. NO. | REV. |
| CHECKED BY: CY | DATE: 10-09-13 | 1309001 LA MESA STATE NO. 2H RRC PERMIT PLAT | 5 |
| SCALE: 1"=2000' | APP.: | PAGE 1 OF 1 | |

File No. MF 110388

Notice of spud "La Mesa

State 2H" 479-42632

Date Filed: 12/16/13

Jerry Patterson, Commissioner

By MB Barnstone

15.10.13



6101 Holiday Hill Road Midland, Texas 79707-1631
 (432) 687-1777 FAX (432) 687-0669

December 10, 2013

Drew Reid
 Texas General Land Office
 1700 North Congress Avenue, Suite 800
 Austin, Texas 78701-1495

RE: Relinquishment Act Oil and Gas Lease dated October 6, 2009
 GLO Lease No. M-110388
 Fasken Lease No. TX-627-3-2
 Covering 3,061 acres more or less
 Webb County, Texas *479-42649*

Dear Mr. Reid,

Fasken Land and Minerals, Ltd., (hereinafter "Fasken") is the current owner of the referenced Oil and Gas Lease (hereinafter the "Lease"). Paragraph 6. (B) of the Lease requires written notice of all operations on the Lease to be given to the Commissioner of the General Land Office.

Please accept this as Fasken's notice to spud the La Mesa State "A" No. 3H well on or about January 13, 2014. The well will be a horizontal well to test the Eagle Ford Shale with the location set out as follows:

Surface Hole – 4,264' FSWL & 3,867' FSEL of Survey 2182, A-65, Joaquin Galan Grantee
 First Take Point – 803' FNWL & 832' FNEL of Survey 2182, A-65, Joaquin Galan Grantee
 Terminus – 577' FEL & 100' FSL of Section 26, A-2950, C. Vergara Grantee

This information is set out on the attached plat. I will forward a copy of the Railroad Commission application to drill as soon as it is available. I have also submitted Fasken's Application for Pooling State Leases under cover of my letter to Mary Beth Barnstone dated December 5, 2013. Fasken has applied to pool approximately 484 mineral classified acres with private fee land into our 640 acre proration unit for the La Mesa State "A" No. 3H.

Should you have any questions or need any additional information, please let me know. I can be reached at the above address or phone number or by email at markb@forl.com.

Very Truly Yours,

A handwritten signature in blue ink that reads 'Mark S. Bell'.

Mark S. Bell

Enclosure

LA MESA STATE "A" NO. 3H
SURFACE HOLE LOCATION
TX-SOUTH ZONE 4205
NAD 83 X=541051.549
NAD 83 Y=17202848.710
NAD 83 LAT.=27°51'26.006"N
NAD 83 LONG.=99°52'17.703"W
NAD 27 X=1556898.667
NAD 27 Y=798544.495
NAD 27 LAT.=27°51'24.980"N
NAD 27 LONG.=99°52'16.515"W
ELEV.=562.914

LA MESA STATE "A" NO. 3H
POINT OF PENETRATION
TX-SOUTH ZONE 4205
NAD 83 X=541484.817
NAD 83 Y=17202433.645
NAD 83 LAT.=27°51'21.943"N
NAD 83 LONG.=99°52'12.826"W
NAD 27 X=1557331.931
NAD 27 Y=798129.433
NAD 27 LAT.=27°51'20.917"N
NAD 27 LONG.=99°52'11.638"W

LA MESA STATE "A" NO. 3H
FIRST TAKE POINT
TX-SOUTH ZONE 4205
NAD 83 X=541502.870
NAD 83 Y=17202416.350
NAD 83 LAT.=27°51'21.773"N
NAD 83 LONG.=99°52'12.623"W
NAD 27 X=1557349.984
NAD 27 Y=798112.138
NAD 27 LAT.=27°51'20.748"N
NAD 27 LONG.=99°52'11.435"W

WELL SYMBOL LEGEND
 ● OIL / GAS WELL
 ○ GAS WELL
 ⊗ PLUGGED OIL WELL
 ● OIL WELL / POP / BHL
 ○ PERMITTED LOCATION
 ⊗ SHUT-IN OIL WELL
 ⊗ WATER SUPPLY WELL
 ⊗ INJECTION / DISPOSAL

LA MESA STATE "A" NO. 3H
LAST TAKE POINT
TX-SOUTH ZONE 4205
NAD 83 X=547000.345
NAD 83 Y=17197149.837
NAD 83 LAT.=27°50'30.216"N
NAD 83 LONG.=99°51'10.752"W
NAD 27 X=1562847.407
NAD 27 Y=792845.655
NAD 27 LAT.=27°50'28.850"N
NAD 27 LONG.=99°51'09.159"W

LA MESA STATE "A" NO. 3H
LATERAL TERMINUS LOCATION
TX-SOUTH ZONE 4205
NAD 83 X=547036.450
NAD 83 Y=17197115.248
NAD 83 LAT.=27°50'29.878"N
NAD 83 LONG.=99°51'10.345"W
NAD 27 X=1562883.512
NAD 27 Y=792811.066
NAD 27 LAT.=27°50'28.850"N
NAD 27 LONG.=99°51'09.159"W

LA MESA STATE "A" NO. 3H WELL
BORE SUMMARY NAD 83
SHL TO POP=S 46°13'45" E, 600.00'
POP TO FTP=S 46°13'45" E, 25.00'
FTP TO LTP=S 46°13'45" E, 7613.04'
LTP TO LTL=S 46°13'45" E, 60.00'

FASKEN OIL AND RANCH, LTD.
JOAQUIN GALAN
SURVEY NO. 2182
ABSTRACT NO. 65

FASKEN OIL AND RANCH, LTD.
CERILLO BUSTAMANTE
SURVEY NO. 30
ABSTRACT NO. 2705

FELIX CRUZ
SURVEY NO.
ABSTRACT NO.

LA MESA STATE "A"
NO. 3H SHL

FASKEN OIL AND RANCH, LTD.
CLEMENTS VERGARA
SURVEY NO. 32
ABSTRACT NO. 2676

LA MESA 2H
LTL

FASKEN OIL AND RANCH, LTD.
JESSE BILLINGS
SURVEY NO. 25
ABSTRACT NO. 2547

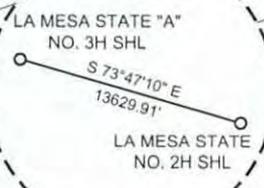
RIO GRANDE RIVER



FASKEN OIL AND RANCH, LTD.
CLEMENTS VERGARA
SURVEY NO. 27
ABSTRACT NO. 2678

FASKEN OIL AND RANCH, LTD.
JESSE BILLINGS
SURVEY NO. 24
ABSTRACT NO. 2546

FASKEN OIL AND RANCH, LTD.
JESSE BILLINGS
SURVEY NO. 23
ABSTRACT NO. 2545



WELL TIE EXHIBIT
NOT TO SCALE

GEO. R. ALEXANDER
SURVEY NO. 76
ABSTRACT NO. 2696

FASKEN OIL AND RANCH, LTD.
O.A. PERRON
SURVEY NO. 51
ABSTRACT NO. 2759

KEY
SHL=SURFACE HOLE LOCATION
POP=POINT OF PENETRATION
FTP=FIRST TAKE POINT
LTP=LAST TAKE POINT
LTL=LATERAL TERMINUS LOCATION



NOTES: SCALE: 1" = 2000'

- BEARINGS & COORDINATES SHOWN HEREON ARE REFERENCED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, NAD 27 & NAD 83 DATUM (TEXAS SOUTH ZONE 4205) DERIVED FROM GPS OBSERVATIONS AND ARE BASED ON NGS MONUMENT F-1436 (X=650,452.29, Y=17,255,944.91 NAD 83)
- LATITUDE & LONGITUDE ARE NAD 83 AND NAD 27 GEOGRAPHIC.
- THIS IS A PROPOSED WELL LOCATION PLAT AND DOES NOT REPRESENT A TRUE BOUNDARY SURVEY. THIS SURVEY IS BASED ON OWNERSHIP AND EASEMENT INFORMATION PROVIDED BY FASKEN OIL AND RANCH, LTD. SURVEYOR DID NOT ABSTRACT SUBJECT TRACT AND THERE MAY BE EASEMENTS OR OTHER ENCUMBRANCES THAT AFFECT THE SUBJECT TRACT THAT ARE NOT SHOWN HEREON.

I HEREBY STATE THAT THIS PLAT SHOWS THE WELL LOCATION AS STAKED ON THE GROUND

James Curtis Yarger
JAMES CURTIS YARGER
REGISTERED PROFESSIONAL LAND SURVEYOR
STATE OF TEXAS #5854



FASKEN OIL AND RANCH, LTD.

Railroad Commission Permit Plat

LA MESA STATE "A" NO. 3H

Situated in the
CLEMENTS VERGARA, SURVEY NO. 26, ABSTRACT NO. 2950
and the
JOAQUIN GALAN, SURVEY NO. 2182, ABSTRACT NO. 65
Webb County, Texas
said location being N 39°58' W, 32.7 miles from the
City of Laredo, Webb County, Texas

| REV. | DATE | BY: | DESCRIPTION | CHK |
|------|----------|-----|-----------------------|-----|
| 2 | 11-25-13 | GG | REVISE UNIT BOUNDARY | CY |
| 1 | 10-29-13 | GG | REVISE LEASE BOUNDARY | CY |

PROJECT NO. 1309002

TRANSGLOBAL SERVICES LLC
8205 Camp Bowie West, Suite 204
Fort Worth, Texas 76116
(817) 386-0362 ~ Fax (682) 224-3377

| | | | |
|-----------------|----------------|--|--------|
| DRAWN BY: GG | DATE: 10-08-13 | DWG. NO. 1309002 LA MESA STATE A NO 3H RRC PERMIT PLAT | REV. 2 |
| CHECKED BY: CY | DATE: 10-09-13 | | |
| SCALE: 1"=2000' | APP.: | | |

File No. MF 116388

Notice of Spud and Plat "La

Mesa State - A - #3H" 479-42649

Date Filed: 12/10/13

Jerry Patterson, Commissioner

By M B Barnstone

2013



6101 Holiday Hill Road Midland, Texas 79707-1631
(432) 687-1777 FAX (432) 687-0669

December 19, 2013

Drew Reid
Texas General Land Office
1700 North Congress Avenue, Suite 800
Austin, Texas 78701-1495

RE: Relinquishment Act Oil and Gas Lease dated October 6, 2009
GLO Lease No. M-110388
Fasken Lease No. TX-627-3-2
Covering 3,061 acres more or less
Webb County, Texas

Dear Mr. Reid,

Under cover of my letter dated December 10, 2013, I sent notice of Fasken Land and Minerals, Ltd., (hereinafter "Fasken") intent to spud the La Mesa State No. 2H well on or about December 14, 2013 along with a plat of the well. I did not include a copy of the W-1 as it had not been approved at that time. Fasken has since received the approved W-1 and a copy is enclosed for your records

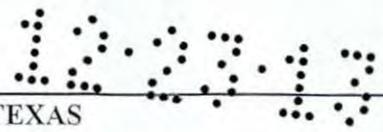
Should you have any questions or need any additional information, please let me know. I can be reached at the above address or phone number or by email at markb@forl.com.

Very Truly Yours,

A handwritten signature in blue ink that reads 'Mark S. Bell'.

Mark S. Bell

Enclosure



| | | | | | | |
|---|--|---|--|---|---|--|
| API No. <u>42-479-42632</u> | | RAILROAD COMMISSION OF TEXAS | | | FORM W-1 | |
| Drilling Permit # <u>775167</u> | | OIL & GAS DIVISION | | | Permit Status: <u>Approved</u> | |
| SWR Exception Case/Docket No. <u>0286258</u> (R37) | | APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER | | | | |
| | | <i>This facsimile W-1 was generated electronically from data submitted to the RRC. A certification of the automated data is available in the RRC's Austin office.</i> | | | | |
| 1. RRC Operator No. <u>263696</u> | | 2. Operator's Name (as shown on form P-5, Organization Report) <u>FASKEN OIL AND RANCH, LTD.</u> | | 3. Operator Address (include street, city, state, zip) <u>6101 HOLIDAY RD MIDLAND, TX 79707-1631</u> | | |
| 4. Lease Name <u>LA MESA STATE</u> | | | 5. Well No. <u>2H</u> | | | |
| GENERAL INFORMATION | | | | | | |
| 6. Purpose of filing (mark ALL appropriate boxes): <input checked="" type="checkbox"/> New Drill <input type="checkbox"/> Recompletion <input type="checkbox"/> Reclass <input type="checkbox"/> Field Transfer <input type="checkbox"/> Re-Enter <input type="checkbox"/> Amended <input type="checkbox"/> Amended as Drilled (BHL)(Also File Form W-1D) | | | | | | |
| 7. Wellbore Profile (mark ALL appropriate boxes): <input type="checkbox"/> Vertical <input checked="" type="checkbox"/> Horizontal (Also File Form W-1H) <input type="checkbox"/> Directional (Also File Form W-1D) <input type="checkbox"/> Sidetrack | | | | | | |
| 8. Total Depth <u>10000</u> | | 9. Do you have the right to develop the minerals under any right-of-way? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | 10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | |
| SURFACE LOCATION AND ACREAGE INFORMATION | | | | | | |
| 11. RRC District No. <u>04</u> | | 12. County <u>WEBB</u> | | 13. Surface Location <input checked="" type="checkbox"/> Land <input type="checkbox"/> Bay/Estuary <input type="checkbox"/> Inland Waterway <input type="checkbox"/> Offshore | | |
| 14. This well is to be located <u>29.1</u> miles in a <u>NW</u> direction from <u>Laredo</u> which is the nearest town in the county of the well site. | | | | | | |
| 15. Section <u>23</u> | | 16. Block | 17. Survey <u>BILLINGS, J</u> | 18. Abstract No. <u>2545</u> | 19. Distance to nearest lease line: <u>84.0</u> ft. | 20. Number of contiguous acres in lease, pooled unit, or unitized tract: <u>1280.0</u> |
| 21. Lease Perpendiculars: <u>377.0</u> ft. from the <u>NORTH</u> line and <u>1162.0</u> ft. from the <u>WEST</u> line. | | | | | | |
| 22. Survey Perpendiculars: <u>377.0</u> ft. from the <u>NORTH</u> line and <u>1478.0</u> ft. from the <u>WEST</u> line. | | | | | | |
| 23. Is this a pooled unit? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | 24. Unitization Docket No: | | 25. Are you applying for Substandard Acreage Field? <input type="checkbox"/> Yes (attach Form W-1A) <input checked="" type="checkbox"/> No | | |
| FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line. | | | | | | |
| 26. RRC District No. <u>01</u> | | 27. Field No. <u>39744500</u> | 28. Field Name (exactly as shown in RRC records) <u>HAWKVILLE (EAGLEFORD SHALE)</u> | 29. Well Type <u>Gas Well</u> | 30. Completion Depth <u>8900</u> | 31. Distance to Nearest Well in this Reservoir <u>1909.0</u> |
| | | | | | | 32. Number of Wells on this lease in this Reservoir <u>2</u> |
| BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS | | | | | | |
| Remarks [FILER 12/06/2013 10:43:19 AM]: A well record G-1 has been submitted changing the lease name from La Mesa to La Mesa State and changing the lease acreage from 1781 to 1280 acres. Tracking #92597.; | | | | Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge RRC User <u>12/06/2013</u> Name of filer _____ Date Submitted _____ Phone _____ Email Address(OPTIONAL) _____ | | |
| RRC Use Only Date Validation Time Stamp: <u>Tue, 17 Dec 2013 16:15:20</u> | | | | | | |



RAILROAD COMMISSION OF TEXAS

FORM W-1H

OIL & GAS DIVISION

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-

Supplemental Horizontal Well Information

Permit Status: Approved

The RRC has not approved this application. Duplication or distribution of information is at the user's own risk.

This facsimile W-1 was generated electronically from data submitted to the RRC. A certification of the automated data is available in the RRC's Austin office.

Permit # 775167

Approved Date: 12/13/2013

| | | | |
|-------------------------------|--|--------------------------------|------------------|
| 1. RRC Operator No. 263696 | 2. Operator's Name (as shown on form P-5, Organization Report) FASKEN OIL AND RANCH, LTD. | 3. Lease Name LA MESA STATE | 4 Well No. 2H |
|-------------------------------|--|--------------------------------|------------------|

Lateral Drainhole Location Information

5. Field as shown on Form W-1 HAWKVILLE (EAGLEFORD SHALE) (Field # 39744500, RRC District 01)

| | | | | |
|------------------|----------|-------------------------------------|---------------------|---------------------------|
| 6. Section 32 | 7. Block | 8. Survey ESSARY, J D/VERGARA, C | 9. Abstract 2676 | 10. County of BHL WEBB |
|------------------|----------|-------------------------------------|---------------------|---------------------------|

| | | | | |
|---|--------------|-------|----------|-------------------------------|
| 11. Terminus Lease Line Perpendiculars | | | | |
| 100.0 | ft. from the | NORTH | line and | 1602.0 ft. from the EAST line |
| 12. Terminus Survey Line Perpendiculars | | | | |
| 100.0 | ft. from the | NORTH | line and | 1602.0 ft. from the EAST line |
| 13. Penetration Point Lease Line Perpendiculars | | | | |
| 152.0 | ft. from the | SOUTH | line and | 1194.0 ft. from the WEST line |

File No. MF 110388

W-1 and permit "La Mesa

State # 2H " 479-42632

Date Filed: 12/28/13

Jerry Patterson, Commissioner

By _____

150313

MF 110388
u = ✓
ALAMO ✓



6101 Holiday Hill Road Midland, Texas 79707-1631
(432) 687-1777 FAX (432) 687-0669

January 10, 2014

Drew Reid
Texas General Land Office
1700 North Congress Avenue, Suite 800
Austin, Texas 78701-1495

RE: Relinquishment Act Oil and Gas Lease dated October 6, 2009
GLO Lease No. M-110388
Fasken Lease No. TX-627-3-2
Covering 3,061 acres more or less
Webb County, Texas

Dear Mr. Reid,



Fasken Land and Minerals, Ltd., (hereinafter "Fasken") previously drilled and completed its La Mesa No. 1H well on the referenced Oil and Gas Lease (hereinafter the "Lease") with first sales on or about June 21, 2012. Fasken has changed the name of the well from the "La Mesa No. 1H" to the "La Mesa State No. 1H".

I have enclosed a copy of the RRC Form G-1 for your records. The "Remarks" in Section 41 of the form indicates the name change. This was completed to remain consistent with the current development on the Lease as well as future development.

Should you have any questions or need any additional information, please let me know. I can be reached at the above address or phone number or by email at markb@forl.com.

Very Truly Yours,

Mark S. Bell

Enclosure

RAILROAD COMMISSION OF TEXAS

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

Tracking No.: 92597

Oil and Gas Division

API No. 42- 479-41716

Status: Submitted

7. RRC District No.
01

8. RRC Gas ID No.
267755

Gas Well Back Pressure Test, Completion or Recompletion Report, and Log

| | | | | | |
|---|--|---------------------------------|---|--------------------------|---|
| 1. FIELD NAME (as per RRC Records or Wildcat) HAWKVILLE (EAGLEFORD SHALE) | | 2. LEASE NAME LA MESA | | 9. Well No. 1H | |
| 3. OPERATOR'S NAME (Exactly as shown on Form P-5, Organization Report) FASKEN OIL AND RANCH, LTD. | | | RRC Operator No. 263696 | | 10. County of well site WEBB |
| 4. ADDRESS 6101 HOLIDAY RD MIDLAND, TX 79707-1631 | | | | | |
| 5. Location (Section, Block, and Survey) 23 , BILLINGS, J , A-2545 | | | 5b. Distance and direction to nearest town in this county. 29.1 MILES NORTHWEST FROM LAREDO. | | |
| 6. If operator has changed within last 60 days, name former operator | | | | | |
| 11. Purpose of filing | | | | | |
| Initial Potential <input type="checkbox"/> | | | | | |
| Retest <input type="checkbox"/> | | | | | |
| Reclass <input type="checkbox"/> | | | | | |
| Well record only (Explain in remarks) <input checked="" type="checkbox"/> | | | | | |
| 12. If workover or reclass, give former field (with reservoir) & Gas ID or oil lease no. FIELD & RESERVOIR | | | | GAS ID or OIL LEASE # | Oil-0 Gas-G |
| N/A | | | | | |
| 13. Pipe Line Connection | | | | | |
| 14. Completion or recompletion date 06/16/2012 | | | 15. Any condensate on hand at time of workover or recompletion? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | 16. Type of Electric or other Log Run. None |

| Section I GAS MEASUREMENT DATA | | | | | | | | | | |
|-----------------------------------|-----------|--|--------------------------------------|------------------------------------|---|---|-------------------------------------|---|---------------------------------|----------------|
| Date of Test | | Gas Measurement Method (Check One) | | | | | Gas produced during test | | | |
| | | Orifice Meter <input type="checkbox"/> | Flange Taps <input type="checkbox"/> | Pipe Taps <input type="checkbox"/> | Positive Choke <input type="checkbox"/> | Orifice Vent Meter <input type="checkbox"/> | Pitot Tube <input type="checkbox"/> | Critical-flow Prover <input type="checkbox"/> | MCF | |
| Run Size | Line Size | Orif. or Choke Size | 24 hr Coeff. Orif. or Choke | Static Pm or Choke Press | Diff h _w | Flow Temp. ° F | Temp. Factor F _{tf} | Gravity Factor F _g | Compress Factor F _{pv} | Volume MCF/DAY |
| 1 | N/A | | | | | | | | | |
| 2 | | | | | | | | | | |
| 3 | | | | | | | | | | |
| 4 | | | | | | | | | | |

| Section II FIELD DATA AND PRESSURE CALCULATIONS | | | | | | | | | | |
|--|-----------------|-----------------------------|-------------------------------------|------------------------|---|---|---|--------------------|---|-------------------|
| Gravity (Dry Gas) | | Gravity Liquid Hydrocarbon | | Gas-Liquid Hydro Ratio | | Gravity of Mixture | | Avg. Shut-in Temp. | | Bottom Hole Temp. |
| | | Deg. API | | CF/Bbl | | G _{mix} = | | ° F | | ° F@ |
| $D_{eff}^{8/3} =$ | | $\sqrt{T_f} = \sqrt{\quad}$ | | $=$ | | $\sqrt{GL} = \sqrt{\quad}$ | | $=$ | | (Deg) |
| $C = \frac{1118 x (D_{eff})^{8/3}}{\sqrt{T}}$ | | $=$ | | $=$ | | $\frac{\sqrt{GL}}{C} =$ | | $=$ | | $=$ |
| Run No. | Time of Run Min | Choke Size | Wellhead Press. PSIA P _w | Wellhead Flow Temp ° F | P _w ² (Thousands) | R | R ² (Thousands) | P ₁ | P _w ² / P ₁ ² | |
| Shut-in | N/A | | | | | | | | | |
| 1 | | | | | | | | | | |
| 2 | | | | | | | | | | |
| 3 | | | | | | | | | | |
| 4 | | | | | | | | | | |
| Run No. | F | K | S = 1/Z | E ^{ks} | P _f and P _s | P _f ² and P _s ² (Thousands) | P _f ² - P _s ² (Thousands) | Angle of Slope | | |
| Shut-in | | | | | | | | θ | | |
| 1 | | | | | | | | n | | |
| 2 | | | | | | | | Absolute Open Flow | | |
| 3 | | | | | | | | MCF/DAY | | |
| 4 | | | | | | | | | | |

WELL TESTERS 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.

FASKEN OIL AND RANCH, LTD.(263696)

Signature: Well Tester _____ Name of Company _____ RRC Representative _____

OPERATORS CERTIFICATION: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that I or prepared supervised and directed this report, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

FASKEN OIL AND RANCH, LTD.
 Kim Tyson _____ Date: 12/06/2013 Tel: (432) 687-1777 EXT 2043
 Signature: Operator's representative _____ Title _____ A/C _____ Number _____

SECTION III DATA ON WELL COMPLETION AND LOG (Not Required on Retest)

17. Type of Completion
 New Well Deepening Plug Back Other

18. Permit to Drill, Plug Back or Deepen DATE 02/10/2012 PERMIT NO. 733150
 Rule 37 Exception CASE NO.

19. Notice of Intention to Drill this well was filed in Name of
 FASKEN OIL AND RANCH, LTD.

Water Injection Permit PERMIT NO.

20. Number of producing wells on this lease in this field (reservoir) including this well: 1
 21. Total number of acres in this lease: 1280.0

Salt Water Disposal Permit PERMIT NO.
 Other PERMIT NO.

22. Date Plug Back, Deepening, Workover or Drilling Operations: 06/16/2012
 Commenced: 06/16/2012
 Completed: 06/16/2012
 23. Distance to nearest well, Same Lease & Reservoir: 0.0

24. Location of well, relative to nearest lease boundaries: 616.0 Feet From South Line and 24.0 Feet from East Line of the LA MESA Lease

25. Elevation (DF, RKB, RT, GR ETC.): 556 GR
 26. Was directional survey made other than inclination (Form W-12)? Yes No

27. Top of Pay: 9366 MD:9898
 28. Total Depth: 9366 MD:14730
 29. P. B. Depth: 9365 MD:14641
 30. Surface Casing Determined by: Field Rules
 Recommendation of T.D.W.R.
 Railroad Commission (Special)
 Dt. of Letter 01/26/2012
 Dt. of Letter 02/08/2012

31. Is well multiple completion? Yes No

| 32. If multiple completion, list all reservoir names (completions in this well) and Oil Lease or Gas ID No. | GAS ID or OIL LEASE # | Oil-G Gas-G | Well # |
|---|-----------------------|-------------|--------|
| FIELD & RESERVOIR N/A | | | |

33. Intervals Drilled by: Rotary Tools Cable Tools
 34. Name of Drilling Contractor: N/A
 35. Is Cementing Affidavit Attached? 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. |
|-------------|----------|-----------|-----------------------|------------------------------|-----------|---------------|---------------------|
| 10 3/4 | 45.5 | 3621 | | 15/85 POZ A & A 1900 | 14 3/4 | 0 | 3542.0 |
| 5 1/2 | 23.0 | 14693 | | 35/65 POZ H & H 2260 | 8 3/4 | 3614 | 3296.0 |
| | | | | | | | |

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 |
|------|-----------|------------|---|
| N/A | | | From L1 9898 To 14620 |
| | | | From To |
| | | | From To |

40. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

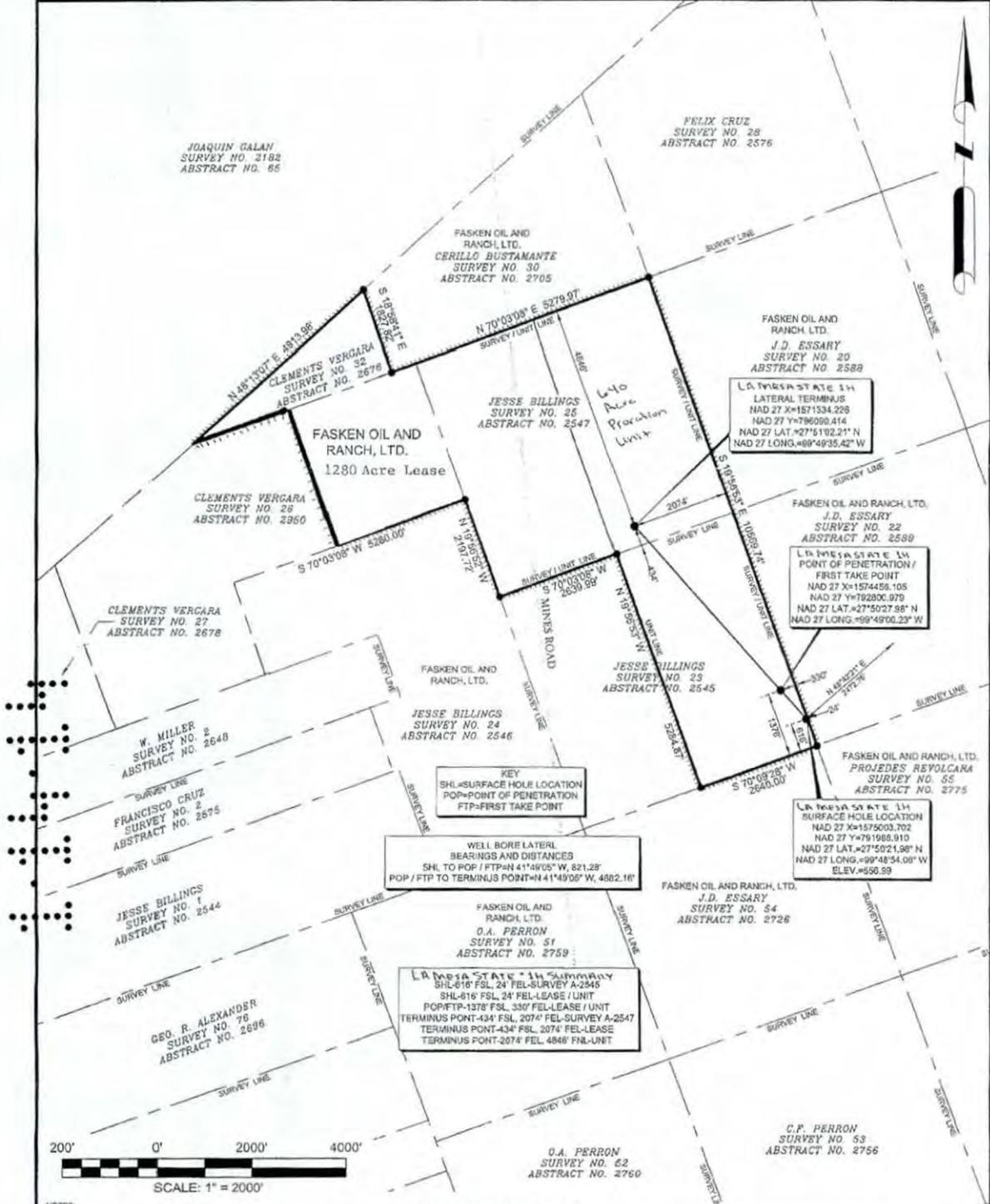
| Depth Interval | Amount and Kind of Material Used |
|----------------|----------------------------------|
| N/A | |
| | |

41. FORMATION RECORD (LIST DEPTHS OF PRINCIPAL GEOLOGICAL MARKERS AND FORMATION TOPS)

| Formations | Depth | Formations | Depth |
|-----------------|-------------------|------------|-------|
| EDWARDS | 9723.0 MD: 0.0 | | |
| EAGLEFORD | 9234.0 MD: 9255.0 | | |
| LOWER EAGLEFORD | 9453.0 MD: 9585.0 | | |

REMARKS: THIS WELL RECORD G-1 IS BEING SUBMITTED TO CHANGE THE LEASE NAME FROM LA MESA #1H TO LA MESA STATE #1H AND CHANGE THE LEASE ACREAGE FROM A 1781 ACRE LEASE TO A 1280 ACRE LEASE. PLEASE SEE ATTACHED PLAT REVISING THE LEASE ACREAGE.

