

MF110423

~~Unit 4624~~  
iNut 9786  
Unit 9989  
iNut 9992  
iNut 9990

State Lease	Control	Base File	County
MF110423	01-002792		MADISON
MF110423	01-002809		BRAZOS

Survey	NAVASOTA RIVER	
Block		
Block Name		
Township		
Section/Tract		
Land Part		
Part Description		
Acres	3	
Depth Below	Depth Above	Depth Other
0	0	
Name	PETROMAX OPERATING, CO., INC.	
Lease Date	11/3/2009	
Primary Term	1 yrs	
Bonus (\$)	\$0.00	
Rental (\$)	\$0.00	
Lease Royalty	0.2500	

Leasing: \_\_\_\_\_  
 Analyst: \_\_\_\_\_  
 Maps: MC  
 GIS: BS



### 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.  
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"Rainier (Allocation) #1H"	L			

**McELROY, SULLIVAN & MILLER, L.L.P.**  
**Attorneys at Law**

MAILING ADDRESS

P.O. BOX 12127  
AUSTIN, TX 78711

1201 SPYGLASS DRIVE  
SUITE 200  
AUSTIN, TX 78746

TELEPHONE

(512) 327-8111

FAX

(512) 327-6566

January 25, 2010

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

Re: Application of PetroMax Operating Company, Inc.  
Wilson #2H Unit  
Madison and Brazos Counties, Texas

Dear Mr. Morgan:


Please find enclosed duplicate originals of the agreement to pool riverbed acreage into the Wilston #2H Unit that have been executed by the appropriate PetroMax officer.

If I can assist you with additional information regarding this matter, please let me know.

When the agreement has been executed by the Commissioner, please return the original to me and I will forward it to PetroMax.

Thank you for your assistance with this application.

Sincerely,



Clark Jobe

Enclosures

1.

File No. MF 110433

Letter

Date Filed: 1/25/10

By: [Signature] E. Fatterson, Commissioner

From: Petrovmax Operating Co., Inc.

To: State of Texas General Land Office

Vendor Code  
STGLO

Check Date  
01/27/2010

Check Amount  
\$900.00

Check Number  
R-7326

✓

Invoice #	Invoice Amt
01272010	900.00

121

10704158

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~~01272010~~

**McELROY, SULLIVAN & MILLER, L.L.P.**  
**Attorneys at Law**

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January 28, 2010

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

Re: Application of PetroMax Operating Company, Inc.  
Wilson #2H Unit  
Madison and Brazos Counties, Texas

Dear Mr. Morgan:

Please find enclosed Check No. 7326, drawn on the account of PetroMax Operating Co., Inc. in the amount of \$900 in payment of the bonus for the above-referenced pooling. PetroMax submitted the executed forms for this pooling to you on January 25, 2010.

We would appreciate a receipt for this amount.

Thank you for your assistance with this application.

Sincerely,



Clark Jobe

Enclosure

2.

File No: MF10423  
*Letter*  
Date Filed: 4/28/10  
Jerry E. Patterson, Commissioner  
*[Signature]*

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

January 28, 2010

Mr. Clark Jobe  
McElroy, Sullivan & Miller, L.L.P.  
P. O. Box 12127  
Austin, Texas 78711-2127

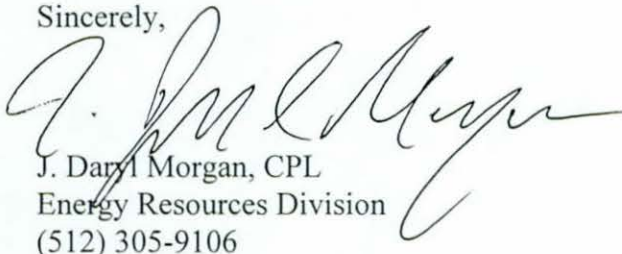
RE: §52.076 Pooling Agreement  
PetroMax Operating Co., Inc.  
Wilson #2H Unit  
Brazos and Madison Counties, Texas

Dear Mr. Jobe:

Enclosed is a duplicate original of the above referenced Pooling Agreement that has been executed by Jerry E. Patterson, Commissioner of the Texas General Land Office. We have retained the other duplicate original of the Agreement, which will be filed in Mineral File **M-110423**. Please refer to this file number when reporting and paying royalties to the State and in all future correspondence involving the State's unleased mineral interest within the referenced unit. We also hereby acknowledge receipt of the check for \$900.00 as the consideration to the State for pooling the unleased interest.

Thank you for your assistance with this matter, if you have any questions, please do not hesitate to contact me.

Sincerely,



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

Enclosure


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](http://www.glo.state.tx.us)

3.

File No. MF 110483  
J. A. Leeler  
Date Filed: 11/28/10  
J. E. Patterson, Commissioner  
By: 

**DO NOT DESTROY**



**Texas General Land Office**  
**UNIT AGREEMENT MEMO**

PA09-195

Unit Number 4624  
 Operator Name PETROMAX OPERATING CO INC Effective Date 11/3/2009  
 Customer ID C000047406 Unitized For Oil & Gas  
 Unit Name Wilson #2H Unit Unit Term 0 Months  
 County1 Brazos  
 County2 Madison  
 County3  
 RRC District: 03  
 Unit Type: Permanent  
 State Royalty Interest: 0.0046875  
 State Part in Unit: 0.01875  
 Unit Depth Well:  
 Below Depth 0 Formation:  
 Above Depth 0 Participation Basis: Surface Acreage  
 [If Exclusions Apply: See Remarks]

MF Number MF110423 Tract Number 1  
 Lease Acres 3 / Total Unit Acres 160 =  
 Tract Participation: 0.0187500 X  
 Lease Royalty 0.25 = Manual Tract Participation:  0 | See Remarks  
 Tract Royalty Participation 0.0046875 Manual Tract Royalty:  0 |

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

01-002509 - Brazos Co. - 1.5ac  
 01-002792 - Madison Co - 1.5ac



## Pooling Committee Report

**To:** School Land Board PA09-195  
**Date of Board Meeting:** November 3, 2009 Unit Number: 4624  
**Effective Date:** 11/3/2009  
**Unit Expiration Date:**  
**Applicant:** PETROMAX OPERATING CO INC  
**Attorney Rep:** Clark Jobe  
**Operator:** PETROMAX OPERATING CO INC  
**County 1:** Brazos  
**County 2:** Madison  
**County 3:**  
**Unit Name:** Wilson #2H Unit  
**Field Name:** Madisonville, W. (Woodbine -A-)

<u>Land Type</u>	<u>MF Number</u>	<u>Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Acres in Unit</u>	<u>Royalty Participation</u>
UR	MF110423	0.25				3	0.0046875

A part of the Navasota River is being pooled pursuant to Texas Natural Resources Code 52.076 which gives the School Land Board the authority to pool unleased riverbeds and channels.

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

<b>Private Acres:</b>	157
<b>State Acres:</b>	3
<b>Total Unit Acres:</b>	160

<b><u>Participation Basis:</u></b>	
Surface Acreage	
<b><u>State Acreage:</u></b>	1.88%
<b><u>State Unit Royalty:</u></b>	0.47%

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

<b><u>Well Location:</u></b>
Private Land

<b><u>RRC Rules:</u></b>	<b><u>Spacing Acres:</u></b>
Special Field Rule	160 + 25%

REMARKS:

- PetroMax Operating, Co., Inc. is requesting permanent oil and gas pooling from the surface to 100 feet below the total depth drilled.
  
- The applicant plans on drilling a horizontal well in the 4th quarter this year to test the Woodbine Formation. The proposed total depth is 8,331 feet.
  
- To compensate the State for lost lease bonus on the unleased Navasota River acreage, the applicant has agreed to pay the Permanent School Fund \$300.00 per acre for a total of \$900.00.
  
- With approval of the unit the State's unit royalty participation will be 0.47%.

POOLING COMMITTEE RECOMMENDATION:

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



Jeffrey L. Palmer - Office of the Attorney General



Peter A. Boone - General Land Office



David Zimmerman - Office of the Governor

10-27-09

Date:

10-21-09

Date:

10-21-09

Date:

HENRY R CARTMELL  
A- 88

THOMAS FITZGERALD  
A- 97

ARCHILUS NUNLEY  
A- 176

Navasota River

MADISON

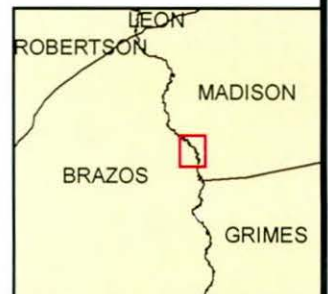
Prop SL

Prop BHL

BRAZOS

JESSE K DAVIS  
A- 103

EVAN EDDARDS  
A- 93



PetroMax Operating Co., Inc.  
Wilson #2H Unit  
A part of the Navasota River is being  
pooled pursuant to T.N.R.C. 52.076  
Madisonville, W. (Woodbine -A-)  
Brazos and Madison Counties  
Unit #4624  
PA09-195

0 650 1,300 2,600 Feet



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



Map Compiled By: Zeke Guillen  
November 3, 2009

**POOLING AGREEMENT PURSUANT TO TNRC § 52.076  
STATE OF TEXAS / PETROMAX OPERATING CO., INC.  
WILSON #2H UNIT  
M-110423  
BRAZOS AND MADISON COUNTIES, TEXAS**

THIS AGREEMENT ("Agreement") is made and entered into and effective the 3rd day of November 2009, by and between the Commissioner of the General Land Office of the State of Texas ("State"), and PetroMax Operating Co., Inc. ("PetroMax").

WITNESSETH THAT:

WHEREAS, the State owns the minerals under 3 acres of the Navasota River contained within the boundaries of the 160-acre, Wilson #2H Unit ("Unit") said 3 acres hereinafter referred to as the ("unleased interest"); and

WHEREAS, pursuant to Texas Natural Resources Code §52.076(a)(4), the School Land Board has authority to pool unleased river beds and channels owned by the State; and

WHEREAS, PetroMax and the State desire to pool the above-referenced unleased interest into said Unit; and

WHEREAS, The School Land Board at its regular meeting on November 3, 2009, determined that pooling said unleased interest as to oil and gas from the surface to 100 feet below the deepest depth drilled as defined in Exhibit "2" is in the best interest of the State.

NOW, THEREFORE, in consideration of the payment of \$900.00 to the State and of the mutual agreements hereinafter set forth and together with other valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, and for the purposes and upon the terms and conditions contained herein, the parties hereto agree as follows:

1. This Agreement is entered into pursuant to the authority granted in Chapter 52, of the Texas Natural Resources Code and Chapter 9 of Title 31 of the Texas Administrative Code and 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 minerals from the Unit and in the interpretation and application hereof this Agreement shall be, in all things, subject thereto.

2. The State and PetroMax agree that nothing herein shall be construed as granting a leasehold interest to PetroMax in the unleased interest but rather this Agreement affects a contractual pooling of interests with the respective rights and duties of the parties defined in paragraph 3, below.

3. The rights and duties of the State and PetroMax with respect to the unleased interest within the boundaries of the Unit shall be established, governed and controlled by the terms, conditions and covenants contained in Exhibit "1" and Exhibit "2" attached hereto and incorporated herein, wherein the State shall be considered the Lessor and PetroMax the Lessee and the State shall receive its share of unit production in the form of a royalty as provided in Exhibit "1" and allocated to the State as provided in Exhibit "2" with no obligation to the State for operating costs of any kind, including but not limited to exploring, drilling, equipping, completion, treating, transporting, marketing, plugging, abandonment or restoration.

4. This Agreement shall remain in effect for a term of one year from the effective date (herein called "primary term") and so long as the pooled mineral is being produced in paying quantities from the Unit, or so long as this Agreement is maintained in force by payment of shut-in oil or gas well royalties on a unit well, by drilling or rework operations on a unit well, or by other means in accordance with the terms of Exhibit "1" to this Agreement, or so long as the instrument creating the Unit remains in effect; provided that this Agreement shall automatically terminate on the date production of the pooled mineral ceases and there are no further operations on the unit to re-establish production of the pooled mineral, even though the instrument creating the pooled unit may remain in effect because a dissolution of unit has not been filed of record.

5. Inasmuch as the parties may not be able conveniently to execute one original hereof, it is agreed that a counterpart hereof may be executed by each party to this Agreement, each of which shall be considered an original, and all of said counterparts shall be construed together as one instrument.

6. The terms and provisions hereof shall extend to and be binding upon the heirs, legal representatives, successors, and assigns of the parties hereto.

7. This Agreement is to be performed in the State of Texas, and the substantive laws of the State of Texas will govern the validity, construction and enforcement of this Agreement.

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

Date Executed 1/26/10

STATE OF TEXAS

legal [Signature]  
leas. [Signature]  
cont. [Signature]  
exec. [Signature]

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

Date Executed \_\_\_\_\_

PETROMAX OPERATING CO., INC.

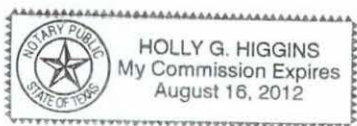
By: [Signature]  
LARRY B. CRAIN  
Its: PRESIDENT

STATE OF TEXAS

COUNTY OF Dallas

This instrument was acknowledged before me on Jan 21<sup>st</sup>, ~~2009~~ 2010, by Larry B Crain as President of PetroMax Operating Co., Inc., a Texas corporation on behalf of said corporation.

[Signature]  
Notary Public in and for the State of Texas



CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on November 3, 2009, the foregoing instrument was approved by said Board under the provisions of 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 26<sup>th</sup> day of January, 2010.

[Signature]  
Secretary of the School Land Board

## EXHIBIT "1"

§52.076 Exhibit 1, Revised 3/07

**1. RESERVATION AND GRANT:** 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 to Lessee, being the right to explore for, drill and produce the pooled mineral from the pooled area, and Lessor further reserves 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 and zones which are not covered by this Agreement. All of the rights in and to the pooled area retained by Lessor and all of the rights in and to the pooled area granted to Lessee herein shall be exercised in such a manner that neither shall unduly interfere with the operations of the other.

**2. PRODUCTION ROYALTIES:** Upon production of the pooled mineral 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,  $\frac{1}{4}$  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 pooled 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)  $\frac{1}{4}$  part of the gross production or the market value thereof, at the option of the Lessor, such value to be based on the highest market price paid or offered for gas 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 agreement 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,  $\frac{1}{4}$  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 agreement, 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 agreement; 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,  $\frac{1}{4}$  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 agreement 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 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. 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 agreement.

**(G) PLANT FUEL AND RECYCLED GAS:** No royalty shall be payable on any gas as may represent this agreement'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 pooled area 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 agreement.

**(H) MINIMUM ROYALTY:** The royalties paid to Lessor each year in no event shall be less than \$5.00 per acre pooled; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of first production a sum equal to \$5.00 per acre pooled less the amount of royalties paid during the preceding year.

**3. 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 to each lease number. 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.

**4. (A) RESERVES, CONTRACTS AND OTHER RECORDS:** Lessee shall annually furnish the Commissioner of the General Land Office with its best possible estimate of pooled mineral reserves underlying the pooled area 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 pooled

mineral produced from the pooled area, 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 the pooled unit 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 unit 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.

**5. OFFSET WELLS:** If the pooled mineral 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 agreement, 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 agreement begin in good faith and prosecute diligently the drilling of an offset well on the area covered by this agreement, 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 agreement, 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.

**6. DRILLING AND REWORKING AT EXPIRATION OF PRIMARY TERM:** If, at the expiration of the primary term, the pooled mineral is not being produced from the pooled area, but Lessee is then engaged in drilling or reworking operations thereon, this agreement shall remain in force so long as operations on said well or for drilling or reworking of any additional wells are prosecuted in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days during any one such operation, and if they result in the production of oil and/or gas, so long thereafter as oil and/or gas is produced in paying quantities from said land, or payment of shut-in oil or gas well royalties or compensatory royalties is made as provided in this agreement.

**7. CESSATION, DRILLING, AND REWORKING:** If at the end of, or after the primary term, production of the pooled mineral should cease from any cause, this agreement shall not terminate if Lessee re-establishes production in paying quantities within sixty (60) days after such cessation or commences additional drilling or reworking operations within sixty (60) days after such cessation, and this agreement 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. For a cessation of production prior to the end of the primary term, Lessee may use the expiration of the primary term as the date of cessation of production. If such drilling or reworking operations result in the production of the pooled mineral, the agreement shall remain in full force and effect for so long as the pooled mineral is produced from the pooled unit 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, this agreement 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 agreement 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.

**8. 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 a well capable of producing the pooled mineral in paying quantities is located on the pooled area, but the pooled mineral 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 \$10.00 per acre pooled, but not less than \$1,200 for each well capable of producing the pooled mineral 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 the pooled mineral from the pooled area, or (3) 60 days after Lessee completes a drilling or reworking operation in accordance with the terms of this agreement; whichever date is latest. If the shut-in oil or gas royalty is paid, this agreement shall be considered to be a producing agreement and the payment shall extend the term of the agreement for a period of one year 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 pooled mineral exists, Lessee may extend this agreement 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.

**9. COMPENSATORY ROYALTIES:** If, during the period the agreement is kept in effect by payment of the shut-in oil or gas royalty, the pooled mineral is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the pooled area and completed in the same producing reservoir, or in any case in which drainage of the pooled mineral is occurring, the right to continue to maintain the agreement by paying the shut-in oil or gas royalty shall cease, but the agreement shall remain effective for the remainder of the year for which the royalty has been paid. The Lessee may maintain the agreement for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in this agreement 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 pooled area. 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 pooled mineral 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 pooled area; 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 3 of this agreement.

**10. USE OF WATER; SURFACE:** Lessee shall have the right to use water produced on said land necessary for operations hereunder and solely upon the pooled area; 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 Lessor. Subject to its obligation to pay surface damages, 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.

**11. POLLUTION:** In developing this pooled 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.

**(A)** 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.

**(B)** No discharge of solid waste or garbage shall be allowed into State waters from any drilling or support vessels, production platform, crew or supply boat, barge, jack-up rig or other equipment located on the pooled area. Solid waste shall include but shall not be limited to containers, equipment, rubbish, plastic, glass, and any other man-made non-biodegradable items. A sign must be displayed in a high traffic area on all vessels and manned platforms stating, "Discharge of any solid waste or garbage into State Waters from vessels or platforms is strictly prohibited and may subject a this agreement to forfeiture." Such statement shall be in lettering of at least 1" in size.

**(C) PENALTY:** Failure to comply with the requirements of this provision may result in the maximum penalty allowed by law including forfeiture of the agreement. Lessee shall be liable for the damages caused by such failure and any costs and expenses incurred in cleaning areas affected by the discharged waste.

**12. IDENTIFICATION MARKERS:** Lessee shall erect, at a distance not to exceed twenty-five (25) feet from each well on the premises covered by this agreement, a legible sign on which shall be stated the name of the operator, the State Lease Number 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 agreement.

**13. ASSIGNMENTS:** The agreement may be transferred at any time; provided, however, that the liability of the transferor to properly discharge its obligation under the agreement, 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 this agreement by the State Lease Number and must be recorded in the county where the pooled 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 agreement, including any liabilities to the state for unpaid royalties.