EXHIBIT



KEY
 SHL=SURFACE HOLE LOCATION
 POP=POINT OF PENETRATION
 FTP=FIRST TAKE POINT

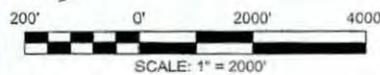
WELL BORE LATERAL BEARINGS AND DISTANCES
 SHL TO POP / FTP=N 41°49'05" W, 4882.11'
 POP / FTP TO TERMINUS POINT=N 41°49'05" W, 4882.11'

LA MESA STATE 1H SURVEY A-2945
 SHL-616' FSL 24' FEL-SURVEY A-2945
 SHL-616' FSL 24' FEL-LEASE / UNIT
 POP/FTP-1378' FSL 330' FEL-LEASE / UNIT
 TERMINUS POINT-434' FSL 2074' FEL-SURVEY A-2547
 TERMINUS POINT-434' FSL 2074' FEL-LEASE
 TERMINUS POINT-2074' FEL 4846' FSL-UNIT

LA MESA STATE 1H LATERAL TERMINUS
 NAD 27 X=1571334.228
 NAD 27 Y=796090.414
 NAD 27 LAT.=27°51'02.21" N
 NAD 27 LONG.=99°49'35.42" W

LA MESA STATE 1H POINT OF PENETRATION / FIRST TAKE POINT
 NAD 27 X=1574458.105
 NAD 27 Y=792800.979
 NAD 27 LAT.=27°50'27.98" N
 NAD 27 LONG.=99°48'00.23" W

LA MESA STATE 1H SURFACE HOLE LOCATION
 NAD 27 X=1575603.702
 NAD 27 Y=791988.910
 NAD 27 LAT.=27°50'21.90" N
 NAD 27 LONG.=99°48'54.00" W
 ELEV.=556.59



- NOTES:
- 1.) BEARINGS & COORDINATES SHOWN HEREON ARE REFERENCED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, NAD 27 DATUM (TEXAS SOUTH ZONE #205) DERIVED FROM GPS OBSERVATIONS AND ARE BASED ON NGS MONUMENT F-1436 (X=156269.299, Y=454639.233)
 - 2.) LATITUDE & LONGITUDE ARE NAD 27 GEOGRAPHIC.
 - 3.) THIS IS A PROPOSED FLOWLINE PLAT AND DOES NOT REPRESENT A TRUE BOUNDARY SURVEY. THIS SURVEY IS BASED ON OWNERSHIP AND EASEMENT INFORMATION PROVIDED BY FASKEN OIL AND RANCH, LTD. SURVEYOR DID NOT ABSTRACT SUBJECT TRACT AND THERE MAY BE EASEMENTS OR OTHER ENCUMBRANCES THAT AFFECT THE SUBJECT TRACT THAT ARE NOT SHOWN HEREON.

I HEREBY STATE THAT THIS PLAT SHOWS THE PROPOSED WELL LOCATION AS STAKED ON THE GROUND.

James Curtis Yarger
 JAMES CURTIS YARGER
 REGISTERED PROFESSIONAL LAND SURVEYOR
 STATE OF TEXAS 5854



| REV. | DATE | BY: | DESCRIPTION | CHK |
|------|----------|-----|---------------------------|-----|
| 5 | 09-09-12 | GG | ENLARGE UNIT BOUNDARY | CY |
| 4 | 03-01-12 | GG | REVISE POP / FTP LOCATION | CY |
| 3 | 02-01-12 | GG | REVISE POP / FTP LOCATION | CY |

PROJECT NO. 1110001

ZSMS
 Zero Degree Surveying & Mapping Services
 8205 Camp Bowie West, Suite 204
 Fort Worth, Texas 76116
 (817) 368-0362 ~ Fax (817) 224-3377

FASKEN OIL AND RANCH, LTD.

LA MESA STATE 1H WELL PLAT
1280 ACRE LEASE
 BEING THE EAST 1/2 OF
 AND ALL OF THE
 JESSE BILLINGS SURVEY NO. 23, ABSTRACT NO. 2545
 AND ALL OF THE
 JESSE BILLINGS SURVEY NO. 25, ABSTRACT NO. 2547
 CLEMENTS VERGARA SURVEY NO. 32, ABSTRACT NO. 2678
 CLEMENTS VERGARA SURVEY NO. 26, ABSTRACT NO. 2696
 WEBB COUNTY, TEXAS
 BEING OVER, UNDER AND ACROSS THAT CERTAIN LEASE TO
 FASKEN OIL AND RANCH, LTD.
 SAID LA MESA 1H SURFACE HOLE LOCATION BEING
 N 41°13' W, 28.1 MILE FROM THE CITY OF LAREDO, TEXAS

| | | | |
|-----------------|----------------|--------------------|------|
| DRAWN BY: GG | DATE: 10-18-11 | DWG. NO. | REV. |
| CHECKED BY: CY | DATE: 10-19-11 | 1110001 LA MESA 1H | 5 |
| SCALE: 1"=2000' | APP: | PAGE 1 OF 1 | |

File No. MF 110388

Notice of well name change,

G-land plat, 479-41716

Date Filed: 1/14/14

Jerry Patterson, Commissioner

By m B Barnstone

1.14.14

MF 110388

WI ✓

ALAMO ✓



6101 Holiday Hill Road Midland, Texas 79707-1631
(432) 687-1777 FAX (432) 687-0669

January 16, 2014

Drew Reid

Texas General Land Office
1700 North Congress Avenue, Suite 800
Austin, Texas 78701-1495

RE: Relinquishment Act Oil and Gas Lease dated October 6, 2009
GLO Lease No. M-110388
Fasken Lease No. TX-627-3-2
Covering 3,061 acres more or less
Webb County, Texas

Dear Mr. Reid,

Under cover of my letter dated December 10, 2013, Fasken Land and Minerals, Ltd., (hereinafter "Fasken") gave notice of a proposed spud date for its La Mesa State A No. 3H well. I have recently received the approved permit to drill along with the Form W-1 and W-1H. I have enclosed copies of these for your records. The rig has been moved to this location and is in the process of rigging up and should commence drilling possibly as early as Sunday January 19th.

Should you have any questions or need any additional information, please let me know. I can be reached at the above address or phone number or by email at markb@forl.com.

Very Truly Yours,

A handwritten signature in blue ink that reads 'Mark S. Bell'.

Mark S. Bell

Enclosure

**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION**

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

| | | |
|---|---|--|
| PERMIT NUMBER 776250 | DATE PERMIT ISSUED OR AMENDED 01/10/2014 | DISTRICT 04 |
| API NUMBER 42-479-42649 | FORM W-1 RECEIVED 12/24/2013 | COUNTY WEBB |
| TYPE OF OPERATION New Drill | WELLBORE PROFILE(S) Horizontal | ACRES 640.0 |
| OPERATOR FASKEN OIL AND RANCH, LTD. 6101 HOLIDAY RD MIDLAND, TX 79707-1631 | | NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (210) 227-1313 |
| LEASE NAME LA MESA STATE 'A' | | WELL NUMBER 3H |
| LOCATION 32.7 miles NW direction from Laredo | | TOTAL DEPTH 10000 |
| Section, Block and/or Survey SECTION JOAQUIN GALAN | BLOCK | ABSTRACT 65 |
| DISTANCE TO SURVEY LINES 4264.0 ft SOUTHWEST 3867.0 ft SOUTHEAST | | DISTANCE TO NEAREST LEASE LINE 100.0 |
| DISTANCE TO LEASE LINES 203.0 ft NORTHWEST 832.0 ft NORTHEAST | | DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below |

FIELD(s) and LIMITATIONS:

* SEE FIELD DISTRICT FOR REPORTING PURPOSES *

** THIS PERMIT IS GRANTED PURSUANT TO STATEWIDE RULE 37(h)(2)(B) ** CASE NO 0286659

| FIELD NAME LEASE NAME | ACRES NEAREST LEASE | DEPTH | WELL# NEAREST WELL | DIST |
|--------------------------------|------------------------|-------|-----------------------|------|
| ** HAWKVILLE (EAGLEFORD SHALE) | 640.0 | 8900 | 3H | 01 |
| LA MESA STATE 'A' | 100.0 | | 0.0 | |

WELLBORE PROFILE(s) FOR FIELD: Horizontal

Terminus Point: TH1 Section: Block: Abstract: 65 Survey: JOAQUIN GALAN BH County: WEBB

Lease Lines: 100.0 ft SOUTH 577.0 ft EAST

Survey Lines: 100.0 ft SOUTH 577.0 ft EAST

Penetration Lines: 803.0 ft NORTHWEST 832.0 ft NORTHEAST

This is a hydrogen sulfide field. This well shall be drilled in accordance with SWR 36.

'***' PRECEDING FIELD NAME INDICATES RULE (R37)

THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS

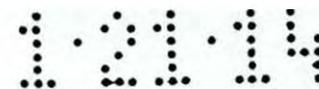
This well shall be completed and produced in compliance with applicable special field or statewide spacing and density rules. If this well is to be used for brine mining, underground storage of liquid hydrocarbons in salt formations, or underground storage of gas in salt formations, a permit for that specific purpose must be obtained from Environmental Services prior to construction, including drilling, of the well in accordance with Statewide Rules 81, 95, and 97.

This well must comply to the new SWR 3.13 requirements concerning the isolation of any potential flow zones and zones with corrosive formation fluids. See approved permit for those formations that have been identified for the county in which you are drilling the well in.

Railroad Commission of Texas
Oil and Gas Division
SWR #13 Formation Data
WEBB (479) COUNTY

| Formation | Shallow Top | Deep Top | Remarks | Geological Order | Effective Date |
|-----------|-------------|----------|---------|------------------|----------------|
|-----------|-------------|----------|---------|------------------|----------------|

This is a dynamic table that will be updated continuously. It is the operators responsibility to make sure that at time of spudding the well the most current table is being referenced.



RAILROAD COMMISSION OF TEXAS

FORM W-1H

OIL & GAS DIVISION

Supplemental Horizontal Well Information

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-

Permit Status: Approved

The RRC has not approved this application. Duplication or distribution of information is at the user's own risk.

This facsimile W-1 was generated electronically from data submitted to the RRC. A certification of the automated data is available in the RRC's Austin office.

Permit # 776250

Approved Date: 01/10/2014

| | | | |
|-------------------------------|--|------------------------------------|------------------|
| 1. RRC Operator No. 263696 | 2. Operator's Name (as shown on form P-5, Organization Report) FASKEN OIL AND RANCH, LTD. | 3. Lease Name LA MESA STATE 'A' | 4 Well No. 3H |
|-------------------------------|--|------------------------------------|------------------|

Lateral Drainhole Location Information

5. Field as shown on Form W-1 HAWKVILLE (EAGLEFORD SHALE) (Field # 39744500, RRC District 01)

| | | | | |
|------------|----------|----------------------------|-------------------|---------------------------|
| 6. Section | 7. Block | 8. Survey JOAQUIN GALAN | 9. Abstract 65 | 10. County of BHL WEBB |
|------------|----------|----------------------------|-------------------|---------------------------|

11. Terminus Lease Line Perpendiculars
100.0 ft. from the SOUTH line and 577.0 ft. from the EAST line

12. Terminus Survey Line Perpendiculars
100.0 ft. from the SOUTH line and 577.0 ft. from the EAST line

13. Penetration Point Lease Line Perpendiculars
803.0 ft. from the NORTHWEST line and 832.0 ft. from the NORTHEAST line

File No. MF110388
Permit and notice of intent to
spud 479-42649
Date Filed: 1/21/14
Jerry Patterson, Commissioner
By ms Barnstone

1.51.14

Pooling Committee Report

To: School Land Board UPA005484
Date of Board Meeting: 01/07/2014 Unit Number: 6645
Effective Date: 01/07/2014
Unit Expiration Date:
Applicant: Fasken Land and Minerals, LTD
Attorney Rep:
Operator: Fasken Oil & Ranch, Ltd.
Unit Name: La Mesa State "A" GU No. 3H
Field Name: Hawkville (Eagleford Shale)

County:

| <u>Lease Type</u> | <u>Lease Number</u> | <u>Lease Royalty</u> | <u>Expiration Date</u> | <u>Lease Term</u> | <u>Lease Acres</u> | <u>Lease Acres In Unit</u> | <u>Royalty Participation</u> |
|-------------------|---------------------|----------------------|------------------------|-------------------|--------------------|----------------------------|------------------------------|
| RAL | MF110388 | 0.18750000 | 10/06/2012 | 3 years | 3061.000 | 484.200 | 0.14185547 |

| | |
|--------------------------|------------|
| Private Acres: | 155.800000 |
| State Acres: | 484.200000 |
| Total Unit Acres: | 640.000000 |

| | |
|------------------------------------|-----------------|
| Participation Basis: | Surface Acreage |
| Surface Acreage | |
| State Acreage: | 75.66% |
| State Net Revenue Interest: | 14.19% |

| | |
|-------------------|----------------------|
| Unit Type: | Unitized for: |
| Permanent | Oil & Gas |
| Term: | |

| | |
|-------------------|-----------------------|
| RRC Rules: | Spacing Acres: |
| Yes | 640 |

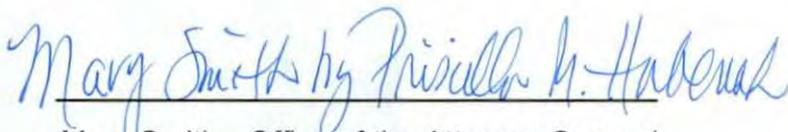
Working File Number: UPA005484

REMARKS:

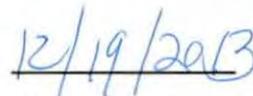
- Fasken Land and Minerals, LTD. is requesting permanent oil and gas pooling of all depths, and is targeting the Eagle Ford Shale Formation.
- The applicant plans to spud its first unit well January 20, 2014 with a proposed total depth of 17,000 feet MD.
- With Board approval, the State's unit royalty participation will be 14.19%.
- The State will participate on a unitized basis from the date of first production.

POOLING COMMITTEE RECOMMENDATION:

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



Mary Smith - Office of the Attorney General



Date



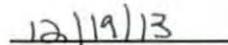
Robert Hatter - General Land Office



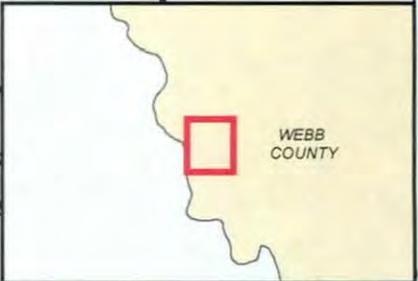
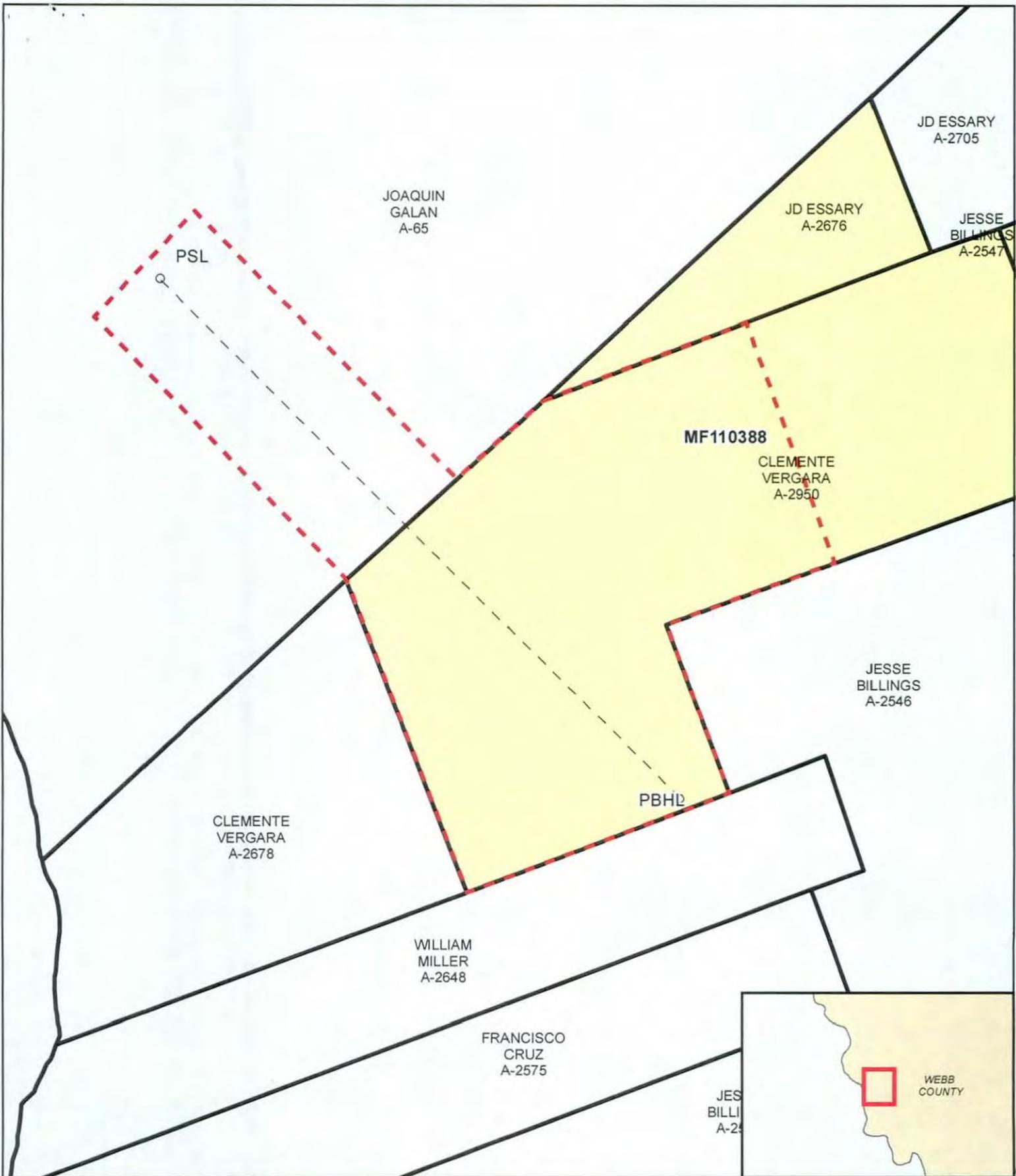
Date



David Zimmerman - Office of the Governor



Date



UPA005484/Unit #6645
 Fasken Oil & Ranch, LTD.
 La Mesa State "A" GU
 Hawkville (Eagleford Shale) Field
 Webb County, Texas



1,500 750 0 1,500 Feet

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



Map Generated by:
 Mark Conway
 IS/BAS/GIS
 December 2013

POOLING AGREEMENT
FASKEN LAND AND MINERALS, LTD.
LA MESA STATE "A" GU NO. 3H
GLO UNIT NO. 6645
WEBB COUNTY, TEXAS

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

PURPOSES:

1.

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

UNIT DESCRIPTION:

2.

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

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to all depths underlying the surface boundaries of the pooled unit, provided that on the date the State Lease terminates as to all depths 100 feet below the deepest depth drilled the mineral pooled shall be from the surface to 100 feet below the deepest depth drilled on the unit ("unitized interval").

POOLING AND EFFECT:

4.

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

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

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

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

ALLOCATION OF PRODUCTION:

5.

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

TAKING ROYALTY IN KIND:

6.

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

FULL MARKET VALUE:

7.

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

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

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

EFFECTIVE DATE:

8.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of January 7, 2014.

TERM:

9.

This Agreement shall remain in effect so long as the pooled mineral is being produced from said unit, or so long as all leases included in the pooled unit are maintained in force by payment of delay rentals or shut-in oil or gas well royalties, by drilling or rework, or by other means, in accordance with the terms of said leases. Nothing herein shall amend or modify Section 52.031 of the Natural Resources Code, or any of the provisions thereof, which are contained in any State lease covered by this Agreement.

STATE LAND:

10.

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

DISSOLUTION:

11.

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

RATIFICATION/WAIVER:

12.

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

COUNTERPARTS:

13.

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

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

Date Executed 3/18/14

STATE OF TEXAS

Legal
Content
Geology
Executive

[Handwritten initials]

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

Date Executed _____

FASKEN LAND AND MINERALS, LTD.
a Texas Limited Partnership
By Fasken Management, LLC, its General Partner

BY: Tommy C. Taylor *Subk*
Tommy E. Taylor, Vice President

CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 7th day of January, 2014, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian

IN TESTIMONY WHEREOF, witness my hand this the 19th day of March, 2014.

Stephanie Crenshaw
Secretary of the School Land Board

THE STATE OF TEXAS }
 }
COUNTY OF MIDLAND }

..... This instrument was acknowledged before me on this 31st day of January, 2014 by Tommy E. Taylor, as Vice President for Fasken Management LLC, General Partner for Fasken Land and Minerals, Ltd., a Texas Limited Partnership, on behalf of said Partnership.

Debra S. Yates
Notary Public's Signature

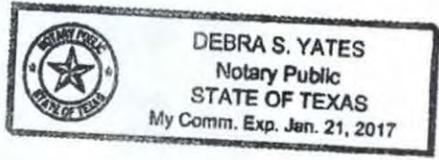


EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN
POOLING AGREEMENT EFFECTIVE JANUARY 7, 2014
BETWEEN FASKEN LAND AND MINERALS, LTD. AND THE STATE OF TEXAS
GLO UNIT NO. 6645, WEBB COUNTY, TEXAS

OIL AND GAS LEASES INCLUDED WITHIN POOLED UNIT

State of Texas Lease No. M-110388

Fasken Land and Minerals, Ltd. Lease No. TX-627-3-2

Lease Date: October 6, 2009

Recording: Volume 2879, Page 151; Official Public Records, Webb County, TX

Lands covered:

East Half (E/2) of Section 23, A-2545, J. Billings, Grantee containing 320 more or less,
All of Section 25, A-2547, J. Billings Grantee containing 640 acres more or less,
All of Section 26, A-2950, C. Vergara Grantee containing 701.50 acres more or less,
All of Section 32, A-2676, J. D. Essary Grantee containing 119.50 acres more or less,
All of Section 67, A-2720, Miles C. Davis Grantee containing 640 acres more or less,
All of Section 73, A-2762, O. A. Perron Grantee containing 640 acres more or less.

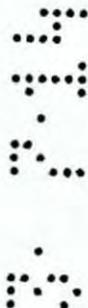


EXHIBIT "B"

ATTACHED TO AND MADE A PART OF THAT CERTAIN
POOLING AGREEMENT EFFECTIVE JANUARY 7, 2014
BETWEEN FASKEN LAND AND MINERALS, LTD. AND THE STATE OF TEXAS
GLO UNIT NO. 6645, WEBB COUNTY, TEXAS

LEGAL DESCRIPTION

155.80 ACRES

BEING 155.80 acres situated in the JOAQUIN GALAN GRANT, SURVEY NO. 2182, ABSTRACT NO. 65, Webb County, Texas, being a portion of those certain tracts of land described in deed as Tract No. 7 and Tract No. 8, to Fasken Land and Minerals, LTD., recorded in Volume 383, Page 34, Deed Records, Webb County, Texas, said 155.80 acres being more particularly described as follows:

BEGINNING at a point in the southeasterly line of said Tract No. 7, said point having a NAD 83 TX-South Zone 4205 coordinate value of X=543231.017, Y=17199609.923;

THENCE N 46°13'45" W, along the southwesterly line of the herein described 155.80 acre tract, passing the common line of said Tract No. 7 and Tract No. 8, and continuing, in all, a distance of 4014.60 feet to a point in a fence, in the northwesterly line of said Tract No. 8, said point having a NAD 83 TX-South Zone 4205 coordinate value of X=540332.021, Y=17202387.126;

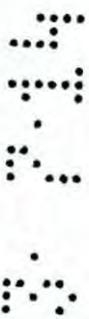
THENCE N 43°36'37" E, along said fence and along the northwesterly line of said Tract No. 8, a distance of 1662.76 feet to a point having a NAD 83 TX-South Zone 4205 coordinate value of X=541478.910, Y=17203591.042;

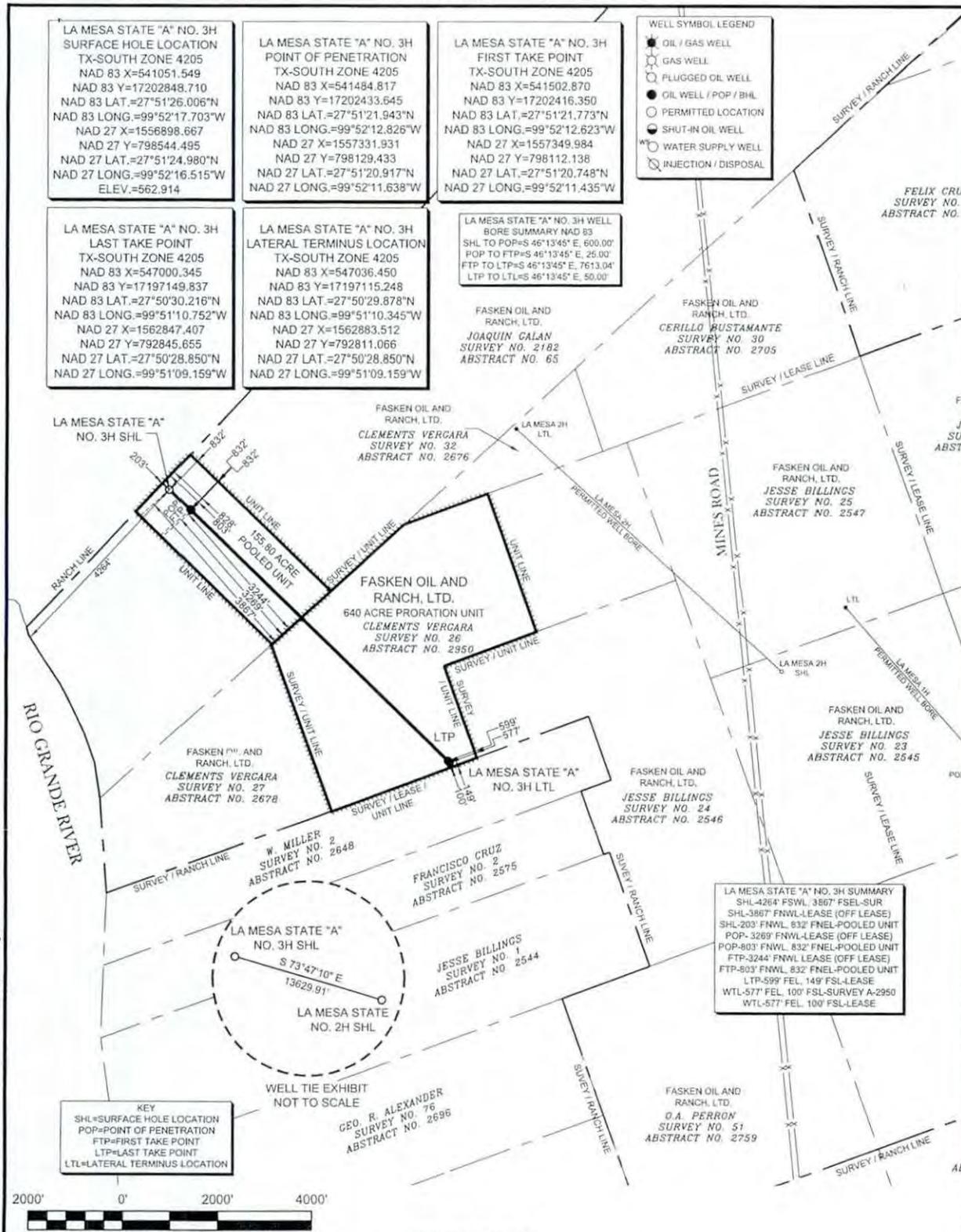
THENCE S 46°13'45" E, along the northeasterly line of the herein described 155.80 acre tract, passing the common line of said Tract No. 7 and Tract No. 8, and continuing, in all, a distance of 4148.60 feet to a point in the southeasterly line of said Tract No. 7, said point having a NAD 83 TX-South Zone 4205 coordinate value of X=544474.667, Y=17200721.144;

THENCE S 48°13'07" W, along the southeasterly line of said Tract No. 7, a distance of 1667.78 feet to the POINT OF BEGINNING and containing 155.80 acres of land.

484.20 ACRES

BEING the West 484.20 acres of Survey 26, Abstract 2950, C. Vergara Grantee, said 484.20 acres being a portion of the State of Texas Lease No. M-110388 (Fasken Land and Minerals, Ltd. No. TX-627-3-2) dated October October 6, 2009 and recorded in Volume 2879, Page 151; Official Public Records, Webb County, TX.





LA MESA STATE "A" NO. 3H SURFACE HOLE LOCATION TX-SOUTH ZONE 4205
 NAD 83 X=541051.549
 NAD 83 Y=17202848.710
 NAD 83 LAT.=27°51'26.006"N
 NAD 83 LONG.=99°52'17.703"W
 NAD 27 X=1556898.667
 NAD 27 Y=798544.495
 NAD 27 LAT.=27°51'24.980"N
 NAD 27 LONG.=99°52'16.515"W
 ELEV.=562.914

LA MESA STATE "A" NO. 3H POINT OF PENETRATION TX-SOUTH ZONE 4205
 NAD 83 X=541484.817
 NAD 83 Y=17202433.645
 NAD 83 LAT.=27°51'21.943"N
 NAD 83 LONG.=99°52'12.826"W
 NAD 27 X=1557331.931
 NAD 27 Y=798129.433
 NAD 27 LAT.=27°51'20.917"N
 NAD 27 LONG.=99°52'11.638"W

LA MESA STATE "A" NO. 3H FIRST TAKE POINT TX-SOUTH ZONE 4205
 NAD 83 X=541502.870
 NAD 83 Y=17202416.350
 NAD 83 LAT.=27°51'21.773"N
 NAD 83 LONG.=99°52'12.623"W
 NAD 27 X=1557349.984
 NAD 27 Y=798112.138
 NAD 27 LAT.=27°51'20.748"N
 NAD 27 LONG.=99°52'11.435"W

WELL SYMBOL LEGEND
 ● OIL / GAS WELL
 ○ GAS WELL
 ○ PLUGGED OIL WELL
 ● OIL WELL / POP / BHL
 ○ PERMITTED LOCATION
 ● SHUT-IN OIL WELL
 ○ WATER SUPPLY WELL
 ○ INJECTION / DISPOSAL

LA MESA STATE "A" NO. 3H LAST TAKE POINT TX-SOUTH ZONE 4205
 NAD 83 X=547000.345
 NAD 83 Y=17197149.837
 NAD 83 LAT.=27°50'30.216"N
 NAD 83 LONG.=99°51'10.752"W
 NAD 27 X=1562847.407
 NAD 27 Y=792845.655
 NAD 27 LAT.=27°50'28.850"N
 NAD 27 LONG.=99°51'09.159"W

LA MESA STATE "A" NO. 3H LATERAL TERMINUS LOCATION TX-SOUTH ZONE 4205
 NAD 83 X=547036.450
 NAD 83 Y=17197115.248
 NAD 83 LAT.=27°50'29.878"N
 NAD 83 LONG.=99°51'10.345"W
 NAD 27 X=1562883.512
 NAD 27 Y=792811.066
 NAD 27 LAT.=27°50'28.850"N
 NAD 27 LONG.=99°51'09.159"W

LA MESA STATE "A" NO. 3H WELL BORE SUMMARY NAD 83
 SHL TO POP=S 46°13'45" E, 800.00'
 POP TO FTP=S 46°13'45" E, 25.00'
 FTP TO LTP=S 46°13'45" E, 7613.04'
 LTP TO LTL=S 46°13'45" E, 50.00'

FASKEN OIL AND RANCH, LTD.
 JOAQUIN GALAN SURVEY NO. 2182 ABSTRACT NO. 65

FASKEN OIL AND RANCH, LTD.
 CERILLO RUSTAMANTE SURVEY NO. 30 ABSTRACT NO. 2705

LA MESA STATE "A" NO. 3H SHL

FASKEN OIL AND RANCH, LTD.
 CLEMENTS VERGARA SURVEY NO. 32 ABSTRACT NO. 2676

LA MESA 2H LTL

FASKEN OIL AND RANCH, LTD.
 JESSE BILLINGS SURVEY NO. 25 ABSTRACT NO. 2547

FASKEN OIL AND RANCH, LTD.
 640 ACRE PRORATION UNIT
 CLEMENTS VERGARA SURVEY NO. 26 ABSTRACT NO. 2950

FASKEN OIL AND RANCH, LTD.
 JESSE BILLINGS SURVEY NO. 24 ABSTRACT NO. 2546

FASKEN OIL AND RANCH, LTD.
 CLEMENTS VERGARA SURVEY NO. 27 ABSTRACT NO. 2678

W. MILLER SURVEY NO. 2 ABSTRACT NO. 2648

FRANCISCO CRUZ SURVEY NO. 2 ABSTRACT NO. 2575

FASKEN OIL AND RANCH, LTD.
 JESSE BILLINGS SURVEY NO. 23 ABSTRACT NO. 2545

LA MESA STATE "A" NO. 3H SHL
 S 73°47'10" E
 13629.91'

JESSE BILLINGS SURVEY NO. 1 ABSTRACT NO. 2544

LA MESA STATE "A" NO. 3H SUMMARY
 SHL-4264' FSWL, 3867' FSEL-SUR
 SHL-3867' FNWL-LEASE (OFF LEASE)
 SHL-203' FNWL 832' FSEL-POOLED UNIT
 POP-3269' FNWL-LEASE (OFF LEASE)
 POP-803' FNWL 832' FSEL-POOLED UNIT
 FTP-3244' FNWL LEASE (OFF LEASE)
 FTP-803' FNWL 832' FSEL-POOLED UNIT
 LTP-599' FEL, 149' FSL-LEASE
 WTL-577' FEL, 100' FSL-SURVEY A-2950
 WTL-577' FEL, 100' FSL-LEASE

KEY
 SHL=SURFACE HOLE LOCATION
 POP=POINT OF PENETRATION
 FTP=FIRST TAKE POINT
 LTP=LAST TAKE POINT
 LTL=LATERAL TERMINUS LOCATION

WELL TIE EXHIBIT NOT TO SCALE
 GEO. R. ALEXANDER SURVEY NO. 76 ABSTRACT NO. 2696

FASKEN OIL AND RANCH, LTD.
 O.A. PERRON SURVEY NO. 51 ABSTRACT NO. 2759



- NOTES:
- 1.) BEARINGS & COORDINATES SHOWN HEREON ARE REFERENCED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, NAD 27 & NAD 83 DATUM (TEXAS SOUTH ZONE 4205) DERIVED FROM GPS OBSERVATIONS AND ARE BASED ON NGS MONUMENT F-1438 (X=690,452.29, Y=117,255,944.31 NAD 83)
 - 2.) LATITUDE & LONGITUDE ARE NAD 83 AND NAD 27 GEOGRAPHIC.
 - 3.) THIS IS A PROPOSED WELL LOCATION PLAT AND DOES NOT REPRESENT A TRUE BOUNDARY SURVEY. THIS SURVEY IS BASED ON OWNERSHIP AND EASEMENT INFORMATION PROVIDED BY FASKEN OIL AND RANCH, LTD. SURVEYOR DID NOT ABSTRACT SUBJECT TRACT AND THERE MAY BE EASEMENTS OR OTHER ENCUMBRANCES THAT AFFECT THE SUBJECT TRACT THAT ARE NOT SHOWN HEREON.

I HEREBY STATE THAT THIS PLAT SHOWS THE WELL LOCATION AS STAKED ON THE GROUND

James Curtis Yarger
 JAMES CURTIS YARGER
 REGISTERED PROFESSIONAL LAND SURVEYOR
 STATE OF TEXAS #5854



FASKEN OIL AND RANCH, LTD.

Railroad Commission Permit Plat

LA MESA STATE "A" NO. 3H

Situated in the
 CLEMENTS VERGARA, SURVEY NO. 26, ABSTRACT NO. 2950
 and the
 JOAQUIN GALAN, SURVEY NO. 2182, ABSTRACT NO. 65
 Webb County, Texas
 said location being N 39°58' W, 32.7 miles from the
 City of Laredo, Webb County, Texas

| | | | |
|-----------------|----------------|--|------|
| DRAWN BY: GG | DATE: 10-08-13 | DWG. NO. | REV. |
| CHECKED BY: CY | DATE: 10-09-13 | 1309002 LA MESA STATE "A" NO. 3H RRC PERMIT PLAT | 2 |
| SCALE: 1"=2000' | APP: | PAGE 1 OF 1 | |

| | | | | |
|---------------------|----------|-----|-----------------------|-----|
| 2 | 11-28-13 | GG | REVISE UNIT BOUNDARY | CY |
| 1 | 10-29-13 | GG | REVISE LEASE BOUNDARY | CY |
| REV. | DATE | BY: | DESCRIPTION | CHK |
| PROJECT NO. 1309002 | | | | |

8205 Camp Bowie West, Suite 204
 Fort Worth, Texas 76116
 (817) 386-0362 - Fax (882) 224-3377

TRANSGLOBAL SERVICES LLC

34

File No. M-110388
Pooling Agmt Packet # 6645
La Mesa State "A" / GU #3H
Date Filed: 3/28/14
Jerry E. Patterson, Commissioner
By [Signature]

3. 2. 1. 1.



6101 Holiday Hill Road Midland, Texas 79707-1631
(432) 687-1777 FAX (432) 687-0669

May 12, 2014

J. Daryl Morgan
Energy Resources Division
Texas General Land Office
1700 North Congress Avenue, Suite 800
Austin, Texas 78701-1495

RE: Recorded Copy
Pooling Agreement – GLO Unit No. 6645 **M-110388**
Webb County, Texas

Dear Mr. Morgan,

I have enclosed a copy of the referenced agreement that has been recorded in Volume 3611, Page 221 of the Official Public Records of Webb County, Texas.

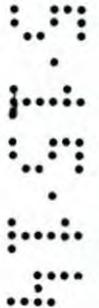
Should you have any questions or need any additional information, please let me know. I can be reached at the above phone number or by email at markb@forl.com.

Very Truly Yours,

A handwritten signature in blue ink that reads 'Mark S. Bell'.

Mark S. Bell

Enclosures



POOLING AGREEMENT
FASKEN LAND AND MINERALS, LTD.
LA MESA STATE "A" GU NO. 3H
GLO UNIT NO. 6645
WEBB COUNTY, TEXAS

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

PURPOSES:

1.

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

UNIT DESCRIPTION:

2.

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

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to all depths underlying the surface boundaries of the pooled unit, provided that on the date the State Lease terminates as to all depths 100 feet below the deepest depth drilled the mineral pooled shall be from the surface to 100 feet below the deepest depth drilled on the unit ("unitized interval").

POOLING AND EFFECT:

4.

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

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



Volume: 3611 Page: 221 - 228
Doc # 1200342

Doc Type: AGREEMENT

Record Date: 5/5/2014 4:15:25 PM Record By: MIC

Fees \$64.00

Margie Ramirez Ibarra, Webb County Clerk

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

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

ALLOCATION OF PRODUCTION:

5.

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

TAKING ROYALTY IN KIND:

6.

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

FULL MARKET VALUE:

7.

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

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

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

EFFECTIVE DATE:

8.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of January 7, 2014.

TERM:

9.

This Agreement shall remain in effect so long as the pooled mineral is being produced from said unit, or so long as all leases included in the pooled unit are maintained in force by payment of delay rentals or shut-in oil or gas well royalties, by drilling or rework, or by other means, in accordance with the terms of said leases. Nothing herein shall amend or modify Section 52.031 of the Natural Resources Code, or any of the provisions thereof, which are contained in any State lease covered by this Agreement.

STATE LAND:

10.

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

DISSOLUTION:

11.

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

RATIFICATION/WAIVER:

12.

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

COUNTERPARTS:

13.

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

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

Date Executed 3/18/14

STATE OF TEXAS
By: Jerry E. Patterson
Jerry E. Patterson, Commissioner
General Land Office



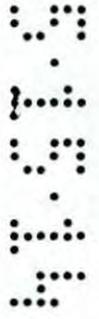
Legal
Content
Geology
Executive

[Signature]
[Signature]
[Signature]

Date Executed _____

FASKEN LAND AND MINERALS, LTD.
a Texas Limited Partnership
By Fasken Management, LLC, its General Partner

BY: Tommy E. Taylor [Signature]
Tommy E. Taylor, Vice President

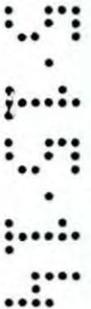


CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 7th day of January, 2014, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

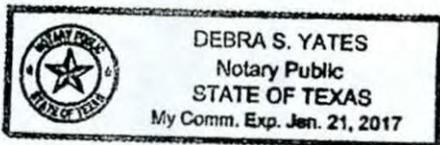
IN TESTIMONY WHEREOF, witness my hand this the 19th day of March, 2014.

Stephanie Crenshaw
Secretary of the School Land Board



THE STATE OF TEXAS }
COUNTY OF MIDLAND }

This instrument was acknowledged before me on this 31st day of January, 2014 by Tommy E. Taylor, as Vice President for Fasken Management LLC, General Partner for Fasken Land and Minerals, Ltd., a Texas Limited Partnership, on behalf of said Partnership.



Debra S. Yates
Notary Public's Signature

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN
POOLING AGREEMENT EFFECTIVE JANUARY 7, 2014
BETWEEN FASKEN LAND AND MINERALS, LTD. AND THE STATE OF TEXAS
GLO UNIT NO. 6645, WEBB COUNTY, TEXAS

OIL AND GAS LEASES INCLUDED WITHIN POOLED UNIT

State of Texas Lease No. M-110388

Fasken Land and Minerals, Ltd. Lease No. TX-627-3-2

Lease Date: October 6, 2009

Recording: Volume 2879, Page 151; Official Public Records, Webb County, TX

Lands covered:

East Half (E/2) of Section 23, A-2545, J. Billings, Grantee containing 320 more or less,
All of Section 25, A-2547, J. Billings Grantee containing 640 acres more or less,
All of Section 26, A-2950, C. Vergara Grantee containing 701.50 acres more or less,
All of Section 32, A-2676, J. D. Essary Grantee containing 119.50 acres more or less,
All of Section 67, A-2720, Miles C. Davis Grantee containing 640 acres more or less,
All of Section 73, A-2762, O. A. Perron Grantee containing 640 acres more or less.

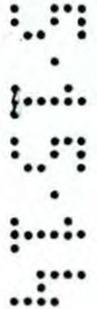


EXHIBIT "B"

ATTACHED TO AND MADE A PART OF THAT CERTAIN
POOLING AGREEMENT EFFECTIVE JANUARY 7, 2014
BETWEEN FASKEN LAND AND MINERALS, LTD. AND THE STATE OF TEXAS
GLO UNIT NO. 6645, WEBB COUNTY, TEXAS

LEGAL DESCRIPTION

155.80 ACRES

BEING 155.80 acres situated in the JOAQUIN GALAN GRANT, SURVEY NO. 2182, ABSTRACT NO. 65, Webb County, Texas, being a portion of those certain tracts of land described in deed as Tract No. 7 and Tract No. 8, to Fasken Land and Minerals, LTD., recorded in Volume 383, Page 34, Deed Records, Webb County, Texas, said 155.80 acres being more particularly described as follows:

BEGINNING at a point in the southeasterly line of said Tract No. 7, said point having a NAD 83 TX-South Zone 4205 coordinate value of X=543231.017, Y=17199609.923;

THENCE N 46°13'45" W, along the southwesterly line of the herein described 155.80 acre tract, passing the common line of said Tract No. 7 and Tract No. 8, and continuing, in all, a distance of 4014.60 feet to a point in a fence, in the northwesterly line of said Tract No. 8, said point having a NAD 83 TX-South Zone 4205 coordinate value of X=540332.021, Y=17202387.126;

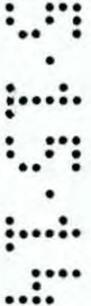
THENCE N 43°36'37" E, along said fence and along the northwesterly line of said Tract No. 8, a distance of 1662.76 feet to a point having a NAD 83 TX-South Zone 4205 coordinate value of X=541478.910, Y=17203591.042;

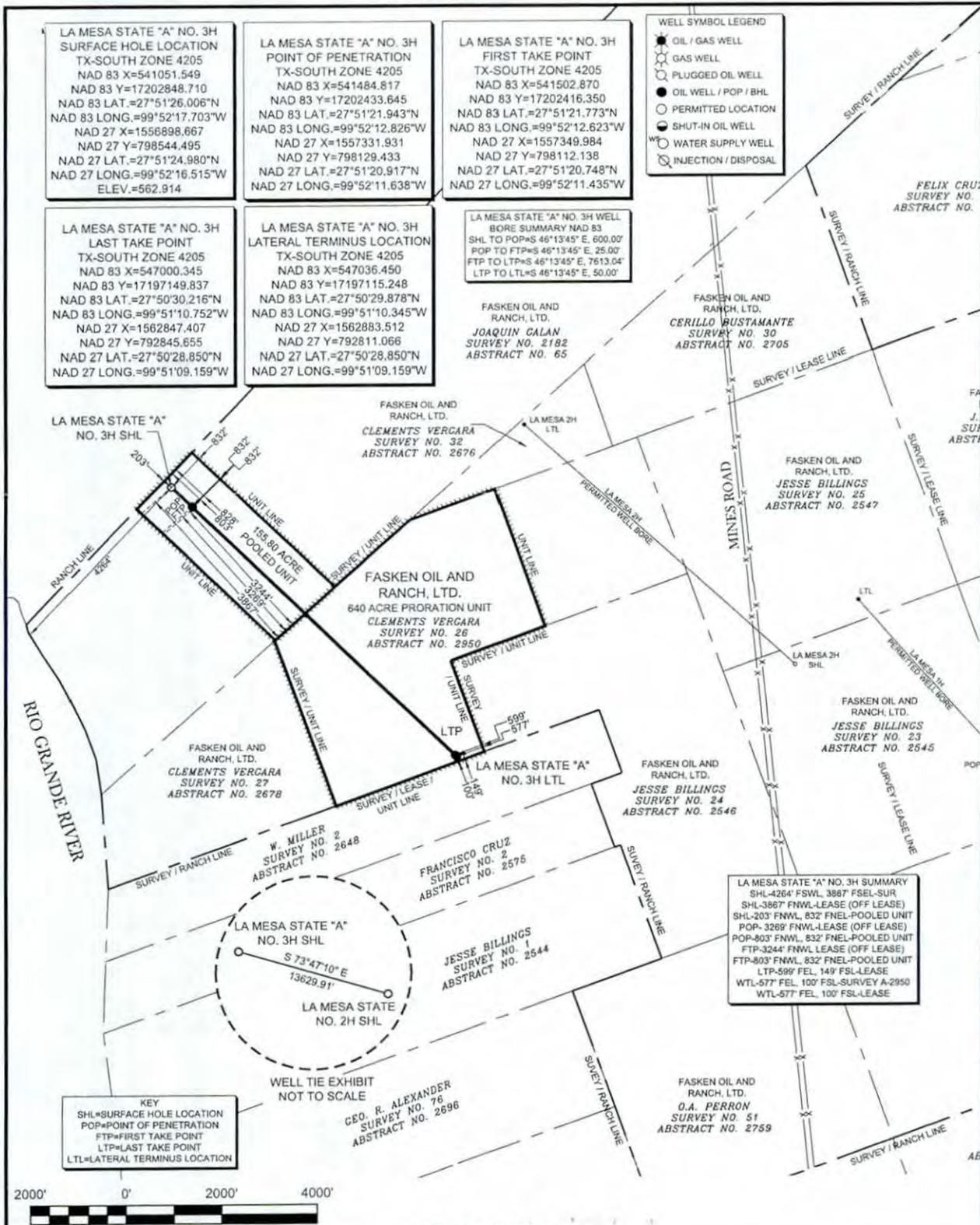
THENCE S 46°13'45" E, along the northeasterly line of the herein described 155.80 acre tract, passing the common line of said Tract No. 7 and Tract No. 8, and continuing, in all, a distance of 4148.60 feet to a point in the southeasterly line of said Tract No. 7, said point having a NAD 83 TX-South Zone 4205 coordinate value of X=544474.667, Y=17200721.144;

THENCE S 48°13'07" W, along the southeasterly line of said Tract No. 7, a distance of 1667.78 feet to the POINT OF BEGINNING and containing 155.80 acres of land.

484.20 ACRES

BEING the West 484.20 acres of Survey 26, Abstract 2950, C. Vergara Grantee, said 484.20 acres being a portion of the State of Texas Lease No. M-110388 (Fasken Land and Minerals, Ltd. No. TX-627-3-2) dated October October 6, 2009 and recorded in Volume 2879, Page 151; Official Public Records, Webb County, TX.





LA MESA STATE "A" NO. 3H SURFACE HOLE LOCATION TX-SOUTH ZONE 4205
 NAD 83 X=541051.549
 NAD 83 Y=17202848.710
 NAD 83 LAT.=27°51'26.006"N
 NAD 83 LONG.=99°52'17.703"W
 NAD 27 X=1556898.667
 NAD 27 Y=798544.495
 NAD 27 LAT.=27°51'24.980"N
 NAD 27 LONG.=99°52'16.515"W
 ELEV.=562.914

LA MESA STATE "A" NO. 3H POINT OF PENETRATION TX-SOUTH ZONE 4205
 NAD 83 X=541484.817
 NAD 83 Y=17202433.645
 NAD 83 LAT.=27°51'21.943"N
 NAD 83 LONG.=99°52'12.826"W
 NAD 27 X=1557331.931
 NAD 27 Y=798129.433
 NAD 27 LAT.=27°51'20.917"N
 NAD 27 LONG.=99°52'11.638"W

LA MESA STATE "A" NO. 3H FIRST TAKE POINT TX-SOUTH ZONE 4205
 NAD 83 X=541502.870
 NAD 83 Y=17202416.350
 NAD 83 LAT.=27°51'21.773"N
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 NAD 27 X=1557349.984
 NAD 27 Y=798112.138
 NAD 27 LAT.=27°51'20.748"N
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LA MESA STATE "A" NO. 3H BORE SUMMARY NAD 83
 SHL TO POP=S 46°13'45" E, 600.00'
 POP TO FTP=S 46°13'45" E, 25.00'
 FTP TO LTP=S 46°13'45" E, 7613.04'
 LTP TO LTL=S 46°13'45" E, 50.00'

LA MESA STATE "A" NO. 3H LATERAL TERMINUS LOCATION TX-SOUTH ZONE 4205
 NAD 83 X=547036.450
 NAD 83 Y=17197115.248
 NAD 83 LAT.=27°50'29.878"N
 NAD 83 LONG.=99°51'10.345"W
 NAD 27 X=1562883.512
 NAD 27 Y=792811.066
 NAD 27 LAT.=27°50'28.850"N
 NAD 27 LONG.=99°51'09.159"W

LA MESA STATE "A" NO. 3H LAST TAKE POINT TX-SOUTH ZONE 4205
 NAD 83 X=547000.345
 NAD 83 Y=17197149.837
 NAD 83 LAT.=27°50'30.216"N
 NAD 83 LONG.=99°51'10.752"W
 NAD 27 X=1562847.407
 NAD 27 Y=792845.655
 NAD 27 LAT.=27°50'28.850"N
 NAD 27 LONG.=99°51'09.159"W

WELL SYMBOL LEGEND

- OIL / GAS WELL
- GAS WELL
- ⊗ PLUGGED OIL WELL
- OIL WELL / POP / BHL
- PERMITTED LOCATION
- ⊗ SHUT-IN OIL WELL
- WATER SUPPLY WELL
- ⊗ INJECTION / DISPOSAL

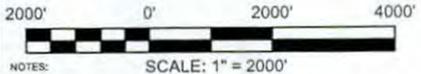
LA MESA STATE "A" NO. 3H SHL
 UNIT LINE
 POOLED UNIT
 155.80 ACRE
 3244' 3867'

FASKEN OIL AND RANCH, LTD.
 640 ACRE PRORATION UNIT
 CLEMENTS VERGARA SURVEY NO. 26
 ABSTRACT NO. 2950

LA MESA STATE "A" NO. 3H LTL
 LTP
 599' 517'

LA MESA STATE "A" NO. 2H SHL
 S 73°47'10" E
 13629.91'

LA MESA STATE "A" NO. 3H SUMMARY
 SHL-4264' FSWL 3867' FSEL-SUR
 SHL-3867' FNWL-LEASE (OFF LEASE)
 SHL-203' FNWL, 832' FNEL-POOLED UNIT
 POP-3269' FNWL-LEASE (OFF LEASE)
 POP-803' FNWL, 832' FNEL-POOLED UNIT
 FTP-3244' FNWL LEASE (OFF LEASE)
 FTP-803' FNWL, 832' FNEL-POOLED UNIT
 LTP-599' FEL, 149' FSL-LEASE
 WTL-577' FEL, 100' FSL-SURVEY A-2950
 WTL-577' FEL, 100' FSL-LEASE



NOTES:

- 1.) BEARINGS & COORDINATES SHOWN HEREON ARE REFERENCED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, NAD 27 & NAD 83 DATUM (TEXAS SOUTH ZONE 4205) DERIVED FROM GPS OBSERVATIONS AND ARE BASED ON NGS MONUMENT F-1436 (X=650,452.29, Y=17,255,944.91 NAD 83)
- 2.) LATITUDE & LONGITUDE ARE NAD 83 AND NAD 27 GEOGRAPHIC.
- 3.) THIS IS A PROPOSED WELL LOCATION PLAT AND DOES NOT REPRESENT A TRUE BOUNDARY SURVEY. THIS SURVEY IS BASED ON OWNERSHIP AND EASEMENT INFORMATION PROVIDED BY FASKEN OIL AND RANCH, LTD. SURVEYOR DID NOT ABSTRACT SUBJECT TRACT AND THERE MAY BE EASEMENTS OR OTHER ENCUMBRANCES THAT AFFECT THE SUBJECT TRACT THAT ARE NOT SHOWN HEREON.

I HEREBY STATE THAT THIS PLAT SHOWS THE WELL LOCATION AS STAKED ON THE GROUND

James Curtis Yarger
 JAMES CURTIS YARGER
 REGISTERED PROFESSIONAL LAND SURVEYOR
 STATE OF TEXAS #5854



FASKEN OIL AND RANCH, LTD.

Railroad Commission Permit Plat

LA MESA STATE "A" NO. 3H

Situated in the
 CLEMENTS VERGARA, SURVEY NO. 26, ABSTRACT NO. 2950
 and the
 JOAQUIN GALAN, SURVEY NO. 2182, ABSTRACT NO. 65
 Webb County, Texas
 said location being N 39°58' W, 32.7 miles from the
 City of Laredo, Webb County, Texas

DRAWN BY: GG DATE: 10-08-13 DWG. NO. 1309002-LA MESA STATE "A" NO 3H RRC PERMIT PLAT
 CHECKED BY: CY DATE: 10-09-13
 SCALE: 1"=2000' APP.:

REV. 2

| REV | DATE | BY: | DESCRIPTION | CHK |
|-----|----------|-----|-----------------------|-----|
| 2 | 11-28-13 | GG | REVISE UNIT BOUNDARY | CY |
| 1 | 10-29-13 | GG | REVISE LEASE BOUNDARY | CY |
| | | | | |

PROJECT NO. 1309002

8205 Camp Bowie West, Suite 204
 Fort Worth, Texas 76116
 (817) 386-0362 - Fax (82) 224-3377

TRANSGLOBAL SERVICES LLC

902011-11-28
10:00 AM
10:00 AM

5
5
5
5

STATE OF TEXAS
COUNTY OF WEBB
I HEREBY CERTIFY THAT THIS INSTRUMENT WAS
FILED ON THE DATE AND AT THE TIME STAMPED
HEREON BY ME AND WAS DULY RECORDED IN THE
VOLUME AND PAGE OF THE OFFICIAL PUBLIC
RECORDS OF WEBB COUNTY TEXAS AS STAMPED
HEREON BY ML



Margie Ramirez Alvarado

COUNTY CLERK
WEBB COUNTY, TEXAS

4.2.2

35

File No. M-110388
Ltr. From Faskch with
Recorded La Mesa State Unit
Date Filed: 5/15/14
Jerry E. Patterson, Commissioner
By [Signature]

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

October 6, 2014

CERTIFIED MAIL NO. 7011 1150 0001 2419 4230
RETURN RECEIPT REQUESTED

Fasken Oil and Ranch, Ltd.
6101 Holiday Hill Rd.
Midland, TX 79707
Attention: Monica Laabs

RE: Audit of Leases Operated by Fasken Oil and Ranch, Ltd.

Dear Ms. Laabs:

By authority of Section 52.135 of the Texas Natural Resources Code, the Texas General Land Office (GLO) maintains a field audit program to monitor State oil and gas production and royalty revenue. Fasken Oil and Ranch, Ltd. ("Fasken") has been selected for audit of state leases MF110388, MF116109, and MF107055 for the time period of September 2009 through July 2014. Our records indicate Fasken as the lessee of the selected state leases.

The audit is comprised of reviewing and testing of all records, documents, procedures, and systems that may affect the amount of royalty that has been reported and paid on state leases. The audit is performed in accordance with generally accepted auditing standards as they relate to the general and fieldwork standards.

An Opening Conference and office visit will be conducted at a later agreed date. This initial conference will be used to introduce the audit personnel, discuss the conduct and coordination of the audit, and receive all the documents as requested in attachment IV. A review of contracts, marketing arrangements, royalty system processes, and lease operations will be performed. During the Opening Conference, Fasken will be asked to present and explain its operations, systems, accounting, and marketing processes.

Enclosed you will find the following attachments and our requested actions:

- Attachment I provides the leases selected for review and associated units related to the audit time period. Please fill out the blank property information work sheet attached herewith.
- Attachment II illustrates an overview of the document and flow diagram requests for the selected leases for the month of May 2014. This information will assist to illustrate the accounting system and product flow process from production to when it is reported to the GLO and/or it reaches its sales point. After this review, a determination will be made on whether

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

P.O. Box 12873 • Austin, Texas 78711-2873

512.463.5001 • 800.998.4GLO

glo.texas.gov

Fasken Oil and Ranch, Ltd.
October 6, 2014
Page 2

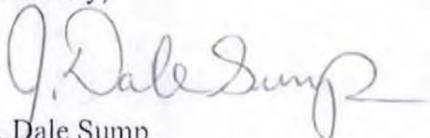
additional more specific documents need to be requested for the audit. The auditor requests that the information be provided by October 17, 2014 or earlier if possible.

- Attachment III includes the audit review questionnaires (marketing/contracts, operations and revenue accounting), which are expected to be completed and provided to the auditor at the Opening Conference.
- Attachment IV depicts the document requests for sample months (including May 2014). These document requests are expected to be provided to the auditor by November 5, 2014.

Note that House Bill 2571, 83rd Regular Session, effective September 1, 2013, amended §52.135 of the Texas Natural Resources Code regarding information requested pursuant to an audit. This information may be obtained at the following web address: http://www.glo.texas.gov/what-we-do/energy-and-minerals/oil_gas/royalty-audit.html

If you have any questions, please contact Veronica Reyes at (512) 936-6712 or by email at veronica.reyes@glo.texas.gov.

Sincerely,



J. Dale Sump
Manager of Minerals Audit
Texas General Land Office
(512) 463-2921
dale.sump@glo.texas.gov

Attachments
Later Log #120

cc: Sandra Dodd, Director of Financial Subsidiary Operations
Mineral File

File No. MF 110388 (37)

Webb County
Audit Notification Letter

Date Filed: 1/23/15

By Veronica Reyes
George P. Bush, Commissioner

ALAMO ✓
WI ✓

MF110388



6101 Holiday Hill Road Midland, Texas 79707-1631
(432) 687-1777 FAX (432) 687-0669

January 26, 2015

Mary Beth Barnstone
Texas General Land Office
1700 North Congress Avenue, Suite 800
Austin, Texas 78701-1495

RE: Relinquishment Act Oil and Gas Lease dated October 6, 2009
GLO Lease No. M-110388
Fasken Lease No. TX-627-3-2
Covering 3,061 acres more or less
Webb County, Texas

Dear Mrs. Barnstone,

Fasken Land and Minerals, Ltd., (hereinafter "Fasken") is the current owner of the referenced Oil and Gas Lease (hereinafter the "Lease"). Terms of the Lease require copies of all Railroad Commission reports on the Lease to be given to the Commissioner of the General Land Office. I have enclosed your copy of the completion report for Fasken's La Mesa State "A" No. 3H well.

Should you have any questions or need any additional information, please let me know. I can be reached at the above address or phone number or by email at markb@forl.com.

Very Truly Yours,

A handwritten signature in blue ink that reads 'Mark S. Bell'.

Mark S. Bell

Enclosure

57057



RAILROAD COMMISSION OF TEXAS

Form G-1

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Status: Submitted
Date: 01/21/2015
Tracking No.: 123832

GAS WELL BACK PRESSURE TEST, COMPLETION OR RECOMPLETION REPORT, AND LOG

OPERATOR INFORMATION

Operator Name: FASKEN OIL AND RANCH, LTD. Operator No.: 263696
Operator Address: 6101 HOLIDAY HILL ROAD MIDLAND, TX 79707-0000

WELL INFORMATION

API No.: 42-479-42649 County: WEBB
Well No.: 3H RRC District No.: 01
Lease Name: LA MESA STATE 'A' Field Name: HAWKVILLE (EAGLEFORD SHALE)
RRC Gas ID No.: Field No.: 39744500
Location: Section: ,Block: , Survey: JOAQUIN GALAN, Abstract: 65
Latitude: 27.85693 Longitude: -99.87125
This well is located 32.7 miles in a NORTHWEST direction from LAREDO, which is the nearest town in the county.

FILING INFORMATION

Purpose of filing: Initial Potential
Type of completion: New Well
Well Type: Producing Completion or Recompletion Date: 05/18/2014
Type of Permit Date Permit No.
Permit to Drill, Plug Back, or Deepen 01/10/2014 776250
Rule 37 Exception 01/10/2014 0286659
Fluid Injection Permit
O&G Waste Disposal Permit
Other:

COMPLETION INFORMATION

Spud date: 01/18/2014 Date of first production after rig released: 05/18/2014
Date plug back, deepening, recompletion, or drilling operation commenced: 01/18/2014 Date plug back, deepening, recompletion, or drilling operation ended: 03/05/2014
Number of producing wells on this lease in this field (reservoir) including this well: 1 Distance to nearest well in lease & reservoir (ft.): 0.0
Total number of acres in lease: 640.00 Elevation (ft.): 563 GR
Total depth TVD (ft.): 9342 Total depth MD (ft.): 17390
Plug back depth TVD (ft.): 9340 Plug back depth MD (ft.): 17326
Was directional survey made other than inclination (Form W-12)? Yes Rotation time within surface casing (hours): 75.0
Is Cementing Affidavit (Form W-15) attached? Yes
Recompletion or reclass? No Multiple completion? No
Type(s) of electric or other log(s) run: None
Electric Log Other Description:
Location of well, relative to nearest lease boundaries of lease on which this well is located: 203.0 Feet from the NW Line and 832.0 Feet from the NE Line of the LA MESA STATE 'A' Lease. Off Lease: No

FORMER FIELD (WITH RESERVOIR) & GAS ID OR OIL LEASE NO.