**14. LIEN:** In accordance with N.R.C. Section 52.136, the State shall have a first lien upon all of the pooled mineral produced from the unit to secure payment of all unpaid royalty and other sums of money that may become due under this agreement. By acceptance of this agreement, 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 pooled minerals in and extracted from the pooled area, all proceeds which may accrue to Lessee from the sale of such minerals, whether such proceeds are held by Lessee or by a third party, and all fixtures on and improvements to the pooled area used in connection with the production or processing of such minerals in order to secure the payment of all royalties or other amounts due or to become due under this agreement 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 agreement, 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 pooling of the area. Should the Commissioner at any time determine that this representation is not true, then the Commissioner may declare this agreement forfeited as provided herein.

**15. 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 agreement, or if this agreement is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under this agreement 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 or pooling. However, nothing herein shall be construed as waiving the automatic termination of this agreement by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this agreement 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 agreement and the rules and regulations that may be adopted relative hereto.

**16. RIVERBED TRACTS:** Lessee is hereby specifically granted the right of eminent domain and condemnation as provided for in N.R.C. Sections 52.092-52.093, as a part of the consideration moving to Lessor for the covenants herein made by Lessee.

**17. APPLICABLE LAWS AND DRILLING RESTRICTIONS:** This agreement 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 on Permanent Free School Land (specifically including any rules promulgated that relate to plans of 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 agreement. Without limiting the generality of the foregoing, Lessee hereby agrees, by the acceptance of this agreement, to be bound by and subject to all statutory and regulatory provisions relating to the General Land Office's audit billing notice and audit hearings procedures. Said provisions are currently found at Texas Natural Resources Code Sections 52.135 and 52.137 through 52.140.

**18. REMOVAL OF EQUIPMENT:** Upon the termination of this agreement, 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 on State Land 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 pooled area the casing or any other equipment, material, machinery, appliances or property owned by Lessee and used by Lessee in the development and production of the pooled mineral 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.

**19. FORCE MAJEURE:** Should Lessee be prevented from complying with any express or implied covenant of this agreement, from conducting drilling operations thereon, or from producing the pooled mineral 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 operations suspended as provided in the rules and regulations adopted by the School Land Board); and this agreement shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing the pooled mineral from the pooled area; provided, however, that nothing herein shall be construed to suspend the or to abridge Lessee's right to a suspension under any applicable statute of this State.

**20. 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 the pooled area. 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 of the pooled area'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.

**21. 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.

**22. ANTIQUITIES CODE:** In the event that any site, object, location, artifact or other feature of archaeological, scientific, educational, cultural, archeological or historical interest are encountered on Permanent School Fund Land during the activities authorized by this agreement, Lessee will immediately cease activities and will immediately notify the General Land Office (ATTN: Archaeologist, Asset Management Division, 1700 N. Congress Ave., Austin, Texas 78701) and the Texas Historical Commission (P.O. Box 12276, Austin, TX 78711) so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate. Lessee is expressly placed on notice of the National Historical Preservation Act of 1966 (PB-89-66, 80 Statute 915; 16 U.S.C.A. 470) and the Antiquities Code of Texas, Chapter 191, Tex. Nat. Code Ann. (Vernon 1993 & Supp. 1998).

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

**24. FILING:** Pursuant to Chapter 9 of the Tex. Bus. & Com. Code, this agreement must be filed of record in the office of the County Clerk in any county in which all or any part of the pooled area is located, and recorded copies thereof must be filed in the General Land Office.

EXHIBIT "2"

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. This Agreement is intended to be performed pursuant to and in compliance with all applicable statutes, decisions, regulations, rules, orders and directives of any governmental agency having jurisdiction over the production and conservation of the pooled mineral and in its interpretation and application shall, in all things, be subject thereto.

UNIT DESCRIPTION:

2.

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

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit from the surface down to 100 feet below the deepest depth drilled on the unit in any well drilled by Lessee, its successors or assigns, which is spud within one (1) year of the effective date of this Agreement ("unitized interval").

POOLING AND EFFECT:

4.

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

- (a) The unit, to the extent as above described, shall be operated as an entirety for the exploration, development and production of the pooled mineral, rather than as separate tracts.
- (b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement.
- (c) Production of the pooled mineral from the unit allocated to each separate tract, respectively, as hereinafter provided, shall be deemed to have been produced from each such separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement.
- (d) All rights to the production of the pooled mineral from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom.
- (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 tract or lease included within said unit.
- (f) 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 160 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.

- (g) This Agreement shall not relieve Lessee from the duty of protecting 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.
- (h) 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.

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.

DISSOLUTION:

6.

The unit covered by this Agreement may be dissolved by Lessee, his heirs, successors or assigns, by an instrument filed for record in Brazos and Madison Counties, 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:

7.

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 or Pooling Agreement that has expired, terminated, or has been released in whole or in part or terminated under the their terms 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 or Pooling Agreement; (3) constitute a waiver or release of any claim by the State that such lease or Pooling Agreement is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or Pooling Agreement 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.

EXHIBIT "A"

Attached to and made a part of that certain Pooling Agreement between the State of Texas and PetroMax Operating Co., Inc. for the Wilson #2H Unit, M-110423, Brazos and Madison Counties, Texas

**WILSON LEASE DESCRIPTION**

2072.33 acres of land, more or less, described as two (2) tracts in that certain Oil, Gas and Mineral Lease dated August 29, 1974 between James D. Wilson, Individually and as Independent Executor and Trustee for James D. Wilson, Jr., and Frances Elizabeth Wilson, minors under the will of Hazel Herrling, deceased as Lessors and Curran R. Campbell, Inc. as Lessee, recorded in Volume 203, Page 464 of the Deed Records, Madison County, Texas and recorded in Volume 21, Page 668 of the Deed Records, Brazos County, Texas.

EXHIBIT "B"

Attached to and made a part of that certain Pooling Agreement between the State of Texas and PetroMax Operating Co., Inc. for the Wilson #2H Unit, M-110423, Brazos and Madison Counties, Texas

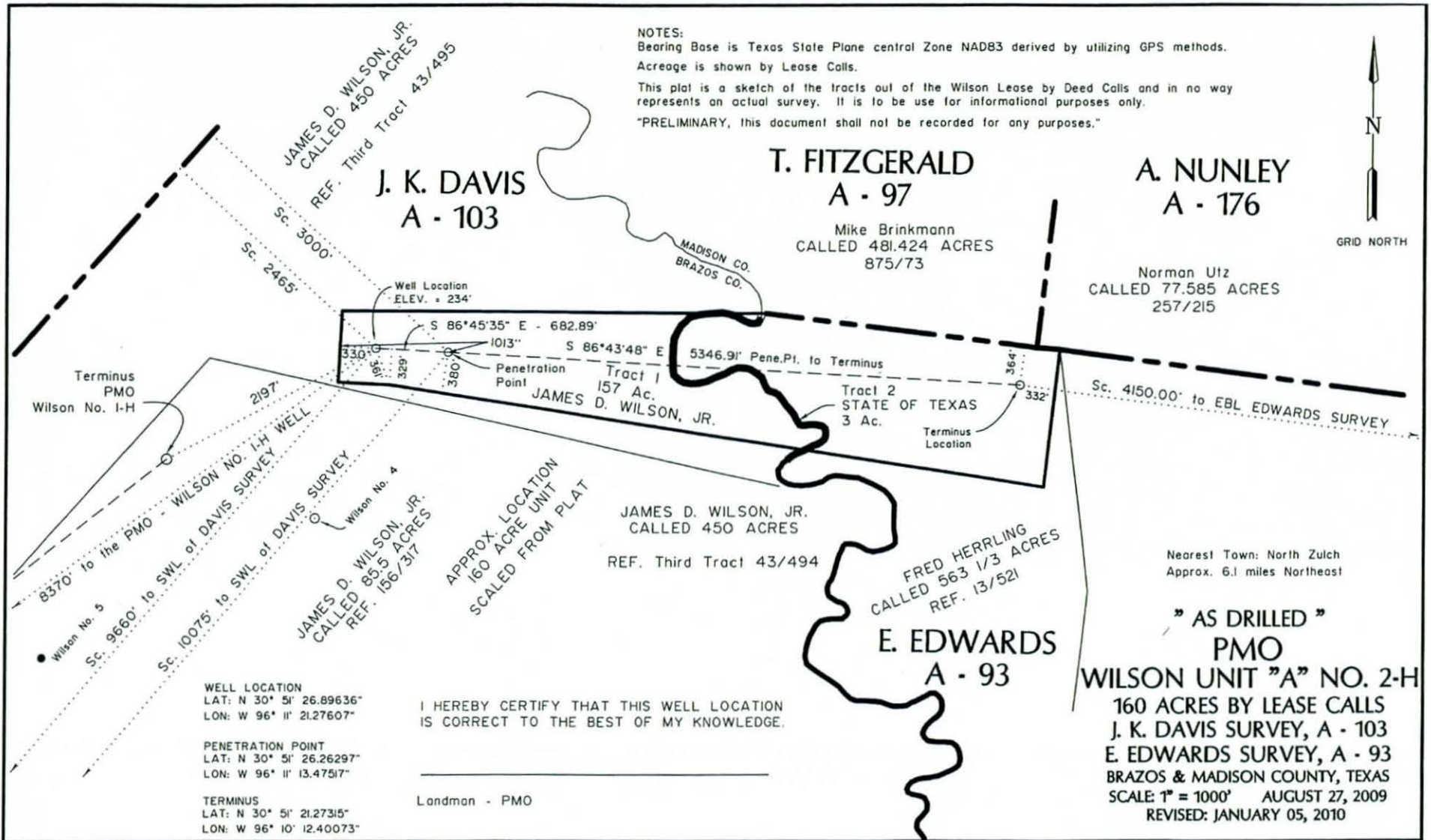
**160 ACRES BEING PART OF THE  
J.K. DAVIS SURVEY, A - 103, BRAZOS COUNTY, TEXAS  
E. EDWARDS SURVEY, A - 93, MADISON COUNTY, TEXAS  
BRAZOS AND MADISON COUNTIES, TEXAS**

Being 160 acres of land situated in the J.K. Davis Survey, A - 103, Brazos County, Texas and the E. Edwards Survey, A - 93, Madison County, Texas, and being a part of a 450 acre tract recorded in Volume 2535, Page 163, Deed/Official Records of Brazos County, Texas and also being a part of the F.C. Herrling 563 1/3 acres recorded in Volume 50, Page 517, Deed Records of Madison County, Texas, and also being a part of an unrecorded tract of land owned by The State of Texas described as the riverbed of the Navasota River, the 160 acre tract being more particularly described as follows:

BEGINNING at a 36" Oak found for the southeast corner of the Mike Brinkmann Called 481.424 Acre Tract recorded in Volume 875, Page 73, also being the southwest corner of the Norman Utz 77.585 Acre Tract recorded in Volume 257, Page 215, same being located in the Occupied north Line of the Fred Herrling 563 1/3 Acre Tract;  
THENCE S 86 ° 00 ' 30 " E, a distance of 216.20 feet to a ½" Iron Rod found for an angle point in the south line of the Utz Tract;  
THENCE S 6 ° 33 ' 19 " W, a distance of 1285.99 feet to a point;  
THENCE N 81 ° 08 ' 21 " W, a distance of 6189.91 feet to a point;  
THENCE N 87 ° 11 ' 39 " W, a distance of 477.14 feet to a point;  
THENCE N 2 ° 59 ' 54 " E, a distance of 663.20 feet to a point;  
THENCE S 89 ° 37 ' 37 " E, a distance of 3960.36 feet to a point;  
THENCE S 82 ° 48 ' 05 " E, a distance of 2549.00 feet to the PLACE OF BEGINNING containing 160 acres.

EXHIBIT "C"

Attached to and made a part of that certain Pooling Agreement between the State of Texas and PetroMax Operating Co., Inc. for the Wilson #2H Unit, M-110423, Brazos and Madison Counties, Texas



4.

File No. MF 110433

Police Committee Report &  
Police Agreement Pursuant to

Date Filed: 7/1/10 MRC

Jerry E. Patterson, Commissioner 52,076

By: 



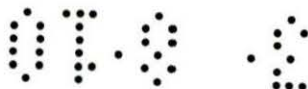
To whom it may Concern:

Please find enclosed Certified Copy of Pooling Agreement, State of Texas/PetroMax Operating Co., Wilson #2H Unit, M-110423.

Thank You,

A handwritten signature in dark ink that reads "Nicky Fitzgerald". The signature is written in a cursive style with a large, prominent "N" and "F".

Nicky Fitzgerald  
Enclosures



POOLING AGREEMENT PURSUANT TO TNRC § 52.076  
STATE OF TEXAS / PETROMAX OPERATING CO., INC.  
WILSON #2H UNIT  
M-110423  
BRAZOS AND MADISON COUNTIES, TEXAS

THIS AGREEMENT ("Agreement") is made and entered into and effective the 3rd day of November 2009, by and between the Commissioner of the General Land Office of the State of Texas ("State"), and PetroMax Operating Co., Inc. ("PetroMax").

WITNESSETH THAT:

WHEREAS, the State owns the minerals under 3 acres of the Navasota River contained within the boundaries of the 160-acre, Wilson #2H Unit ("Unit") said 3 acres hereinafter referred to as the ("unleased interest"); and

WHEREAS, pursuant to Texas Natural Resources Code §52.076(a)(4), the School Land Board has authority to pool unleased river beds and channels owned by the State; and

WHEREAS, PetroMax and the State desire to pool the above-referenced unleased interest into said Unit; and

WHEREAS, The School Land Board at its regular meeting on November 3, 2009, determined that pooling said unleased interest as to oil and gas from the surface to 100 feet below the deepest depth drilled as defined in Exhibit "2" is in the best interest of the State.

NOW, THEREFORE, in consideration of the payment of \$900.00 to the State and of the mutual agreements hereinafter set forth and together with other valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, and for the purposes and upon the terms and conditions contained herein, the parties hereto agree as follows:

1. This Agreement is entered into pursuant to the authority granted in Chapter 52, of the Texas Natural Resources Code and Chapter 9 of Title 31 of the Texas Administrative Code and 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 minerals from the Unit and in the interpretation and application hereof this Agreement shall be, in all things, subject thereto.

2. The State and PetroMax agree that nothing herein shall be construed as granting a leasehold interest to PetroMax in the unleased interest but rather this Agreement affects a contractual pooling of interests with the respective rights and duties of the parties defined in paragraph 3, below.

3. The rights and duties of the State and PetroMax with respect to the unleased interest within the boundaries of the Unit shall be established, governed and controlled by the terms, conditions and covenants contained in Exhibit "1" and Exhibit "2" attached hereto and incorporated herein, wherein the State shall be considered the Lessor and PetroMax the Lessee and the State shall receive its share of unit production in the form of a royalty as provided in Exhibit "1" and allocated to the State as provided in Exhibit "2" with no obligation to the State for operating costs of any kind, including but not limited to exploring, drilling, equipping, completion, treating, transporting, marketing, plugging, abandonment or restoration.

4. This Agreement shall remain in effect for a term of one year from the effective date (herein called "primary term") and so long as the pooled mineral is being produced in paying quantities from the Unit, or so long as this Agreement is maintained in force by payment of shut-in oil or gas well royalties on a unit well, by drilling or rework operations on a unit well, or by other means in accordance with the terms of Exhibit "1" to this Agreement, or so long as the instrument creating the Unit remains in effect; provided that this Agreement shall automatically terminate on the date production of the pooled mineral ceases and there are no further operations on the unit to re-establish production of the pooled mineral, even though the instrument creating the pooled unit may remain in effect because a dissolution of unit has not been filed of record.

5. Inasmuch as the parties may not be able conveniently to execute one original hereof, it is agreed that a counterpart hereof may be executed by each party to this Agreement, each of which shall be considered an original, and all of said counterparts shall be construed together as one instrument.

6. The terms and provisions hereof shall extend to and be binding upon the heirs, legal representatives, successors, and assigns of the parties hereto.



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7. This Agreement is to be performed in the State of Texas, and the substantive laws of the State of Texas will govern the validity, construction and enforcement of this Agreement.

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

Date Executed 1/26/10

legal [Signature]  
leas. [Signature]  
cont. [Signature]  
exec. [Signature]

STATE OF TEXAS

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

Date Executed \_\_\_\_\_

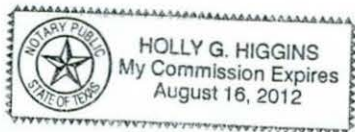
PETROMAX OPERATING CO., INC.

By: [Signature]  
LARRY B. CRAIN  
Its: PRESIDENT

STATE OF TEXAS

COUNTY OF Dallas

This instrument was acknowledged before me on Jan 21st, <sup>2010</sup>2009, by Larry B Crain as President of PetroMax Operating Co., Inc., a Texas corporation on behalf of said corporation.



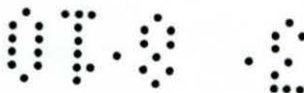
[Signature]  
Notary Public in and for the State of Texas

CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on November 3, 2009, the foregoing instrument was approved by said Board under the provisions of 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 26th day of January, 2009

[Signature]  
Secretary of the School Land Board



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## EXHIBIT "1"

§52.076 Exhibit 1, Revised 3/07

**1. RESERVATION AND GRANT:** 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 to Lessee, being the right to explore for, drill and produce the pooled mineral from the pooled area, and Lessor further reserves 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 and zones which are not covered by this Agreement. All of the rights in and to the pooled area retained by Lessor and all of the rights in and to the pooled area granted to Lessee herein shall be exercised in such a manner that neither shall unduly interfere with the operations of the other.

**2. PRODUCTION ROYALTIES:** Upon production of the pooled mineral 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,  $\frac{1}{4}$  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 pooled 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)  $\frac{1}{4}$  part of the gross production or the market value thereof, at the option of the Lessor, such value to be based on the highest market price paid or offered for gas 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 agreement 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,  $\frac{1}{4}$  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 agreement, 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 agreement; 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,  $\frac{1}{4}$  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 agreement 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 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. 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 agreement.

(G) **PLANT FUEL AND RECYCLED GAS:** No royalty shall be payable on any gas as may represent this agreement'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 pooled area 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 agreement.

(H) **MINIMUM ROYALTY:** The royalties paid to Lessor each year in no event shall be less than \$5.00 per acre pooled; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of first production a sum equal to \$5.00 per acre pooled less the amount of royalties paid during the preceding year.

**3. 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 to each lease number. 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.

**4. (A) RESERVES, CONTRACTS AND OTHER RECORDS:** Lessee shall annually furnish the Commissioner of the General Land Office with its best possible estimate of pooled mineral reserves underlying the pooled area 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 pooled



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mineral produced from the pooled area, 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 the pooled unit 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 unit 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.

5. **OFFSET WELLS:** If the pooled mineral 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 agreement, 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 agreement begin in good faith and prosecute diligently the drilling of an offset well on the area covered by this agreement, 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 agreement, 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.