Field & Reservoir Gas ID or Oil Lease No. Well No. Prior Service Type

5051
Page 1 of 4

G1: N/A
 PACKET: N/A

FOR NEW DRILL OR RE-ENTRY, SURFACE CASING DEPTH DETERMINED BY:

GAU Groundwater Protection Determination Depth (ft.): 4000.0 Date: 11/15/2013
 SWR 13 Exception Depth (ft.):

GAS MEASUREMENT DATA

Date of test: 05/27/2014 Gas measurement method(s):
 Gas production during test (MCF): 3919 Orifice Meter
 Was the well preflowed for 48 hours? Yes

| Run No. | Line size | Orif. or Choke Size (in.) | 24 hr. Coeff. Orif. Or Choke (in.) | Static Pm or Choke (in.) | Diff (hw) | Flow Temp (°F) | Temp. (Ft) | Gravity (Fg) | Compress (Fpv) | Volume (MCF/day) |
|---------|-----------|---------------------------|------------------------------------|--------------------------|-----------|----------------|------------|--------------|----------------|------------------|
| 1 | 3.068 | 1.125 | 8070.24 | 1250.0 | 162.2 | 83.0 | 0.9786 | 0.9837 | 1.101 | 3851.0 |

FIELD DATA AND PRESSURE CALCULATIONS

Gravity (dry gas): 0.620 Gravity (liquid hydrocarbons) (Deg. API):
 Gas-Liquid Hydro Ratio (CF/Bbl): Gravity (mixture): Gmix= 0.620
 Avg. shut in temp. (°F): 140.0 Bottom hole temp. and depth: 260.0 °F@ 9481.0 FT

| Run No. | Time of Run (Min.) | Choke Size (in.) | Wellhead Pressure (PSIA) | Wellhead Flow Temp (°F) |
|---------|--------------------|------------------|--------------------------|-------------------------|
| SHUT-IN | | | 4600 | 140.0 |
| 1 | 4320 | 0.21875 | 4020 | 140.0 |

CASING RECORD

| Row | Type of Casing | Casing Size (in.) | Hole Size (in.) | Setting Depth (ft.) | Multi - Stage Tool Depth (ft.) | Multi - Stage Shoe Depth (ft.) | Cement Class | Cement Amount (sacks) | Slurry Volume (cu. ft.) | Top of Cement (ft.) | TOC Determined By |
|-----|-------------------------|-------------------|-----------------|---------------------|--------------------------------|--------------------------------|--------------|-----------------------|-------------------------|---------------------|-----------------------|
| 1 | Surface | 9 5/8 | 12 1/4 | 4051 | | | A | 1221 | 2256.0 | 0 | Circulated to Surface |
| 2 | Intermediate | 7 | 8 3/4 | 8196 | | | H | 888 | 1075.0 | 5348 | Temperature Survey |
| 3 | Conventional Production | 4 1/2 | 6 1/8 | 17372 | | | H | 1208 | 1608.0 | 2395 | Calculation |

LINER RECORD

| Row | Liner Size (in.) | Hole Size (in.) | Liner Top (ft.) | Liner Bottom (ft.) | Cement Class | Cement Amount (sacks) | Slurry Volume (cu. ft.) | Top of Cement (ft.) | TOC Determined By |
|-----|------------------|-----------------|-----------------|--------------------|--------------|-----------------------|-------------------------|---------------------|-------------------|
| N/A | | | | | | | | | |

TUBING RECORD

| Row | Size (in.) | Depth Size (ft.) | Packer Depth (ft.)/Type |
|-----|------------|------------------|-------------------------|
| N/A | | | |

PRODUCING/INJECTION/DISPOSAL INTERVAL

| Row | Open hole? | From (ft.) | To (ft.) |
|-----|------------|------------|----------|
| 1 | No | L1 9361 | 17241 |

ACID, FRACTURE, CEMENT SQUEEZE, CAST IRON BRIDGE PLUG, RETAINER, ETC.

Was hydraulic fracturing treatment performed? Yes

Is well equipped with a downhole actuation sleeve? No If yes, actuation pressure (PSIG):

Production casing test pressure (PSIG) prior to hydraulic fracturing treatment: 9800 Actual maximum pressure (PSIG) during hydraulic fracturing: 9410

Has the hydraulic fracturing fluid disclosure been reported to FracFocus disclosure registry (SWR29)? Yes

| Row | Type of Operation | Amount and Kind of Material Used | Depth Interval (ft.) |
|-----|-------------------|----------------------------------|----------------------|
| 1 | Fracture | SEE FRAC. FOCUS ATTACHMENT | 9361.0 17241.0 |

FORMATION RECORD

| Formations | Encountered | Depth TVD (ft.) | Depth MD (ft.) | Is formation isolated? | Remarks |
|---|-------------|-----------------|----------------|------------------------|-------------------------------|
| CATAHOULA-FRIO - INJECTION/DISPOSAL | Yes | | 1500.0 | Yes | ESTIMATE |
| JACKSON - INJECTION/DISPOSAL | Yes | | 690.0 | Yes | ESTIMATE |
| YEGUA - INJECTION/DISPOSAL | Yes | | 1100.0 | Yes | ESTIMATE |
| COOK MOUNTAIN | Yes | | 3970.0 | Yes | ESTIMATE |
| QUEEN CITY - INJECTION/DISPOSAL; POSSIBLE WILCOX - INJECTION/DISPOSAL | Yes | | 900.0 | Yes | ESTIMATE |
| ESCONDITO - INJECTION/DISPOSAL; H2S | Yes | | 1800.0 | Yes | ESTIMATE |
| OLMOS - INJECTION/DISPOSAL | Yes | | 2300.0 | Yes | ESTIMATE |
| EAGLE FORD SHALE | Yes | 8848.0 | 8881.0 | Yes | ESTIMATE |
| EDWARDS LIMESTONE - H2S | Yes | | 8800.0 | Yes | ESTIMATE |
| SLIGO - H2S | No | | | No | WELL NOT DRILLED DEEP ENOUGH. |

Do the producing interval of this well produce H2S with a concentration in excess of 100 ppm (SWR 36)? No

Is the completion being downhole commingled (SWR 10)? No

REMARKS

SPOTTED A 65 SX ISOLATION PLUG FROM 9285' - 9087'. SPOTTED A 235 SX KICK-OFF PLUG FROM 8815' - 8300'. TAGGED PLUG @ 8220'. DRESSED PLUG OFF TO 8532'. KOP @ 8532'.



RRC REMARKS

PUBLIC COMMENTS:

CASING RECORD :

TUBING RECORD:

PRODUCING/INJECTION/DISPOSAL INTERVAL :

ACID, FRACTURE, CEMENT SQUEEZE, CAST IRON BRIDGE PLUG, RETAINER, ETC. :

GAS MEASUREMENT DATE REMARK:

OPERATOR'S CERTIFICATION

Printed Name: Kim Tyson

Title:

Telephone No.: (432) 687-1777

Date Certified: 01/21/2015



RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

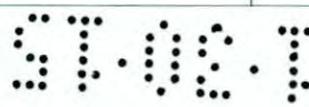
GAS WELL
CLASSIFICATION REPORT

Form G-5

Tracking No.: 123832

This facsimile G-5 was generated electronically from data submitted to the RRC

| | | | | | | | | | | | | | | | | | |
|--|----------------------|---|------------------------------------|----------------------|----------------------|----------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------------|
| 1. OPERATOR NAME (Exactly as shown on Form P5 Organization Report) FASKEN OIL AND RANCH, LTD. | | 3. RRC DISTRICT NO. 01 | 4. OIL LEASE NO OR GAS WELL ID NO. | | | | | | | | | | | | | | |
| 2. MAILING ADDRESS 6101 HOLIDAY HILL ROAD MIDLAND, TX 79707 | | 5. WELL NO. 3H | 6. API NO. 42- 479-42649 | | | | | | | | | | | | | | |
| | | 7. COUNTY OF WELL SITE WEBB | | | | | | | | | | | | | | | |
| 8. FIELD NAME (as per RRC Records) HAWKVILLE (EAGLEFORD SHALE) | | 9. LEASE NAME LA MESA STATE 'A' | | | | | | | | | | | | | | | |
| 10. LOCATION (Section, Block and Survey) JOAQUIN GALAN , A-65 | | 11. PIPELINE CONNECTION OR USE OF GAS FASKEN OIL AND RANCH, LTD. | | | | | | | | | | | | | | | |
| PRODUCTION TEST AT RATE ELECTED BY OPERATOR (data on 24-hour basis) | | 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 | | | | | | | | | | | | | | | |
| A. Date of Test _____ 05/27/2014 _____ B. Gas Volume _____ 3851.0 _____ (Mcf) C. Oil or Condensate Volume _____ 0.0 _____ (Bbl) D. Water Volume _____ 405.0 _____ (Bbl) E. Gas/Liquid Hydrocarbon Ratio _____ (Cf/Bbl) F. Flowing Tubing Pressure _____ 4020 _____ (psia) G. Choke Size _____ 0.21875 _____ (in.) H. Casing Pressure _____ (psia) I. Shut-in Wellhead Pressure-- Tubing _____ 4600 _____ (psia) J. Separator Operating Pressure _____ (psia) K. Color of Stock Tank Liquid _____ L. Gravity of Separator Liquid _____ ° API M. Gravity of Stock Tank Liquid _____ ° API N. Specific Gravity of the Gas (Air = 1) _____ 0.62 _____ | | Date Liquid Sample Obtained _____ Where Obtained: <input type="checkbox"/> Separator <input type="checkbox"/> Stock Tank <table style="width:100%; border:none;"> <tr> <td style="width:50%;">% Over Temp (deg. F)</td> <td style="width:50%;">% Over Temp (deg. F)</td> </tr> <tr> <td>Initial Boiling Temp _____</td> <td>60 _____</td> </tr> <tr> <td>10 _____</td> <td>70 _____</td> </tr> <tr> <td>20 _____</td> <td>80 _____</td> </tr> <tr> <td>30 _____</td> <td>90 _____</td> </tr> <tr> <td>40 _____</td> <td>95 _____</td> </tr> <tr> <td>50 _____</td> <td>End Point _____</td> </tr> </table> Total Recovery _____ percent Residue _____ percent Loss _____ percent | | % Over Temp (deg. F) | % Over Temp (deg. F) | Initial Boiling Temp _____ | 60 _____ | 10 _____ | 70 _____ | 20 _____ | 80 _____ | 30 _____ | 90 _____ | 40 _____ | 95 _____ | 50 _____ | End Point _____ |
| % Over Temp (deg. F) | % Over Temp (deg. F) | | | | | | | | | | | | | | | | |
| Initial Boiling Temp _____ | 60 _____ | | | | | | | | | | | | | | | | |
| 10 _____ | 70 _____ | | | | | | | | | | | | | | | | |
| 20 _____ | 80 _____ | | | | | | | | | | | | | | | | |
| 30 _____ | 90 _____ | | | | | | | | | | | | | | | | |
| 40 _____ | 95 _____ | | | | | | | | | | | | | | | | |
| 50 _____ | End Point _____ | | | | | | | | | | | | | | | | |
| 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. 01/21/2015 DATE | | RRC USE ONLY | | | | | | | | | | | | | | | |
| | | FASKEN OIL AND RANCH, LTD. NAME (Type or Print) | | | | | | | | | | | | | | | |
| | | Kim Tyson SIGNATURE | | | | | | | | | | | | | | | |
| | | TITLE (432) 687-1777 EXT 2043 | | | | | | | | | | | | | | | |
| CONTACT PERSON | | PHONE NUMBER | | | | | | | | | | | | | | | |



Tracking No.: 123832

OPERATOR NAME AND ADDRESS including city, state and zip
FASKEN OIL AND RANCH, LTD.
 6101 HOLIDAY HILL ROAD
 MIDLAND, TX 79707

GAS WELL STATUS REPORT

RAILROAD COMMISSION OF TEXAS
 Oil and Gas Division
 P.O. Box 12967
 Austin, Texas 78711-2967

This facsimile G-10 was generated electronically
 from data submitted to the RRC.

| | | | |
|---|--|---------------|-------------|
| Reason for Filing | Operator P-5 Organization No. | RRC Dist. No. | G-10 |
| <input type="checkbox"/> Survey <input checked="" type="checkbox"/> Initial Test | <input type="checkbox"/> Retest <input type="checkbox"/> Correction | 263696 | 01 |
| Test Period: Due Date: Effective Date: | | | |

| FIELD NAME * LEASE NAME | RRC IDENT NO. | DATE TESTED MO/DAY/YR | GAS PRODUCED MCF/DAY ** | CONDENSATE PRODUCED | WATER PROD BBL/DAY | ***SIWH PRESSURE PSIA |
|-----------------------------|---------------|----------------------------|----------------------------|-----------------------------|-------------------------------|-----------------------------|
| | WELL NO. | MARK X FOR SHUT-IN WELL | GAS SPEC. GRAVITY | CONDENSATE GRAVITY (API) | X BOTTOMHOLE PRESSURE PSIA | ***FLOWING PRESSURE PSIA |
| HAWKVILLE (EAGLEFORD SHALE) | | 05/27/2014 | 3851 MCF | 0.0 BBL | 405.0 BBL | 4600 |
| LA MESA STATE 'A' | 3H | | 0.62 | 0.0 | 5198 | 4020 |
| | | | MCF | BBL | BBL | |
| | | | MCF | BBL | BBL | |
| | | | MCF | BBL | BBL | |
| | | | MCF | BBL | BBL | |
| | | | MCF | BBL | BBL | |
| | | | MCF | BBL | BBL | |
| | | | MCF | BBL | BBL | |
| | | | MCF | BBL | BBL | |

CERTIFICATION: I declare under penalties prescribed in Texas Natural Resources Code, Sec. 91.143, 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 herein are true, correct, and complete to the best of my knowledge.

FASKEN OIL AND RANCH, LTD.

Signature: MARK JACOBS Title: _____ Phone: (432) 687-1777 Date: 01/21/2015

* AN ASTERISK PREPRINTED ON A SURVEY IDENTIFIES WELL SUBJECT TO COMMINGLING TEST REQUIREMENT
 ** GAS PRODUCTION RATE, IN MCF, IS TO BE REPORTED FULL-WELL STREAM, INCLUDING CONDENSATE
 *** PRESSURE FOR THE TEXAS HUGOTON FIELD IS REPORTED IN PSIG
 X AN 'X' PREPRINTED ON A SURVEY IN THE BOTTOMHOLE PRESSURE BOX INDICATES A BOTTOMHOLE PRESSURE MUST BE REPORTED FOR THE WELL

Hydraulic Fracturing Fluid Product Component Information Disclosure

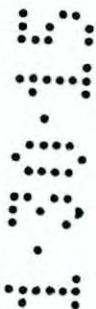
| | |
|--------------------------------|----------------------------|
| Job Start Date: | 5/5/2014 |
| Job End Date: | 5/15/2014 |
| State: | Texas |
| County: | Webb |
| API Number: | 42-479-42649-00-00 |
| Operator Name: | Fasken Oil and Ranch, Ltd. |
| Well Name and Number: | La Mesa State A No. 3H |
| Longitude: | -99.87158430 |
| Latitude: | 27.85722380 |
| Datum: | NAD83 |
| Federal/Tribal Well: | NO |
| True Vertical Depth: | 10,980 |
| Total Base Water Volume (gal): | 7,332,677 |
| Total Base Non Water Volume: | 0 |



Hydraulic Fracturing Fluid Composition:

| Trade Name | Supplier | Purpose | Ingredients | Chemical Abstract Service Number (CAS #) | Maximum Ingredient Concentration in Additive (% by mass)** | Maximum Ingredient Concentration in HF Fluid (% by mass)** | Comments |
|-------------------------|------------------------|------------------------------|-------------------------------|--|--|--|----------|
| Water | Aqua Tex | Carrier/Base Fluid | Water | 7732-18-5 | 100.00000 | 90.13441 | None |
| Sand (Proppant) | CJES | Proppant | Silica Substrate | NA | 100.00000 | 8.25117 | None |
| FR-2 | Economy | Friction Reducer | Cationic Water | NA | 100.00000 | 0.18122 | None |
| Hydrochloric Acid (15%) | CJES | Acidizing | Hydrochloric Acid | 7647-01-0 | 10.00000 | 0.11598 | None |
| Surfatron 613 | Champion Technologies | Clay Stabilizer | Quaternary Salt | NA | 60.00000 | 0.02647 | None |
| SU-15 | Blue Ribbon Technology | Surfactant and flow back aid | Alcohols (C9-C11) ethoxylated | 68439-46-3 | 25.00000 | 0.02307 | None |
| Cortron R-2340 | Champion Technologies | Corrosion inhibitor | Methanol | 67-56-1 | 45.00000 | 0.01155 | None |
| | | | Amines, coco alkyl, acetates | NA | 10.00000 | 0.00257 | None |
| | | | Acetic Acid | 64-19-7 | 5.00000 | 0.00128 | None |
| Scale Stop Poly 2720 | Blue Ribbon Technology | Scale Inhibitor | | | | | |

42-479-42649

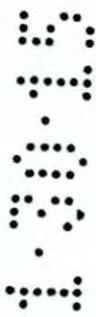


| | | | | | | | |
|--|--------------------------------|--------------------------------------|--|-------------|-----------|---------|------|
| | | | Polymetric Scale Inhibitor | NA | 25.00000 | 0.01295 | None |
| BR-FR | Blue Ribbon Technology | Slick Clean | | | | | |
| | | | Sodium Perborate Tetrahydrate | 10486-00-7 | 100.00000 | 0.00794 | None |
| Biocide | American International Sealing | Control of sulfate reducing bacteria | | | | | |
| | | | Didecyl dimethyl ammonium chloride | 7173-51-5 | 12.00000 | 0.00438 | None |
| | | | Ethanol | 64-17-5 | 3.00000 | 0.00110 | None |
| ICA-1 | C and J Energy Services | Iron control agent | | | | | |
| | | | Water | 7732-18-5 | 60.00000 | 0.00323 | None |
| | | | Aminocarboxylate Salt | NA | 40.00000 | 0.00216 | None |
| CI-1B | Economy | Corrosion inhibitor | | | | | |
| | | | Ethylene Glycol | 107-21-1 | 40.00000 | 0.00173 | None |
| | | | N,N-Dimethylformamide | 68-12-2 | 20.00000 | 0.00087 | None |
| | | | 2-Butoxyethanol | 111-76-2 | 15.00000 | 0.00065 | None |
| | | | Cinnamaldehyde | 104-55-2 | 15.00000 | 0.00065 | None |
| | | | Tar Bases, quinoline derivs, benzyl chloride-quaternized | 72480-70-7 | 15.00000 | 0.00065 | None |
| | | | Poly(oxy-1,2-ethanediyl), alpha-(4-nonylphenyl)-omega-hydroxy-, branched | 127087-87-0 | 5.00000 | 0.00022 | None |
| | | | Triethyl Phosphate | 78-40-0 | 2.50000 | 0.00011 | None |
| | | | 1-Octanol | 111-87-5 | 2.50000 | 0.00011 | None |
| | | | Isopropanol | 67-63-0 | 2.50000 | 0.00011 | None |
| | | | 1-Decanol | 112-30-1 | 1.00000 | 0.00004 | None |
| FGP-912 | Blue Ribbon Technology | Gelling Agent | | | | | |
| | | | Petroleum Distillate Blend | 64742-96-7 | 55.00000 | 0.00294 | None |
| Ingredients shown above are subject to 29 CFR 1910.1200(i) and appear on Material Safety Data Sheets (MSDS). Ingredients shown below are Non-MSDS. | | | | | | | |

* Total Water Volume sources may include fresh water, produced water, and/or recycled water
 ** Information is based on the maximum potential for concentration and thus the total may be over 100%

Note: For Field Development Products (products that begin with FDP), MSDS level only information has been provided.
 Ingredient information for chemicals subject to 29 CFR 1910.1200(i) and Appendix D are obtained from suppliers Material Safety Data Sheets (MSDS)

42-479-42699





Company: FASKEN OIL AND RANCH, LTD
 Well: LA MESA STATE 'A' 3H
 Location: 32.7 MILES NW FROM LAREDO
 Rig Name: ORION 6
 State/County: TX/WEBB
 Latitude: 27.86, Longitude: -99.87
 GRID North is 0.62 Degrees West of True North
 VS-Azi: 133.77 Degrees



Depth Reference : 22'

DRILLOG HA GYRO SURVEY CALCULATIONS

Filename: lamesastate3h_int.ut
 Minimum Curvature Method
 Report Date/Time: 2/27/2014 / 10:38

Vaughn Energy Services
 Corpus Christi, Texas
 800-606-4976

Survey Engineer: Matt Gilchrist
 La Mesa State 'A' 3H / API 42-479-42649

| Measured Depth FT | Incl Angle Deg | Drift Direction Deg | TVD FT | +N/-S FT | +E/-W FT | Vertical Section FT | Closure Distance FT | Closure Direction Deg | Dogleg Severlty Deg/100 |
|-------------------|----------------|---------------------|---------|----------|----------|---------------------|---------------------|-----------------------|-------------------------|
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | **** |
| 100.00 | 0.22 | 217.43 | 100.00 | -0.15 | -0.11 | 0.02 | 0.19 | 217.43 | 0.22 |
| 200.00 | 0.49 | 234.82 | 200.00 | -0.54 | -0.58 | -0.04 | 0.79 | 226.66 | 0.29 |
| 300.00 | 0.45 | 239.94 | 299.99 | -0.99 | -1.26 | -0.23 | 1.60 | 232.07 | 0.05 |
| 400.00 | 0.42 | 245.05 | 399.99 | -1.34 | -1.94 | -0.48 | 2.36 | 235.40 | 0.05 |
| 500.00 | 0.50 | 254.31 | 499.99 | -1.61 | -2.69 | -0.83 | 3.14 | 239.10 | 0.11 |
| 600.00 | 0.57 | 263.57 | 599.98 | -1.79 | -3.61 | -1.37 | 4.03 | 243.67 | 0.11 |
| 700.00 | 0.80 | 263.99 | 699.98 | -1.91 | -4.80 | -2.14 | 5.16 | 248.24 | 0.22 |
| 800.00 | 1.02 | 264.42 | 799.96 | -2.07 | -6.37 | -3.17 | 6.70 | 251.98 | 0.22 |
| 900.00 | 1.09 | 262.88 | 899.95 | -2.28 | -8.20 | -4.34 | 8.51 | 254.47 | 0.07 |
| 1000.00 | 1.15 | 261.34 | 999.93 | -2.55 | -10.13 | -5.55 | 10.45 | 255.89 | 0.07 |
| 1100.00 | 1.28 | 261.17 | 1099.91 | -2.87 | -12.23 | -6.85 | 12.56 | 256.80 | 0.13 |
| 1200.00 | 1.42 | 261.00 | 1199.88 | -3.23 | -14.56 | -8.28 | 14.92 | 257.48 | 0.13 |
| 1300.00 | 1.41 | 259.16 | 1299.85 | -3.66 | -16.99 | -9.74 | 17.38 | 257.85 | 0.05 |
| 1400.00 | 1.40 | 257.32 | 1399.82 | -4.16 | -19.39 | -11.13 | 19.83 | 257.89 | 0.05 |
| 1500.00 | 1.48 | 259.30 | 1499.79 | -4.67 | -21.85 | -12.55 | 22.35 | 257.94 | 0.09 |
| 1600.00 | 1.56 | 261.28 | 1599.75 | -5.11 | -24.46 | -14.13 | 24.99 | 258.19 | 0.09 |
| 1700.00 | 1.60 | 267.92 | 1699.71 | -5.37 | -27.20 | -15.93 | 27.72 | 258.83 | 0.19 |
| 1800.00 | 1.64 | 274.56 | 1799.67 | -5.31 | -30.02 | -18.01 | 30.49 | 259.98 | 0.19 |

| Measured Depth FT | Incl Angle Deg | Drift Direction Deg | TVD FT | +N/-S FT | +E/-W FT | Vertical Section FT | Closure Distance FT | Closure Direction Deg | Dogleg Severity Deg/100 |
|-------------------------|----------------------|---------------------------|-----------|-------------|-------------|---------------------------|---------------------------|-----------------------------|-------------------------------|
| 1900.00 | 1.56 | 278.64 | 1899.63 | -4.99 | -32.80 | -20.24 | 33.18 | 261.36 | 0.14 |
| 2000.00 | 1.48 | 282.72 | 1999.60 | -4.50 | -35.42 | -22.46 | 35.70 | 262.76 | 0.14 |
| 2100.00 | 1.53 | 283.71 | 2099.56 | -3.90 | -37.98 | -24.73 | 38.17 | 264.14 | 0.05 |
| 2200.00 | 1.58 | 284.70 | 2199.53 | -3.23 | -40.60 | -27.08 | 40.73 | 265.45 | 0.05 |
| 2300.00 | 1.54 | 273.26 | 2299.49 | -2.81 | -43.28 | -29.31 | 43.37 | 266.29 | 0.31 |
| 2400.00 | 1.51 | 261.82 | 2399.45 | -2.92 | -45.93 | -31.15 | 46.02 | 266.37 | 0.31 |
| 2500.00 | 1.39 | 253.96 | 2499.42 | -3.44 | -48.41 | -32.58 | 48.53 | 265.93 | 0.23 |
| 2600.00 | 1.28 | 246.09 | 2599.40 | -4.23 | -50.59 | -33.61 | 50.77 | 265.22 | 0.22 |
| 2700.00 | 1.16 | 260.58 | 2699.37 | -4.84 | -52.61 | -34.64 | 52.83 | 264.74 | 0.33 |
| 2800.00 | 1.04 | 275.06 | 2799.36 | -4.93 | -54.50 | -35.95 | 54.72 | 264.83 | 0.30 |
| 2900.00 | 1.12 | 283.26 | 2899.34 | -4.97 | -56.38 | -37.28 | 56.59 | 264.97 | 0.24 |
| 3000.00 | 1.21 | 251.45 | 2999.32 | -5.42 | -58.35 | -38.39 | 58.60 | 264.70 | 0.26 |
| 3100.00 | 1.27 | 251.07 | 3099.29 | -6.11 | -60.40 | -39.39 | 60.71 | 264.22 | 0.06 |
| 3200.00 | 1.33 | 250.69 | 3199.27 | -6.86 | -62.55 | -40.42 | 62.92 | 263.74 | 0.06 |
| 3300.00 | 1.47 | 249.22 | 3299.24 | -7.70 | -64.84 | -41.50 | 65.30 | 263.23 | 0.15 |
| 3400.00 | 1.62 | 247.75 | 3399.20 | -8.69 | -67.36 | -42.63 | 67.91 | 262.65 | 0.15 |
| 3500.00 | 1.61 | 247.12 | 3499.16 | -9.77 | -69.96 | -43.76 | 70.64 | 262.05 | 0.02 |
| 3600.00 | 1.60 | 246.49 | 3599.12 | -10.87 | -72.54 | -44.86 | 73.35 | 261.47 | 0.02 |
| 3700.00 | 1.60 | 247.54 | 3699.08 | -11.96 | -75.10 | -45.96 | 76.05 | 260.95 | 0.03 |
| 3800.00 | 1.60 | 248.59 | 3799.04 | -13.01 | -77.69 | -47.11 | 78.77 | 260.50 | 0.03 |
| 3900.00 | 1.62 | 253.75 | 3899.00 | -13.91 | -80.35 | -48.40 | 81.55 | 260.18 | 0.15 |
| 4000.00 | 1.65 | 258.91 | 3998.96 | -14.59 | -83.13 | -49.94 | 84.40 | 260.05 | 0.15 |
| 4100.00 | 1.67 | 257.29 | 4098.92 | -15.18 | -85.96 | -51.57 | 87.29 | 259.98 | 0.05 |
| 4200.00 | 1.69 | 255.66 | 4198.88 | -15.87 | -88.81 | -53.16 | 90.22 | 259.87 | 0.05 |
| 4300.00 | 1.71 | 254.21 | 4298.84 | -16.64 | -91.68 | -54.69 | 93.17 | 259.71 | 0.05 |
| 4400.00 | 1.73 | 252.76 | 4398.79 | -17.49 | -94.55 | -56.18 | 96.18 | 259.52 | 0.05 |
| 4500.00 | 1.81 | 258.40 | 4498.74 | -18.26 | -97.54 | -57.81 | 99.23 | 259.40 | 0.19 |
| 4600.00 | 1.90 | 264.04 | 4598.69 | -18.75 | -100.74 | -59.78 | 102.47 | 259.46 | 0.20 |
| 4700.00 | 1.85 | 263.69 | 4698.64 | -19.10 | -103.99 | -61.88 | 105.73 | 259.59 | 0.05 |
| 4800.00 | 1.80 | 263.34 | 4798.59 | -19.46 | -107.15 | -63.92 | 108.90 | 259.71 | 0.05 |
| 4900.00 | 1.84 | 266.25 | 4898.54 | -19.74 | -110.31 | -66.00 | 112.06 | 259.85 | 0.10 |
| 5000.00 | 1.89 | 269.15 | 4998.48 | -19.87 | -113.56 | -68.25 | 115.28 | 260.07 | 0.11 |
| 5100.00 | 1.84 | 270.13 | 5098.43 | -19.89 | -116.81 | -70.59 | 118.49 | 260.33 | 0.06 |
| 5200.00 | 1.80 | 271.10 | 5198.38 | -19.86 | -119.98 | -72.90 | 121.62 | 260.60 | 0.06 |
| 5300.00 | 1.87 | 276.07 | 5298.33 | -19.66 | -123.17 | -75.34 | 124.73 | 260.93 | 0.17 |
| 5400.00 | 1.94 | 281.03 | 5398.27 | -19.16 | -126.45 | -78.06 | 127.89 | 261.38 | 0.18 |

716250

LA MESA STATE "A" NO. 3H
SURFACE HOLE LOCATION
TX-SOUTH ZONE 4205
NAD 83 X=541051.549
NAD 83 Y=17202848.710
NAD 83 LAT.=27°51'26.006"N
NAD 83 LONG.=99°52'17.703"W
NAD 27 X=1556896.667
NAD 27 Y=796544.455
NAD 27 LAT.=27°51'24.980"N
NAD 27 LONG.=99°52'16.515"W
ELEV.=562.814

LA MESA STATE "A" NO. 3H
POINT OF PENETRATION
TX-SOUTH ZONE 4205
NAD 83 X=541484.817
NAD 83 Y=17202433.545
NAD 83 LAT.=27°51'21.943"N
NAD 83 LONG.=99°52'12.826"W
NAD 27 X=1557331.831
NAD 27 Y=798129.433
NAD 27 LAT.=27°51'20.917"N
NAD 27 LONG.=99°52'11.639"W

LA MESA STATE "A" NO. 3H
FIRST TAKE POINT
TX-SOUTH ZONE 4205
NAD 83 X=541502.570
NAD 83 Y=17202410.350
NAD 83 LAT.=27°51'21.773"N
NAD 83 LONG.=99°52'12.623"W
NAD 27 X=1557349.834
NAD 27 Y=798112.133
NAD 27 LAT.=27°51'20.748"N
NAD 27 LONG.=99°52'11.435"W

- WELL SYMBOL LEGEND
- OIL/GAS WELL
 - GAS WELL
 - PLUGGED OIL WELL
 - OIL WELL/POP WELL
 - PERMITTED LOCATION
 - SHUT-IN OIL WELL
 - WATER SUPPLY WELL
 - (INJECTION) DISPOSAL

LA MESA STATE "A" NO. 3H
LAST TAKE POINT
TX-SOUTH ZONE 4205
NAD 83 X=547000.345
NAD 83 Y=17197149.837
NAD 83 LAT.=27°50'30.216"N
NAD 83 LONG.=99°51'10.752"W
NAD 27 X=1562647.407
NAD 27 Y=792845.655
NAD 27 LAT.=27°50'28.850"N
NAD 27 LONG.=99°51'09.159"W

LA MESA STATE "A" NO. 3H
LATERAL TERMINUS LOCATION
TX-SOUTH ZONE 4205
NAD 83 X=547036.450
NAD 83 Y=17197115.248
NAD 83 LAT.=27°50'29.878"N
NAD 83 LONG.=99°51'10.345"W
NAD 27 X=1562893.512
NAD 27 Y=792811.066
NAD 27 LAT.=27°50'28.850"N
NAD 27 LONG.=99°51'09.159"W

LA MESA STATE "A" NO. 3H WELL
BORE SYMBOL NO. 23
SIR TO FIP=5.451345° E. 690.00'
POP TO FIP=5.481345° E. 25.00'
FIP TO LTP=5.461345° E. 7612.94'
LTP TO LTD=5.481345° E. 53.00'

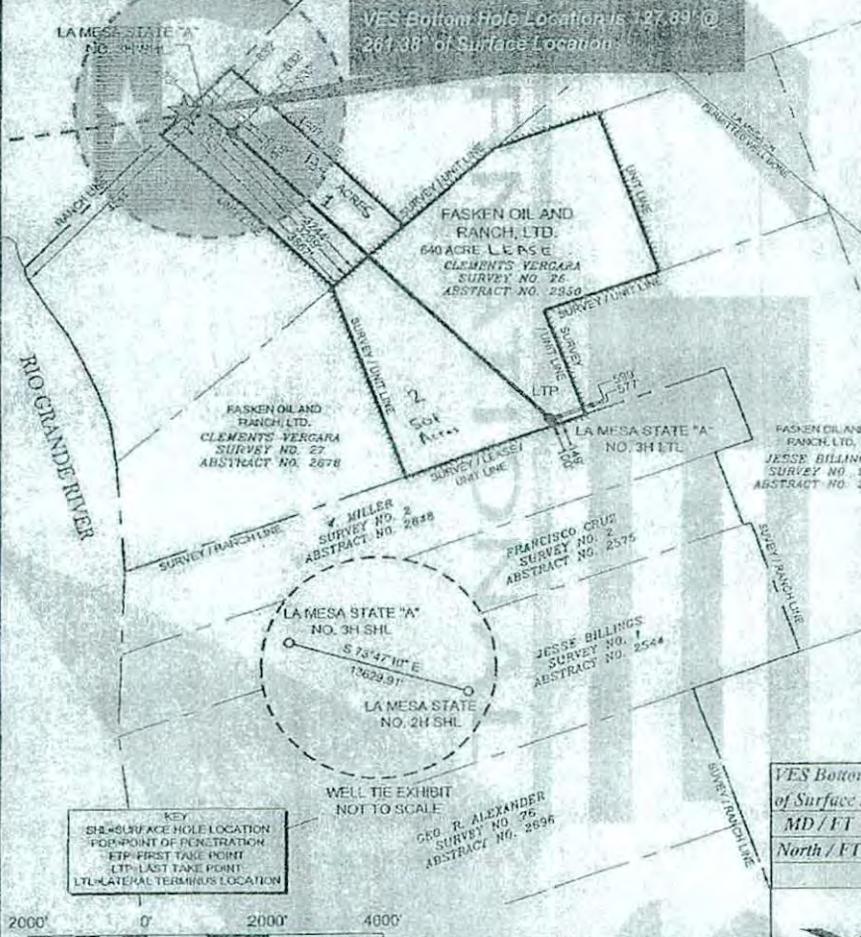
FASKEN OIL AND RANCH, LTD.
JOAQUIN GALAN
SURVEY NO. 2182
ABSTRACT NO. 65

FELIX CRUZ
SURVEY NO.
ABSTRACT NO.

FASKEN OIL AND RANCH, LTD.
CERILLO HUSTAMANTE
SURVEY NO. 30
ABSTRACT NO. 2705

FASKEN OIL AND RANCH, LTD.
JESSE BILLINGS
SURVEY NO. 25
ABSTRACT NO. 2587

VES Bottom Hole Location is 27.89' @ 261.38' of Surface Location



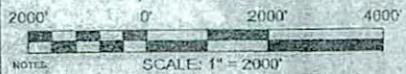
VES LEGEND

| | |
|--|----------------------------|
| | Surface Location Highlight |
| | Bottom Hole Location |
| | ° of SL Direction Line |
| | North Indicator |
| | Bottom Hole Text Box |

LA MESA STATE "A" NO. 3H SUMMARY
SHL 4264 FOWL 3927 FSEL SUR
644.3567 FFWL LEASE (OFF LEASE)
SHL 263 FFWL 832 FFWL POOLED UNIT
NON-2289 FFWL LEASE (OFF LEASE)
POP 864 FFWL 832 FFWL POOLED UNIT
FIP 2244 FFWL LEASE (OFF LEASE)
FIP 433 FFWL 832 FFWL POOLED UNIT
LTP 509 FFWL 149 FFWL LEASE
WTL 277 FFWL 105 FFWL SURVEY A-2090
WTL 571 FFWL 105 FFWL LEASE

VES Bottom Hole Location is 127.89' @ 261.38' of Surface Location

| | | | |
|------------|------------|-----------|-----------|
| MD / FT | 5,400.00 | 5,198.27 | TVD / FT |
| North / FT | South / FT | East / FT | West / FT |
| | 19.16 | | 126.45 |



NOTES
SCALE: 1" = 2000'

1.3 BEARINGS & COORDINATES SHOWN HEREON ARE REFERENCED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, NAD 27 & NAD 83 DATUM ITEMS. SOUTH ZONE 4205 DEGREE ANGLES GIVEN ON THIS MAP ARE BASED ON WGS MEASUREMENTS. (436 TX-800-482-25; V-11 (25) 94.31 NAD 83)

2.3 LATITUDE & LONGITUDE ARE NAD 83 AND NAD 27 GEOGRAPHIC.

3. THIS IS A PROPOSED WELL LOCATION PLAN AND DOES NOT REPRESENT A TRICE SECONDARY SURVEY. THIS SURVEY IS BASED ON CLOSURE AND EASEMENT INFORMATION PROVIDED BY FASKEN OIL AND RANCH, LTD. SURVEYOR DID NOT ABSTRACT SUBJECT TRACT AND THERE MAY BE EASEMENTS OR OTHER ENCUMBRANCES THAT AFFECT THE SUBJECT TRACT THAT ARE NOT SHOWN HEREON.

WELL TIE EXHIBIT
NOT TO SCALE

GEO. R. ALEXANDER
SURVEY NO. 26
ABSTRACT NO. 2596

HEREBY STATE THAT THIS PLAN SHOWS THE WELL LOCATION AS STATED ON THE GROUND

JAMES CURTIS YARGER
REGISTERED PROFESSIONAL LAND SURVEYOR
STATE OF TEXAS 5854



FASKEN OIL AND RANCH, LTD.

Railroad Commission Permit Plat

LA MESA STATE "A" NO. 3H

Shaded in the
CLEMENTE VERGARA, SURVEY NO. 26, ABSTRACT NO. 2560
and the
JOAQUIN GALAN, SURVEY NO. 2182, ABSTRACT NO. 65
Webb County, Texas
said location being N 30°50' W, 32.7 miles from the
City of Laredo, Webb County, Texas

| | | | |
|-----------------|----------------|--|------|
| DRAWN BY: GG | DATE: 10-25-13 | DWG. NO. | REV. |
| CHECKED BY: CY | DATE: 10-29-13 | 129922 LA MESA STATE "A" NO. 3H RIG PERMIT PLAT | 2 |
| SCALE: 1"=2000' | APP: | PAGE: 1 OF 1 | |

TRANSGLOBAL
SURVEYING, L.L.C.

8205 Camp Belle West, Suite 204
Fort Worth, Texas 76116
(817) 385-0652 • Fax (817) 224-3377



VES

VAUGHN ENERGY SERVICES

CERTIFICATION SHEET

State of Texas

County: NUECES

I MATT GILCHRIST certify that I am employed by *Vaughn Energy Services*. That I did

on the day/s of 2/5/14 through 2/6/14 conduct or supervise the taking of a

| | | | | |
|---|---------------|-----------------------|---------------------|--------|
| (GYROSCOPIC) | (ORIENTATION) | (MAGNETIC MULTI-SHOT) | (MAGNETIC STEERING) | survey |
|  | | | | |

from a depth of 0 feet to a depth of 5400 feet;

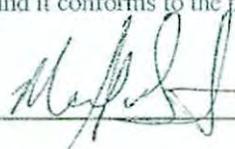
that the data is true, correct, complete and within the limitations of the tool as set forth by *Vaughn Energy Services*, that I

am authorized and qualified to make this report; that this survey was conducted at the request of

FASKEN OIL & RANCH, LTD for the LA MESA STATE 'A' Well # 3H

API # 42-479-42649 in WEBB County, Texas; and that I have

reviewed this report and find it conforms to the principles and procedures as set forth by *Vaughn Energy Services*.

Signature: 

Service Technician

Vaughn Energy Services

57007

Fasken Oil & Ranch, Ltd-GC

Webb County, Texas
James Billings, Survey 23 A-2545
La Mesa State A #3H

Wellbore #1

Survey: MWD Surveys

DDC Survey Report

28 February, 2014



57007



Date: 4/23/2014

Railroad Commission of Texas
Oil and Gas Division
1701 North Congress Avenue
Austin, Texas 78711

Attention: Pam Johns

Re: Fasken Oil & Ranch, LTD
La Mesa State A #3H
RRC Lease / ID No.
JOAQUIN GALAN
Abstract # 65
Webb County, Texas
API No. 42-479-42649

Enclosed, please find the original and one copy of the survey performed on the referenced well by The Directional Drilling Company (DDC). (P5#851499). Other information required by your office is as follows:

| <u>Name & Title of Surveyor</u> | <u>Drainhole Number</u> | <u>Surveyed Depths</u> | <u>Dates Performed</u> | <u>Type of Survey</u> |
|---|-------------------------|----------------------------|----------------------------|---------------------------|
| JJ. Pena-Alfaro | Original Hole | 8150' - 17390' | 2/13/14-2/27/14 | MWD |

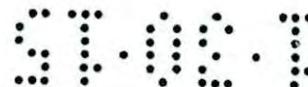
A certified plat on which the bottom hole location is oriented both to the surface location and to the lease lines (or unit lines in case of pooling) is attached to the survey report. If any other information is required, please contact the undersigned at the letterhead address and phone number.

Larry Wright
Digitally signed by Larry Wright
DN: cn=Larry Wright, o=The
Directional Drilling Company,
ou=Oil & Gas Division, email=lwright@directionaldrilling.com,
c=TX
Date: 2014.04.24 15:14:54 -0500

Enclosures

Cc: Fasken Oil & Ranch, LTD

• 11390 FM 830 • Willis, Texas 77318 •
• PH 936-856-4332 • FAX 936-856-8678 •





| | | | |
|-----------|----------------------------------|------------------------------|--------------------------------|
| Company: | Fasken Oil & Ranch, Ltd-GC | Local Co-ordinate Reference: | Well La Mesa State A #3H |
| Project: | Webb County, Texas | TVD Reference: | WELL @ 584 9usft (Orion Draco) |
| Site: | James Billings, Survey 23 A-2545 | MD Reference: | WELL @ 584 9usft (Orion Draco) |
| Well: | La Mesa State A #3H | North Reference: | Grid |
| Wellbore: | Wellbore #1 | Survey Calculation Method: | Minimum Curvature |
| Design: | Wellbore #1 | Database: | EDM 5000.1 Single User Db |

| | | | |
|-------------|---------------------------|---------------|----------------|
| Project: | Webb County, Texas | | |
| Map System: | US State Plane 1983 | System Datum: | Mean Sea Level |
| Geo Datum: | North American Datum 1983 | | |
| Map Zone: | Texas Southern Zone | | |

| | | | | | |
|-----------------------|----------------------------------|--------------|--------------------|-------------------|------------------|
| Site: | James Billings, Survey 23 A-2545 | | | | |
| Site Position: | Map | Northing: | 17,199,042.93 usft | Latitude: | 27° 50' 49.712 N |
| From: | | Easting: | 554,139.35 usft | Longitude: | 99° 49' 51.455 W |
| Position Uncertainty: | 0.0 usft | Slot Radius: | 13-3/16 " | Grid Convergence: | -0.60 " |

| | | | | | | |
|----------------------|---------------------|---------------------|-----------|--------------------|------------|------------------|
| Well: | La Mesa State A #3H | | | | | |
| Well Position | +N/-S | 0.0 usft | Northing: | 17,202,848.71 usft | Latitude: | 27° 51' 26.006 N |
| | +E/-W | 0.0 usft | Easting: | 541,051.55 usft | Longitude: | 99° 52' 17.703 W |
| Position Uncertainty | 0.0 usft | Wellhead Elevation: | usft | Ground Level: | 562.9 usft | |

| | | | | | |
|-----------|-------------|-------------|-----------------|---------------|---------------------|
| Wellbore: | Wellbore #1 | | | | |
| Magnetics | Model Name | Sample Date | Declination (°) | Dip Angle (°) | Field Strength (nT) |
| | IGRF2010 | 1/24/2014 | 5.30 | 56.49 | 46,025 |

| | | | | | |
|-------------------|-------------------------|--------------|--------------|---------------|-----|
| Design: | Wellbore #1 | | | | |
| Audit Notes: | | | | | |
| Version: | 1.0 | Phase: | ACTUAL | Tie On Depth: | 0.0 |
| Vertical Section: | Depth From (TVD) (usft) | +N/-S (usft) | +E/-W (usft) | Direction (°) | |
| | 0.0 | 0.0 | 0.0 | 132.67 | |

| | | | | |
|----------------|-----------------|---------------------------|-------------|----------------|
| Survey Program | Date: 2/28/2014 | | | |
| From (usft) | To (usft) | Survey (Wellbore) | Tool Name | Description |
| 100.0 | 5,400.0 | Gyro (Wellbore #1) | Good_gyro | Good Gyro |
| 5,500.0 | 8,150.0 | MS Gyro (Wellbore #1) | Good_gyro | Good Gyro |
| 8,279.0 | 17,390.0 | MWD Surveys (Wellbore #1) | MWD default | MWD - Standard |

| | | | | | | | | | | |
|-------------------------------|-----------------|-------------|-----------------------|--------------|--------------|-------------------------|-------------------------|------------------------|-----------------------|--|
| Survey | | | | | | | | | | |
| Measured Depth (usft) | Inclination (°) | Azimuth (°) | Vertical Depth (usft) | +N/-S (usft) | +E/-W (usft) | Vertical Section (usft) | Oogleg Rate (°/100usft) | Build Rate (°/100usft) | Turn Rate (°/100usft) | |
| TIE IN @ 8150' MD / 8145' TVD | | | | | | | | | | |
| 8,150.0 | 1.68 | 286.58 | 8,145.0 | 26.6 | -246.3 | -199.1 | 0.00 | 0.00 | 0.00 | |
| 8,279.0 | 1.90 | 281.90 | 8,273.9 | 27.6 | -250.2 | -202.7 | 0.20 | 0.17 | -3.63 | |
| 8,373.0 | 1.80 | 278.20 | 8,367.9 | 28.1 | -253.2 | -205.2 | 0.17 | -0.11 | -3.94 | |
| 8,468.0 | 1.70 | 272.20 | 8,462.8 | 28.4 | -256.0 | -207.5 | 0.22 | -0.11 | -6.32 | |
| 8,531.0 | 0.90 | 238.70 | 8,525.8 | 28.2 | -257.4 | -208.4 | 1.70 | -1.27 | -53.17 | |
| 8,563.0 | 2.60 | 152.40 | 8,557.8 | 27.4 | -257.3 | -207.8 | 8.42 | 5.31 | -269.69 | |
| 8,594.0 | 7.40 | 143.00 | 8,588.7 | 25.2 | -255.7 | -205.1 | 15.66 | 15.48 | -30.32 | |
| 8,626.0 | 12.20 | 138.80 | 8,620.2 | 21.0 | -252.3 | -199.7 | 15.16 | 15.00 | -13.13 | |





| | | | |
|-----------|----------------------------------|------------------------------|--------------------------------|
| Company: | Fasken Oil & Ranch, Ltd-GC | Local Co-ordinate Reference: | Well La Mesa State A #3H |
| Project: | Webb County, Texas | TVD Reference: | WELL @ 584.9usft (Orion Draco) |
| Site: | James Billings, Survey 23 A-2645 | MD Reference: | WELL @ 584.9usft (Orion Draco) |
| Well: | La Mesa State A #3H | North Reference: | Grid |
| Wellbore: | Wellbore #1 | Survey Calculation Method: | Minimum Curvature |
| Design: | Wellbore #1 | Database: | EDM 5000.1 Single User Db |

| Measured Depth (usft) | Inclination (°) | Azimuth (°) | Vertical Depth (usft) | +N/-S (usft) | +E/-W (usft) | Vertical Section (usft) | Dogleg Rate (°/100usft) | Build Rate (%/100usft) | Turn Rate (°/100usft) |
|-----------------------|-----------------|-------------|-----------------------|--------------|--------------|-------------------------|-------------------------|------------------------|-----------------------|
| 8,657.0 | 17.20 | 139.40 | 8,650.2 | 15.1 | -247.1 | -191.9 | 16.14 | 16.13 | 1.94 |
| 8,689.0 | 22.30 | 140.90 | 8,680.3 | 6.8 | -240.2 | -181.2 | 16.01 | 15.94 | 4.69 |
| 8,719.0 | 24.50 | 141.10 | 8,707.8 | -2.5 | -232.7 | -169.4 | 7.34 | 7.33 | 0.67 |
| 8,751.0 | 25.00 | 140.20 | 8,736.9 | -12.9 | -224.2 | -156.1 | 1.96 | 1.96 | -2.81 |
| 8,783.0 | 28.00 | 137.40 | 8,765.5 | -23.6 | -214.8 | -142.0 | 10.15 | 9.38 | -8.75 |
| 8,814.0 | 31.00 | 135.30 | 8,792.5 | -34.6 | -204.3 | -126.7 | 10.23 | 9.68 | -6.77 |
| 8,845.0 | 33.80 | 133.90 | 8,818.7 | -46.3 | -192.4 | -110.1 | 9.35 | 9.03 | -4.52 |
| 8,877.0 | 35.40 | 132.10 | 8,845.0 | -58.7 | -179.1 | -92.0 | 5.93 | 5.00 | -5.63 |
| 8,908.0 | 35.20 | 132.00 | 8,870.3 | -70.7 | -165.8 | -74.0 | 0.67 | -0.65 | -0.32 |
| 8,940.0 | 37.70 | 131.60 | 8,896.0 | -83.3 | -151.7 | -55.0 | 7.85 | 7.81 | -1.25 |
| 8,971.0 | 40.90 | 132.30 | 8,920.0 | -96.5 | -137.1 | -35.4 | 10.42 | 10.32 | 2.26 |
| 9,003.0 | 44.00 | 132.70 | 8,943.6 | -111.1 | -121.2 | -13.8 | 9.72 | 9.69 | 1.25 |
| 9,034.0 | 47.30 | 133.70 | 8,965.3 | -126.2 | -105.0 | 8.4 | 10.89 | 10.65 | 3.23 |
| 9,066.0 | 50.50 | 134.10 | 8,986.3 | -143.0 | -87.6 | 32.5 | 10.04 | 10.00 | 1.25 |
| 9,097.0 | 53.40 | 134.30 | 9,005.4 | -160.0 | -70.1 | 56.9 | 9.37 | 9.35 | 0.65 |
| 9,128.0 | 56.10 | 134.30 | 9,023.3 | -177.6 | -52.0 | 82.2 | 8.71 | 8.71 | 0.00 |
| 9,160.0 | 58.30 | 133.40 | 9,040.7 | -196.3 | -32.6 | 109.1 | 7.27 | 6.88 | -2.81 |
| 9,191.0 | 60.50 | 133.70 | 9,056.4 | -214.7 | -13.3 | 135.7 | 7.15 | 7.10 | 0.97 |
| 9,223.0 | 63.60 | 133.90 | 9,071.4 | -234.2 | 7.1 | 164.0 | 9.70 | 9.69 | 0.63 |
| 9,254.0 | 66.60 | 132.80 | 9,084.5 | -253.5 | 27.6 | 192.1 | 10.20 | 9.68 | -3.55 |
| 9,286.0 | 69.50 | 131.60 | 9,096.4 | -273.5 | 49.6 | 221.8 | 9.71 | 9.06 | -3.75 |
| 9,318.0 | 71.70 | 130.60 | 9,107.1 | -293.3 | 72.3 | 251.9 | 7.48 | 6.88 | -3.13 |
| 9,349.0 | 73.00 | 130.60 | 9,116.5 | -312.5 | 94.7 | 281.5 | 4.19 | 4.19 | 0.00 |
| 9,381.0 | 76.30 | 130.90 | 9,124.9 | -332.7 | 118.1 | 312.3 | 10.35 | 10.31 | 0.94 |
| 9,412.0 | 79.70 | 131.80 | 9,131.4 | -352.7 | 140.9 | 342.6 | 11.33 | 10.97 | 2.90 |
| 9,444.0 | 82.70 | 132.70 | 9,136.3 | -374.0 | 164.3 | 374.2 | 9.78 | 9.38 | 2.81 |
| 9,475.0 | 84.60 | 133.40 | 9,139.7 | -395.0 | 186.8 | 405.0 | 6.53 | 6.13 | 2.26 |
| 9,507.0 | 86.60 | 133.40 | 9,142.2 | -416.9 | 210.0 | 435.9 | 6.25 | 6.25 | 0.00 |
| 9,538.0 | 88.70 | 133.40 | 9,143.4 | -438.2 | 232.5 | 467.9 | 6.77 | 6.77 | 0.00 |
| 9,601.0 | 88.80 | 132.50 | 9,144.8 | -481.1 | 278.6 | 530.9 | 1.44 | 0.16 | -1.43 |
| 9,696.0 | 89.10 | 131.80 | 9,146.5 | -544.8 | 349.0 | 625.9 | 0.80 | 0.32 | -0.74 |
| 9,791.0 | 86.90 | 132.50 | 9,149.9 | -608.5 | 419.4 | 720.8 | 2.43 | -2.32 | 0.74 |
| 9,886.0 | 86.90 | 131.10 | 9,155.0 | -671.8 | 490.1 | 815.7 | 1.47 | 0.00 | -1.47 |
| 9,980.0 | 88.60 | 134.10 | 9,158.7 | -735.3 | 559.2 | 909.6 | 3.67 | 1.81 | 3.19 |
| 10,075.0 | 88.20 | 133.00 | 9,161.3 | -800.8 | 628.0 | 1,004.5 | 1.23 | -0.42 | -1.16 |
| 10,170.0 | 88.70 | 133.60 | 9,163.9 | -865.9 | 697.1 | 1,099.5 | 0.82 | 0.53 | 0.63 |
| 10,265.0 | 88.60 | 133.20 | 9,166.2 | -931.2 | 766.2 | 1,194.4 | 0.43 | -0.11 | -0.42 |
| 10,360.0 | 87.30 | 130.60 | 9,169.6 | -994.6 | 836.8 | 1,289.4 | 3.06 | -1.37 | -2.74 |
| 10,455.0 | 88.60 | 130.40 | 9,173.0 | -1,056.2 | 909.0 | 1,384.2 | 1.38 | 1.37 | -0.21 |
| 10,549.0 | 87.70 | 129.70 | 9,176.0 | -1,116.7 | 980.9 | 1,478.1 | 1.21 | -0.96 | -0.74 |
| 10,644.0 | 89.30 | 130.70 | 9,178.5 | -1,178.0 | 1,053.4 | 1,573.0 | 1.99 | 1.68 | 1.05 |
| 10,739.0 | 90.00 | 131.60 | 9,179.1 | -1,240.5 | 1,125.0 | 1,667.9 | 1.20 | 0.74 | 0.95 |
| 10,833.0 | 90.00 | 131.60 | 9,179.1 | -1,302.9 | 1,195.3 | 1,761.9 | 0.00 | 0.00 | 0.00 |





| | | | |
|-----------|----------------------------------|------------------------------|--------------------------------|
| Company: | Fasken Oil & Ranch, Ltd-GC | Local Co-ordinate Reference: | Well La Mesa State A #3H |
| Project: | Webb County, Texas | TVD Reference: | WELL @ 584.9usft (Orion Draco) |
| Site: | James Billings, Survey 23 A-2545 | MD Reference: | WELL @ 584.9usft (Orion Draco) |
| Well: | La Mesa State A #3H | North Reference: | Grid |
| Wellbore: | Wellbore #1 | Survey Calculation Method: | Minimum Curvature |
| Design: | Wellbore #1 | Database: | EDM 5000.1 Single User Db |

| Measured Depth (usft) | Inclination (°) | Azimuth (°) | Vertical Depth (usft) | +N/S (usft) | +E/W (usft) | Vertical Section (usft) | Dogleg Rate (°/100usft) | Build Rate (°/100usft) | Turn Rate (°/100usft) |
|-----------------------|-----------------|-------------|-----------------------|-------------|-------------|-------------------------|-------------------------|------------------------|-----------------------|
| 10,927.0 | 88.20 | 132.80 | 9,180.5 | -1,366.0 | 1,264.9 | 1,855.9 | 2.30 | -1.91 | 1.28 |
| 11,022.0 | 88.40 | 133.60 | 9,183.3 | -1,431.0 | 1,334.1 | 1,950.8 | 0.87 | 0.21 | 0.84 |
| 11,117.0 | 90.10 | 133.60 | 9,184.6 | -1,496.5 | 1,402.9 | 2,045.8 | 1.79 | 1.79 | 0.00 |
| 11,211.0 | 90.30 | 133.40 | 9,184.3 | -1,561.2 | 1,471.1 | 2,139.8 | 0.30 | 0.21 | -0.21 |
| 11,305.0 | 89.90 | 132.80 | 9,184.1 | -1,625.4 | 1,539.7 | 2,233.8 | 0.77 | -0.43 | -0.64 |
| 11,399.0 | 89.60 | 131.60 | 9,184.5 | -1,688.6 | 1,609.4 | 2,327.8 | 1.32 | -0.32 | -1.28 |
| 11,494.0 | 89.30 | 132.70 | 9,185.4 | -1,752.3 | 1,679.8 | 2,422.8 | 1.20 | -0.32 | 1.16 |
| 11,589.0 | 88.70 | 133.60 | 9,187.1 | -1,817.3 | 1,749.1 | 2,517.8 | 1.14 | -0.63 | 0.95 |
| 11,684.0 | 89.10 | 135.50 | 9,188.9 | -1,883.9 | 1,816.8 | 2,612.7 | 2.04 | 0.42 | 2.00 |
| 11,779.0 | 86.70 | 133.70 | 9,192.4 | -1,950.6 | 1,884.4 | 2,707.6 | 3.16 | -2.53 | -1.89 |
| 11,873.0 | 86.90 | 134.30 | 9,197.6 | -2,015.8 | 1,951.9 | 2,801.4 | 0.67 | 0.21 | 0.64 |
| 11,968.0 | 86.50 | 130.90 | 9,203.1 | -2,080.0 | 2,021.7 | 2,896.2 | 3.60 | -0.42 | -3.58 |
| 12,062.0 | 88.70 | 131.10 | 9,207.0 | -2,141.6 | 2,092.5 | 2,990.1 | 2.35 | 2.34 | 0.21 |
| 12,157.0 | 89.30 | 130.70 | 9,208.7 | -2,203.8 | 2,164.3 | 3,085.0 | 0.76 | 0.63 | -0.42 |
| 12,252.0 | 88.10 | 131.80 | 9,210.9 | -2,266.4 | 2,235.7 | 3,180.0 | 1.71 | -1.26 | 1.16 |
| 12,347.0 | 87.70 | 131.40 | 9,214.3 | -2,329.4 | 2,306.7 | 3,274.9 | 0.60 | -0.42 | -0.42 |
| 12,442.0 | 87.10 | 130.60 | 9,218.6 | -2,391.7 | 2,378.4 | 3,369.8 | 1.05 | -0.63 | -0.84 |
| 12,536.0 | 88.60 | 130.40 | 9,222.2 | -2,452.7 | 2,449.8 | 3,463.6 | 1.61 | 1.60 | -0.21 |
| 12,631.0 | 89.90 | 133.40 | 9,223.4 | -2,516.1 | 2,520.5 | 3,558.6 | 3.44 | 1.37 | 3.16 |
| 12,725.0 | 89.60 | 132.00 | 9,223.8 | -2,579.9 | 2,589.6 | 3,652.6 | 1.52 | -0.32 | -1.49 |
| 12,820.0 | 88.40 | 132.70 | 9,225.5 | -2,643.8 | 2,659.8 | 3,747.6 | 1.46 | -1.26 | 0.74 |
| 12,915.0 | 88.70 | 133.70 | 9,227.9 | -2,708.8 | 2,729.0 | 3,842.5 | 1.10 | 0.32 | 1.05 |
| 13,010.0 | 88.60 | 133.20 | 9,230.1 | -2,774.2 | 2,797.9 | 3,937.5 | 0.54 | -0.11 | -0.53 |
| 13,104.0 | 88.40 | 132.30 | 9,232.6 | -2,837.9 | 2,866.9 | 4,031.5 | 0.98 | -0.21 | -0.96 |
| 13,199.0 | 89.60 | 134.10 | 9,234.2 | -2,903.0 | 2,936.2 | 4,126.4 | 2.28 | 1.26 | 1.89 |
| 13,294.0 | 89.90 | 134.30 | 9,234.7 | -2,969.2 | 3,004.3 | 4,221.4 | 0.38 | 0.32 | 0.21 |
| 13,389.0 | 89.10 | 131.30 | 9,235.5 | -3,033.7 | 3,074.0 | 4,316.4 | 3.27 | -0.84 | -3.16 |
| 13,484.0 | 89.10 | 131.30 | 9,237.0 | -3,096.4 | 3,145.3 | 4,411.3 | 0.00 | 0.00 | 0.00 |
| 13,578.0 | 89.40 | 133.00 | 9,238.2 | -3,159.5 | 3,215.0 | 4,505.3 | 1.84 | 0.32 | 1.81 |
| 13,673.0 | 89.10 | 133.40 | 9,239.4 | -3,224.5 | 3,284.3 | 4,600.3 | 0.53 | -0.32 | 0.42 |
| 13,768.0 | 88.80 | 133.70 | 9,241.2 | -3,290.0 | 3,353.1 | 4,695.3 | 0.45 | -0.32 | 0.32 |
| 13,863.0 | 89.10 | 133.40 | 9,242.9 | -3,355.4 | 3,421.9 | 4,790.3 | 0.45 | 0.32 | -0.32 |
| 13,957.0 | 87.80 | 135.10 | 9,245.5 | -3,421.0 | 3,489.2 | 4,884.2 | 2.28 | -1.38 | 1.81 |
| 14,051.0 | 87.90 | 135.30 | 9,249.0 | -3,487.6 | 3,555.4 | 4,978.0 | 0.24 | 0.11 | 0.21 |
| 14,146.0 | 86.40 | 133.40 | 9,253.7 | -3,553.9 | 3,623.3 | 5,072.9 | 2.55 | -1.58 | -2.00 |
| 14,240.0 | 86.40 | 133.20 | 9,259.6 | -3,618.3 | 3,691.6 | 5,166.7 | 0.21 | 0.00 | -0.21 |
| 14,334.0 | 86.40 | 132.80 | 9,265.5 | -3,682.3 | 3,760.2 | 5,260.5 | 0.42 | 0.00 | -0.43 |
| 14,429.0 | 86.40 | 132.70 | 9,271.5 | -3,746.6 | 3,829.8 | 5,355.3 | 0.11 | 0.00 | -0.11 |
| 14,523.0 | 88.00 | 132.30 | 9,276.1 | -3,810.1 | 3,899.0 | 5,449.2 | 1.75 | 1.70 | -0.43 |
| 14,618.0 | 88.30 | 131.80 | 9,279.2 | -3,873.7 | 3,969.5 | 5,544.1 | 0.61 | 0.32 | -0.53 |
| 14,713.0 | 90.40 | 133.20 | 9,280.2 | -3,937.8 | 4,039.5 | 5,639.1 | 2.66 | 2.21 | 1.47 |
| 14,807.0 | 90.50 | 133.20 | 9,279.5 | -4,002.2 | 4,108.1 | 5,733.1 | 0.11 | 0.11 | 0.00 |
| 14,902.0 | 89.40 | 130.90 | 9,279.6 | -4,065.8 | 4,178.6 | 5,828.1 | 2.68 | -1.16 | -2.42 |
| 14,996.0 | 88.80 | 131.30 | 9,281.1 | -4,127.6 | 4,249.4 | 5,922.0 | 0.77 | -0.64 | 0.43 |