6. **DRILLING AND REWORKING AT EXPIRATION OF PRIMARY TERM:** If, at the expiration of the primary term, the pooled mineral is not being produced from the pooled area, but Lessee is then engaged in drilling or reworking operations thereon, this agreement shall remain in force so long as operations on said well or for drilling or reworking of any additional wells are prosecuted in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days during any one such operation, and if they result in the production of oil and/or gas, so long thereafter as oil and/or gas is produced in paying quantities from said land, or payment of shut-in oil or gas well royalties or compensatory royalties is made as provided in this agreement.

7. **CESSATION, DRILLING, AND REWORKING:** If at the end of, or after the primary term, production of the pooled mineral should cease from any cause, this agreement shall not terminate if Lessee re-establishes production in paying quantities within sixty (60) days after such cessation or commences additional drilling or reworking operations within sixty (60) days after such cessation, and this agreement 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. For a cessation of production prior to the end of the primary term, Lessee may use the expiration of the primary term as the date of cessation of production. If such drilling or reworking operations result in the production of the pooled mineral, the agreement shall remain in full force and effect for so long as the pooled mineral is produced from the pooled unit 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, this agreement 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 agreement 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.

8. **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 a well capable of producing the pooled mineral in paying quantities is located on the pooled area, but the pooled mineral 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 \$10.00 per acre pooled, but not less than \$1,200 for each well capable of producing the pooled mineral 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 the pooled mineral from the pooled area, or (3) 60 days after Lessee completes a drilling or reworking operation in accordance with the terms of this agreement, whichever date is latest. If the shut-in oil or gas royalty is paid, this agreement shall be considered to be a producing agreement and the payment shall extend the term of the agreement for a period of one year 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 pooled mineral exists, Lessee may extend this agreement 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.

9. **COMPENSATORY ROYALTIES:** If, during the period the agreement is kept in effect by payment of the shut-in oil or gas royalty, the pooled mineral is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the pooled area and completed in the same producing reservoir, or in any case in which drainage of the pooled mineral is occurring, the right to continue to maintain the agreement by paying the shut-in oil or gas royalty shall cease, but the agreement shall remain effective for the remainder of the year for which the royalty has been paid. The Lessee may maintain the agreement for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in this agreement 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 pooled area. 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 pooled mineral 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 pooled area; 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 3 of this agreement.

10. **USE OF WATER; SURFACE:** Lessee shall have the right to use water produced on said land necessary for operations hereunder and solely upon the pooled area, 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 Lessor. Subject to its obligation to pay surface damages, 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.

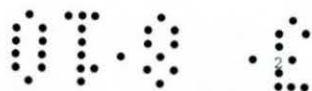
11. **POLLUTION:** In developing this pooled area, Lessee shall use the highest degree of care and all proper safeguards to prevent pollution. Without limiting the foregoing, pollution of coastal wetlands, natural waterways, rivers and impounded water shall be prevented by the use of containment facilities 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.

(A) 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.

(B) No discharge of solid waste or garbage shall be allowed into State waters from any drilling or support vessels, production platform, crew or supply boat, barge, jack-up rig or other equipment located on the pooled area. Solid waste shall include but shall not be limited to containers, equipment, rubbish, plastic, glass, and any other man-made non-biodegradable items. A sign must be displayed in a high traffic area on all vessels and manned platforms stating, "Discharge of any solid waste or garbage into State Waters from vessels or platforms is strictly prohibited and may subject a this agreement to forfeiture." Such statement shall be in lettering of at least 1" in size.

(C) **PENALTY:** Failure to comply with the requirements of this provision may result in the maximum penalty allowed by law including forfeiture of the agreement. Lessee shall be liable for the damages caused by such failure and any costs and expenses incurred in cleaning areas affected by the discharged waste.

12. **IDENTIFICATION MARKERS:** Lessee shall erect, at a distance not to exceed twenty-five (25) feet from each well on the premises covered by this agreement, a legible sign on which shall be stated the name of the operator, the State Lease Number designation and the well number. Where two or more wells on the same lease or where wells on two or more leases are



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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 agreement.

**13. ASSIGNMENTS:** The agreement may be transferred at any time; provided, however, that the liability of the transferor to properly discharge its obligation under the agreement, 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 this agreement by the State Lease Number and must be recorded in the county where the pooled 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 agreement, including any liabilities to the state for unpaid royalties.

**14. LIEN:** In accordance with N.R.C. Section 52.136, the State shall have a first lien upon all of the pooled mineral produced from the unit to secure payment of all unpaid royalty and other sums of money that may become due under this agreement. By acceptance of this agreement, 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 pooled minerals in and extracted from the pooled area, all proceeds which may accrue to Lessee from the sale of such minerals, whether such proceeds are held by Lessee or by a third party, and all fixtures on and improvements to the pooled area used in connection with the production or processing of such minerals in order to secure the payment of all royalties or other amounts due or to become due under this agreement 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 agreement, 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 pooling of the area. Should the Commissioner at any time determine that this representation is not true, then the Commissioner may declare this agreement forfeited as provided herein.

**15. 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 agreement, or if this agreement is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under this agreement 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 or pooling. However, nothing herein shall be construed as waiving the automatic termination of this agreement by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this agreement 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 agreement and the rules and regulations that may be adopted relative hereto.

**16. RIVERBED TRACTS:** Lessee is hereby specifically granted the right of eminent domain and condemnation as provided for in N.R.C. Sections 52.092-52.093, as a part of the consideration moving to Lessor for the covenants herein made by Lessee.

**17. APPLICABLE LAWS AND DRILLING RESTRICTIONS:** This agreement 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 on Permanent Free School Land (specifically including any rules promulgated that relate to plans of 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 agreement. Without limiting the generality of the foregoing, Lessee hereby agrees, by the acceptance of this agreement, to be bound by and subject to all statutory and regulatory provisions relating to the General Land Office's audit billing notice and audit hearings procedures. Said provisions are currently found at Texas Natural Resources Code Sections 52.135 and 52.137 through 52.140

**18. REMOVAL OF EQUIPMENT:** Upon the termination of this agreement, 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 on State Land 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 pooled area the casing or any other equipment, material, machinery, appliances or property owned by Lessee and used by Lessee in the development and production of the pooled mineral 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.

**19. FORCE MAJEURE:** Should Lessee be prevented from complying with any express or implied covenant of this agreement, from conducting drilling operations thereon, or from producing the pooled mineral 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 operations suspended as provided in the rules and regulations adopted by the School Land Board); and this agreement shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing the pooled mineral from the pooled area; provided, however, that nothing herein shall be construed to suspend the or to abridge Lessee's right to a suspension under any applicable statute of this State.

**20. 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 the pooled are. 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 of the pooled area'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.

**21. 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.

**22. ANTIQUITIES CODE:** In the event that any site, object, location, artifact or other feature of archaeological, scientific, educational, cultural, archeological or historical interest are encountered on Permanent School Fund Land during the activities authorized by this agreement, Lessee will immediately cease activities and will immediately notify the General Land Office (ATTN: Archaeologist, Asset Management Division, 1700 N. Congress Ave., Austin, Texas 78701) and the Texas Historical Commission (P.O. Box 12276, Austin, TX 78711) so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate. Lessee is expressly placed on notice of the National Historical Preservation Act of 1966 (PB-89-66, 80 Statute 915; 16 U.S.C.A. 470) and the Antiquities Code of Texas, Chapter 191, Tex. Nat. Code Ann. (Vernon 1993 & Supp. 1998).

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

**24. FILING:** Pursuant to Chapter 9 of the Tex. Bus. & Com. Code, this agreement must be filed of record in the office of the County Clerk in any county in which all or any part of the pooled area is located, and recorded copies thereof must be filed in the General Land Office.



A True and Correct  
Copy of Original  
Filed in Madison  
County Clerk's Office

EXHIBIT "2"

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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. This Agreement is intended to be performed pursuant to and in compliance with all applicable statutes, decisions, regulations, rules, orders and directives of any governmental agency having jurisdiction over the production and conservation of the pooled mineral and in its interpretation and application shall, in all things, be subject thereto.

UNIT DESCRIPTION:

2.

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

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit from the surface down to 100 feet below the deepest depth drilled on the unit in any well drilled by Lessee, its successors or assigns, which is spud within one (1) year of the effective date of this Agreement ("unitized interval").

POOLING AND EFFECT:

4.

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

- (a) The unit, to the extent as above described, shall be operated as an entirety for the exploration, development and production of the pooled mineral, rather than as separate tracts.
- (b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement.
- (c) Production of the pooled mineral from the unit allocated to each separate tract, respectively, as hereinafter provided, shall be deemed to have been produced from each such separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement.
- (d) All rights to the production of the pooled mineral from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom.
- (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 tract or lease included within said unit.
- (f) 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 160 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.



- (g) This Agreement shall not relieve Lessee from the duty of protecting 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.
- (h) 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.

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.

DISSOLUTION:

6.

The unit covered by this Agreement may be dissolved by Lessee, his heirs, successors or assigns, by an instrument filed for record in Brazos and Madison Counties, 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:

7.

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 or Pooling Agreement that has expired, terminated, or has been released in whole or in part or terminated under the their terms 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 or Pooling Agreement; (3) constitute a waiver or release of any claim by the State that such lease or Pooling Agreement is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or Pooling Agreement 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.



EXHIBIT "A"

Attached to and made a part of that certain Pooling Agreement between the State of Texas and PetroMax Operating Co., Inc. for the Wilson #2H Unit, M-110423, Brazos and Madison Counties, Texas

**WILSON LEASE DESCRIPTION**

2072.33 acres of land, more or less, described as two (2) tracts in that certain Oil, Gas and Mineral Lease dated August 29, 1974 between James D. Wilson, Individually and as Independent Executor and Trustee for James D. Wilson, Jr., and Frances Elizabeth Wilson, minors under the will of Hazel Herrling, deceased as Lessors and Curran R. Campbell, Inc. as Lessee, recorded in Volume 203, Page 464 of the Deed Records, Madison County, Texas and recorded in Volume 21, Page 668 of the Deed Records, Brazos County, Texas.

A True and Correct  
Copy of Original  
Filed in Madison  
County Clerk's Office



EXHIBIT "B"

Attached to and made a part of that certain Pooling Agreement between the State of Texas and PetroMax Operating Co., Inc. for the Wilson #2H Unit, M-110423, Brazos and Madison Counties, Texas

160 ACRES BEING PART OF THE  
J.K. DAVIS SURVEY, A - 103, BRAZOS COUNTY, TEXAS  
E. EDWARDS SURVEY, A - 93, MADISON COUNTY, TEXAS  
BRAZOS AND MADISON COUNTIES, TEXAS

Being 160 acres of land situated in the J.K. Davis Survey, A - 103, Brazos County, Texas and the E. Edwards Survey, A - 93, Madison County, Texas, and being a part of a 450 acre tract recorded in Volume 2535, Page 163, Deed/Official Records of Brazos County, Texas and also being a part of the F.C. Herrling 563 1/3 acres recorded in Volume 50, Page 517, Deed Records of Madison County, Texas, and also being a part of an unrecorded tract of land owned by The State of Texas described as the riverbed of the Navasota River, the 160 acre tract being more particularly described as follows:

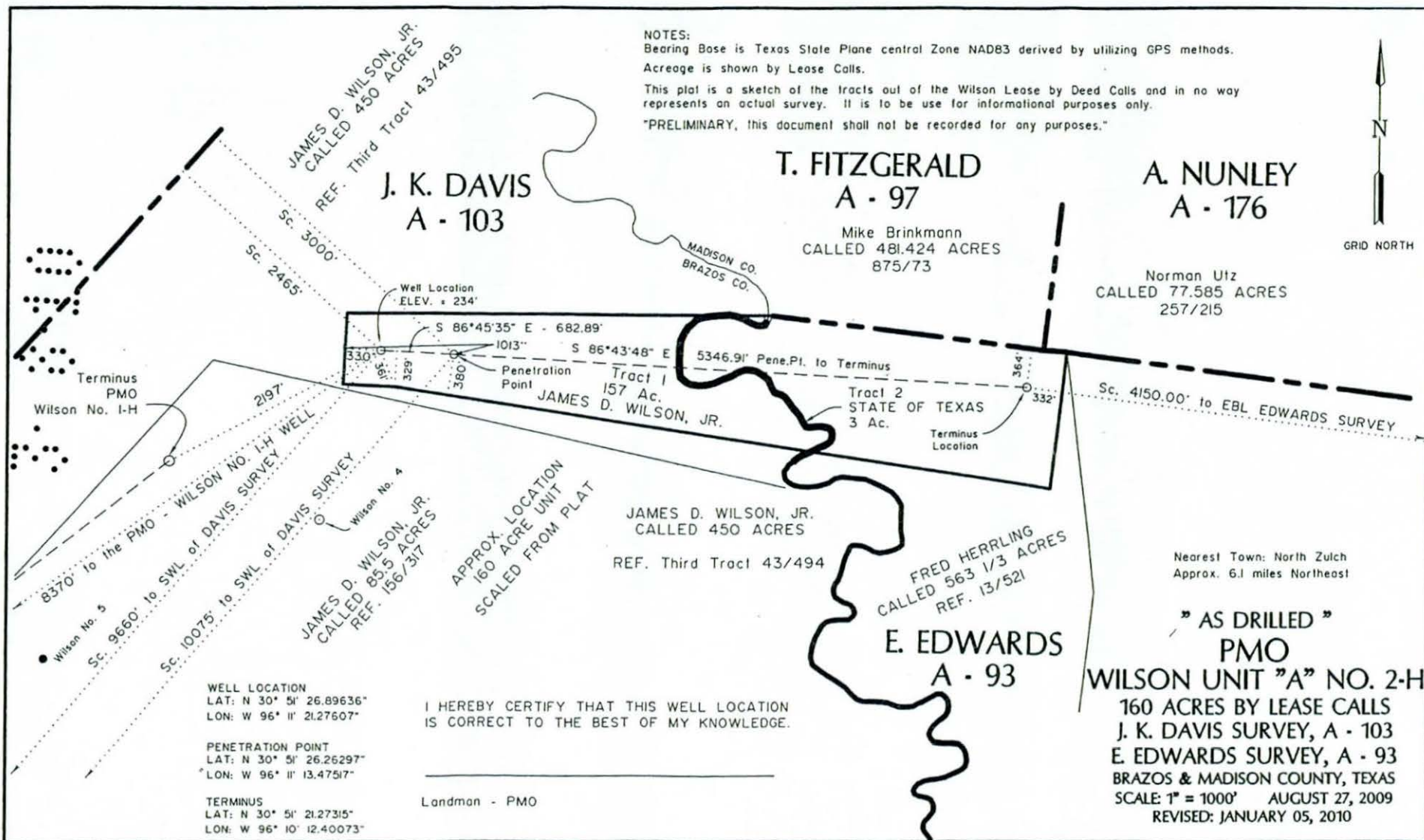
BEGINNING at a 36" Oak found for the southeast corner of the Mike Brinkmann Called 481.424 Acre Tract recorded in Volume 875, Page 73, also being the southwest corner of the Norman Utz 77.585 Acre Tract recorded in Volume 257, Page 215, same being located in the Occupied north Line of the Fred Herrling 563 1/3 Acre Tract;  
THENCE S 86 ° 00 ' 30 " E, a distance of 216.20 feet to a 1/2" Iron Rod found for an angle point in the south line of the Utz Tract;  
THENCE S 6 ° 33 ' 19 " W, a distance of 1285.99 feet to a point;  
THENCE N 81 ° 08 ' 21 " W, a distance of 6189.91 feet to a point;  
THENCE N 87 ° 11 ' 39 " W, a distance of 477.14 feet to a point;  
THENCE N 2 ° 59 ' 54 " E, a distance of 663.20 feet to a point;  
THENCE S 89 ° 37 ' 37 " E, a distance of 3960.36 feet to a point;  
THENCE S 82 ° 48 ' 05 " E, a distance of 2549.00 feet to the PLACE OF BEGINNING containing 160 acres.

A True and Correct  
Copy of Original  
Filed in Madison  
County Clerk's Office



EXHIBIT "C"

Attached to and made a part of that certain Pooling Agreement between the State of Texas and PetroMax Operating Co., Inc. for the Wilson #2H Unit, M-110423, Brazos and Madison Counties, Texas



A True and Correct  
 Copy of Original  
 Filed in Madison  
 County Clerk's Office

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STATE OF TEXAS  
COUNTY OF MADISON

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 Records of Madison County, Texas.

HONORABLE CHARLOTTE BARRETT, COUNTY CLERK  
Madison County, TEXAS

Document Number: 62723

Amount: 52.00

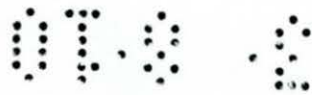
Receipt Number: 5346

Vol: 1006 Page: 14

Recorded: Feb 08, 2010 at 01:31P

By,  
Anna Eubank, Deputy

*Petro max Operating Co Inc*



STATE OF TEXAS  
COUNTY OF MADISON  
I, Charlotte Barrett, County Clerk of Madison County, Texas,  
do hereby certify that the foregoing is a true and correct copy  
of the original record and as same appears on record in  
Official Record Vol. 1006 Page(s) 14-24  
in Madison County, Texas.  
Given under my hand and seal of office on this day of  
February 8, 2010  
By Anna Mae Eubank, Deputy

Anna Mae Eubank

(5)

File No. M-110423

Let. From PetroMax with  
Recorded Pooling Agreement

Date Filed: 3/6/10

Jerry E. Patterson  
Commissioner

By Gary Morgan

2010

STATE OF TEXAS  
COUNTY OF BRAZOS

The foregoing is a true and correct copy as the s  
appears on file and recorded in the appropriate  
records of Brazos County, Texas

POOLING AGREEMENT PURSUANT TO TNRC § 52.076  
STATE OF TEXAS / PETROMAX OPERATING CO., INC  
WILSON #2H UNIT  
M-110423  
BRAZOS AND MADISON COUNTIES, TEXAS

Thereby certify, on March 15, 2010



*Karen Mc Lues*  
County Clerk,  
Brazos County, Texas

THIS AGREEMENT ("Agreement") is made and entered into and effective the 3rd day of November 2009, by and between the Commissioner of the General Land Office of the State of Texas ("State"), and PetroMax Operating Co., ("PetroMax").

WITNESSETH THAT:

WHEREAS, the State owns the minerals under 3 acres of the Navasota River contained within the boundaries of the 160-acre, Wilson #2H Unit ("Unit") said 3 acres hereinafter referred to as the ("unleased interest"); and

WHEREAS, pursuant to Texas Natural Resources Code §52.076(a)(4), the School Land Board has authority to pool unleased river beds and channels owned by the State; and

WHEREAS, PetroMax and the State desire to pool the above-referenced unleased interest into said Unit; and

WHEREAS, The School Land Board at its regular meeting on November 3, 2009, determined that pooling said unleased interest as to oil and gas from the surface to 100 feet below the deepest depth drilled as defined in Exhibit "2" is in the best interest of the State.

NOW, THEREFORE, in consideration of the payment of \$900.00 to the State and of the mutual agreements hereinafter set forth and together with other valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, and for the purposes and upon the terms and conditions contained herein, the parties hereto agree as follows:

1. This Agreement is entered into pursuant to the authority granted in Chapter 52, of the Texas Natural Resources Code and Chapter 9 of Title 31 of the Texas Administrative Code and 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 minerals from the Unit and in the interpretation and application hereof this Agreement shall be, in all things, subject thereto.