| | | | |
|-----------|----------------------------------|------------------------------|--------------------------------|
| Company: | Fasken Oil & Ranch, Ltd-GC | Local Co-ordinate Reference: | Well La Mesa State A #3H |
| Project: | Webb County, Texas | TVD Reference: | WELL @ 584.9usft (Orion Draco) |
| Site: | James Billings, Survey 23 A-2545 | MD Reference: | WELL @ 584.9usft (Orion Draco) |
| Well: | La Mesa State A #3H | North Reference: | Grid |
| Wellbore: | Wellbore #1 | Survey Calculation Method: | Minimum Curvature |
| Design: | Wellbore #1 | Database: | EDM 5000.1 Single User Db |

| Measured Depth (usft) | Inclination (°) | Azimuth (°) | Vertical Depth (usft) | +N/-S (usft) | +E/-W (usft) | Vertical Section (usft) | Dogleg Rate (°/100usft) | Build Rate (°/100usft) | Turn Rate (°/1000-ft) |
|----------------------------|-----------------|-------------|-----------------------|--------------|--------------|-------------------------|-------------------------|------------------------|-----------------------|
| 15,091.0 | 89.60 | 132.80 | 9,282.4 | -4,191.2 | 4,320.0 | 6,017.0 | 1.79 | 0.84 | 1.58 |
| 15,185.0 | 88.90 | 130.40 | 9,283.6 | -4,253.6 | 4,390.2 | 6,111.0 | 2.66 | -0.74 | -2.55 |
| 15,280.0 | 88.00 | 130.00 | 9,286.2 | -4,314.9 | 4,462.8 | 6,205.9 | 1.04 | -0.95 | -0.42 |
| 15,374.0 | 88.00 | 130.20 | 9,289.5 | -4,375.4 | 4,534.6 | 6,299.7 | 0.21 | 0.00 | 0.21 |
| 15,468.0 | 88.30 | 127.40 | 9,292.5 | -4,434.3 | 4,607.8 | 6,393.4 | 2.99 | 0.32 | -2.98 |
| 15,526.0 | 88.70 | 127.20 | 9,294.0 | -4,469.4 | 4,654.0 | 6,451.2 | 0.77 | 0.69 | -0.34 |
| 15,621.0 | 87.90 | 131.40 | 9,296.8 | -4,529.5 | 4,727.4 | 6,545.9 | 4.50 | -0.84 | 4.42 |
| 15,715.0 | 89.20 | 136.90 | 9,299.2 | -4,595.0 | 4,794.8 | 6,639.8 | 6.01 | 1.38 | 5.85 |
| 15,810.0 | 88.50 | 135.70 | 9,301.1 | -4,663.6 | 4,860.5 | 6,734.6 | 1.46 | -0.74 | -1.26 |
| 15,904.0 | 87.80 | 134.30 | 9,304.2 | -4,730.1 | 4,926.9 | 6,828.5 | 1.66 | -0.74 | -1.49 |
| 15,999.0 | 88.20 | 135.80 | 9,307.5 | -4,797.2 | 4,994.0 | 6,923.4 | 1.63 | 0.42 | 1.58 |
| 16,093.0 | 88.40 | 134.40 | 9,310.3 | -4,863.8 | 5,060.3 | 7,017.2 | 1.50 | 0.21 | -1.49 |
| 16,187.0 | 87.70 | 135.30 | 9,313.5 | -4,930.1 | 5,126.9 | 7,111.1 | 1.21 | -0.74 | 0.96 |
| 16,281.0 | 87.40 | 133.90 | 9,317.5 | -4,996.0 | 5,193.7 | 7,205.0 | 1.52 | -0.32 | -1.49 |
| 16,376.0 | 88.90 | 135.10 | 9,320.5 | -5,062.5 | 5,261.5 | 7,299.9 | 2.02 | 1.58 | 1.26 |
| 16,471.0 | 88.90 | 134.30 | 9,322.4 | -5,129.4 | 5,329.0 | 7,394.8 | 0.84 | 0.00 | -0.84 |
| 16,565.0 | 89.30 | 136.90 | 9,323.8 | -5,196.5 | 5,394.7 | 7,488.6 | 2.80 | 0.43 | 2.77 |
| 16,660.0 | 89.20 | 137.60 | 9,325.1 | -5,266.3 | 5,459.2 | 7,583.3 | 0.74 | -0.11 | 0.74 |
| 16,754.0 | 89.10 | 133.70 | 9,326.5 | -5,333.5 | 5,524.9 | 7,677.2 | 4.15 | -0.11 | -4.15 |
| 16,849.0 | 88.70 | 134.80 | 9,328.3 | -5,399.7 | 5,592.9 | 7,772.1 | 1.23 | -0.42 | 1.16 |
| 16,944.0 | 88.40 | 131.60 | 9,330.7 | -5,464.7 | 5,662.2 | 7,867.1 | 3.38 | -0.32 | -3.37 |
| 17,038.0 | 88.50 | 130.60 | 9,333.3 | -5,526.5 | 5,733.0 | 7,961.0 | 1.07 | 0.11 | -1.06 |
| 17,132.0 | 88.60 | 130.20 | 9,335.6 | -5,587.4 | 5,804.5 | 8,054.9 | 0.44 | 0.11 | -0.43 |
| 17,227.0 | 88.60 | 129.70 | 9,338.0 | -5,648.4 | 5,877.3 | 8,149.8 | 0.53 | 0.00 | -0.53 |
| 17,321.0 | 88.60 | 128.80 | 9,340.2 | -5,707.8 | 5,950.1 | 8,243.6 | 0.96 | 0.00 | -0.96 |
| TD @ 17390' MD / 9342' TVD | | | | | | | | | |
| 17,390.0 | 88.60 | 128.80 | 9,341.9 | -5,751.1 | 6,003.9 | 8,312.4 | 0.00 | 0.00 | 0.00 |

| Measured Depth (usft) | Vertical Depth (usft) | Local Coordinates | | Comment |
|-----------------------|-----------------------|-------------------|--------------|-------------------------------|
| | | +N/-S (usft) | +E/-W (usft) | |
| 8,150.0 | 8,145.0 | 26.6 | -246.3 | TIE IN @ 8150' MD / 8145' TVD |
| 17,390.0 | 9,341.9 | -5,751.1 | 6,003.9 | TD @ 17390' MD / 9342' TVD |

Checked By: _____ Approved By: _____ Date: _____



LA MESA STATE "A" NO. 3H SURFACE HOLE LOCATION TX-SOUTH ZONE 4205
 NAD 83 X=541051.549
 NAD 83 Y=17202848.710
 NAD 83 LAT =27°51'26.006"N
 NAD 83 LONG =99°52'17.703"W
 NAD 27 X=1556898.667
 NAD 27 Y=798544.495
 NAD 27 LAT =27°51'24.980"N
 NAD 27 LONG =99°52'16.515"W
 ELEV =562.914

LA MESA STATE "A" NO. 3H POINT OF PENETRATION TX-SOUTH ZONE 4205
 NAD 83 X=541484.817
 NAD 83 Y=17202433.645
 NAD 83 LAT =27°51'21.943"N
 NAD 83 LONG =99°52'12.826"W
 NAD 27 X=1557331.931
 NAD 27 Y=798129.433
 NAD 27 LAT =27°51'20.917"N
 NAD 27 LONG =99°52'11.638"W

LA MESA STATE "A" NO. 3H FIRST TAKE POINT TX-SOUTH ZONE 4205
 NAD 83 X=541502.870
 NAD 83 Y=17202416.350
 NAD 83 LAT =27°51'21.773"N
 NAD 83 LONG =99°52'12.623"W
 NAD 27 X=1557349.984
 NAD 27 Y=798112.138
 NAD 27 LAT =27°51'20.748"N
 NAD 27 LONG =99°52'11.435"W

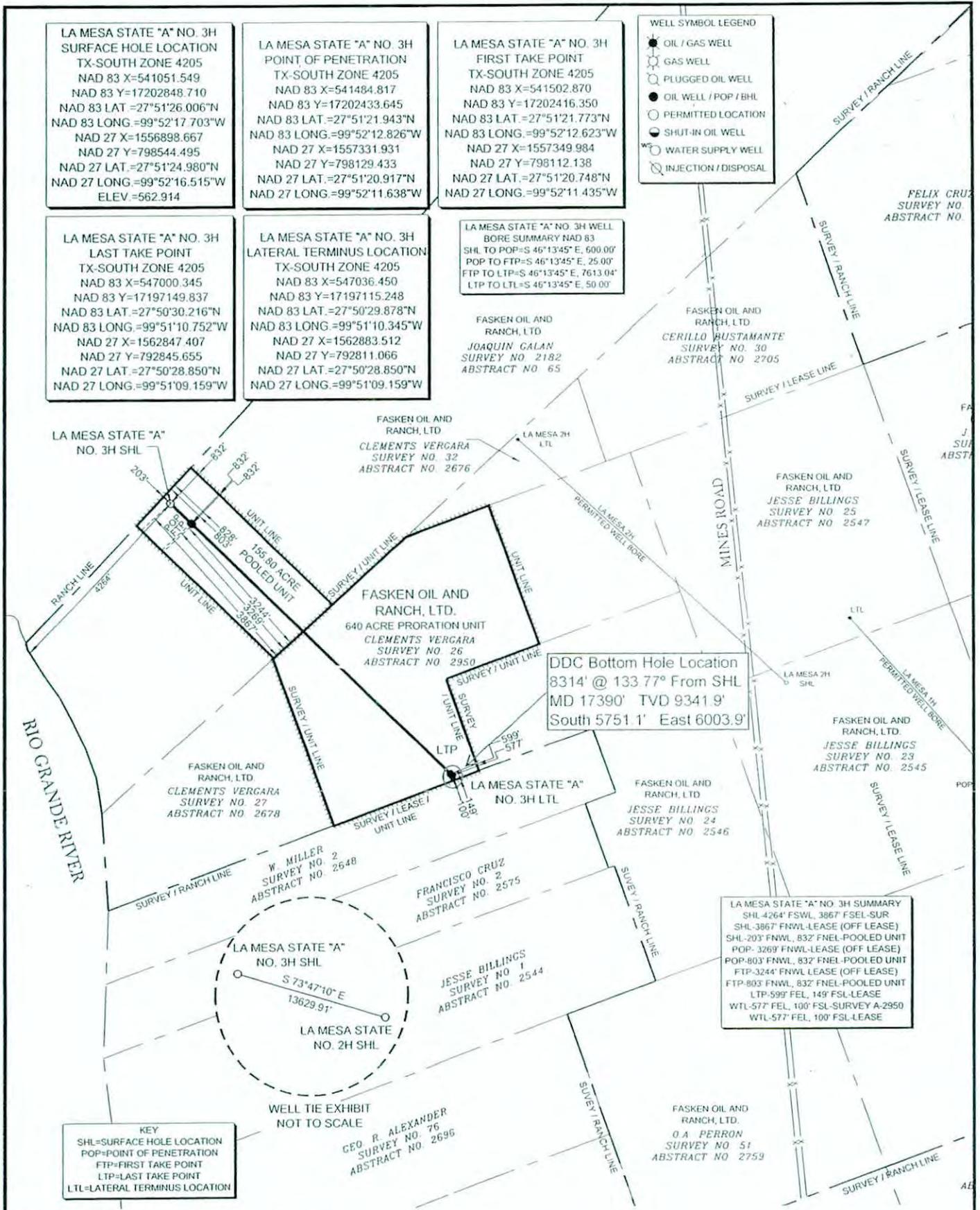
WELL SYMBOL LEGEND

- OIL / GAS WELL
- GAS WELL
- PLUGGED OIL WELL
- OIL WELL / POP / BHL
- PERMITTED LOCATION
- SHUT-IN OIL WELL
- WATER SUPPLY WELL
- INJECTION / DISPOSAL

LA MESA STATE "A" NO. 3H LAST TAKE POINT TX-SOUTH ZONE 4205
 NAD 83 X=547000.345
 NAD 83 Y=17197149.837
 NAD 83 LAT =27°50'30.216"N
 NAD 83 LONG =99°51'10.752"W
 NAD 27 X=1562847.407
 NAD 27 Y=792845.655
 NAD 27 LAT =27°50'28.850"N
 NAD 27 LONG =99°51'09.159"W

LA MESA STATE "A" NO. 3H LATERAL TERMINUS LOCATION TX-SOUTH ZONE 4205
 NAD 83 X=547036.450
 NAD 83 Y=17197115.248
 NAD 83 LAT =27°50'29.878"N
 NAD 83 LONG =99°51'10.345"W
 NAD 27 X=1562883.512
 NAD 27 Y=792811.066
 NAD 27 LAT =27°50'28.850"N
 NAD 27 LONG =99°51'09.159"W

LA MESA STATE "A" NO. 3H WELL BORE SUMMARY NAD 83
 SHL TO POP=S 46°13'45" E, 600.00'
 POP TO FTP=S 46°13'45" E, 25.00'
 FTP TO LTP=S 46°13'45" E, 7613.04'
 LTP TO LTL=S 46°13'45" E, 50.00'



LA MESA STATE "A" NO. 3H SHL

FASKEN OIL AND RANCH, LTD
 CLEMENTS VERGARA SURVEY NO. 32
 ABSTRACT NO. 2676

LA MESA 3H LTL

FASKEN OIL AND RANCH, LTD
 CERILLO BUSTAMANTE SURVEY NO. 30
 ABSTRACT NO. 2705

FASKEN OIL AND RANCH, LTD
 JESSE BILLINGS SURVEY NO. 25
 ABSTRACT NO. 2547

FASKEN OIL AND RANCH, LTD.
 640 ACRE PRORATION UNIT
 CLEMENTS VERGARA SURVEY NO. 26
 ABSTRACT NO. 2950

DDC Bottom Hole Location
 8314' @ 133.77° From SHL
 MD 17390' TVD 9341.9'
 South 5751.1' East 6003.9'

LA MESA 3H SHL

FASKEN OIL AND RANCH, LTD.
 JESSE BILLINGS SURVEY NO. 23
 ABSTRACT NO. 2545

FASKEN OIL AND RANCH, LTD.
 CLEMENTS VERGARA SURVEY NO. 27
 ABSTRACT NO. 2678

FASKEN OIL AND RANCH, LTD
 JESSE BILLINGS SURVEY NO. 24
 ABSTRACT NO. 2546

W. MILLER SURVEY NO. 2
 ABSTRACT NO. 2648

FRANCISCO CRUZ SURVEY NO. 2
 ABSTRACT NO. 2575

JESSE BILLINGS SURVEY NO. 1
 ABSTRACT NO. 2544

LA MESA STATE "A" NO. 3H SHL
 S 73°47'10" E
 13629.91'

LA MESA STATE NO. 2H SHL

WELL TIE EXHIBIT NOT TO SCALE

GEO. R. ALEXANDER SURVEY NO. 76
 ABSTRACT NO. 2696

FASKEN OIL AND RANCH, LTD.
 O.A. PERRON SURVEY NO. 51
 ABSTRACT NO. 2759

LA MESA STATE "A" NO. 3H SUMMARY
 SHL 4264' FSWL 3867' FSEL-SUR
 SHL 3867' FNWL-LEASE (OFF LEASE)
 SHL 203' FNWL, 832' FSEL-POOLED UNIT
 POP-3269' FNWL-LEASE (OFF LEASE)
 POP-803' FNWL, 832' FSEL-POOLED UNIT
 FTP-3244' FNWL LEASE (OFF LEASE)
 FTP-803' FNWL, 832' FSEL-POOLED UNIT
 LTP-599' FEL, 149' FSL-LEASE
 WTL-577' FEL, 100' FSL-SURVEY A-2950
 WTL-577' FEL, 100' FSL-LEASE

KEY
 SHL=SURFACE HOLE LOCATION
 POP=POINT OF PENETRATION
 FTP=FIRST TAKE POINT
 LTP=LAST TAKE POINT
 LTL=LATERAL TERMINUS LOCATION



- NOTES:
- 1.) BEARINGS & COORDINATES SHOWN HEREON ARE REFERENCED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, NAD 27 & NAD 83 DATUM (TEXAS SOUTH ZONE 4205) DERIVED FROM GPS OBSERVATIONS AND ARE BASED ON NGS MONUMENT F-1436 (X=650,452.29, Y=17,255,944.91 NAD 83)
 - 2.) LATITUDE & LONGITUDE ARE NAD 83 AND NAD 27 GEOGRAPHIC.
 - 3.) THIS IS A PROPOSED WELL LOCATION PLAT AND DOES NOT REPRESENT A TRUE BOUNDARY SURVEY. THIS SURVEY IS BASED ON OWNERSHIP AND EASEMENT INFORMATION PROVIDED BY FASKEN OIL AND RANCH, LTD. SURVEYOR DID NOT ABSTRACT SUBJECT TRACT AND THERE MAY BE EASEMENTS

I HEREBY STATE THAT THIS PLAT SHOWS THE WELL LOCATION AS STAKED ON THE GROUND

James Curtis Farger
 JAMES CURTIS FARGER
 REGISTERED PROFESSIONAL LAND SURVEYOR
 STATE OF TEXAS #9584

FASKEN OIL AND RANCH, LTD.

Registered Professional Land Surveyor
 State of Texas Permit Plat

LA MESA STATE "A" NO. 3H



I **Larry Wright**, certify that I am employed by **The Directional Drilling Company (DDC)**. That I did on the day(s) of **2/13/14** thru **2/27/14** conduct or supervise the taking of a **MWD Survey** from a depth of **8150'** to a depth of **17390'**; that the data is true, correct, complete and within the limitations of the tool as set forth by **The Directional Drilling Company (DDC)**.; that I am authorized and qualified to make this report; that this survey was conducted at the request of **Fasken Oil & Ranch, LTD** for the **La Mesa State A #3H** API No. **42-479-42649** in **Webb, County Texas**; and that I have reviewed this report and find that it conforms to the principles and procedures as set forth by **The Directional Drilling Company (DDC)**.

Larry Wright

Digitally signed by Larry Wright
DN: cn=Larry Wright, o=The
Directional Drilling Company,
ou=GM of Guidance Services,
email=larryw@directionaldrillers
com, c=US
Date: 2014.04.24 15:15:08 -0500

• 11390 FM 830 • Willis, Texas 77318 •
• PH 936-856-4332 • FAX 936-856-8678 •



CF

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

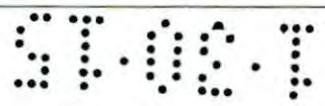
Form W-15
Cementing Report
Rev. 4/1/83
483-045

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

| | | | |
|---|---------------------------------------|---|---------------------------------------|
| 1. Operator's Name (As shown on Form P-5, Organization Report) Fasken Oil and Ranch, Ltd. | 2. RRC Operator No. 263696 | 3. RRC District No. 01 | 4. County of Well Site Webb |
| 5. Field Hawkville (Eagleford Shale) | 6. API No. 42 479-42649 | 7. Drilling Permit No. 776250 | |
| 8. Lease Name La Mesa State "A" | 9. Rule 37 Case No. 0286659 | 10. Oil Lease/Gas ID No. | 11. Well No. 3H |

| CASING CEMENTING DATA: | SURFACE CASING | INTER-MEDIATE CASING | PRODUCTION CASING | | MULTI-STAGE CEMENTING PROCESS | |
|---|------------------------------------|----------------------|-------------------|---------------------------|-------------------------------|------|
| | | | Single String | Multiple Parallel Strings | Tool | Shoe |
| 12. Cementing Date | 1/21/2014 | | | | | |
| 13. ● Drilling hole size | 12 1/4 | | | | | |
| ● Est. % wash or hole enlargement | 75% | | | | | |
| 14. Size of casing (in. O.D.) | 9 5/8 | | | | | |
| 15. Top of liner (ft.) | | | | | | |
| 16. Setting depth (ft.) | 4051' | | | | | |
| 17. Number of centralizers used | 20 | | | | | |
| 18. Hrs. waiting on cement before drill-out | 24 | | | | | |
| 1st Slurry | 19. API cement used No. of sacks | 819 | | | | |
| | Class | Poz/A | | | | |
| | Additives | Remarks | | | | |
| 2nd Slurry | No. of sacks | 402 | | | | |
| | Class | Class A | | | | |
| | Additives | Remarks | | | | |
| 3rd Slurry | No. of sacks | | | | | |
| | Class | | | | | |
| | Additives | | | | | |
| 1st | 20. Slurry pumped Volume (cu. ft.) | 1777.2 | | | | |
| | Height (ft.) | 3218.2 | | | | |
| 2nd | Volume (cu. ft.) | 478.4 | | | | |
| | Height (ft.) | 837.2 | | | | |
| 3rd | Volume (cu. ft.) | | | | | |
| | Height (ft.) | | | | | |
| Total | Volume (cu. ft.) | 2255.6 | | | | |
| | Height (ft.) | 4055.4 | | | | |
| 21. Was cement circulated to ground surface (or bottom of cellar) outside casing? | YES | | | | | |

22. Remarks
1st Lead System- Class A + D35 + 5.5%D020 + 3%D44 + 0.2%D46 + 0.3%D13 + 0.25 ppsD29
2nd Tail System- Class A + 0.3%D13 + 0.3%D20
3rd Top out- Class A Neat Circulated 3065x



8

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

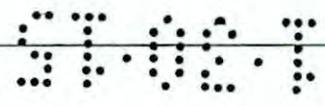
Form W-15
Cementing Report
Rev. 4/1/83
483-045

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

| | | | |
|--|---------------------------------------|---|---------------------------------------|
| 1. Operator's Name (As shown on Form P-5, Organization Report) Fasken Oil and Ranch , Ltd. | 2. RRC Operator No. 263696 | 3. RRC District No. 01 | 4. County of Well Site Webb |
| 5. Field Hawville (Eagleford Shale) | 6. API No. 42-479-42649 | 7. Drilling Permit No. 776250 | |
| 8. Lease Name La Mesa State "A" | 9. Rule 37 Case No. 0286659 | 10. Oil Lease/Gas ID No. | 11. Well No. 3H |

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

22. Remarks
1st
2nd
3rd



CF

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

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

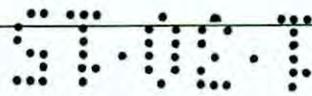
RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

| | | | |
|---|---------------------------------------|---|---------------------------------------|
| 1. Operator's Name (As shown on Form P-5, Organization Report) Fasken Oil and Ranch, Ltd. | 2. RRC Operator No. 263696 | 3. RRC District No. 1 | 4. County of Well Site Webb |
| 5. Field Hawkville (Eagleford Shale) | 6. API No. 42- 479-42649 | 7. Drilling Permit No. 776250 | |
| 8. Lease Name La Mesa State "A" | 9. Rule 37 Case No. 0286659 | 10. Oil Lease/Gas ID No. | 11. Well No. 3H |

| CASING CEMENTING DATA: | SURFACE CASING | INTER-MEDIATE CASING | PRODUCTION CASING | | MULTI-STAGE CEMENTING PROCESS | |
|---|------------------------------|----------------------|-------------------|---------------------------|-------------------------------|------|
| | | | Single String | Multiple Parallel Strings | Tool | Shoe |
| 12. Cementing Date | | 2/10/14 | | | | |
| 13. ●Drilling hole size | | 8 3/4" | | | | |
| ●Est. % wash or hole enlargement | | | | | | |
| 14. Size of casing (in. O.D.) | | 7" | | | | |
| 15. Top of liner (ft.) | | | | | | |
| 16. Setting depth (ft.) | | 8196' | | | | |
| 17. Number of centralizers used | | 22 | | | | |
| 18. Hrs. waiting on cement before drill-out | | 24 | | | | |
| 19. 1st Slurry | AP cement used: No. of sacks | 683 | | | | |
| | Class | PozH | | | | |
| | Additives | See Remarks | | | | |
| 2nd Slurry | No. of sacks | 205 | | | | |
| | Class | Class H | | | | |
| | Additives | See Remarks | | | | |
| 3rd Slurry | No. of sacks | | | | | |
| | Class | | | | | |
| | Additives | | | | | |
| 20. Slurry pumped | Volume (cu ft.) | 785.45 | | | | |
| | Height (ft.) | 5072 | | | | |
| 21a | Volume (cu ft.) | 289.05 | | | | |
| | Height (ft.) | 1858 | | | | |
| 21b | Volume (cu ft.) | | | | | |
| | Height (ft.) | | | | | |
| 21c | Volume (cu ft.) | 1074.5 | | | | |
| | Height (ft.) | 6932 | | | | |
| 21. Was cement circulated to ground surface (or bottom of cellar) outside casing? | | NO | | no | | |

22. Rem

Lead System- D909 + D035 + D020 1.5% + D046 0.2% + D198 0.05% D065 0.2% D029 0.1%
Tail System- D909 + D066 35% D167 0.4% + D065 0.2% + D046 0.2% + D198 0.12%



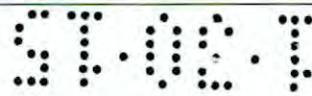
Cementor: Fill in shaded areas
 Operator: Fill in other items

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

RAILROAD COMMISSION OF TEXAS
 Oil and Gas Division

| | | | |
|---|---------------------------------------|---|---------------------------------------|
| 1. Operator's Name (As shown on Form P-5, Organization Report) Fasken Oil and Ranch, Ltd. | 2. RRC Operator No. 263696 | 3. RRC District No. 01 | 4. County of Well Site Webb |
| 5. F Field Hawkville (Eagleford Shale) | 6. API No. 42 479-42649 | 7. Drilling Permit No. 776250 | |
| 8. Lease Name La Mesa State 'A' | 9. Rule 37 Case No. 0286659 | 10. Oil Lease/Gas ID No. | 11. Well No. 3H |

| CASING CEMENTING DATA: | SURFACE CASING | INTER-MEDIATE CASING | PRODUCTION CASING | | MULTI-STAGE CEMENTING PROCESS | |
|---|---|----------------------|-------------------|---------------------------|-------------------------------|------|
| | | | Single String | Multiple Parallel Strings | Tool | Shoe |
| 12. Cementing Date | | | 3/3/2014 | | | |
| 13. ● Drilling hole size | | | 6 1/8" | | | |
| ● Est. % wash or hole enlargement | | | 15 | | | |
| 14. Size of casing (in. O.D.) | | | 4 1/2" | | | |
| 15. Top of liner (ft.) | | | | | | |
| 16. Setting depth (ft.) | | | 17,372' | | | |
| 17. Number of centralizers used | | | 220 | | | |
| 18. Hrs. waiting on cement before drill-out | | | 24 | | | |
| 1st String | 19. API cement used: No. of sacks | | 429 | | | |
| | Class | | Poz/H | | | |
| | Additives | | Remarks | | | |
| 2nd String | No. of sacks | | 779 | | | |
| | Class | | Class H | | | |
| | Additives | | Remarks | | | |
| 3rd String | No. of sacks | | | | | |
| | Class | | | | | |
| | Additives | | | | | |
| 1st | 20. Slurry pumped Volume (cu. ft.) | | 501.9 | | | |
| | Height (ft.) | | 4906.5 | | | |
| 2nd | Volume (cu. ft.) | | 1106.2 | | | |
| | Height (ft.) | | 10201.6 | | | |
| 3rd | Volume (cu. ft.) | | | | | |
| | Height (ft.) | | | | | |
| Total | Volume (cu. ft.) | | 1608.1 | | | |
| | Height (ft.) | | 15008.1 | | | |
| 21. Was cement circulated to ground surface (or bottom of cellar) outside casing? | | | No | | | |
| 22. Remarks | | | | | | |
| 1st | Lead System- 50/50 Class H + D35 + 3.5%D020 + 0.2%D46 + 0.3%D65 + 0.3%D198 | | | | | |
| 2nd | Tail System- Class H + 35%D66 + 0.2%D46 + 0.4%D167 + 0.25%D153 + 0.13%D65 + 0.72%D198 | | | | | |
| 3rd | Top out- 0 | | | | | |



Tracking No.: 123832

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

Instructions

When to File Form L-1:

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

When is Form L-1 NOT required:

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

Where to File Form L-1:

- with the appropriate Commission district office

Filling out Form L-1:

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

Type of log required:

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

SECTION I. IDENTIFICATION

| | | |
|---|----------------------------|-----------------------------|
| Operator Name: FASKEN OIL AND RANCH, LTD. | District No. 01 | Completion Date: 05/18/2014 |
| Field Name HAWKVILLE (EAGLEFORD SHALE) | Drilling Permit No. 776250 | |
| Lease Name LA MESA STATE 'A' | Lease/ID No. | Well No. 3H |
| County WEBB | API No. 42- 479-42649 | |

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). _____

Kim Tyson
Signature
FASKEN OIL AND RANCH, LTD.
Name (print)

Title
(432) 687-1777 EXT 2043 01/21/2015
Phone Date

-FOR RAILROAD COMMISSION USE ONLY-



42-479-42649

Groundwater
Advisory Unit

GROUNDWATER PROTECTION DETERMINATION

Date **November 15, 2013** GAU File No.: SC- **17334**

API Number **47900000**

Attention: **KIM TYSON**

RRC Lease No. **000000**

SC_263696_47900000_000000_17334.pdf

FASKEN OIL & RANCH LTD
6101 HOLIDAY HILL RD
MIDLAND TX 79707

P-5# 263696

--Measured--
3867 ft FSEL
4264 ft FSWL
MRL: SURVEY

| | |
|-----------------------|----------------|
| Digital Map Location: | |
| X-coord/Long | 1556896 |
| Y-coord/Lat | 798544 |
| Datum | 27 |
| Zone | S |

County **WEBB** Lease & Well No. **LA MESA #3H** Purpose **ND**

Location **SUR-GALAN J., A-65, -- [TD=9000], [RRC 4],**

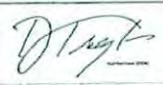
To protect usable-quality groundwater at this location, the Groundwater Advisory Unit of the Texas Railroad Commission recommends:

The base of usable-quality water that must be protected is estimated to occur at a depth of 4000 feet below the land surface. Moreover, the interval from the land surface to a depth of 500 feet and the fresh water contained in the CARRIZO from a depth of 900 feet to 1500 feet must be isolated from water in underlying and overlying beds.

Note: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide uses. 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 512-463-2741, gau@rrc.state.tx.us, or by mail

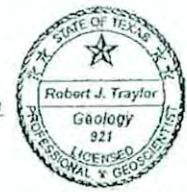
Sincerely,


Digitally signed by Robert J. Traylor
DN: cn=ROBERT J. TRAYLOR, o=Groundwater
Advisory Unit, ou=Robert J. Traylor,
email=robert.traylor@rrc.state.tx.us
Date: 2013.11.15 11:29:32 -0600

Robert J. Traylor, P.G.

Geologist, Groundwater Advisory Unit
Oil & Gas Division

GEOLOGIST SEAL



The seal appearing on this document was authorized by Robert J. Traylor on 11/15/2013
Note: Alteration of this electronic document will invalidate the digital signature.



STATEMENT OF PRODUCTIVITY OF ACREAGE
ASSIGNED TO PRORATION UNITS

Form P-15

Tracking No.: 123832

This facsimile P-15 was generated electronically
from data submitted to the RRC.

The undersigned states that he is authorized to make this statement; that he has knowledge of the facts concerning the FASKEN OIL AND RANCH, LTD. _____ ,

LA MESA STATE 'A' _____ , No. 3H _____ ; that such well is
LEASE OPERATOR WELL

completed in the HAWKVILLE (EAGLEFORD SHALE) Field, WEBB 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 _____

640.0 _____ 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,

Date 01/21/2015 _____ Signature Kim Tyson _____

Telephone (432) 687-1777 EXT 2043 _____ Title _____
AREA CODE

57.00.7

LA MESA STATE "A" NO. 3H SURFACE HOLE LOCATION TX-SOUTH ZONE 4205
 NAD 83 X=541051.549
 NAD 83 Y=17202848.710
 NAD 83 LAT.=27°51'26.006"N
 NAD 83 LONG.=99°52'17.703"W
 NAD 27 X=1556898.667
 NAD 27 Y=798544.495
 NAD 27 LAT.=27°51'24.980"N
 NAD 27 LONG.=99°52'16.515"W
 ELEV.=562.914

LA MESA STATE "A" NO. 3H POINT OF PENETRATION TX-SOUTH ZONE 4205
 NAD 83 X=541169.647
 NAD 83 Y=17202516.051
 NAD 83 LAT.=27°51'22.725"N
 NAD 83 LONG.=99°52'16.347"W
 NAD 27 X=1557016.764
 NAD 27 Y=798211.840
 NAD 27 LAT.=27°51'21.699"N
 NAD 27 LONG.=99°52'15.159"W

WELL SYMBOL LEGEND
 OIL / GAS WELL
 GAS WELL
 PLUGGED OIL WELL
 OIL WELL / POP / BHL
 PERMITTED LOCATION
 SHUT-IN OIL WELL
 WATER SUPPLY WELL
 INJECTION / DISPOSAL

LA MESA STATE "A" NO. 3H LAST TAKE POINT TX-SOUTH ZONE 4205
 NAD 83 X=546928.884
 NAD 83 Y=17197200.321
 NAD 83 LAT.=27°50'30.709"N
 NAD 83 LONG.=99°51'11.554"W
 NAD 27 X=1562775.947
 NAD 27 Y=792896.138
 NAD 27 LAT.=27°50'29.281"N
 NAD 27 LONG.=99°51'10.368"W

LA MESA STATE "A" NO. 3H LATERAL TERMINUS LOCATION TX-SOUTH ZONE 4205
 NAD 83 X=547055.413
 NAD 83 Y=17197097.642
 NAD 83 LAT.=27°50'29.705"N
 NAD 83 LONG.=99°51'10.132"W
 NAD 27 X=1562902.475
 NAD 27 Y=792793.460
 NAD 27 LAT.=27°50'28.678"N
 NAD 27 LONG.=99°51'08.946"W

LA MESA STATE "A" NO. 3H WELL BORE SUMMARY NAD 83
 SHL TO POP/FTP=S 19°32'44" E, 353.00'
 FTP TO LTP=S 47°17'38" E, 7837.46'
 LTP TO LTL=S 50°58'26" E, 162.95'

FASKEN OIL AND RANCH, LTD.
 JOAQUIN GALAN SURVEY NO. 2182
 ABSTRACT NO. 65

FASKEN OIL AND RANCH, LTD.
 CERILLO BUSTAMANTE SURVEY NO. 30
 ABSTRACT NO. 2705

LA MESA STATE "A" NO. 3H SHL

FASKEN OIL AND RANCH, LTD.
 CLEMENTE VERGARA SURVEY NO. 32
 ABSTRACT NO. 2676

LA MESA 2H LTL

FASKEN OIL AND RANCH, LTD.
 CLEMENTE VERGARA SURVEY NO. 27
 ABSTRACT NO. 2678

FASKEN OIL AND RANCH, LTD.
 CLEMENTE VERGARA SURVEY NO. 26
 ABSTRACT NO. 2950

LA MESA 2H SHL

FASKEN OIL AND RANCH, LTD.
 CLEMENTE VERGARA SURVEY NO. 27
 ABSTRACT NO. 2678

FASKEN OIL AND RANCH, LTD.
 CLEMENTE VERGARA SURVEY NO. 26
 ABSTRACT NO. 2950

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 ABSTRACT NO. 2950

LA MESA 2H SHL

FASKEN OIL AND RANCH, LTD.
 CLEMENTE VERGARA SURVEY NO. 27
 ABSTRACT NO. 2678

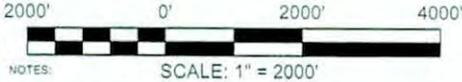
FASKEN OIL AND RANCH, LTD.
 CLEMENTE VERGARA SURVEY NO. 26
 ABSTRACT NO. 2950

LA MESA 2H SHL

LA MESA STATE "A" NO. 3H SUMMARY
 SHL-4280' FSWL, 3908' FSEL-SUR
 SHL-203' FNWL-LEASE (OFF LEASE)
 SHL-203' FNWL, 832' FNEL-POOLED UNIT
 POP/FTP, 3585' FNWL-LEASE (OFF LEASE)
 POP/FTP-3585' FNWL, 990' FNEL-POOLED UNIT
 LTP-849' FEL, 217' FSL-LEASE
 LTL-565' FEL, 81' FSL-SURVEY A-2950
 LTL-565' FEL, 81' FSL-LEASE

KEY
 SHL=SURFACE HOLE LOCATION
 POP=POINT OF PENETRATION
 FTP=FIRST TAKE POINT
 LTP=LAST TAKE POINT
 LTL=LATERAL TERMINUS LOCATION

WELL TIE EXHIBIT
 NOT TO SCALE
 GEO. R. ALEXANDER
 SURVEY NO. 76
 ABSTRACT NO. 2696



NOTES:
 1.) BEARINGS & COORDINATES SHOWN HEREON ARE REFERENCED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, NAD 27 & NAD 83 DATUM (TEXAS SOUTH ZONE 4205) DERIVED FROM GPS OBSERVATIONS AND ARE BASED ON NGS MONUMENT F-1436 (X=650,452.29, Y=17,255,944.91 NAD 83)

2.) LATITUDE & LONGITUDE ARE NAD 83 AND NAD 27 GEOGRAPHIC.

3.) THIS IS AN AS-DRILLED WELL LOCATION PLAT AND DOES NOT REPRESENT A TRUE BOUNDARY SURVEY. THIS SURVEY IS BASED ON OWNERSHIP AND EASEMENT INFORMATION PROVIDED BY FASKEN OIL AND RANCH, LTD. SURVEYOR DID NOT ABSTRACT SUBJECT TRACT AND THERE MAY BE EASEMENTS OR OTHER ENCUMBRANCES THAT AFFECT THE SUBJECT TRACT THAT ARE NOT SHOWN HEREON.



Digitally signed by Timothy Nold
 Date: 2014.12.18 12:16:49 -06'00'

FASKEN OIL AND RANCH, LTD.

As-Drilled Well Plat

LA MESA STATE "A" NO. 3H

Situated in the
 CLEMENTE VERGARA, SURVEY NO. 26, ABSTRACT NO. 2950
 and the
 JOAQUIN GALAN, SURVEY NO. 2182, ABSTRACT NO. 65
 Webb County, Texas
 said location being N 39°58' W, 32.7 miles from the
 City of Laredo, Webb County, Texas

DRAWN BY: [Signature] DATE: 12-19-14
 CHECKED BY: TN DATE: 12-19-14
 SCALE: 1"=2000' APP.:
 DWG. NO. 1411109 LA MESA STATE A 3H AS-DRILLED WELL PLAT
 REV. 0
 PAGE 1 OF 1

| REV. | DATE | BY: | DESCRIPTION | CHK |
|------|------|-----|-------------|-----|
| | | | | |
| | | | | |
| | | | | |

PROJECT NO. 1411109

8205 Camp Bowie West, Suite 204
 Fort Worth, Texas 76116
 (817) 386-0362 ~ Fax (817) 224-3377



TRANSGLOBAL SERVICES LLC

File No. MF 110388 38.
RRC Forms
479-42649
Date Filed: 1-30-15
George P. Bush, Commissioner
By: [Signature]

1
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Street, Apt. No.;
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Certified Mail Provides:

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- For an additional fee, a *Return Receipt* may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS[®] postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "*Restricted Delivery*".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry.

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:

Fasken Oil & Ranch LTD
 6101 Holiday Hill Rd
 Midland, Tx 79707



9590 9403 0495 5173 5820 40

2. Article Number (Transfer from service label)

7011 1150 0001 2414 2729

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X Cynthia Monroe Agent
 Addressee

B. Received by (Printed Name)

Cynthia Monroe 8/15 C. Date of Delivery

D. Is delivery address different from item 1? YesIf YES, enter delivery address below: No

3. Service Type

- | | |
|---|---|
| <input type="checkbox"/> Adult Signature | <input type="checkbox"/> Priority Mail Express® |
| <input type="checkbox"/> Adult Signature Restricted Delivery | <input type="checkbox"/> Registered Mail™ |
| <input type="checkbox"/> Certified Mail® | <input type="checkbox"/> Registered Mail Restricted Delivery |
| <input type="checkbox"/> Certified Mail Restricted Delivery | <input type="checkbox"/> Return Receipt for Merchandise |
| <input type="checkbox"/> Collect on Delivery | <input type="checkbox"/> Signature Confirmation™ |
| <input type="checkbox"/> Collect on Delivery Restricted Delivery | <input type="checkbox"/> Signature Confirmation Restricted Delivery |
| <input type="checkbox"/> Insured Mail | |
| <input type="checkbox"/> Insured Mail Restricted Delivery over \$500) | |

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Texas General Land Office

George P. Bush, Commissioner

P.O. Box 12873

Austin, Texas 78711-2873

DX[®]

USPS TRACKING#



9590 9403 0495 5173 5820 40

Customer ID: C000043990
 Invoice Number: 16100619
 GLO Lease: MF110388
 GLO Review: Fasken Oil and Ranch, Ltd
 Review Period: 201501-201508

Category: Oil
 Auditor/AE: caswan
 Billing Date: 8/3/2016
 P&I Calculation Date: 8/31/2016
 Royalty Rate: 18.75%

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) | (15) |
|---------------|------------|----------------|----------------|------------|-----|-------------------|-----------------|---------------|-----------------|--------------|-------------------|-------------------|--------------------|-------------------|
| Month / Year | RRC Number | Gas/Oil Volume | Tract Particip | Price | BTU | Gross Value | Royalty Due | Royalty Paid | Additional Ro | Number of Da | Interest Rate For | Penalty Rate From | Interest Rate From | Revenue Due |
| 2/1/2015 | 01-267755 | | 1 | 1.00000000 | | \$49.39 | \$9.26 | \$0.00 | \$9.26 | 514 | 4.25% | \$25.00 | \$0.49 | \$34.75 |
| 6/1/2015 | 01-267755 | | 6 | 1.00000000 | | \$60.39 | \$67.94 | \$0.00 | \$67.94 | 392 | 4.25% | \$25.00 | \$2.63 | \$95.57 |
| 7/1/2015 | 01-267755 | | 79 | 1.00000000 | | \$51.71 | \$4,085.09 | \$765.95 | \$765.95 | 361 | 4.25% | \$25.00 | \$26.93 | \$817.88 |
| 8/1/2015 | 01-267755 | | 5 | 1.00000000 | | \$44.46 | \$222.30 | \$41.68 | \$41.68 | 331 | 4.25% | \$25.00 | \$1.32 | \$68.00 |
| 2/1/2015 | 01-267755 | | 3 | 0.75656250 | | \$49.39 | \$112.10 | \$21.02 | \$21.02 | 514 | 4.25% | \$25.00 | \$1.11 | \$47.13 |
| 5/1/2015 | 01-267755 | | 1 | 0.75656250 | | \$58.42 | \$44.20 | \$8.29 | \$8.29 | 423 | 4.25% | \$25.00 | \$0.35 | \$33.64 |
| 7/1/2015 | 01-267755 | | 1 | 0.75656250 | | \$51.71 | \$39.12 | \$7.34 | \$7.34 | 381 | 4.25% | \$25.00 | \$0.26 | \$32.60 |
| 3/1/2015 | 01-267755 | | 1 | 0.97931250 | | \$46.87 | \$44.95 | \$8.43 | \$8.43 | 484 | 4.25% | \$25.00 | \$0.42 | \$33.85 |
| 4/1/2015 | 01-267755 | | 2 | 0.97931250 | | \$52.95 | \$101.56 | \$19.04 | \$19.04 | 453 | 4.25% | \$25.00 | \$0.87 | \$44.91 |
| 5/1/2015 | 01-267755 | | 1 | 0.97931250 | | \$58.42 | \$56.03 | \$10.51 | \$10.51 | 423 | 4.25% | \$25.00 | \$0.45 | \$35.96 |
| 7/1/2015 | 01-267755 | | 2 | 0.97931250 | | \$51.71 | \$99.19 | \$18.60 | \$18.60 | 361 | 4.25% | \$25.00 | \$0.65 | \$44.25 |
| 8/1/2015 | 01-267755 | | 1 | 0.97931250 | | \$44.46 | \$42.64 | \$7.99 | \$7.99 | 331 | 4.25% | \$25.00 | \$0.25 | \$33.24 |
| TOTALS | | | 103 | | | \$5,258.91 | \$986.05 | \$0.00 | \$986.05 | | | \$300.00 | \$35.73 | \$1,321.78 |

ATTENTION: Arcelia Renteria
 CERTIFIED MAIL: 7011 1150 0001 2414 2729

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

COLUMN (3) RRC VOLUME - REPRESENTS UNDER REPORTED SKIM VOLUMES TO THE GLO FROM RRC WELL ID# 01-267755, 01-275902, and 01-275076

COLUMN (5) PRICE - TAKEN FROM SWEET MARKET VALUES FOR RRC DISTRICT 1

COLUMN (12)(13)(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy-business/oil-gas/rrac/forms/penalty-interest-assessment-rules.pdf>

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



Texas General Land Office
Reconciliation Billing

COPY

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

George P. Bush, Commissioner

Fasken Oil & Ranch Ltd
 6101 Holiday Hill Rd
 Midland, TX 79707-1631

Billing Date: 8/10/2016
Billing Due Date: 9/9/2016
 Customer Number: C000043990

| Invoice | Mineral File | Gas Royalty | Oil Royalty | Penalty | Interest | Total Due |
|-----------|--------------|-------------|-------------|----------|----------|-------------------|
| 16I00619 | MF110388 | \$0.00 | \$986.05 | \$300.00 | \$35.73 | \$1,321.78 |
| Total Due | | \$0.00 | \$986.05 | \$300.00 | \$35.73 | \$1,321.78 |

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

Contact Info: Conroy A. Swan (512) 463-9084 or caswan@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

Fasken Oil & Ranch Ltd

Billing Date: 8/10/2016

Billing Due Date: 9/9/2016

Customer Number: C000043990

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 |
|-----------|--------------|-------------|-------------|----------|----------|-------------------|
| 16I00619 | MF110388 | \$0.00 | \$986.05 | \$300.00 | \$35.73 | \$1,321.78 |
| Total Due | | \$0.00 | \$986.05 | \$300.00 | \$35.73 | \$1,321.78 |
| Amt. Paid | | | | | | |

39

Y902
File No. MF 110388

Webb County

Reva Billing

Date Filed: 10/5/16

George P. Bush, Commissioner

By _____

PARTIAL RELEASE OF OIL AND GAS LEASE

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

STATE OF TEXAS §
 §
COUNTY OF WEBB §

Whereas on October 6, 2009, The General Land Office of The State of Texas, (hereinafter "Lessor"), granted an Oil and Gas Lease ("The Lease"), (State File No. M-110388) in favor of Fasken Land and Minerals, Ltd., (hereinafter "Lessee"), (Lessee's Lease No. TX-627-3-2) which was recorded at Volume 2879, Page 151 of the Official Public Records of Webb County, Texas, and which Lease covers and includes the following lands ("The Lands"):

| | | |
|---|--------|--------------------------|
| Tract 1: E/2 of Section 23, Abstract 2545, Jessee Billings Grantee | 320 | Mineral Classified lands |
| Tract 2: All of Section 25, Abstract 2547, Jessee Billings Grantee | 626.76 | Mineral Classified lands |
| Tract 3: All of Section 26, Abstract 2950, Clemente Vergara Grantee | 701.50 | Mineral Classified lands |
| Tract 4: All of Section 32, Abstract 2676, J. D. Essary Grantee | 119.50 | Mineral Classified lands |
| Tract 5: All of Section 67, Abstract 2720, Miles C. Davis Grantee | 640 | Mineral Classified lands |
| Tract 6: All of Section 73, Abstract 2762, O. A. Perron Grantee | 640 | Mineral Classified lands |

And whereas effective the 18th day of December 2013 pursuant to TNRC 32.207, the pooling of the State's unleased mineral interest (M-116109) under approximately 13.24 acres of FM 1472 with 626.76 acres of State Lease M-110388 was approved as GLO Unit No. 6837.

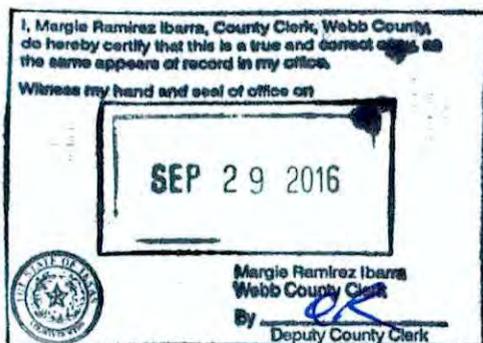
Now therefore, Lessee, effective as of October 6, 2016, hereby releases and relinquishes all its right, title and interest in and to the following lands:

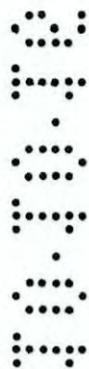
1. All depths below 9,654 feet below the surface of the earth in the E/2 of Section 23, A-2545 and the E/2 of Section 25, A-2547 comprising the 640 acre proration unit for the La Mesa State No. 1H. It is the intent of Lessee to reserve all depths from the surface down to and including 9,654 feet below the surface of the earth in this proration unit as reflected on the attached Exhibit "A".
2. All depths below 9,562 feet below the surface of the earth in the W/2 of Section 25, A-2547, the E/200.50 acres of Section 26, A-2950, and all of Section 32, A-2676 comprising the pooled proration unit for GLO Unit No. 6837 containing the La Mesa State No. 2H well as reflected on the attached Exhibit "B" and "B-1". It is the intent of Lessee to reserve all depths from the surface down to and including 9,562 feet below the surface of the earth in GLO Unit No. 6837.
3. All depths below 9,442 feet below the surface of the earth in the W/484.20 acres in section 26, A-2950 being a portion of The Lease pooled in GLO Unit No. 6645 and included in the proration unit of the La Mesa State A No. 3H well as reflected on the attached Exhibit "C" and "C-1". It is the intent of Lessee to reserve all depths from the surface down to and including 9,442 feet below the surface of the earth in GLO Unit No. 6645 in M-110388.
4. All of Section 67, A-2720.
5. All of Section 73, A-2762.

EXECUTED THIS 16th day of September, 2016, and effective as of October 6, 2016.

FASKEN LAND AND MINERALS, LTD.
a Texas Limited Partnership
By Fasken Management, LLC, its General Partner

BY: Tommy E. Taylor
Tommy E. Taylor, Vice President





Without fail, hand right side of 0225 00

The same appears in record in my office

to comply with this in turn and please do

I. Please forward to me, Georgia Dept. of Health

| |
|-----|
| 7 |
| 432 |

Georgia Department of Health
Public Health Unit

19

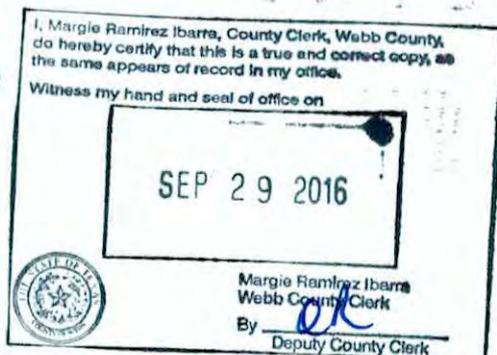


THE STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

This instrument was acknowledged before me on this 16th day of September, 2016 by **Tommy E. Taylor**, as Vice President for Fasken Management LLC, General Partner for Fasken Land and Minerals, Ltd., a Texas Limited Partnership, on behalf of said Partnership.



Debra S Yates
Notary Public's Signature



I, Margie Ramirez Ibarra, County Clerk, Webb County, do hereby certify that this is a true and correct copy, as the same appears of record in my office.

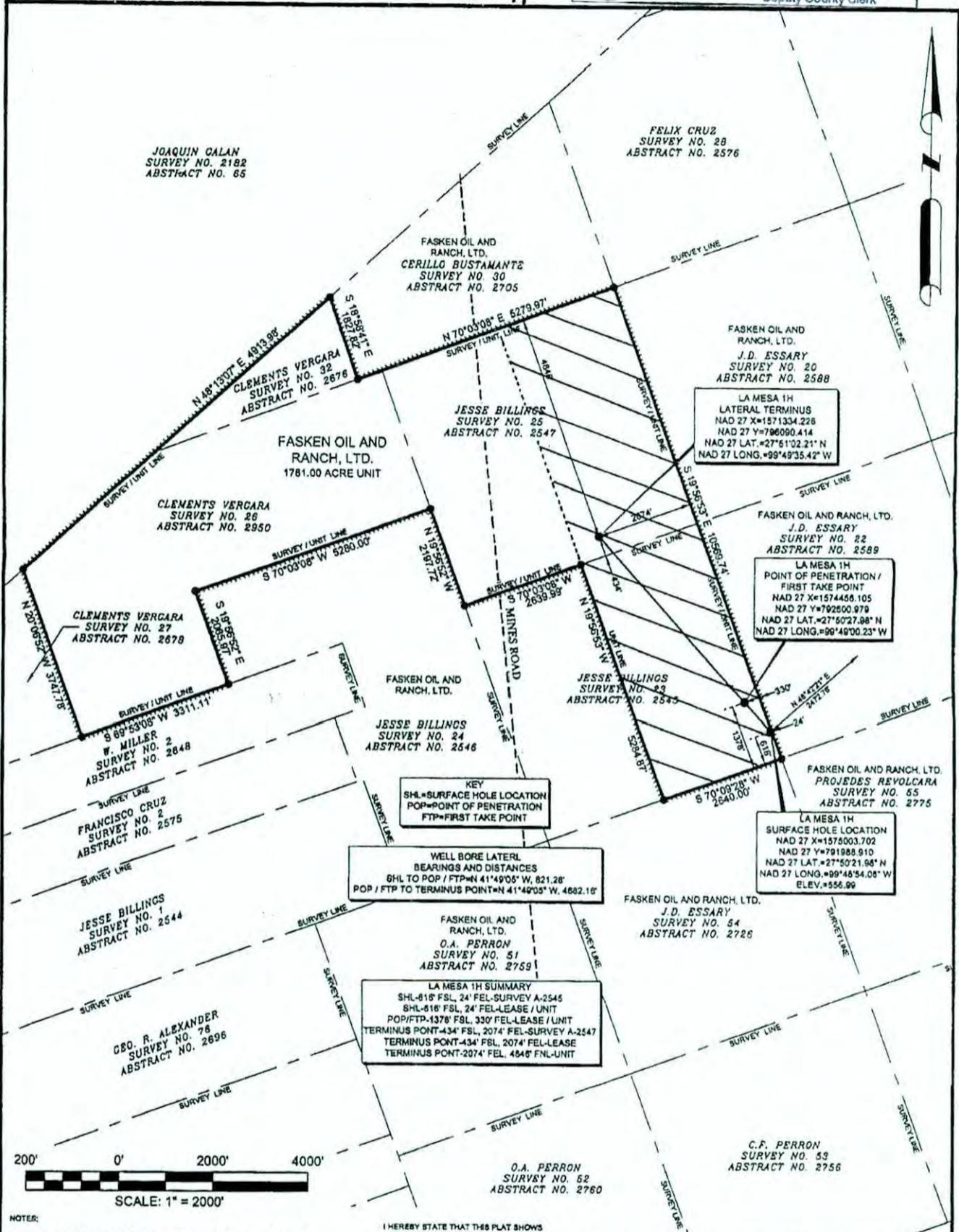
Witness my hand and seal of office on

SEP 29 2016



Margie Ramirez Ibarra
Webb County Clerk
By *[Signature]*
Deputy County Clerk

EXHIBIT A



KEY
SHL= SURFACE HOLE LOCATION
POP= POINT OF PENETRATION
FTP= FIRST TAKE POINT

WELL BORE LATERL BEARINGS AND DISTANCES
SHL TO POP / FTP = N 41°40'05" W, 821.28'
POP / FTP TO TERMINUS POINT = N 41°40'05" W, 4582.15'

FASKEN OIL AND RANCH, LTD.
O.A. PERRON
SURVEY NO. 51
ABSTRACT NO. 2759

LA MESA 1H SUMMARY
SHL-618' FSL, 24' FEL-LEASE / UNIT
SHL-618' FSL, 24' FEL-LEASE / UNIT
POP/FTP-1378' FSL, 330' FEL-LEASE / UNIT
TERMINUS PONT-434' FSL, 2074' FEL-LEASE / UNIT
TERMINUS PONT-434' FSL, 2074' FEL-LEASE / UNIT
TERMINUS PONT-2074' FEL, 4648' FNL-UNIT

NOTE:
1.) BEARINGS & COORDINATES SHOWN HEREON ARE REFERENCED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, NAD 27 DATUM (TEXAS SOUTH ZONE 4205) DERIVED FROM GPS OBSERVATIONS AND ARE BASED ON NGS MONUMENT F-1426 (201068228.950, Y=851839.083)

I HEREBY STATE THAT THIS PLAT SHOWS THE PROPOSED WELL LOCATION AS STAKED ON THE GROUND.

[Signature]
JAMES CURTIS YARGER
REGISTERED PROFESSIONAL LAND SURVEYOR
STATE OF TEXAS #5854



FASKEN OIL AND RANCH, LTD.