2. The State and PetroMax agree that nothing herein shall be construed as granting a leasehold interest to PetroMax in the unleased interest but rather this Agreement affects a contractual pooling of interests with the respective rights and duties of the parties defined in paragraph 3, below.

3. The rights and duties of the State and PetroMax with respect to the unleased interest within the boundaries of the Unit shall be established, governed and controlled by the terms, conditions and covenants contained in Exhibit "1" and Exhibit "2" attached hereto and incorporated herein, wherein the State shall be considered the Lessor and PetroMax the Lessee and the State shall receive its share of unit production in the form of a royalty as provided in Exhibit "1" and allocated to the State as provided in Exhibit "2" with no obligation to the State for operating costs of any kind, including but not limited to exploring, drilling, equipping, completion, treating, transporting, marketing, plugging, abandonment or restoration.

4. This Agreement shall remain in effect for a term of one year from the effective date (herein called "primary term") and so long as the pooled mineral is being produced in paying quantities from the Unit, or so long as this Agreement is maintained in force by payment of shut-in oil or gas well royalties on a unit well, by drilling or rework operations on a unit well, or by other means in accordance with the terms of Exhibit "1" to this Agreement, or so long as the instrument creating the Unit remains in effect; provided that this Agreement shall automatically terminate on the date production of the pooled mineral ceases and there are no further operations on the unit to re-establish production of the pooled mineral, even though the instrument creating the pooled unit may remain in effect because a dissolution of unit has not been filed of record.

5. Inasmuch as the parties may not be able conveniently to execute one original hereof, it is agreed that a counterpart hereof may be executed by each party to this Agreement, each of which shall be considered an original, and all of said counterparts shall be construed together as one instrument.

6. The terms and provisions hereof shall extend to and be binding upon the heirs, legal representatives, successors, and assigns of the parties hereto.



7. This Agreement is to be performed in the State of Texas, and the substantive laws of the State of Texas will govern the validity, construction and enforcement of this Agreement.

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

Date Executed 1/26/10

legal [Signature]  
leas. [Signature]  
cont. [Signature]  
exec. [Signature]

STATE OF TEXAS

[Signature]  
Jerry E. Paterson, Commissioner  
General Land Office  
FIGE

Date Executed \_\_\_\_\_

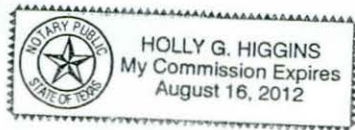
PETROMAX OPERATING CO., INC.

By: [Signature]  
LARRY B. CRAIN  
Its: PRESIDENT

STATE OF TEXAS

COUNTY OF Dallas

This instrument was acknowledged before me on Jan 21<sup>st</sup>, 2010, by Larry B Crain as President of PetroMax Operating Co., Inc., a Texas corporation on behalf of said corporation.



[Signature]  
Notary Public in and for the State of Texas

CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on November 3, 2009, the foregoing instrument was approved by said Board under the provisions of 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 26<sup>th</sup> day of January, 2010

[Signature]  
Secretary of the School Land Board

STATE OF TEXAS  
COUNTY OF BRAZOS  
The foregoing is a true and correct copy as the same appears on file and recorded in the appropriate records of Brazos, County, Texas

Thereby certify, on March 15, 2010



[Signature]  
County Clerk,  
Brazos County, Texas



§52.076 Exhibit 1, Revised 3/07

1. **RESERVATION AND GRANT:** 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 to Lessee, being the right to explore for, drill and produce the pooled mineral from the pooled area, and Lessor further reserves 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 and zones which are not covered by this Agreement. All of the rights in and to the pooled area retained by Lessor and all of the rights in and to the pooled area granted to Lessee herein shall be exercised in such a manner that neither shall unduly interfere with the operations of the other.

2. **PRODUCTION ROYALTIES:** Upon production of the pooled mineral 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, 1/4 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 pooled 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) 1/4 part of the gross production or the market value thereof, at the option of the Lessor, such value to be based on the highest market price paid or offered for gas 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 agreement 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, 1/4 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 agreement, 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 agreement; 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, 1/4 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 agreement 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 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. 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 agreement.

(G) **PLANT FUEL AND RECYCLED GAS:** No royalty shall be payable on any gas as may represent this agreement'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 pooled area 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 agreement.

(H) **MINIMUM ROYALTY:** The royalties paid to Lessor each year in no event shall be less than \$5.00 per acre pooled; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of first production a sum equal to \$5.00 per acre pooled less the amount of royalties paid during the preceding year.

3. **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 to each lease number. 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.

4. (A) **RESERVES, CONTRACTS AND OTHER RECORDS:** Lessee shall annually furnish the Commissioner of the General Land Office with its best possible estimate of pooled mineral reserves underlying the pooled area 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, sale and marketing of the pooled

STATE OF TEXAS  
COUNTY OF BRAZOS  
The foregoing is a true and correct copy as the same appears on file and recorded in the appropriate records of Brazos County, Texas

Thereby certify, on March 15, 2010  
  


mineral produced from the pooled area, 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 the pooled unit 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 unit 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.

**5. OFFSET WELLS:** If the pooled mineral 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 agreement, 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 agreement begin in good faith and prosecute diligently the drilling of an offset well on the area covered by this agreement, 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 agreement, 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.

**6. DRILLING AND REWORKING AT EXPIRATION OF PRIMARY TERM:** If, at the expiration of the primary term, the pooled mineral is not being produced from the pooled area, but Lessee is then engaged in drilling or reworking operations thereon, this agreement shall remain in force so long as operations on said well or for drilling or reworking of any additional wells are prosecuted in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days during any one such operation, and if they result in the production of oil and/or gas, so long thereafter as oil and/or gas is produced in paying quantities from said land, or payment of shut-in oil or gas well royalties or compensatory royalties is made as provided in this agreement.

**7. CESSATION, DRILLING, AND REWORKING:** If at the end of, or after the primary term, production of the pooled mineral should cease from any cause, this agreement shall not terminate if Lessee re-establishes production in paying quantities within sixty (60) days after such cessation or commences additional drilling or reworking operations within sixty (60) days after such cessation, and this agreement 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. For a cessation of production prior to the end of the primary term, Lessee may use the expiration of the primary term as the date of cessation of production. If such drilling or reworking operations result in the production of the pooled mineral, the agreement shall remain in full force and effect for so long as the pooled mineral is produced from the pooled unit 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, this agreement 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 agreement 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.

**8. 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 a well capable of producing the pooled mineral in paying quantities is located on the pooled area, but the pooled mineral 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 \$10.00 per acre pooled, but not less than \$1,200 for each well capable of producing the pooled mineral 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 the pooled mineral from the pooled area, or (3) 60 days after Lessee completes a drilling or reworking operation in accordance with the terms of this agreement, whichever date is latest. If the shut-in oil or gas royalty is paid, this agreement shall be considered to be a producing agreement and the payment shall extend the term of the agreement for a period of one year 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 pooled mineral exists, Lessee may extend this agreement 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.

**9. COMPENSATORY ROYALTIES:** If, during the period the agreement is kept in effect by payment of the shut-in oil or gas royalty, the pooled mineral is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the pooled area and completed in the same producing reservoir, or in any case in which drainage of the pooled mineral is occurring, the right to continue to maintain the agreement by paying the shut-in oil or gas royalty shall cease, but the agreement shall remain effective for the remainder of the year for which the royalty has been paid. The Lessee may maintain the agreement for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in this agreement 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 pooled area. 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 pooled mineral 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 pooled area; 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 3 of this agreement.

**10. USE OF WATER; SURFACE:** Lessee shall have the right to use water produced on said land necessary for operations hereunder and solely upon the pooled area; 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 Lessor. Subject to its obligation to pay surface damages, 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.

**11. POLLUTION:** In developing this pooled 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.

**(A)** 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.

**(B)** No discharge of solid waste or garbage shall be allowed into State waters from any drilling or support vessels, production platform, crew or supply boat, barge, jack-up rig or other equipment located on the pooled area. Solid waste shall include but shall not be limited to containers, equipment, rubbish, plastic, glass, and any other man-made non-biodegradable items. A sign must be displayed in a high traffic area on all vessels and manned platforms stating, "Discharge of any solid waste or garbage into State Waters from vessels or platforms is strictly prohibited and may subject a this agreement to forfeiture." Such statement shall be in lettering of at least 1" in size.

**(C) PENALTY:** Failure to comply with the requirements of this provision may result in the maximum penalty allowed by law including forfeiture of the agreement. Lessee shall be liable for the damages caused by such failure and any costs and expenses incurred in cleaning areas affected by the discharged waste.

**12. IDENTIFICATION MARKERS:** Lessee shall erect, at a distance not to exceed twenty-five (25) feet from each well on the premises covered by this agreement, a legible sign on which shall be stated the name of the operator, the State Lease Number designation and the well number. Where two or more wells are located on the same premises or where wells on two or more leases are

STATE OF TEXAS  
COUNTY OF BRAZOS  
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Thereby certify, on March 15, 2010



*Karen M. Lujan*  
County Clerk

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 agreement.

**13. ASSIGNMENTS:** The agreement may be transferred at any time; provided, however, that the liability of the transferor to properly discharge its obligation under the agreement, 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 this agreement by the State Lease Number and must be recorded in the county where the pooled 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 agreement, including any liabilities to the state for unpaid royalties.

**14. LIEN:** In accordance with N.R.C. Section 52.136, the State shall have a first lien upon all of the pooled mineral produced from the unit to secure payment of all unpaid royalty and other sums of money that may become due under this agreement. By acceptance of this agreement, 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 pooled minerals in and extracted from the pooled area, all proceeds which may accrue to Lessee from the sale of such minerals, whether such proceeds are held by Lessee or by a third party, and all fixtures on and improvements to the pooled area used in connection with the production or processing of such minerals in order to secure the payment of all royalties or other amounts due or to become due under this agreement 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 agreement, 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 pooling of the area. Should the Commissioner at any time determine that this representation is not true, then the Commissioner may declare this agreement forfeited as provided herein.

**15. 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 agreement, or if this agreement is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under this agreement 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 or pooling. However, nothing herein shall be construed as waiving the automatic termination of this agreement by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this agreement 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 agreement and the rules and regulations that may be adopted relative hereto.

**16. RIVERBED TRACTS:** Lessee is hereby specifically granted the right of eminent domain and condemnation as provided for in N.R.C. Sections 52.092-52.093, as a part of the consideration moving to Lessor for the covenants herein made by Lessee.

**17. APPLICABLE LAWS AND DRILLING RESTRICTIONS:** This agreement 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 on Permanent Free School Land (specifically including any rules promulgated that relate to plans of 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 agreement. Without limiting the generality of the foregoing, Lessee hereby agrees, by the acceptance of this agreement, to be bound by and subject to all statutory and regulatory provisions relating to the General Land Office's audit billing notice and audit hearings procedures. Said provisions are currently found at Texas Natural Resources Code Sections 52.135 and 52.137 through 52.140

**18. REMOVAL OF EQUIPMENT:** Upon the termination of this agreement, 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 on State Land 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 pooled area the casing or any other equipment, material, machinery, appliances or property owned by Lessee and used by Lessee in the development and production of the pooled mineral 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.

**19. FORCE MAJEURE:** Should Lessee be prevented from complying with any express or implied covenant of this agreement, from conducting drilling operations thereon, or from producing the pooled mineral 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 operations suspended as provided in the rules and regulations adopted by the School Land Board); and this agreement shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing the pooled mineral from the pooled area; provided, however, that nothing herein shall be construed to suspend the or to abridge Lessee's right to a suspension under any applicable statute of this State.

**20. 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 the pooled area. 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 of the pooled area'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.

**21. 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.

**22. ANTIQUITIES CODE:** In the event that any site, object, location, artifact or other feature of archaeological, scientific, educational, cultural, archeological or historical interest are encountered on Permanent School Fund Land during the activities authorized by this agreement, Lessee will immediately cease activities and will immediately notify the General Land Office (ATTN: Archaeologist, Asset Management Division, 1700 N. Congress Ave., Austin, Texas 78701) and the Texas Historical Commission (P.O. Box 12276, Austin, TX 78711) so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate. Lessee is expressly placed on notice of the National Historical Preservation Act of 1966 (PB-89-66, 80 Statute 915; 16 U.S.C.A. 470) and the Antiquities Code of Texas, Chapter 191, Tex. Nat. Code Ann. (Vernon 1993 & Supp. 1998).

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

**24. FILING:** Pursuant to Chapter 9 of the Tex. Bus. & Com. Code, this agreement must be filed of record in the office of the County Clerk in any county in which all or any part of the pooled area is located, and recorded copies thereof must be filed in the General Land Office.

STATE OF TEXAS  
COUNTY OF BRAZOS  
The foregoing is a true and correct copy as the same appears on file and recorded in the appropriate records of Brazos, County, Texas

Thereby certify, on March 15, 2010



*Karen McQueen*  
County Clerk,  
Brazos County, Texas

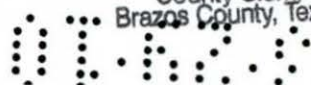


EXHIBIT "2"

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. This Agreement is intended to be performed pursuant to and in compliance with all applicable statutes, decisions, regulations, rules, orders and directives of any governmental agency having jurisdiction over the production and conservation of the pooled mineral and in its interpretation and application shall, in all things, be subject thereto.

UNIT DESCRIPTION:

2.

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

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit from the surface down to 100 feet below the deepest depth drilled on the unit in any well drilled by Lessee, its successors or assigns, which is spud within one (1) year of the effective date of this Agreement ("unitized interval").

POOLING AND EFFECT:

4.

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

- (a) The unit, to the extent as above described, shall be operated as an entirety for the exploration, development and production of the pooled mineral, rather than as separate tracts.
- (b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement.
- (c) Production of the pooled mineral from the unit allocated to each separate tract, respectively, as hereinafter provided, shall be deemed to have been produced from each such separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement.
- (d) All rights to the production of the pooled mineral from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom.
- (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 tract or lease included within said unit.
- (f) 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 160 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.

STATE OF TEXAS  
COUNTY OF BRAZOS

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Thereby certify, on March 15, 2010



*Karen M. Lucea*  
County Clerk,  
Brazos County, Texas

- (g) This Agreement shall not relieve Lessee from the duty of protecting 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.
- (h) 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.

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.

DISSOLUTION:

6.

The unit covered by this Agreement may be dissolved by Lessee, his heirs, successors or assigns, by an instrument filed for record in Brazos and Madison Counties, 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:

7.

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 or Pooling Agreement that has expired, terminated, or has been released in whole or in part or terminated under the their terms 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 or Pooling Agreement; (3) constitute a waiver or release of any claim by the State that such lease or Pooling Agreement is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or Pooling Agreement 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.

2

STATE OF TEXAS  
COUNTY OF BRAZOS  
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appears on file and recorded in the appropriate  
records of Brazos, County, Texas

Thereby certify, on March 15, 2010



*Karen McQueen*  
County Clerk,  
Brazos County, Texas



EXHIBIT "A"

Attached to and made a part of that certain Pooling Agreement between the State of Texas and PetroMax Operating Co., Inc. for the Wilson #2H Unit, M-110423, Brazos and Madison Counties, Texas

**WILSON LEASE DESCRIPTION**

2072.33 acres of land, more or less, described as two (2) tracts in that certain Oil, Gas and Mineral Lease dated August 29, 1974 between James D. Wilson, Individually and as Independent Executor and Trustee for James D. Wilson, Jr., and Frances Elizabeth Wilson, minors under the will of Hazel Herrling, deceased as Lessors and Curran R. Campbell, Inc. as Lessee, recorded in Volume 203, Page 464 of the Deed Records, Madison County, Texas and recorded in Volume 21, Page 668 of the Deed Records, Brazos County, Texas.

STATE OF TEXAS  
COUNTY OF BRAZOS

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Thereby certify, on March 15, 2010



*Karen McQueen*  
County Clerk,  
Brazos County, Texas



EXHIBIT "B"

Attached to and made a part of that certain Pooling Agreement between the State of Texas and PetroMax Operating Co., Inc. for the Wilson #2H Unit, M-110423, Brazos and Madison Counties, Texas

160 ACRES BEING PART OF THE  
J.K. DAVIS SURVEY, A - 103, BRAZOS COUNTY, TEXAS  
E. EDWARDS SURVEY, A - 93, MADISON COUNTY, TEXAS  
BRAZOS AND MADISON COUNTIES, TEXAS

Being 160 acres of land situated in the J.K. Davis Survey, A - 103, Brazos County, Texas and the E. Edwards Survey, A - 93, Madison County, Texas, and being a part of a 450 acre tract recorded in Volume 2535, Page 163, Deed/Official Records of Brazos County, Texas and also being a part of the F.C. Herrling 563 1/3 acres recorded in Volume 50, Page 517, Deed Records of Madison County, Texas, and also being a part of an unrecorded tract of land owned by The State of Texas described as the riverbed of the Navasota River, the 160 acre tract being more particularly described as follows:

BEGINNING at a 36" Oak found for the southeast corner of the Mike Brinkmann Called 481.424 Acre Tract recorded in Volume 875, Page 73, also being the southwest corner of the Norman Utz 77.585 Acre Tract recorded in Volume 257, Page 215, same being located in the Occupied north Line of the Fred Herrling 563 1/3 Acre Tract;  
THENCE S 86 ° 00 ' 30 " E, a distance of 216.20 feet to a 1/2" Iron Rod found for an angle point in the south line of the Utz Tract;  
THENCE S 6 ° 33 ' 19 " W, a distance of 1285.99 feet to a point;  
THENCE N 81 ° 08 ' 21 " W, a distance of 6189.91 feet to a point;  
THENCE N 87 ° 11 ' 39 " W, a distance of 477.14 feet to a point;  
THENCE N 2 ° 59 ' 54 " E, a distance of 663.20 feet to a point;  
THENCE S 89 ° 37 ' 37 " E, a distance of 3960.36 feet to a point;  
THENCE S 82 ° 48 ' 05 " E, a distance of 2549.00 feet to the PLACE OF BEGINNING containing 160 acres.

STATE OF TEXAS  
COUNTY OF BRAZOS  
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Thereby certify, on March 15, 2010



*Karen McQueen*  
County Clerk,  
Brazos County, Texas



EXHIBIT "C"

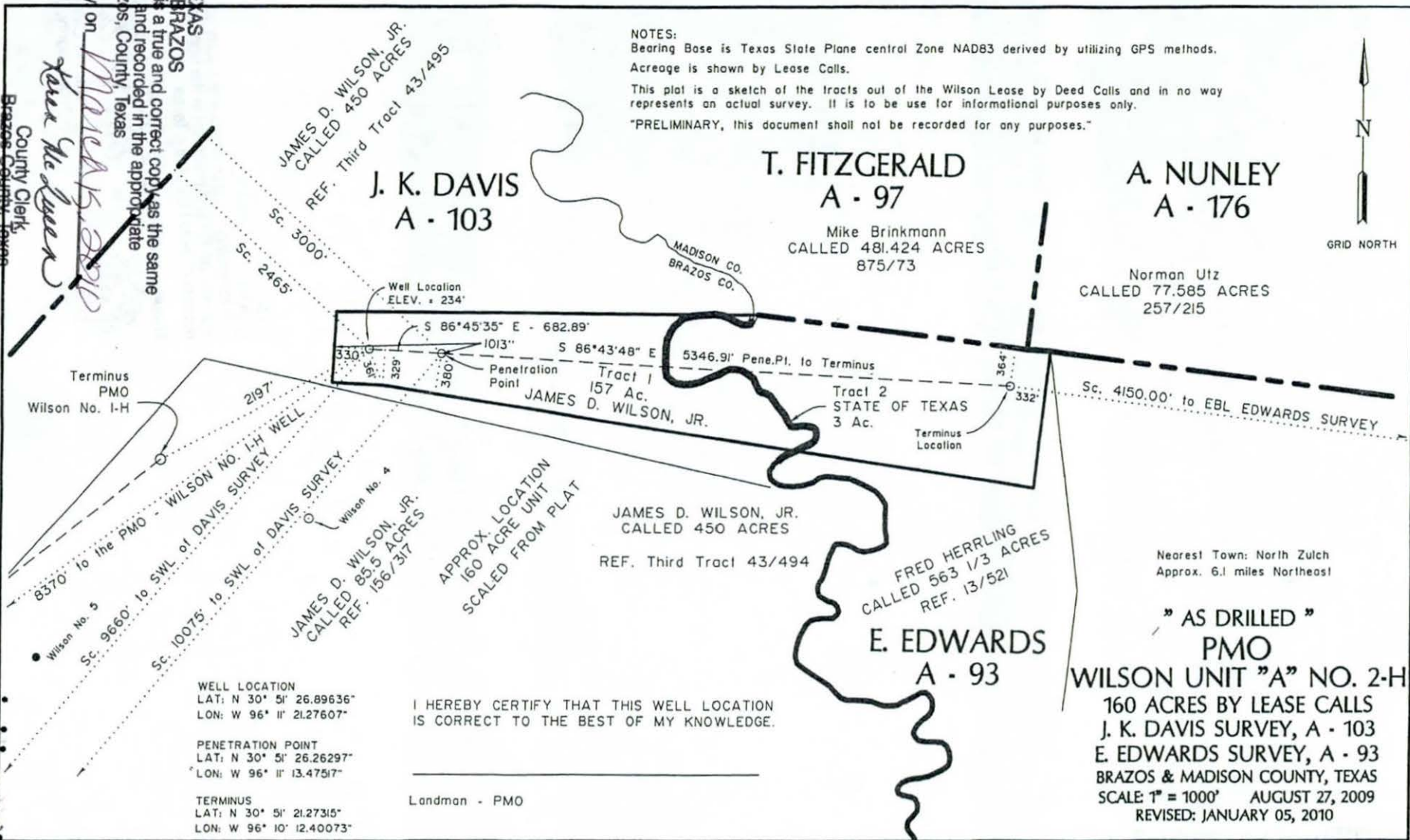
and made a part of that certain Pooling Agreement between the State of Texas and PetroMax Operating Co., Inc. for the Wilson #2H Unit, M-110423, Brazos and Madison Counties, Texas



STATE OF TEXAS  
 COUNTY OF BRAZOS  
 I, \_\_\_\_\_, County Clerk,  
 do hereby certify that the foregoing is a true and correct copy as the same appears on file and recorded in the appropriate records of Brazos County, Texas.

County Clerk,  
 Brazos County, Texas

NOTES:  
 Bearing Base is Texas State Plane central Zone NAD83 derived by utilizing GPS methods.  
 Acreage is shown by Lease Calls.  
 This plot is a sketch of the tracts out of the Wilson Lease by Deed Calls and in no way represents an actual survey. It is to be use for informational purposes only.  
 "PRELIMINARY, this document shall not be recorded for any purposes."



Doc BK Vol Pg  
 01050001 DR 9524 177 1  
 Doc BK Vol Pg  
 62723 DR 1006 23

6

File No. M-110423  
Recorded Pooling Agreement  
Brazos Co.  
Date Filed: 3/29/10  
Jerry E. Patterson, Commissioner  
By: *[Signature]*

Doc 01055000 Bk Vol Pg  
OR. 9534 178

Doc 62723 Bk OR Vol 1006 Pg 24

Filed for Record in:  
BRAZOS COUNTY

On: Mar 15, 2010 at 10:32A

As a  
Recording

Document Number: 01055000

Amount: 56.00

Receipt Number - 385818

By:  
Cathy Barcelona

STATE OF TEXAS COUNTY OF BRAZOS  
I hereby certify that this instrument was  
filed on the date and time stamped hereon by me  
and was duly recorded in the volume and page  
of the Official Public records of:

BRAZOS COUNTY

as stamped hereon by me.

Mar 15, 2010

HONORABLE KAREN MCQUEEN, COUNTY CLERK  
BRAZOS COUNTY

*Petro max Operating Co Inc*

STATE OF TEXAS  
COUNTY OF MADISON

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 Records of Madison County, Texas.

HONORABLE CHARLOTTE BARRETT, COUNTY CLERK  
Madison County, TEXAS

Document Number: 62723

Amount: 52.00

Receipt Number: 5346

Vol: 1006 Page: 14

Recorded: Feb 08, 2010 at 01:31P

By:  
Anna Eubank, Deputy

STATE OF TEXAS  
COUNTY OF BRAZOS

The foregoing is a true and correct copy as the same  
appears on file and recorded in the appropriate  
records of Brazos County, Texas

Thereby certify, on March 15, 2010 *015*



*Karen McQueen*

County Clerk,  
Brazos County, Texas



TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

April 7, 2010

PetroMax Operating Co., Inc.  
603 Main Street, Suite 201  
Garland, TX 75040

Re: State Lease MF110423 - **Please refer to this lease number with all correspondence**  
Wilson Unit "A" #2H  
WB6

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

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

Sincerely,

A handwritten signature in cursive script that reads "Beverly Boyd".

Beverly Boyd, Lease Analyst  
Mineral Leasing Division

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](http://www.glo.state.tx.us)

# DIVISION ORDER

PetroMax Operating Co., Inc.  
603 Main Street, Suite #201  
Garland, TX 75040-6332

03/31/2010

State of Texas  
Stephen F. Austin Building  
1700 North Congress Ave.  
Austin, TX 78701

Owner Number: TEX  
Type of Interest: R  
Revenue Interest: 0.00468750

Property Name: WB6 - Wilson Unit "A" #2H  
Effective Date: Date of First Production  
Operator: PetroMax Operating Co., Inc. (PMO)  
Legal Description: API #42-041-32036

MF110423  
Unit 4624

Production: AD: Y CND: Y GAS: Y OIL: Y PRD: Y

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by *PetroMax Operating Co., Inc. (PMO)*.

Payor shall be notified, in writing, of any changes in ownership, decimal interest, or payment address. All such changes shall be effective the first day of the month following receipt of such notice.

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned. The undersigned agrees to indemnify and reimburse Payor any amount attributable to an interest to which the undersigned is not entitled.

Payor may accrue proceeds until the total amount equals \$25.00, or pay annually, whichever occurs first, or as required by applicable state statutes.

This Division Order does not amend any lease or Operating Agreement between the undersigned and the Lessee or Operator, or any other contracts for the purchase of oil or gas.

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

Owner(s) Signature(s)

Owner(s) Tax ID Number

Daytime Phone Number

**KEEP FOR YOUR RECORDS** \_\_\_\_\_

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number. Failure to comply will result in 31% tax withholding and will be refundable by Payor.

FIELD NOTES  
160 ACRES  
BEING PART OF THE  
J.K. DAVIS SURVEY, A - 103, BRAZOS COUNTY, TEXAS  
E. EDWARDS SURVEY, A - 93, MADISON COUNTY, TEXAS  
BRAZOS AND MADISON COUNTIES, TEXAS

Being 160 acres of land situated in the J.K. Davis Survey, A - 103, Brazos County, Texas and the E. Edwards Survey, A - 93, Madison County, Texas, and being a part of a 450 acre tract recorded in Volume 2535, Page 163, Deed/Official Records of Brazos County, Texas and also being a part of the F.C. Herrling 563 1/3 acres recorded in Volume 50, Page 517, Deed Records of Madison County, Texas, and also being a part of an unrecorded tract of land owned by The State of Texas described as the riverbed of the Navasota River, the 160 acre tract being more particularly described as follows:

BEGINNING at a 36" Oak found for the southeast corner of the Mike Brinkmann Called 481.424 Acre Tract recorded in Volume 875, Page 73, also being the southwest corner of the Norman Utz 77.585 Acre Tract recorded in Volume 257, Page 215, same being located in the Occupied north Line of the Fred Herrling 563 1/3 Acre Tract;  
THENCE S 86 ° 00 ' 30 " E, a distance of 216.20 feet to a ½" Iron Rod found for an angle point in the south line of the Utz Tract;  
THENCE S 6 ° 33 ' 19 " W, a distance of 1285.99 feet to a point;  
THENCE N 81 ° 08 ' 21 " W, a distance of 6189.91 feet to a point;  
THENCE N 87 ° 11 ' 39 " W, a distance of 477.14 feet to a point;  
THENCE N 2 ° 59 ' 54 " E, a distance of 663.20 feet to a point;  
THENCE S 89 ° 37 ' 37 " E, a distance of 3960.36 feet to a point;  
THENCE S 82 ° 48 ' 05 " E, a distance of 2549.00 feet to the PLACE OF BEGINNING containing 160 acres.

PETROMAX OPERATING CO., INC.

UPDATE

Unit 4624  
MF110423

TO: *Wilson Unit "A" #2H Interest Owners*  
FROM: *PetroMax Operating Co., Inc. (PMO) - Operator*  
DATE: *March 31, 2010*  
RE: *Division Order*

Please find enclosed the following document for your records and execution:

1. ***Division Order for Wilson Unit "A" #2H Well:*** (Authorizes us to pay you, or the entity of your choice, should be completed, executed and one copy returned to our office.)

Please return one executed copy of the Division Order to our office.

Via:

Email: [Kristen@petromaxoperating.com](mailto:Kristen@petromaxoperating.com)

Fax: 972.271.2533 (attn: Kristen Hand)

Mail: 603 Main St. Ste. 201  
Garland, TX 75040

Should you have any questions please give us a call.

Kristen Hand  
Administrative Assistant

Encl.

7.

File No. MF 110483

DIVISION ORDER

Date Filed: 4/7/10

Jerry E. Patterson, Commissioner

By [Signature]



801 CHERRY ST., SUITE 2320,  
FORT WORTH, TEXAS 76101

May 1, 2014

State of Texas  
General Land Office  
Stephen F. Austin Building  
1700 North Congress Ave.  
Austin, TX 78701

To Whom It May Concern,

You are receiving this packet of information because, according to our records, you are an interest owner in an oil and gas unit or lease that is being operated by MD America Energy, LLC ("MD America"). MD America plans to drill a new horizontal well in the area.

The proposed well may traverse multiple oil and gas leases and/or units. If the well produces from a lease or unit in which you own an interest, you are entitled to royalty payments on the new production. The payments you would receive would be *in addition to* what you are already receiving for any existing wells.

Enclosed in this packet is a Horizontal Well Agreement ("HWA") for you to examine, sign and return to our office. The primary purpose of this agreement is to define and clarify the manner in which each interest owner will be paid in the event of production from the proposed new well.

Included in this packet are the following documents:

- 1.
2. A Frequently Asked Questions sheet
3. A map of the area
4. A Notice of Change of Name
5. A self addressed stamped envelope for returning the signed document to our office

Understandably, you may have some questions regarding the HWA which is why we have included a Frequently Asked Questions sheet that deals with common questions. The persons listed on the bottom of this page will gladly help in any way we can.

**Please sign this document in the presence of a Notary Public and send it back to us in the self-addressed stamped envelope enclosed.**

On behalf of MD America Energy, LLC, we would like to thank you for your time and consideration. We look forward to hearing from you and answering any questions you may have.

Sincerely,

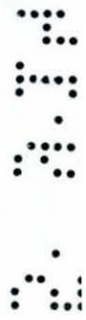
David Deason  
(817) 243-7609

(8)

File No. M-110423  
Ltr. From AXIA

Date Filed: 5/9/14  
Jerry E. Patterson, Commissioner

By [Signature]





# MEMORANDUM

Texas General Land Office • Jerry Patterson • Commissioner

**DATE:** June 3, 2014 **PSA#\_0034\_**

**TO:** School Land Board

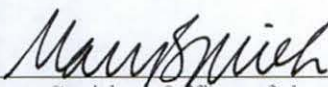
**FROM:** Pooling Committee

**SUBJECT:** Request from MD America Energy, LLC to have the State enter into a Horizontal Well Agreement for drilling an allocation well.


- **MD America Energy, LLC** <sup>n-110423</sup> is the operator of the Wilson #3-H Unit (Unit 5175) <sup>M-113172</sup> and the Wilson #2-H Unit (Unit 4624) in which the State has a royalty interest, and they are requesting that the royalty owners sign a Horizontal Well Agreement, which the School Land Board has the authority to approve pursuant to Texas Natural Resources Code §52.154.
- The Horizontal Well Agreement will allow the operator to drill the Wayne #1H (42-041-32287) sharing well which crosses Unit 5175 and Unit 4624.
- The State's participation in the sharing well will be based on the length of lateral on Unit 5175 and 4624 divided by the total length of lateral.

## POOLING COMMITTEE RECOMMENDATION:

The Pooling Committee recommends Board approval of the Production Sharing Agreement.

  
Mary Smith / Office of the Attorney General

5/21/14  
Date

  
Robert Hatter – General Land Office

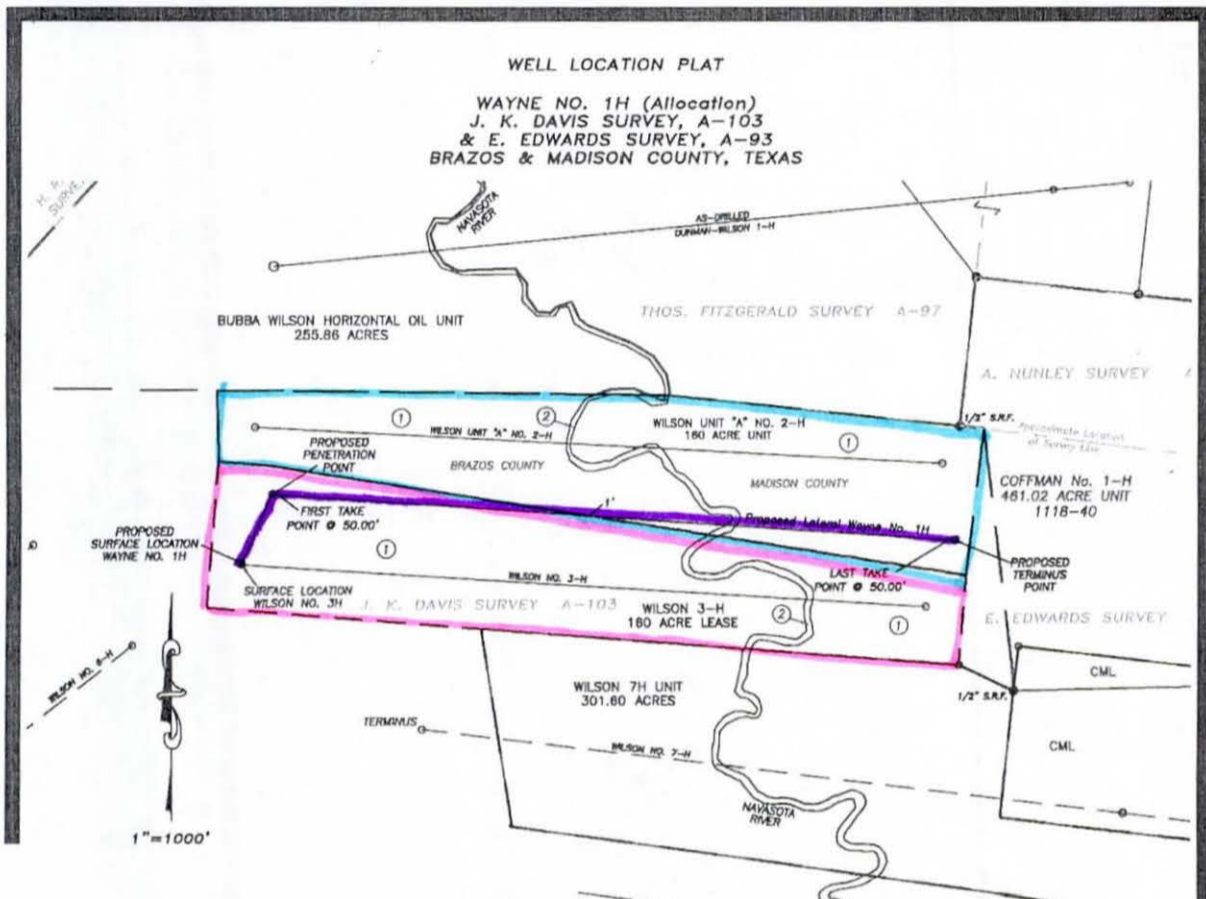
5/21/14  
Date

  
David Zimmerman – Office of the Governor

5/21/14  
Date

EXHIBIT "A"

HORIZONTAL WELL AGREEMENT  
MD AMERICA ENERGY, LLC, ET AL  
WAYNE 1H



SURFACE LOCATION	
N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE LAT: 30° 51' 15.251"	TX. CENTRAL ZONE LAT: 30° 51' 14.563"
LONG: 98° 11' 23.072"	LONG: 98° 11' 22.219"
N: 10298626.59"	N: 458045.00"
E: 3598430.08"	E: 3299950.42"
ELEVATION: 237'	

PROPOSED PENETRATION POINT	
N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE LAT: 30° 51' 21.037"	TX. CENTRAL ZONE LAT: 30° 51' 20.349"
LONG: 98° 11' 19.809"	LONG: 98° 11' 18.986"
N: 10299221.25"	N: 458839.88"
E: 3598892.49"	E: 3300212.85"

PROPOSED TERMINUS	
N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE LAT: 30° 51' 14.853"	TX. CENTRAL ZONE LAT: 30° 51' 14.164"
LONG: 98° 10' 11.381"	LONG: 98° 10' 10.530"
N: 10298819.58"	N: 458238.00"
E: 3602875.78"	E: 3308188.10"

WILSON NO. 3H UNIT ACREAGES

No.	Owner	Base Deed	Unit Acreage	Reference
1	James D Wilson, Jr.	450 Ac./563 1/3 Ac.	157 Ac.	2535-163/13-521
2	State of Texas	3 Ac.		
TOTAL: 160 Ac.				

WILSON "A" NO. 2H UNIT ACREAGES

No.	Owner	Base Deed	Unit Acreage	Reference
1	James D Wilson, Jr.	450 Ac./563 1/3 Ac.	157 Ac.	2535-163/13-521
2	State of Texas	3 Ac.		
TOTAL: 160 Ac.				

NEAREST TOWN:  
North Zulch approximately 6.5 miles  
to the Northeast.

Bearings shown hereon are based on Grid North, State  
Plane Coordinate System, NAD 27, Texas Central Zone.