LA MESA 1H WELL PLAT

1781.00 ACRE UNIT
BEING THE EAST 1/2 OF
JESSE BILLINGS SURVEY NO. 23, ABSTRACT NO. 2545
AND ALL OF THE
JESSE BILLINGS SURVEY NO. 25, ABSTRACT NO. 2547
CLEMENTS VERGARA SURVEY NO. 32, ABSTRACT NO. 2676
CLEMENTS VERGARA SURVEY NO. 28, ABSTRACT NO. 2950
WEBB COUNTY, TEXAS
BEING OVER, UNDER AND ACROSS THAT CERTAIN LEASE TO
FASKEN OIL AND RANCH, LTD.
SAID LA MESA 1H SURFACE HOLE LOCATION BEING
N 41°13' W, 29.1 MILE FROM THE CITY OF LAREDO, TEXAS

| | | | | |
|------|----------|-----|---------------------------|-----|
| 5 | 08-03-11 | GG | ENLARGE UNIT BOUNDARY | CY |
| 4 | 05-02-11 | GG | REVISE POP / FTP LOCATION | CY |
| 3 | 04-03-11 | GG | REVISE POP / FTP LOCATION | CY |
| REV. | DATE | BY: | DESCRIPTION | CHK |

PROJECT NO. 1110001

JPSMS
2825 Camp Bowie West, Suite 204
Fort Worth, Texas 76116
(817) 386-0382 - Fax (817) 224-3377
Zero Degrees Surveying & Mapping Services

| | | | |
|-----------------|----------------|--------------------|------|
| DRAWN BY: GG | DATE: 10-18-11 | DWG. NO. | REV. |
| CHECKED BY: CY | DATE: 10-19-11 | 1110001 LA MESA 1H | 5 |
| SCALE: 1"=2000' | APP. | PAGE 1 OF 1 | |

Exhibit B

WELL SYMBOL LEGEND

- OIL / GAS WELL
- GAS WELL
- PLUGGED OIL WELL
- OIL WELL / POP / BHL
- PERMITTED LOCATION
- SHUT-IN OIL WELL
- WATER SUPPLY WELL
- INJECTION / DISPOSAL

LA MESA 2H SUMMARY
 SHL-377' FNL, 1478' FEL-SURVEY A-2545
 SHL-4206' FNL, 10170' FSL-LEASE
 SHL-137' FSL, OFF UNIT
 POP-152' FSL, 1194' FWL-SURVEY A-2547
 POP-3922' FWL, 10698' FSL-LEASE
 POP-152' FSL, 1194' FWL-UNIT
 FTP-174' FSL, 1182' FWL-SURVEY A-2547
 FTP-3910' FWL, 10721' FSL-LEASE
 FTP-174' FSL, 1182' FWL-UNIT
 LTP-150' FNL, 1577' FEL-SURVEY A-2705
 LTP-4719' FNL, 7392' FEL-LEASE
 LTP-150' FNL, 1577' FEL-UNIT
 LTL-100' FNL, 1802' FEL-SURVEY A-2678
 LTL-4669' FNL, 7415' FEL-LEASE
 LTL-100' FNL, 1802' FEL-UNIT

LA MESA 2H WELL BORE SUMMARY NAD 83
 SHL TO POP=N 48°10'40" W, 600.00'
 POP TO FTP=N 48°10'40" W, 25.00'
 FTP TO LTP=N 48°10'40" W, 6983.46'
 LTP TO LTL=N 48°10'40" W, 50.00'

LA MESA 2H SURFACE HOLE LOCATION
 TX-SOUTH ZONE 4205
 NAD 83 X=554139.352
 NAD 83 Y=17199042.928
 NAD 83 LAT.=27°50'49.712"N
 NAD 83 LONG.=99°49'51.455"W
 NAD 27 X=1569986.345
 NAD 27 Y=794738.674
 NAD 27 LAT.=27°50'48.684"N
 NAD 27 LONG.=99°49'50.271"W
 ELEV.=569.617

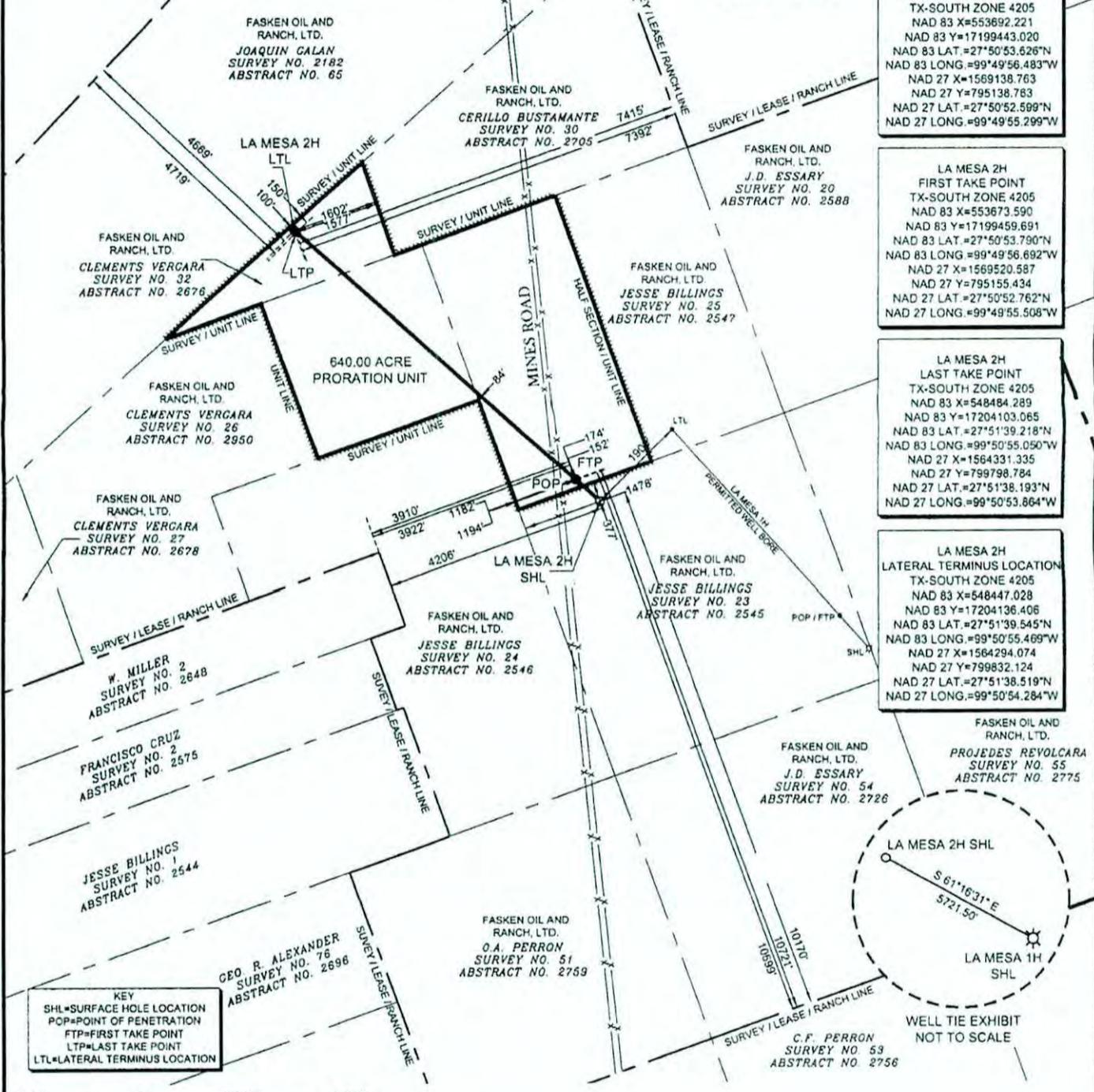
LA MESA 2H POINT OF PENETRATION
 TX-SOUTH ZONE 4205
 NAD 83 X=553692.221
 NAD 83 Y=17199443.020
 NAD 83 LAT.=27°50'53.626"N
 NAD 83 LONG.=99°49'56.483"W
 NAD 27 X=1569138.763
 NAD 27 Y=795138.783
 NAD 27 LAT.=27°50'52.599"N
 NAD 27 LONG.=99°49'55.299"W

LA MESA 2H FIRST TAKE POINT
 TX-SOUTH ZONE 4205
 NAD 83 X=553673.590
 NAD 83 Y=17199459.691
 NAD 83 LAT.=27°50'53.790"N
 NAD 83 LONG.=99°49'56.692"W
 NAD 27 X=1569520.587
 NAD 27 Y=795155.434
 NAD 27 LAT.=27°50'52.762"N
 NAD 27 LONG.=99°49'55.508"W

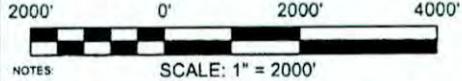
LA MESA 2H LAST TAKE POINT
 TX-SOUTH ZONE 4205
 NAD 83 X=548484.289
 NAD 83 Y=17204103.065
 NAD 83 LAT.=27°51'39.218"N
 NAD 83 LONG.=99°50'55.050"W
 NAD 27 X=1564331.335
 NAD 27 Y=799798.784
 NAD 27 LAT.=27°51'38.193"N
 NAD 27 LONG.=99°50'53.864"W

LA MESA 2H LATERAL TERMINUS LOCATION
 TX-SOUTH ZONE 4205
 NAD 83 X=548447.028
 NAD 83 Y=17204136.406
 NAD 83 LAT.=27°51'39.545"N
 NAD 83 LONG.=99°50'55.469"W
 NAD 27 X=1564294.074
 NAD 27 Y=799832.124
 NAD 27 LAT.=27°51'38.519"N
 NAD 27 LONG.=99°50'54.284"W

LA MESA 2H PROJEDOS REVOLCARA
 SURVEY NO. 55
 ABSTRACT NO. 2775



KEY
 SHL=SURFACE HOLE LOCATION
 POP=POINT OF PENETRATION
 FTP=FIRST TAKE POINT
 LTP=LAST TAKE POINT
 LTL=LATERAL TERMINUS LOCATION



- NOTES:**
- BEARINGS & COORDINATES SHOWN HEREON ARE REFERENCED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, NAD 27 & NAD 83 DATUM (TEXAS SOUTH ZONE 4205) DERIVED FROM GPS OBSERVATIONS AND ARE BASED ON NGS MONUMENT F-1436 (X=1868299.960, Y=851639.083).
 - LATITUDE & LONGITUDE ARE NAD 83 AND NAD 27 GEOGRAPHIC.
 - THIS IS A PROPOSED WELL LOCATION PLAT AND DOES NOT REPRESENT A TRUE BOUNDARY SURVEY. THIS SURVEY IS BASED ON OWNERSHIP AND EASEMENT INFORMATION PROVIDED BY FASKEN OIL AND RANCH, LTD. SURVEYOR DID NOT ABSTRACT SUBJECT TRACT AND THERE MAY BE EASEMENTS OR OTHER ENCUMBRANCES THAT AFFECT THE SUBJECT TRACT THAT ARE NOT SHOWN HEREON.

I HEREBY STATE THAT THIS PLAT SHOWS THE WELL LOCATION AS STAKED ON THE GROUND

James Curtis Yarger
 JAMES CURTIS YARGER
 REGISTERED PROFESSIONAL LAND SURVEYOR
 STATE OF TEXAS #5854



FASKEN OIL AND RANCH, LTD.

| | | | |
|---|----------------|------------------------------------|------|
| Railroad Commission Permit Plat | | | |
| LA MESA 2H | | | |
| 640.00 ACRE PRORATION UNIT | | | |
| Sited in the | | | |
| JAMES BILLINGS, SURVEY NO. 23, ABSTRACT NO. 2545 | | | |
| JAMES BILLINGS, SURVEY NO. 25, ABSTRACT NO. 2547 | | | |
| CLEMENTS VERGARA, SURVEY NO. 26, ABSTRACT NO. 2950 | | | |
| and the | | | |
| CLEMENTS VERGARA, SURVEY NO. 32, ABSTRACT NO. 2676 | | | |
| Webb County, Texas | | | |
| said location being N 37°44' W, 32.0 miles from the | | | |
| City of Laredo, Webb County, Texas | | | |
| DRAWN BY: GG | DATE: 10-08-13 | DWG. NO. | REV. |
| CHECKED BY: CY | DATE: 10-09-13 | 1309001 LA MESA 2H RRC PERMIT PLAT | 1 |
| SCALE: 1"=2000' | APP.: | PAGE 1 OF 1 | |

| | | | | |
|---|----------|-----|---------------|-----|
| 1 | 10-16-13 | CY | ADD LEASE TIE | CY |
| REV. | DATE | BY: | DESCRIPTION | CHK |
| PROJECT NO. 1309001 | | | | |
| 8205 Camp Bowie West, Suite 204 Fort Worth, Texas 76116 (817) 386-0362 - Fax (822) 224-3377 | | | | |

EXHIBIT "B-1"

ATTACHED TO AND MADE A PART OF THAT CERTAIN
RELEASE OF OIL AND GAS LEASE EFFECTIVE OCTOBER 6, 2016
GLO UNIT NO. 6837, WEBB COUNTY, TEXAS

DESCRIPTION OF LANDS TO BE RELEASED

All depths below 9,562 feet below the surface of the earth in the following lands:

Unit and Pooling Agreement pursuant to TNRC 32.207 – GLO Unit No. 6837; M-116109 (TX627-3-3):
13.24 acres of Highway Right-Of-Way under State Highway 1472 (Mines Road) running through Survey
25, Abstract 2547, J. Billings Grantee

Oil and Gas Lease M-110388 (TX627-3-2):
W/320 acres of Section 25, A-2547, J. Billings Grantee; SAVE AND EXCEPT the 13.24 acres of Highway
Right-of-Way under State Highway 1472 (Mines Road)

E/200.50 acres of Section 26, A-2950, C. Vergara Grantee

All of Section 32, A-2676, J. D. Essary Grantee containing 119.50 acres more or less

All of the above lands totaling 640 acres more or less.

I, Margie Ramirez Ibarra, County Clerk, Webb County,
do hereby certify that this is a true and correct copy, as
the same appears of record in my office.
Witness my hand and seal of office on

SEP 29 2016

 Margie Ramirez Ibarra
Webb County Clerk
By _____
Deputy County Clerk

I, Margie Ramirez Ibarra, County Clerk, Webb County, do hereby certify that this is a true and correct copy, as the same appears of record in my office.

Witness my hand and seal of office on

SEP 29 2016



Margie Ramirez Ibarra
Webb County Clerk
By *[Signature]*
Deputy County Clerk

EXHIBIT "C"

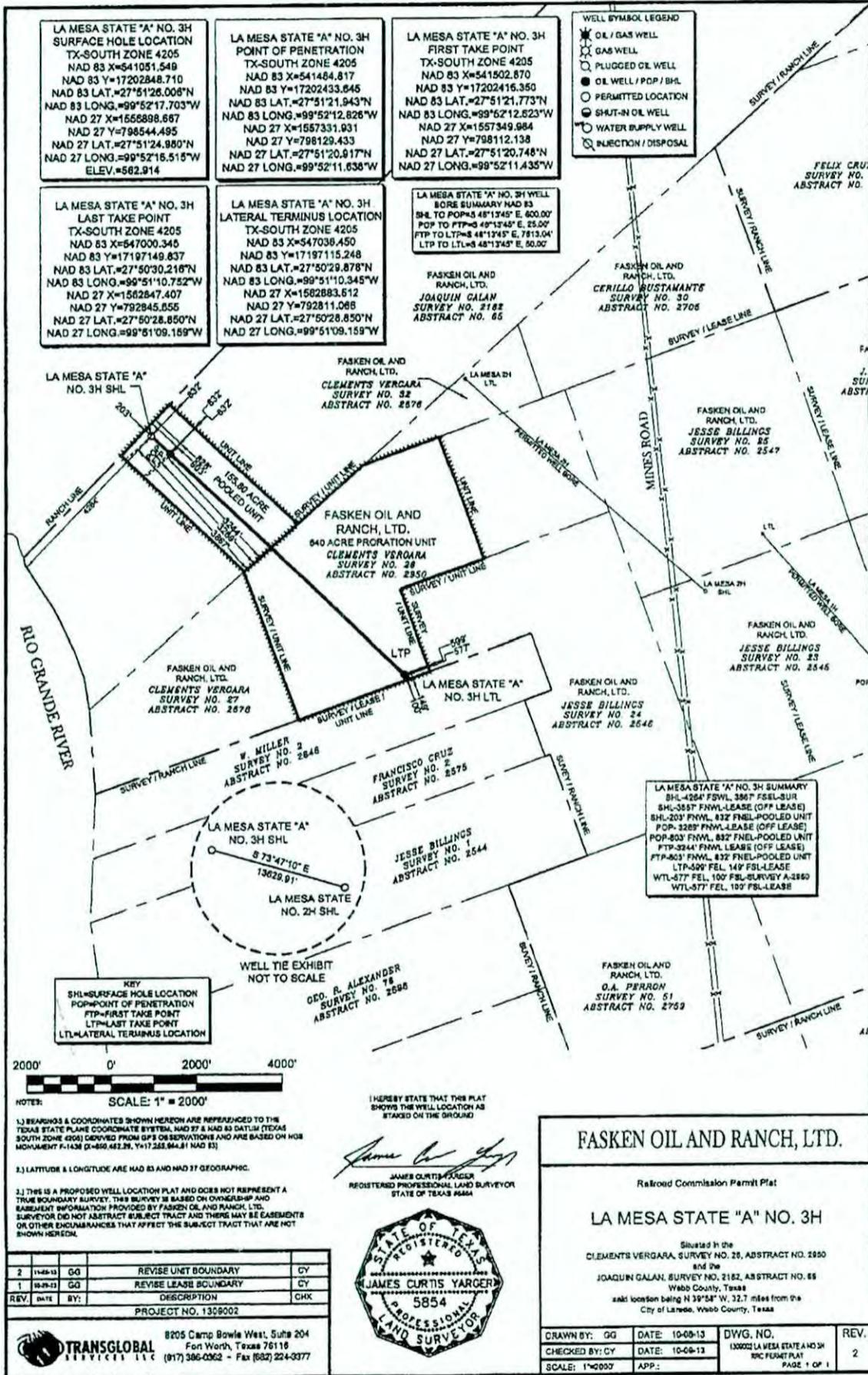


EXHIBIT "C-1"

ATTACHED TO AND MADE A PART OF THAT CERTAIN
RELEASE OF OIL AND GAS LEASE EFFECTIVE OCTOBER 6, 2016
GLO UNIT NO. 6645, WEBB COUNTY, TEXAS

DESCRIPTION OF LANDS TO BE RELEASED

All depths below 9,442 feet below the surface of the earth in the following lands:

484.20 ACRES

BEING the West 484.20 acres of Survey 26, Abstract 2950, C. Vergara Grantee, said 484.20 acres being a portion of the State of Texas Lease No. M-110388 (Fasken Land and Minerals, Ltd. No. TX-627-3-2) dated October October 6, 2009 and recorded in Volume 2879, Page 151; Official Public Records, Webb County, TX.

I, Margie Ramirez Ibarra, County Clerk, Webb County, do hereby certify that this is a true and correct copy, as the same appears of record in my office.

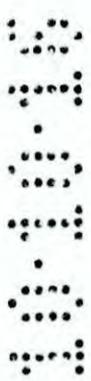
Witness my hand and seal of office on

SEP 29 2016

Margie Ramirez Ibarra
Webb County Clerk

By 
Deputy County Clerk





STATE OF TEXAS
COUNTY OF WEBB
I HEREBY CERTIFY THAT THIS INSTRUMENT WAS
FILED ON THE DATE AND AT THE TIME STAMPED
HEREON BY ME AND WAS DULY RECORDED IN THE
VOLUME AND PAGE OF THE OFFICIAL PUBLIC
RECORDS OF WEBB COUNTY TEXAS AS STAMPED
HEREON BY ME



Margie Ramirez Ibarra

COUNTY CLERK
WEBB COUNTY, TEXAS

Doc # 1277283
Recorded
9/29/2016 1:39:25 PM

Signed: *[Signature]*
BY DEPUTY
MARGIE RAMIREZ IBARRA
COUNTY CLERK
Fees: \$50.00

I, Margie Ramirez Ibarra, County Clerk, Webb County, do hereby certify that this is a true and correct copy, as the same appears of record in my office.

Witness my hand and seal of office on

SEP 29 2016

 Margie Ramirez Ibarra
Webb County Clerk
By *[Signature]*
Deputy County Clerk

File No. 110300 County _____
Partial Release
Date Filed: 10/10/16
George P. Bush, Commissioner
By _____

110300

THE STATE OF TEXAS)
COUNTY OF WEBB) (I, MARGIE RAMIREZ IBARRA,

Clerk of the County Court of Webb County, Texas, do hereby certify that the
foregoing is a true and correct copy of the original Partial Release
as the same appears on record in my office, in Vol. 4119
Page(s) 361-368 of the Official Public Records of
Webb County, Texas.

Witness my Hand and Seal of Office this the 29th
day of September, A.D. 2016

MARGIE RAMIREZ IBARRA Webb County Clerk
Webb County, Texas
By [Signature] Deputy



6101 Holiday Hill Road Midland, Texas 79707-1631
(432) 687-1777 FAX (432) 687-0669

October 5, 2016

Drew Reid
Texas General Land Office
1700 North Congress Avenue, Suite 800
Austin, Texas 78701-1495

RE: Partial Release of Oil and Gas Lease
Relinquishment Act Oil and Gas Lease dated October 6, 2009
GLO Lease No. M-110388, Fasken Lease No. TX-627-3-2
Covering 3,047.76 acres more or less
Designation of Unit and Pooling Agreement (TNRC 32.207)
M-116109 – GLO Unit No. 6837, Fasken Lease No. TX-627-3-3
Webb County, Texas

Dear Mr. Reid,

Enclosed please find a Certified Copy of the referenced instrument which has been recorded in Volume 4119 at Page 361 of the Official Public Records of Webb County, Texas. Fasken Land and Minerals, Ltd., (hereinafter "Fasken") understands that its Agency Rights will be restored as to those lands released in the referenced instrument and that Fasken will resume its role as Agent for the State of Texas should there be any interest from third parties in obtaining an Oil and Gas Lease on those released lands.

Should you have any questions or need any additional information, please let me know. I can be reached at the above address or phone number or by email at markb@forl.com.

Very Truly Yours,

A handwritten signature in blue ink that reads 'Mark S. Bell'.

Mark S. Bell

Enclosure



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

July 14, 2017

CERTIFIED MAIL# 7016 2070 0000 7391 3347

Fasken Oil and Ranch, Ltd
6101 Holiday Hill Rd.
Midland, TX 79707
Attention: Monica Laabs

RE: Revised Final Audit Billing Notice for State Lease MF 107055

Dear Ms. Laabs:

This revised Final Audit Billing includes an adjustment to the formerly detected unaccounted gas volumes which range from 12.43% to 25.03%. These gas volumes were recalculated based on two correspondence messages from DCP to both the GLO and to Fasken in which it is specified what these gas volumes comprise. In the first email dated June 1, 2015, DCP indicates that the DCP Fullerton plant is a Cryogenic type plant and that 8% of the fuel was used to process and to treat the gas (treated by the DEA gas treater). In the second email dated November 9, 2016, Fasken provided an additional breakdown to the 8% which was said to be provided by DCP. The detailed communication stated that the 8% of fuel used entailed 53% for Processing, 28% for Compression, and 19% for Gathering. The amount of plant fuel used was then calculated at 4.25% ($8\% * .53\% = 4.24\%$; in which we allowed 4.25%) and allowed as per lease agreement specifications with the remaining gas volumes accounted for and valued as off-lease fuel (non-sales royalty bearing disposition volumes). Although a cryogenic plant is considered a more efficient type of plant (with plant fuel usage of less than 2%) in the processing of the gas, we completed the billing based on the information that was provided to us by Fasken.

The Texas General Land Office (GLO) has completed an audit of the above referenced state lease operated and/or held by Fasken Oil and Ranch, Ltd. (Fasken). The audit covered the reporting period of May 2007 through December 2014. This letter does constitute an Audit Billing Notice as defined in Section 52.135 of the Texas Natural Resources Code. The audit resulted in the determination of additional amounts due as follows:

| | |
|----------|---------------------|
| Royalty | \$280,206.15 |
| Penalty | \$ 30,083.15 |
| Interest | <u>\$191,118.05</u> |
| Total | <u>\$501,407.35</u> |

Fasken Oil and Ranch, Ltd.
July 14, 2017
Page 2 of 2

Interest has been computed through July 31, 2017, 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 - An Audit Report which includes a brief discussion of the audit exceptions;
- Attachment III - The procedures used for assessment of penalties and interest; and
- Attachment IV - Various schedules and documents supporting our 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 Veronica Reyes at 512-936-6712 or send an email to veronica.reyes@glo.texas.gov.

Sincerely,



J. Dale Sump, CPA
Director of Minerals Audit
Texas General Land Office
(512) 463-2921 / dale.sump@glo.texas.gov

Ltr Log # 0207

Cc: Robert Hatter, Deputy Director of Energy Resources

File No. MF11D388

Webb

County

Final Audit Billing Notice

Date Filed: 4/2/2019

By: *Veronica Lopez*
George R. Bush, Commissioner



MEMORANDUM

TEXAS GENERAL LAND OFFICE • GEORGE P. BUSH • COMMISSIONER

Date: April 2, 2019

To: Mineral File Jacket

From: Veronica Reyes, Energy Resources / Minerals Audit

Subject: Fasken Oil and Ranch, Ltd. And GLO Settlement Agreement

Notes: To view or obtain a copy of the Settlement Agreement (Executed September 28, 2018) associated with the Mineral File mentioned below, please contact the Texas General Land Office at PIALegal@glo.texas.gov

Mineral File Number

MF 110388

MF 116109

MF 107055

File No. MF110388

Webb County

Settlement Agreement

Date Filed: 4/2/2019

George P. Bush, Commissioner

By Vernon Ruge



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

April 02, 2019

CERTIFIED MAIL NO. 7011-1150-0001-2416-5391
RETURN RECEIPT REQUESTED

Fasken Oil and Ranch, Ltd.
6101 Holiday Hill Rd.
Midland, TX 79707
Attention: Monica Laabs

RE: Audit Closure Letter for State Leases MF110388, MF116109, and MF107055

Dear Ms. Laabs:

Fasken Oil and Ranch (Fasken) directly or indirectly holds or held interest in state oil and gas leases MF110388, MF116109, and MF107055. The Texas General Land Office (GLO) conducted an audit of the books, accounts, reports and other records relating to the subject lease(s) for the audit period of September 2009 through July 2014. As a result of the audit, the GLO has received Fasken's Settlement amount of \$340,635.21 (\$280,206.15 payment date 08/09/2017 and \$60,429.06 payment date 09/18/2018) pertaining to the Final Audit Billing Notice dated 7/14/2017.

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 exists.

For any questions or additional information on this audit, please contact Veronica Reyes at (512) 936-6712 or send an email to veronica.reyes@glo.texas.gov.

Sincerely,

J. Dale Sump, CPA
Director of Minerals Audit
Texas General Land Office
(512) 463-2921 / dale.sump@glo.texas.gov
Ltr Log # 268

File No. MF110388

Webb County

Audit Closure Letter

Date Filed: 4/15/19

By George P. Bush, Commissioner
Veronica [Signature]



Texas General Land Office

Reconciliation Billing

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

George P. Bush, Commissioner

Fasken Oil and Ranch, Ltd.
 6101 Holiday Hill Rd
 Midland, TX 79707-1631

Billing Date: 10/12/2020
Billing Due Date: 11/11/2020
 Customer Number: C000043990

| Invoice | Mineral File | Gas Royalty | Oil Royalty | Penalty | Interest | Total Due |
|-----------|--------------|-------------|-------------|----------|----------|-------------------|
| 21I00050 | MF110388 | \$2,597.18 | \$0.00 | \$259.72 | \$261.32 | \$3,118.22 |
| Total Due | | \$2,597.18 | \$0.00 | \$259.72 | \$261.32 | \$3,118.22 |

Penalty and interest have been calculated thru 10/31/2020. Payment remitted after 10/31/2020 will result in additional penalty and interest charges.

Charlton, Andrea M (512) 463-5190 or
 Andrea.Charlton@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 questions regarding this invoice, 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
Fasken Oil and Ranch, Ltd.

Billing Date: 10/12/2020

Billing Due Date: 11/11/2020

Customer Number: C000043990

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 |
|-----------|--------------|-------------|-------------|----------|----------|-------------------|
| 21I00050 | MF110388 | \$2,597.18 | \$0.00 | \$259.72 | \$261.32 | \$3,118.22 |
| Total Due | | \$2,597.18 | \$0.00 | \$259.72 | \$261.32 | \$3,118.22 |
| Amt. Paid | | | | | | |

Billing Type(Dropdown)
Volume Reconciliation

Revenue Status(Dropdown)
Recognized

Customer ID: C00043900
 Invoice Number: MF110388
 GLO Lease: FASGEN OIL AND RANCH, LTD.
 GLO Review: 201809-201809
 Review Period:

Category: Gas
 Auditor(AE): Achario
 Billing Date: 10/1/2020
 P&I Calculation Date: 10/01/2020
 Royalty Rate: 18.75%

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) | (15) |
|------------|------------|--------------|--------------|----------|----------|-------------|-------------|--------------|----------------|----------------|-----------------|-------------------|--------------------|-------------|
| Month/Year | RRR Number | GROSS Volume | Truck Picked | Price | BTU | Gross Value | Royalty Due | Royalty Paid | Additional Fee | Number of Days | Interest Rate % | Penalty Rate Paid | Interest Rate Paid | Revenue Due |
| Dec-19 | 01-272079 | 3,000 | 1,000,000.00 | 4.897851 | 0.889151 | \$13,851.43 | \$2,807.18 | \$0.00 | \$2,807.18 | 474 | 6.50% | \$299.72 | \$299.72 | \$3,118.22 |
| TOTALS | | 3,000 | | | | \$13,851.43 | \$2,807.18 | \$0.00 | \$2,807.18 | | | \$299.72 | \$299.72 | \$3,118.22 |

ATTN: Lorinda Day
 CERTIFIED MAIL: lorinda@fari.com

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

COLUMN (2) RRC VOLUME - REPRESENTS UNDER REPORTED SALES VOLUMES TO THE GLO FROM RRC WELL OR
 COLUMN (5) PRICE - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE
 COLUMN (6) BTU - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE
 COLUMN (13)(14)(15) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy/underreporting/underreporting-interest-assessment.html>

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

45

File No. MF 110 388

Recon Billing

Country

Date Filed: 3/25/21

George P. Bush, Commissioner

By VD

Lynda James
General Manager
Director of Finance and
Personnel and Controller

Tommy E. Taylor
Assistant General Manager
Director of Oil and Gas
Development

Charles F. Hedges, Jr.
Director of Real Estate
Development and
General Counsel

Sean N. McDaniel
Director of Investments

Shawn Hogg
Surface Properties Manager

Taylor Billingsley
Oil and Gas Operations
Manager

Sally M. Kvasnicka
Land Manager

Stonnie L. Pollock
Exploration Manager

Sheila Simmons
Marketing and Production
Accounting Manager

Travis White
Engineering Manager

August 22, 2022

Texas General Land Office
Attn: Kirstin Scherer
1700 North Congress Avenue
Austin, TX 78701-1495

REF: MF-110388 → MF 116109
La Mesa State GU No. 2H
GLO Unit #6837

Dear Kirstin,

This letter is to serve as notice to the Texas General Land Office that the La Mesa State GU No. 2H well (API 42-479-42632) has been shut in as of Sunday, August 21, 2022. The well was shut in to protect the integrity of the wellbore for an offset frac of the Fasken State 119H by SilverBow Resources. The well is not within 1,000 feet of either the referenced lease or GLU Unit so it does not trigger the offset well provision.

SilverBow expects to be done with the frac by September 3, 2022. We will bring the well back on once they confirm operations are complete.

Should you have any questions, please feel free to reach out to me at 432-818-0910 or by e-mail at carolineh@forl.com.

Thanks,


Caroline Hoban, CPL



2020

40.

File No. MF 110388
Notice of temporary County
shut in
Date Filed: 9/1/22
George P. Bush, Commissioner
By SSP

NMS OPERATING (DACA)

NAVARRO MIDSTREAM SERVICES
 10101 REUNION PL, STE 1000
 SAN ANTONIO TX 78216-4157
 210-384-3200

BANK OF AMERICA
 NEW YORK, NY

| Check No | Check Date | Check Amount |
|------------|------------|-----------------|
| 0000351167 | 12/4/2024 | *****\$5,424.73 |

PAY *Five Thousand Four Hundred Twenty-Four Dollars and Seventy-Three Cents*

Void After 90 Days

TO
 THE
 ORDER
 OF

TX GENERAL LAND OFFICE SFA BUILDING
 PO BOX 12873
 AUSTIN TX 78711-2873

Handwritten Signature

25702676

⑈0000351167⑈ [REDACTED]

PLEASE DETACH AT PERFORATION ABOVE

PLEASE DETACH AT PERFORATION ABOVE

NAVARRO MIDSTREAM SERVICES

10101 REUNION PL, STE 1000
 SAN ANTONIO TX 78216-4157
 210-384-3200

Check Number: 0000351167

| Invoice No | Inv Date | Description | Lessor | Net Amount |
|---------------|-----------|---|--------|------------|
| OBL20241101-9 | 11/1/2024 | TX GENERAL LAND OFFICE SFA BUILDING surface damages MF-110388 Payee: TX GENERAL LAND OFFICE SFA BUILDING PO BOX 12873 AUSTIN, TX 78711-2873 Prospect: 888-1297-01 Fasken Land and Minerals, Ltd. Lease Date: Oblig Type: NMS Payments-All Others Due Date: 12/12/2024 Freq: 10 Year(s) Book 3764/Page 583/Registry 1228622 Webb/TX | | \$5,424.73 |

25702676

| | | | | |
|--------|--------|-----------------------|----------------|----------|
| 007899 | ←Payee | Check Date: 12/4/2024 | Check Amount → | 5,424.73 |
|--------|--------|-----------------------|----------------|----------|



Lewis Energy Group
DECEMBER 6, 2024

CMR

TX GENERAL LAND OFFICE
P.O. BOX 12873
AUSTIN, TX 78711

Via USPS CMRR Delivery
9589 0710 5270 2277 5876 32

Re: ANNUAL PAYMENT
MF-110388

Dear Mr. / Mrs.:

Please accept this Check Receipt Letter for the following payment(s):

| Check Date | Check Number | Check Amount | Check Description |
|------------|--------------|--------------|-------------------|
| 12/4/2024 | 0000351167 | \$5,424.73 | SURFACE DAMAGES |

Please indicate your receipt of the above described check(s) by signing in the space below and returning signed receipt letter in the provided envelope.

Should have any questions or concerns, please contact me via email address listed below.

Sincerely,

Caitlin Hart
Lease Analyst
chart@lewisenergy.com

PLEASE EVIDENCE YOUR RECEIPT OF THE ABOVE DESCRIBED CHECK BY SIGNING BELOW:

Received by: _____

Date: _____

Print Name: _____



47



File No. MF-110388

County

Surface Damages

Date Filed: 12/13/24

Commissioner Dawn Buckingham, M.D.

By: AC