Acreage for unit tracts shown by lease calls as  
furnished by Woodbine Acquisition. Acreages may not  
reflect actual acreages if surveyed on the ground. Well  
logs are taken from an on the ground survey.

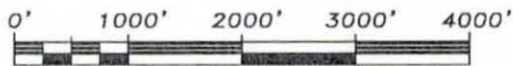
I, the undersigned, do hereby certify that this plat is true  
and correct to the best of my knowledge and belief.

April 28, 2014

PRELIMINARY, THIS DOCUMENT SHALL NOT  
BE RECORDED FOR ANY PURPOSE AND  
SHALL NOT BE USED OR VIEWED OR RELIED  
UPON AS A FINAL SURVEY DOCUMENT.

Shane Graham  
R.P.L.S. No. 6044

This plat represents the approximate planned location  
of the wellbores and exact as drilled well locations  
may differ. Production allocations shall be made based  
on the actual "as-drilled" location of the wells.



1519 Surveying, LLC

7111 Bosque Blvd, Suite 101 Waco, TX 76710 Ph: 254-776-1519 TBPLS Firm# 10198968  
312 N. Dr. J.B. Riggs Drive Groesbeck, TX 76643 Ph: 254-789-7900 TBPLS Firm# 10118600

1519 Job: 6904

Drawn By: SG

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Surveying, LLC. The  
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this plat protected by  
Copyright and all rights are  
reserved.

Sheet 1 of 1

Prepared For:  
Woodbine

1519

www.1519surveying.com  
www.1519gis.com

1

File No. M-110423  
Memo to SLAs

Date Filed: 6/3/14  
Jerry E. Patterson, Commissioner

By [Signature]



TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

June 12, 2014

Mr. David Deason  
AXIA Land Services, LLC  
801 Cherry Street, Suite 2320  
Fort Worth, Texas 76102

Re: Horizontal Well Agreement  
(Wayne 1H)  
Madison County, Texas

Dear Mr. Deason:

On June 3, 2014, the School Land Board of the State of Texas approved having the State enter into the referenced Horizontal Well Agreement. Enclosed is the original of the Agreement that has been executed by Jerry E. Patterson, Commissioner of the Texas General Land Office. We have retained a copy of the Agreement for our files.

Please provide our office with a recorded copy of the Agreement or a fully executed copy if it is not going to be recorded as soon as it is available. Additionally after the horizontal well is drilled that is subject to the Agreement, please provide our office with the allocation information and so we can get our lease records set up for the payment of royalties on the horizontal well.

Thank you for your assistance with this matter, if you have any questions or need anything further, please feel free to call.

Sincerely,

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

Enclosure

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](http://www.glo.state.tx.us)

90  
File No. M-110423

Chr. to AXIA

Date Filed: 6/12/14

Jerry E. Patterson, Commissioner

By \_\_\_\_\_

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

**HORIZONTAL WELL AGREEMENT  
(WAYNE 1H)**

**STATE OF TEXAS           §  
  §  
COUNTY OF MADISON   §**

Reference is made for all purposes to the following:

- A. The well ("Horizontal Well") and tracts (the "Tracts") depicted on Exhibit "A" hereto;
- B. The leases described on Exhibit "B" hereto (the "Leases").

MD America Energy, LLC ("Operator") plans to drill the Horizontal Well in the Woodbine -A-Field(s), the approximate location of which is depicted on Exhibit "A" attached hereto. Each of the undersigned Interest Owners is an owner of interest in the minerals, royalties and/or executive rights in and under one or more of the Tracts and Leases;

For TEN DOLLARS (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Operator and the undersigned agree to the following:

1. Production from the Horizontal Well shall be allocated to each of the Tracts (including Tracts, if any, that are covered by pooled units) proportionately based upon the portion of the Horizontal Well open for production and located beneath each such Tract. The allocated share of production for each Tract shall be a fraction, the denominator of which is the entire length of the Horizontal Well from the first perforation to the last perforation, and the numerator of which will be the portion of the "as drilled" Horizontal Well beneath that Tract and located between the first and last perforations. Once allocated to each Tract, proceeds of production shall be paid in accordance with the respective Leases, applicable pooled units (if any), and any other agreements or contracts applicable to each individual Tract. The allocation of production to each Tract shall be determined based upon the final "as drilled" survey of the Horizontal Well.
2. Operations on or production from the Horizontal Well shall be treated as actual operations on or production from each of the Tracts. Each Interest Owner agrees that Operator shall have the right to make reasonable use of the surface of the Tracts and Leases for the purpose of exploring, drilling, producing, transporting and marketing oil and gas and their constituent elements from the Horizontal Well.
3. Production from the Horizontal Well shall not create any offset obligation, either expressed or implied. This agreement does not affect ownership of any other well or wells drilled or to be drilled on or under any of the Tracts.
4. This agreement shall become effective upon first production from the Horizontal Well, and thereafter remain in effect so long as there is production from or operations on the Horizontal Well in compliance with the terms of the leases or applicable instruments. In the event the Horizontal Well is plugged back or recompleted in such manner that the wellbore is no longer open to more than one Tract, or in the event the Horizontal Well is no longer capable of producing in paying quantities, then Operator may terminate this Agreement by filing a notice of termination to that effect in the records of Madison County, Texas. This Agreement shall become binding as to each Interest Owner upon such owner's execution regardless of whether all Interest Owners have executed this Agreement.

This instrument may be executed in multiple counterparts, each of which may be given the same effect as the execution of the original instrument. The executed counterparts may be combined into one or more instrument for recordation by combining signature pages and acknowledgements. This agreement shall be effective for all purposes as a single instrument.

Executed to be effective as stated in Paragraph 4 above.

[signature pages follow]

**OPERATOR:**

**MD America Energy, LLC**

By: \_\_\_\_\_

**INTEREST OWNERS:**

**State of Texas**

By: Jerry E. Patterson  
Printed Name: Jerry E. Patterson  
Commissioner

Approved  
Legal mm  
Contents ih  
Min. Leasing du  
Executive elbyla

**NOTARY ACKNOWLEDGMENTS**

STATE OF TEXAS            §  
  §  
COUNTY OF TARRANT    §

This instrument was acknowledged before me on \_\_\_\_\_, 201\_\_\_\_, by \_\_\_\_\_ as \_\_\_\_\_ of MD America Energy, LLC, a Delaware limited liability company, on behalf of said limited liability company.

\_\_\_\_\_  
Notary Public, State of Texas

My Commission Expires:  
\_\_\_\_\_

STATE OF Texas        §  
  §  
COUNTY OF Travis   §

This instrument was acknowledged before me on June 11, 2014, by Jerry E. Patterson as Commissioner of The Texas General Land Office, on behalf of the State of Texas.

Suzanne E. Nelson  
Notary Public, State of Texas

My Commission Expires:  
July 17, 2014

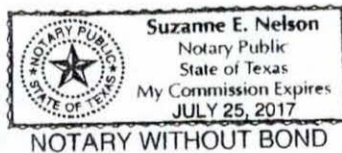
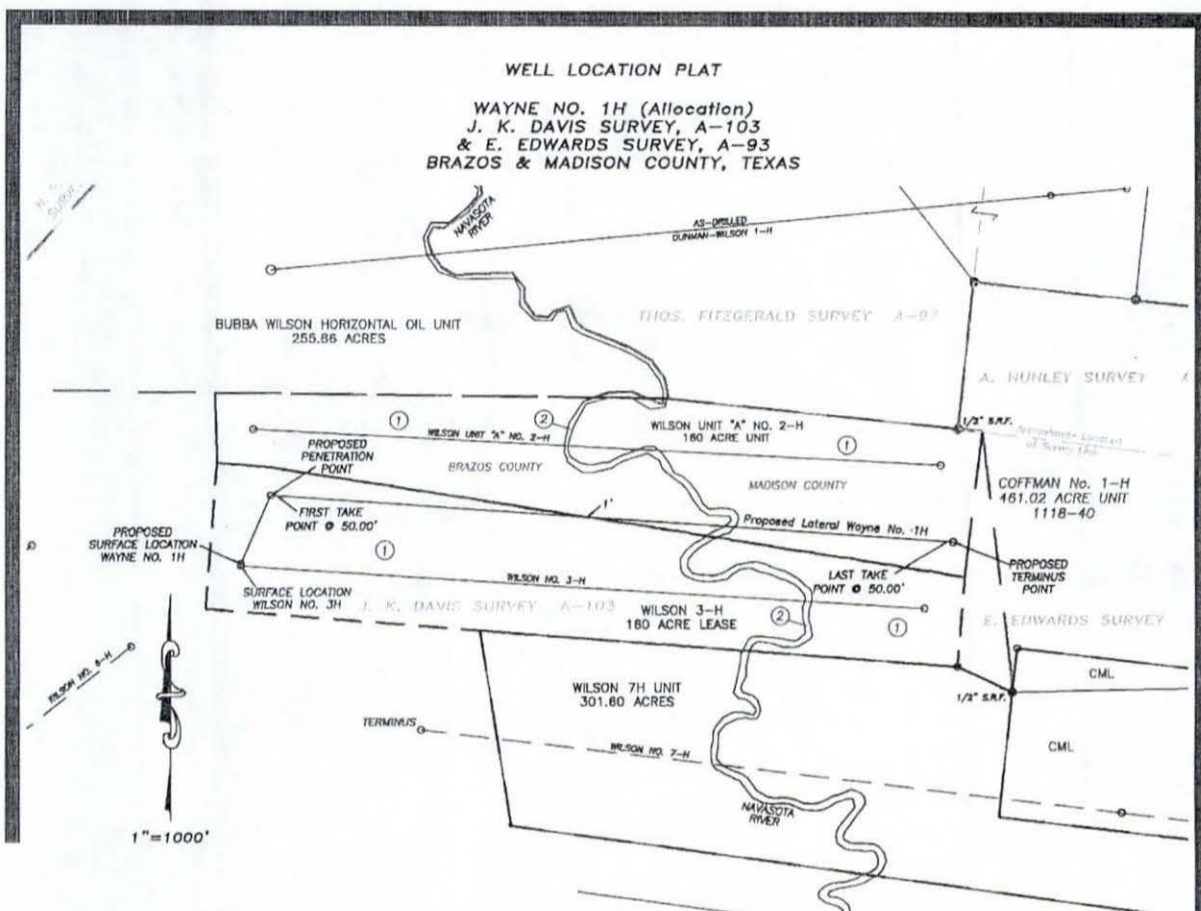


EXHIBIT "A"

HORIZONTAL WELL AGREEMENT  
MD AMERICA ENERGY, LLC, ET AL  
WAYNE 1H



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Acreage for unit tracts shown by lease calls as  
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files are taken from an on the ground survey.

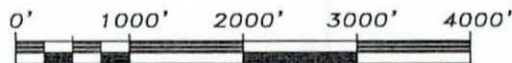
I, the undersigned, do hereby certify that this plat is true  
and correct to the best of my knowledge and belief.

April 28, 2014

PRELIMINARY. THIS DOCUMENT SHALL NOT  
BE RECORDED FOR ANY PURPOSE AND  
SHALL NOT BE USED OR VIEWED OR RELIED  
UPON AS A FINAL SURVEY DOCUMENT.

Shane Graham  
R.P.L.S. No. 6044

This plat represents the approximate planned location  
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may differ. Production allocations shall be made based  
on the actual "as-drilled" location of the wells.



1519 Surveying, LLC

7111 Bosque Blvd. Suite 101 Waco, TX 76710 Ph: 254-776-1519 TBPLS Firm# 10198968  
312 N. Dr. J.B. Riggs Drive Groesbeck, TX 76643 Ph: 254-799-7900 TBPLS Firm# 10118600

1519 Job: 6904

Drawn By: SG

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Sheet 1 of 1

Prepared For:  
Woodbine

1519

www.1519surveying.com  
www.1519gis.com

**EXHIBIT "B"**

**HORIZONTAL WELL AGREEMENT  
MD AMERICA ENERGY, LLC, ET AL  
WAYNE 1H**

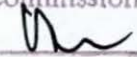
**LESSOR:** James D. Wilson, et al  
**LESSEE:** Curran R. Campbell  
**LEASE DATE:** 8/29/1974  
**RECORDED:** Volume 21, Page 667, Deed Records, Madison County, Texas

**LESSOR:** The State of Texas  
**LESSEE:** KCS, Resources, Inc.  
**LEASE DATE:** 11/3/2009  
**RECORDED:** Volume 1006, Page 14, Deed Records, Madison County, Texas

File No. M-110423  
Horizontal Well Agent

Date Filed: 6/12/14

Jerry E. Patterson, Commissioner

By 





**Information for processing an Internal Non Unit Transaction (iNut)**  
*Length of Lateral*

**iNut No. 9134**

**GENERAL INFORMATION**

Name of Well: Wayne 1H (Allocation)

API # 42-041-32287

Name of Operator: MD America Energy

RRC # 785386

Operator Contact Person: Shane Barnett

Phone: 817-288-7708

Counties: Brazos and Madison

**ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL**

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Rylyty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
UR	5175/MF113172	5499.5	2141.37	0.00673865	0.25000000	0.01049546	0.00262386
UR	4624/MF110423	5499.5	3358.13	0.00468750	0.25000000	0.01144921	0.00286230
<b>Totals:</b>							<b>0.00548617</b>
Effective Date: <u>5/9/2014</u>							State Net Royalty Revenue in Well

**Name of Production Sharing Agreement, if any:**

Comments:

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

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: *cmr* Alamo updated by: *cmr* WI updated by: *cmr*

RAM approval by: *SW* GIS updated by: *M*

# Pooling Committee Report

**To:** School Land Board UPA158746  
**Date of Board Meeting:** Unit Number: 9134  
**Effective Date:** 05/09/2014  
**Unit Expiration Date:**  
**Applicant:** MD America Energy  
**Attorney Rep:**  
**Operator:** MD America Energy LLC, Fort Worth, Fort Worth  
**Unit Name:** Wayne 1H (Allocation)  
**Field Name:** MADISONVILLE, W. (WOODBINE -A-)

**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>
52.076	MF110423	0.25000000	11/03/2010	1 years	3.000000	0.000000	0.00286230
52.076	MF113172	0.25000000	10/04/2012	1 years	3.000000	0.000000	0.00262386

<b>Private Acres:</b>	0.000000
<b>State Acres:</b>	0.000000
<b>Total Unit Acres:</b>	0.000000

<b>Participation Basis:</b>	Length of Lateral
Surface Acreage	
<b>State Acreage:</b>	0.00%
<b>State Net Revenue Interest:</b>	0.55%

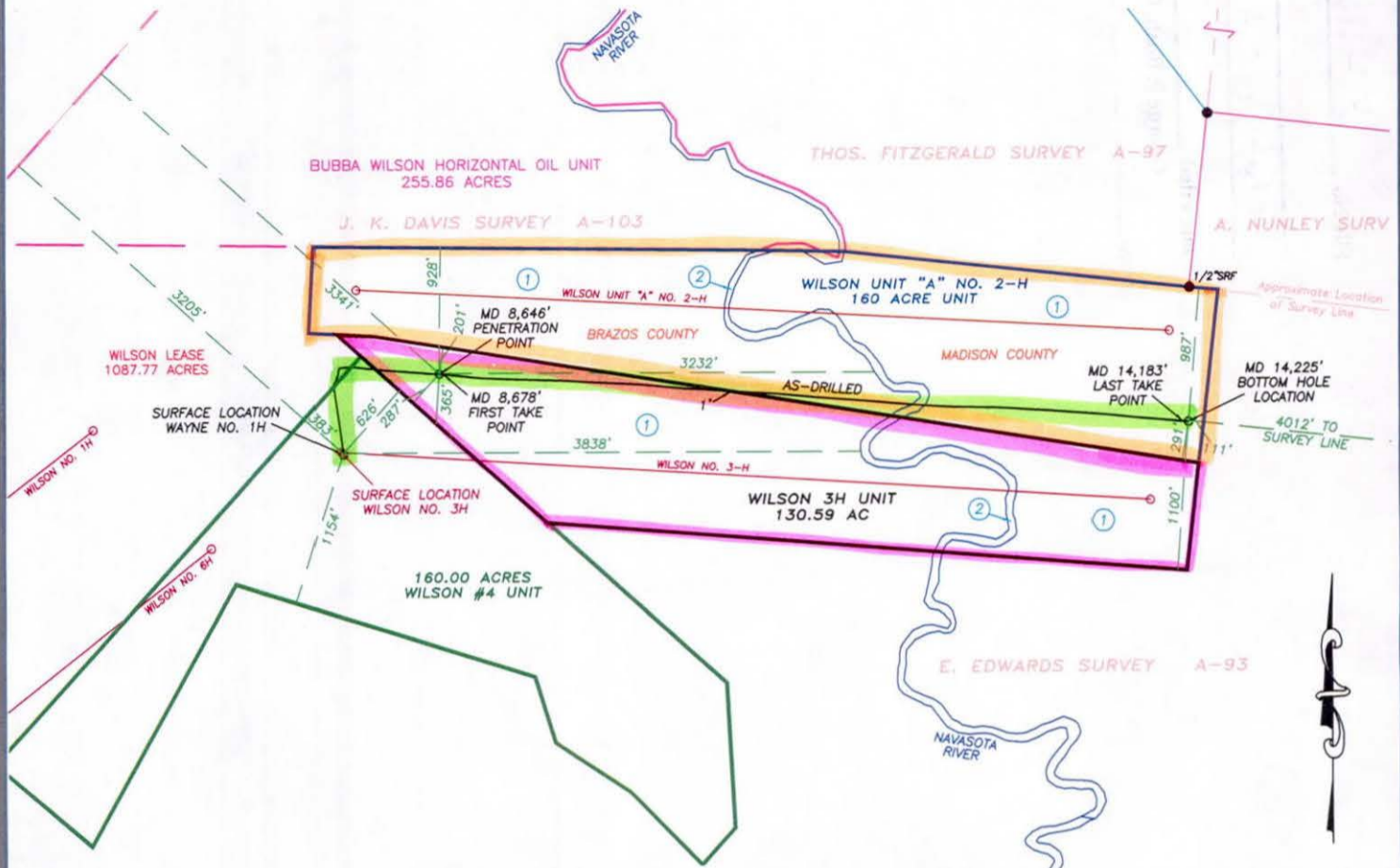
<b>Unit Type:</b>	<b>Unitized for:</b>
iNut	Oil And Gas
<b>Term:</b>	

<b>RRC Rules:</b>	<b>Spacing Acres:</b>
Yes	40 + Horizontal formula

Nut 9134

42-041-32287

AS-DRILLED WELL PLAT  
 MD AMERICA ENERGY  
 WAYNE NO. 1H (Allocation)  
 J. K. DAVIS SURVEY, A-103  
 & E. EDWARDS SURVEY, A-93  
 BRAZOS & MADISON COUNTY, TEXAS



SURFACE LOCATION	
N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE LAT: 30° 51' 15.007" LONG: 96° 11' 22.947" N: 10298602.34' E: 3596441.86'	TX. CENTRAL ZONE LAT: 30° 51' 14.319" LONG: 96° 11' 22.094" N: 456020.75' E: 3299962.22'

PENETRATION POINT	
N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE LAT: 30° 51' 20.568" LONG: 96° 11' 14.549" N: 10299190.98' E: 3597152.40'	TX. CENTRAL ZONE LAT: 30° 51' 19.880" LONG: 96° 11' 13.696" N: 456609.39' E: 3300672.76'

BOTTOM HOLE LOCATION	
N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE LAT: 30° 51' 14.870" LONG: 96° 10' 10.981" N: 10298822.65' E: 3602710.48'	TX. CENTRAL ZONE LAT: 30° 51' 14.182" LONG: 96° 10' 10.131" N: 456241.07' E: 3306230.82'

WILSON 3H UNIT ACREAGES

No.	Owner	Unit Acreage	Reference
1	James D Wilson	127.07 Ac.	2535-163
2	State of Texas	3.52 Ac.	
TOTAL: 130.59 Ac.			

PRODUCING LATERAL ALLOCATION

Wilson 3H Unit:	2141.37'	5175
Wilson "A" 2H Unit:	3358.13'	4624
TOTAL PRODUCING LATERAL: 5499.50'		

WILSON "A" NO. 2H UNIT ACREAGES

No.	Owner	Base Deed	Unit Acreage	Reference
1	James D Wilson, Jr.	450 Ac./563 1/3 Ac.	157 Ac.	2535-163/13-521
2	State of Texas	3 Ac.		
TOTAL: 160 Ac.				

NEAREST TOWN:  
 North Zulch approximately 6.5 miles  
 to the Northeast.

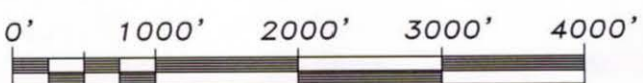
I, the undersigned, do hereby certify that this plat is true and correct to the best of my knowledge and belief.

January 16, 2016

*Shane Graham*  
 Shane Graham  
 R.P.L.S. No. 6044



Bearings shown hereon are based on Grid North, State Plane Coordinate System, NAD 27, Texas Central Zone.  
 Acreage for unit tracts shown by lease calls as furnished by MD America Energy. Acreages may not reflect actual acreages if surveyed on the ground. Well ties are taken from an on the ground survey.  
 As-drilled data furnished by MD America Energy.  
 All survey lines shown hereon are scaled location only.



**1519 Surveying, LLC**  
 7111 Bosque Blvd. Suite 101 Waco, TX 76710 Ph: 254-776-1519 TBPLS Firm# 10193968

1519 Job: 6904  
 Drawn By: SG  
 Sheet 1 of 1  
 Prepared For:  
 MD America Energy

**1519**  
 www.1519surveying.com  
 www.1519gis.com

12

File No. M-110423

INot Packet # 913,4 <sup>County</sup> Wayne/H

Date Filed: 4/1/15

George P. Bush, Commissioner

By [Signature]

U.S. Postal Service™  
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MF110423

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

City, State, ZIP+4

7011 1150 0001 2415 8614

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- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

### ***Important Reminders:***

- Certified Mail may **ONLY** be combined with First-Class Mail® or Priority Mail®.
- Certified Mail is *not* available for any class of international mail.
- **NO INSURANCE COVERAGE IS PROVIDED** with Certified Mail. For valuables, please consider Insured or Registered Mail.
- 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.**

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

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- 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:

Woodbine Acquisition Corporation  
 301 Commerce St., Ste. 2150  
 Fort Worth, TX 76102-4140

 2. Article Number  
 (Transfer from service label)

7011 1150 0001 2415 8614

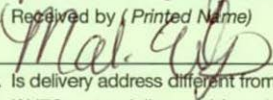
**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

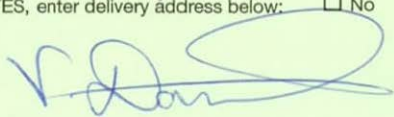

 Agent Addressee

B. Received by (Printed Name)



C. Date of Delivery

11-3-14

D. Is delivery address different from item 1?  YesIf YES, enter delivery address below:  No


3. Service Type

 Certified Mail Express Mail Registered Return Receipt for Merchandise Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee)

 Yes

UNITED STATES POSTAL SERVICE

NORTH TEXAS TX POST OFFICE  
DALLAS TX 750  
03 NOV 2014 PM 5 L



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Postage & Fees Paid  
USPS  
Permit No. G-10

- Sender: Please print your name, address, and ZIP+4 in this box •



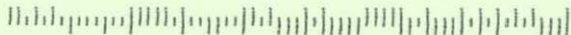
21510

**Texas General Land Office**

Jerry Patterson, Commissioner

P.O. Box 12873

Austin, Texas 78711-2873



TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

October 21, 2014

Woodbine Acquisition Corporation  
301 Commerce Street, Suite 2150  
Fort Worth, Texas 76102-4140

Via Certified Mail  
Return Receipt Requested

Attn: Compliance

Re: Delinquent Invoices; Royalty, Penalty, and/or Interest due under State mineral leases MF 110423; MF 113047; MF 113172; MF 113758; MF 114178; MF 115475; MF 115476; MF 115477; MF 115478 and MF 116047

Dear Sir or Madam:

This letter is notice that an outstanding amount is owed to the Texas General Land Office (GLO) by your company, Woodbine Acquisition Corporation. We are requesting payment within 30 days from the date of this letter. In the event of non-payment, the GLO will take action to enforce the State's claim by: (i) reporting your company's debt to the Texas Comptroller's Office so that any warrants otherwise due your company from the State will be held and the amounts paid to the GLO under §403.055 of the Texas Government Code; (ii) forfeiting your leases under §§52.029 and 52.176 of the Texas Natural Resources Code; and (iii) turning your company over to the Office of the Attorney General for further enforcement action.

Before the debt is reported to the Comptroller's Office, your company has the right to an opportunity for an evidentiary hearing. A request for a hearing must be in writing and sent to:

Texas General Land Office  
Attention: Marylee McKnight  
P.O. Box 12873  
Austin, Texas 78711-2873

If a hearing is requested, Woodbine Acquisition Corporation must substantiate its defenses to the asserted claims. The debt will be reported to the Comptroller's Office unless the debt is satisfied or a request for a hearing is made to the GLO within the 30-day period ending November 21, 2014.

Stephen P. 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](http://www.glo.state.tx.us)

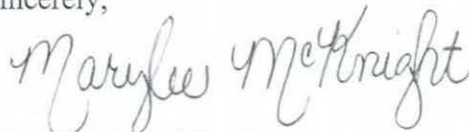
Additionally, the subject leases will be forfeited on November 21, 2014 unless Woodbine Acquisition Corporation presents convincing evidence within that time to the GLO that the subject leases should not be forfeited.

Our preference would be for your company to pay the amounts reflected on the attached list of invoices promptly so that we may close this file without further enforcement action. **If you have any questions regarding the amounts reflected on the attached list of delinquent invoices, please promptly contact Donna Keel of the GLO's Financial Management Division at (512) 463-8072.**

Please note that the GLO's records for the referenced leases do not indicate that the GLO has been notified that your company is a debtor in bankruptcy or has previously been a debtor and received a discharge in bankruptcy. If, however, your company is a debtor in bankruptcy or previously received a discharge in bankruptcy, please immediately notify the GLO of such bankruptcy proceeding by providing the case number and bankruptcy court where this case is/was pending, as well as the relevant date when the bankruptcy stay went into effect. Please be advised that the GLO fully respects the bankruptcy laws pertaining to the collection of debts, so if your company is in bankruptcy or has received a discharge in bankruptcy, please treat this letter as informational only with regard to any debts owed to the GLO and not as a demand for payment.

Thank you in advance for your prompt attention to this important matter.

Sincerely,



Marylee McKnight, Attorney  
Legal Services Division, Energy Section

cc: Donna Keel, Financial Management Division  
Robert Hatter, Energy Division

**Delinquent Invoices Pre FY12 - FY14**

Voluntary Royalty, Limited Reviews, Reconciliations, Due vs Paid, Late Report and Late Payment Invoices

Customer Name	Customer ID	Transaction Class	Invoice Number	Doc Date	Due Date	Lease Number	Current	1-60 Days Past Due	61-120 Days Past Due	121-365 Days Past Due	1-3 Years Past Due	Older	Description (AE Name)
WOODBINE ACQUISITION CORPORATION	C000050973	Late Incorrect	14L04910	07/25/14	08/24/14	MF110423	\$0.00	\$10.00	\$0.00	\$0.00	\$0.00	\$0.00	U - 1SX5LB - 163290
WOODBINE ACQUISITION CORPORATION	C000050973	Late Incorrect	14L04911	07/25/14	08/24/14	MF113047	\$0.00	\$20.00	\$0.00	\$0.00	\$0.00	\$0.00	U - 6hTIO - 163290
WOODBINE ACQUISITION CORPORATION	C000050973	Royalty Dlg	14H00429	01/31/14	03/02/14	MF110423	\$0.00	\$0.00	\$0.00	\$40.90	\$0.00	\$0.00	Late Payment P&I - Invoice: 14Y03071
WOODBINE ACQUISITION CORPORATION	C000050973	Royalty Dlg	14H00430	01/31/14	03/02/14	MF113047	\$0.00	\$0.00	\$0.00	\$75.11	\$0.00	\$0.00	Late Payment P&I - Invoice: 14Y03071
WOODBINE ACQUISITION CORPORATION	C000050973	Royalty Dlg	14H00431	01/31/14	03/02/14	MF113172	\$0.00	\$0.00	\$0.00	\$67.50	\$0.00	\$0.00	Late Payment P&I - Invoice: 14Y03071
WOODBINE ACQUISITION CORPORATION	C000050973	Royalty Dlg	14H00432	01/31/14	03/02/14	MF113758	\$0.00	\$0.00	\$0.00	\$43.57	\$0.00	\$0.00	Late Payment P&I - Invoice: 14Y03071
WOODBINE ACQUISITION CORPORATION	C000050973	Royalty Dlg	14H00433	01/31/14	03/02/14	MF114178	\$0.00	\$0.00	\$0.00	\$36.98	\$0.00	\$0.00	Late Payment P&I - Invoice: 14Y03071
WOODBINE ACQUISITION CORPORATION	C000050973	Royalty Dlg	14H00434	01/31/14	03/02/14	MF115475	\$0.00	\$0.00	\$0.00	\$39.60	\$0.00	\$0.00	Late Payment P&I - Invoice: 14Y03071
WOODBINE ACQUISITION CORPORATION	C000050973	Royalty Dlg	14H00435	01/31/14	03/02/14	MF115476	\$0.00	\$0.00	\$0.00	\$53.34	\$0.00	\$0.00	Late Payment P&I - Invoice: 14Y03071
WOODBINE ACQUISITION CORPORATION	C000050973	Royalty Dlg	14H00436	01/31/14	03/02/14	MF115477	\$0.00	\$0.00	\$0.00	\$57.10	\$0.00	\$0.00	Late Payment P&I - Invoice: 14Y03071
WOODBINE ACQUISITION CORPORATION	C000050973	Royalty Dlg	14H00437	01/31/14	03/02/14	MF115478	\$0.00	\$0.00	\$0.00	\$25.00	\$0.00	\$0.00	Late Payment P&I - Invoice: 14Y03071
WOODBINE ACQUISITION CORPORATION	C000050973	Royalty Dlg	14H00438	01/31/14	03/02/14	MF115475	\$0.00	\$0.00	\$0.00	\$1,918.10	\$0.00	\$0.00	Late Payment P&I - Invoice: 14Y03263
WOODBINE ACQUISITION CORPORATION	C000050973	Late Incorrect	14L03089	04/25/14	05/25/14	MF110423	\$0.00	\$0.00	\$0.00	\$10.00	\$0.00	\$0.00	U - xVKGI2 - 149144
WOODBINE ACQUISITION CORPORATION	C000050973	Late Incorrect	14L03090	04/25/14	05/25/14	MF113047	\$0.00	\$0.00	\$0.00	\$10.00	\$0.00	\$0.00	U - b4Z2xw - 149144
WOODBINE ACQUISITION CORPORATION	C000050973	Late Incorrect	14L03091	04/25/14	05/25/14	MF113172	\$0.00	\$0.00	\$0.00	\$10.00	\$0.00	\$0.00	U - oMb4xi - 149144
WOODBINE ACQUISITION CORPORATION	C000050973	Late Incorrect	14L03092	04/25/14	05/25/14	MF113758	\$0.00	\$0.00	\$0.00	\$10.00	\$0.00	\$0.00	U - r1mKMI - 149144

**FM Aged Receivables**

Doc Date Between: 1/1/2001 And 10/24/2014

Aging Date: 10/24/2014

**Delinquent Invoices Pre FY12 - FY14**

Voluntary Royalty, Limited Reviews, Reconciliations, Due vs Paid, Late Report and Late Payment Invoices

WOODBINE ACQUISITION CORPORATION	C000050973	Late Incorrect	14L03093	04/25/14	05/25/14	MF114178	\$0.00	\$0.00	\$0.00	\$10.00	\$0.00	\$0.00	U - iDyeg8 - 149144
WOODBINE ACQUISITION CORPORATION	C000050973	Late Incorrect	14L03094	04/25/14	05/25/14	MF115475	\$0.00	\$0.00	\$0.00	\$20.00	\$0.00	\$0.00	U - QArJT8 - 149144
WOODBINE ACQUISITION CORPORATION	C000050973	Late Incorrect	14L03095	04/25/14	05/25/14	MF115476	\$0.00	\$0.00	\$0.00	\$10.00	\$0.00	\$0.00	U - gaeoi9 - 149144
WOODBINE ACQUISITION CORPORATION	C000050973	Late Incorrect	14L03096	04/25/14	05/25/14	MF115477	\$0.00	\$0.00	\$0.00	\$10.00	\$0.00	\$0.00	U - qCWdsM - 149144
WOODBINE ACQUISITION CORPORATION	C000050973	Late Incorrect	14L03097	04/25/14	05/25/14	MF115478	\$0.00	\$0.00	\$0.00	\$10.00	\$0.00	\$0.00	U - J2uHWN - 149144
WOODBINE ACQUISITION CORPORATION	C000050973	Late Incorrect	14L03098	04/25/14	05/25/14	MF116047	\$0.00	\$0.00	\$0.00	\$10.00	\$0.00	\$0.00	U - dNOgW9 - 149144
WOODBINE ACQUISITION CORPORATION	C000050973	Royalty Vol	14Y07174	05/09/14	05/09/14	MF110423	\$0.00	\$0.00	\$0.00	\$1,028.15	\$0.00	\$0.00	Voluntary Royalty
WOODBINE ACQUISITION CORPORATION	C000050973	Royalty Vol	14Y07174	05/09/14	05/09/14	MF113047	\$0.00	\$0.00	\$0.00	\$1,366.03	\$0.00	\$0.00	Voluntary Royalty
WOODBINE ACQUISITION CORPORATION	C000050973	Royalty Vol	14Y07174	05/09/14	05/09/14	MF113172	\$0.00	\$0.00	\$0.00	\$1,162.63	\$0.00	\$0.00	Voluntary Royalty
WOODBINE ACQUISITION CORPORATION	C000050973	Royalty Vol	14Y07174	05/09/14	05/09/14	MF113758	\$0.00	\$0.00	\$0.00	\$675.19	\$0.00	\$0.00	Voluntary Royalty
WOODBINE ACQUISITION CORPORATION	C000050973	Royalty Vol	14Y07174	05/09/14	05/09/14	MF114178	\$0.00	\$0.00	\$0.00	\$592.49	\$0.00	\$0.00	Voluntary Royalty
WOODBINE ACQUISITION CORPORATION	C000050973	Royalty Vol	14Y07174	05/09/14	05/09/14	MF115475	\$0.00	\$0.00	\$0.00	\$1,378.14	\$0.00	\$0.00	Voluntary Royalty
WOODBINE ACQUISITION CORPORATION	C000050973	Royalty Vol	14Y07174	05/09/14	05/09/14	MF115476	\$0.00	\$0.00	\$0.00	\$203.12	\$0.00	\$0.00	Voluntary Royalty
WOODBINE ACQUISITION CORPORATION	C000050973	Royalty Vol	14Y07174	05/09/14	05/09/14	MF115477	\$0.00	\$0.00	\$0.00	\$72.51	\$0.00	\$0.00	Voluntary Royalty
WOODBINE ACQUISITION CORPORATION	C000050973	Royalty Vol	14Y07174	05/09/14	05/09/14	MF116047	\$0.00	\$0.00	\$0.00	\$3,038.51	\$0.00	\$0.00	Voluntary Royalty
WOODBINE ACQUISITION CORPORATION	C000050973	Royalty Vol	14Y07174	05/09/14	05/09/14	NA	\$0.00	\$0.00	\$0.00	(\$7,256.99)	\$0.00	\$0.00	Voluntary Royalty
							\$0.00	\$30.00	\$0.00	\$4,726.98	\$0.00	\$0.00	\$4,756.98

**FM Aged Receivables**

Doc Date Between: 1/1/2001 And 10/24/2014

Aging Date: 10/24/2014

13

File No. MF 110423  
MADISON/BRAZOS County  
FY 14 Demand Letter  
Date Filed: 10/2/15  
By Nayda Ramirez  
George P. Bush, Commissioner



# MEMORANDUM

TEXAS GENERAL LAND OFFICE • GEORGE P. BUSH • COMMISSIONER

---

DATE: October 6, 2015

PSA# 0075

TO: School Land Board

FROM: Pooling Committee

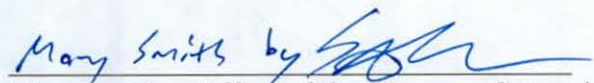
SUBJECT: Request from MD America Energy, LLC to have the State enter into a Production Sharing Agreement for drilling an allocation well.

---


- **MD America Energy, LLC** is the operator of the Wilson 2-H Oil Unit (Unit 4624) in which the State has a royalty interest, and they are requesting that the royalty owners sign a Production Sharing Agreement, which the School Land Board has the authority to approve pursuant to Texas Natural Resources Code §52.154.
- The Production Sharing Agreement will allow the operator to allocate production for sharing wells that cross Unit 4624.
- The State's participation in the sharing wells will be based on the length of lateral on Unit 4624 divided by the total length of lateral.

## POOLING COMMITTEE RECOMMENDATION:

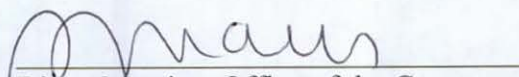
The Pooling Committee recommends Board approval of the Production Sharing Agreement.

  
Mary Smith – Office of the Attorney General

9/22/2015  
Date

  
Robert Hatter – General Land Office

9/22/15  
Date

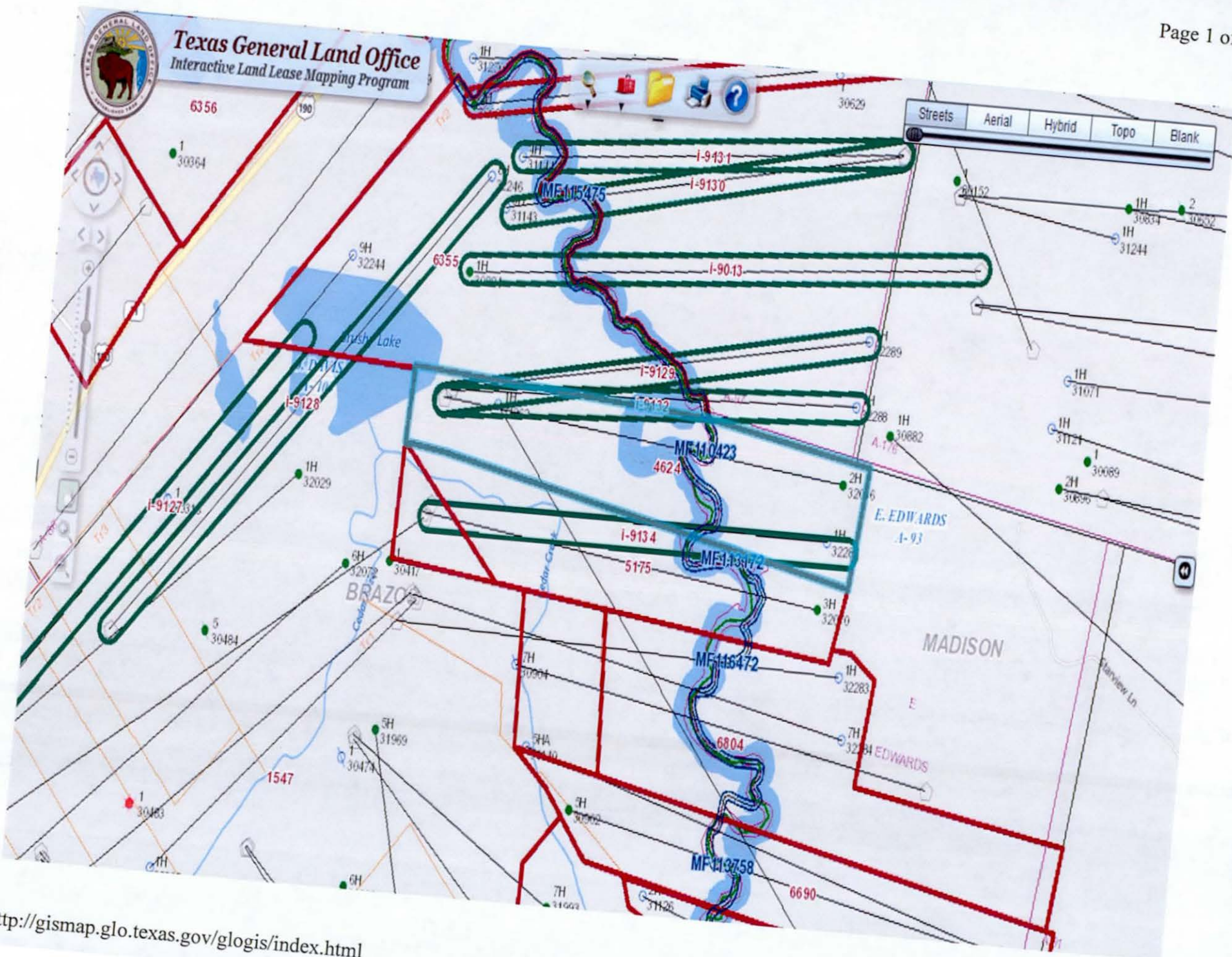
  
Diane Morris – Office of the Governor

9-22-2015  
Date



# Texas General Land Office

Interactive Land Lease Mapping Program





14

File No. M-110423

Memo to SLB County

Date Filed: 11/23/15

By George P. Bush, Commissioner

0. 0. 12

**McELROY, SULLIVAN, MILLER,  
WEBER & OLMSTEAD, L.L.P.**  
Attorneys at Law

MAILING ADDRESS

P.O. BOX 12127  
AUSTIN, TX 78711

1201 SPYGLASS DRIVE  
SUITE 200  
AUSTIN, TX 78746  
WWW.MSMTX.COM

TELEPHONE  
(512) 327-8111

FAX  
(512) 327-6566

December 9, 2015

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

Re: Pooling Agreement  
MD America Energy, LLC  
Wilson A 2H Unit  
M-110423 — Unit 4624  
Brazos and Madison Counties, Texas

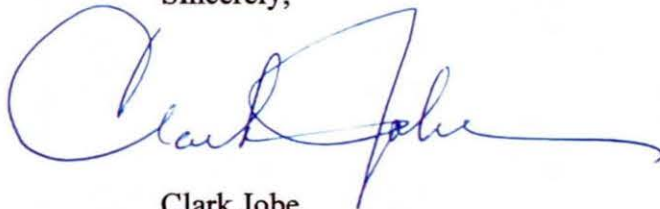
Dear Mr. Morgan:

Enclosed are two originals of the Pooling Agreement Amendment executed by MD America Energy, LLC to amend the Wilson A 2H Unit Brazos and Madison Counties, Texas.

If you will please return a fully-executed original to me, I will forward it to MD America Energy, LLC.

Thank you for your assistance with this pooling agreement. Please let me know if I can provide additional information regarding this application.

Sincerely,



Clark Jobe  
Attorney for MD America Energy, LLC

Enclosures

15

File No. M-110423

Ltr. From Clerk Jobe County

Date Filed: 12/9/15

George P. Bush, Commissioner

By [Signature]

**DO NOT DESTROY**



**Texas General Land Office  
UNIT AGREEMENT MEMO**

UPA153710

Unit Number 4624  
 Operator Name *Petromax Operating Co LXC1 MD America Energy* Effective Date 11/03/2009  
 Customer ID *0000047406 C-52134 LLC* Unitized For Oil And Gas  
 Unit Name *Wilson #2H Unit* Unit Term  
 County 1 *Brazos* RRC District 1 03 Old Unit Number Inactive Status Date  
 County 2 *Madison* RRC District 2 03  
 County 3 RRC District 3  
 County 4 RRC District 4  
 Unit type *Permanent*  
 State Net Revenue Interest *Oil 0.00468750*  
 State Part in Unit *0.01875000*  
 Unit Depth *Well*  
 From Depth *Formation*  
 To Depth *Participation Basis Surface Acreage*  
 If Exclusions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF110423	1	3.000000	160.000000	0.01875000	O/G	0.25000000	0.00468750	No

API Number  
4204132036

Remarks: Unit amended for depth.

Prepared By: *MB* Prepared Date: 10/6/15  
 GLO Base Updated By: *MB* GLO Base Date: 10/6/15  
 RAM Approval By: *MD* RAM Approval Date: 10/6/15  
 GIS By: *MD* GIS Date: \_\_\_\_\_  
 Well Inventory By: *MD* WI Date: 10/6/15

# Pooling Committee Report

**To:** School Land Board UPA153710  
**Date of Board Meeting:** 10/06/2015 Unit Number: 4624  
**Effective Date:** 11/03/2009  
**Unit Expiration Date:**  
**Applicant:** MD America Energy, LLC  
**Attorney Rep:** Clark Jobe  
**Operator:** MD America Energy LLC, Fort Worth  
**Unit Name:** Wilson #2H Unit  
**Field Name:** MADISONVILLE, W. (WOODBINE -A-)

**County:** Brazos  
 Madison

<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>
52.076	MF110423	0.25000000	11/03/2010	1 years	3.000000	3.000000	0.00468750

A part of the Navasota River is being pooled pursuant to Texas Natural Resources Code 52.076.

<b>Private Acres:</b>	157.000000
<b>State Acres:</b>	3.000000
<b>Total Unit Acres:</b>	160.000000

<b><u>Participation Basis:</u></b>	Surface Acreage
Surface Acreage	
<b><u>State Acreage:</u></b>	1.88%
<b><u>State Net Revenue Interest:</u></b>	0.47%

<b><u>Unit Type:</u></b>	<b><u>Unitized for:</u></b>
Permanent	Oil And Gas
<b><u>Term:</u></b>	

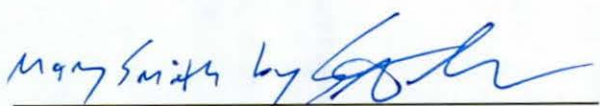
<b><u>RRC Rules:</u></b>	<b><u>Spacing Acres:</u></b>
Yes	

**REMARKS:**

- MD America Energy, LLC is requesting to amend its Wilson #2H Unit in order to change the pooled interval from the surface to 9,500 feet TVD. The School Land Board approved permanent oil and gas pooling from the surface to 100 feet below total depth drilled in November, 2009.
- The applicant completed its first unit well March 5, 2010. It has produced 328,816 BO and 235,399 MCF through May, 2015.
- To compensate the State for lost lease bonus on the unleased Navasota River acreage, the applicant has paid the Permanent School Fund \$300.00 per acre for a total of \$900.00.
- With approval of the unit the State's unit royalty participation will remain 0.47%. State unit royalty may change slightly based on final survey results.
- The State has participated on a unitized basis from the date of first production.

**POOLING COMMITTEE RECOMMENDATION:**

The Pooling Committee recommends Board approval of the amended Wilson #2H Unit under the above-stated provisions.



Mary Smith - Office of the Attorney General

9/22/2015

Date



Robert Hatter - General Land Office

9/22/15

Date



Diane Morris - Office of the Governor

9.22.2015

Date

HENRY R  
GARTMELL  
A-88

THOMAS  
FITZGERALD  
A-97

ARCHILUS  
NUNLEY  
A-176

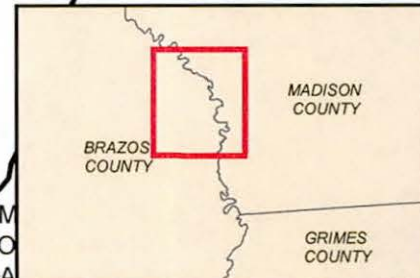
Navasota River

MF110423

A part of the Navasota River is being pooled  
pursuant to T.N.R.C. 52.076

JESSE K  
DAVIS  
A-103

EVAN  
EDDARDS  
A-93



Unit #4624  
MD America Energy  
Wilson 2-H Unit  
Madisonville, W (Woodbine -A-) field  
Brazos & Madison Counties, Texas

1,000 500 0 1,000 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  
October 2015

**AMENDMENT OF POOLING AGREEMENT PURSUANT TO TNRC §52.076  
STATE OF TEXAS / PETROMAX OPERATING CO., INC.  
WILSON #2H UNIT  
M-110423 – GLO UNIT NO. 4624  
BRAZOS AND MADISON COUNTIES, TEXAS**

WHEREAS, on November 3, 2009, the School Land Board of the State of Texas approved pooling 3 acres of the State's unleased mineral interest under the Navasota River into the 160-acre Wilson #2H Unit ("Unit") pursuant to the provisions of §52.076 and Subchapter E of Chapter 52, of the Texas Natural Resources Code; and

WHEREAS, pursuant to such approval, PetroMax Operating Co., Inc. and the Commissioner of the General Land Office of the State of Texas entered into that Pooling Agreement pursuant to TNRC §52.076 ("Agreement") to pool State Land into the Unit as more particularly described in said Agreement on file in the Archives and Records of the Texas General Land Office at Austin, Texas, in Mineral File No. M-110423; and

WHEREAS, MD America Energy, LLC is the current operator of the Unit; and

WHEREAS, on October 6, 2015, MD America Energy, LLC made application and the School Land Board approved its application to amend said Agreement as to the unitized interval and to add Exhibit "3" providing for Horizontal Sharing Wells; and

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

NOW THEREFORE, in consideration of the premises and of the mutual agreements contained in said Agreement, it is agreed that said Agreement is amended by adding the attached Exhibit "3" and amended as to the unitized interval by deleting the last "WHEREAS" line of the Agreement and Paragraph 3 of Exhibit "2" to the Agreement and substituting the following paragraphs therefor:

"WHEREAS, The School Land Board determined that pooling said unleased interest as to oil and gas produced from the surface to the correlative equivalent of the depth of 9,500 feet, as seen on the log of the Montana 1H Pilot Well, API No. 42-313-31220 and as more particularly described on the attached Exhibit "2" is in the best interest of the State.

MINERAL POOLED

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit from the surface to the correlative equivalent of the depth of 9,500 feet, as seen on the log of the Montana 1H Pilot Well, API No. 42-313-31220 ("unitized interval")."

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

This 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 but to be effective as of November 3, 2009.

Date Executed 12/10/15

STATE OF TEXAS

Legal  
Content  
Geology  
Executive

from  
for  
for  
for

By: [Signature]  
George P. Bush, Commissioner  
General Land Office

Date Executed \_\_\_\_\_

MD AMERICA ENERGY, LLC

By: [Signature]

Its: \_\_\_\_\_

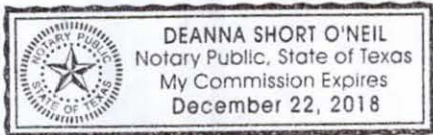
JD  
BC

STATE OF TEXAS

COUNTY OF Tarrant

This instrument was acknowledged before me on Oct. 23, 2015, by Blake Anderson as V.P. - Land of MD America Energy, LLC, a Delaware limited liability company on behalf of said company.

[Signature]  
Notary Public in and for the State of Texas



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 6th day of October, 2015, 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 10th day of December, 2015.

[Signature]  
Secretary of the School Land Board

## EXHIBIT "3" HORIZONTAL SHARING WELLS

WHEREAS, the parties wish to encourage further development of the Unit via the drilling of horizontal wells, in order to:

- (a) Prevent physical and economic waste and the drilling of unnecessary wells, and to increase the ultimate recovery of oil, gas and other associated hydrocarbons from the Unit; and
- (b) Protect the correlative rights of all Interest Owners in the Unit so that each may receive a fair share of the production in and under the Unit; and

WHEREAS, it may be advantageous to position one or more horizontal wells (i.e. any well having a lateral length of greater than 100') such that same may traverse lands within and outside of the Unit ( a "Sharing Well"), and to establish a basis for sharing in production proceeds from each Sharing Well;

NOW THEREFORE, the parties do hereby agree to the following:

- (1) Each Interest Owner shall share in each Sharing Well on the basis of each Interest Owner's ownership in the Unit multiplied by the Allocation Factor. The "Allocation Factor" is defined as a fraction, the numerator of which is equal to the length of that portion of the Lateral Line Equivalent that lies within the boundaries of the Unit, and the denominator being the total length of the Lateral Line Equivalent. For purposes of this Agreement, the Lateral Line Equivalent is defined as a line drawn, using map view perspective, that begins at the First Take Point of a well and runs laterally toward the Last Take Point of a well along the actual surveyed well path to the Last Take Point of the well. A "Take Point" in a horizontal drainhole well is defined as any point along a horizontal drainhole where oil and/or gas can be produced into the wellbore from the reservoir or field interval.
- (2) Operations on or production from each Sharing Well shall be treated as if they were actual operations on or production from each Unit and the proceeds from production from such Sharing Well shall be paid in accordance with the Allocation Factor set out above.
- (3) Production from any and all Sharing Wells drilled on the Unit shall not create any offset obligation, whether express or implied, and as to each Sharing Well drilled, this Agreement shall be deemed to constitute complete protection of each Interest Owner's correlative rights. The parties further agree that this Agreement affects only production from each Sharing Well, and in no way affects ownership of production from any other wells drilled or to be drilled which lie solely within the Unit and are not Sharing Wells.

File No. M-110423

Amendment of Wilson #24 Unit <sup>County</sup>

Date Filed: 12/11/15

George P. Bush, Commissioner

By [Signature]



TEXAS GENERAL LAND OFFICE  
GEORGE P. BUSH, COMMISSIONER

December 11, 2015

Mr. Clark Jobe  
McElroy, Sullivan, Miller, Weber & Olmstead, L.L.P.  
P. O. Box 12127  
Austin, Texas 78711-2127

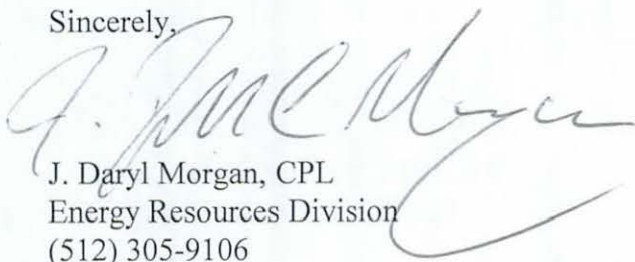
RE: Amendment of 52.076 Pooling Agreements  
MD America Energy, LLC  
Wilson #2-H Unit  
M-110423 – GLO Unit No. 4624  
Wilson C #3-H Unit  
M-113172 – GLO Unit No. 5175  
Brazos and Madison Counties, Texas

Dear Clark:

Enclosed is a duplicate original of each of the above referenced Amendment of §52.076 Pooling Agreements that have been executed by George P. Bush, Commissioner of the Texas General Land Office. We have retained the other duplicate original of each Agreement for our files.

Thank you for your assistance with this matter, if you have any questions, please do not hesitate to contact me.

Sincerely,



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

Enclosures

17

File No. M-110423

Ltr. to Clark Lobe County

Date Filed: 12/11/15

George P. Bush, Commissioner

By \_\_\_\_\_



301 Commerce Street, Suite 2150  
Fort Worth, TX 76102  
(817) 288-7800 – Main  
(817) 288-7801 – Fax

February 8, 2016

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

RE: Amendment of 52.076 Pooling Agreements  
MD America Energy, LLC  
Wilson A #2-H Unit  
M-110423 – GLO Unit No. 4624  
Wilson C #3-H Unit  
M-113172 – GLO Unit No. 5175  
Brazos and Madison Counties, Texas

Ladies and/or Gentlemen:

Enclosed for your files are copies of the above reference amendment of pooling agreements recorded in Brazos and Madison Counties, Texas.

Thank you very much.

Sincerely,

A handwritten signature in cursive script that reads "Annie Hoffa".

Annie Hoffa  
Land Administrator

Enclosure

18

File No. M-110423

County \_\_\_\_\_

Ltr. From MD America

Date Filed: 2/11/6

George P. Bush, Commissioner

By [Signature]

TX0015A

AMENDMENT OF POOLING AGREEMENT PURSUANT TO TNRC §52.076  
STATE OF TEXAS / PETROMAX OPERATING CO., INC.  
WILSON #2H UNIT  
M-110423 – GLO UNIT NO. 4624  
BRAZOS AND MADISON COUNTIES, TEXAS

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WHEREAS, pursuant to such approval, PetroMax Operating Co., Inc. and the Commissioner of the General Land Office of the State of Texas entered into that Pooling Agreement pursuant to TNRC §52.076 ("Agreement") to pool State Land into the Unit as more particularly described in said Agreement on file in the Archives and Records of the Texas General Land Office at Austin, Texas, in Mineral File No. M-110423; and

WHEREAS, MD America Energy, LLC is the current operator of the Unit; and

WHEREAS, on October 6, 2015, MD America Energy, LLC made application and the School Land Board approved its application to amend said Agreement as to the unitized interval and to add Exhibit "3" providing for Horizontal Sharing Wells; and

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

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

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SCANNED

FEB 03 2016

IN WITNESS WHEREOF, the parties hereto have executed this Agreement upon the respective dates indicated below but to be effective as of November 3, 2009.

Date Executed 12/10/15

STATE OF TEXAS

Legal Kum  
Content [Signature]  
Geology [Signature]  
Executive [Signature]

By: [Signature]  
George P. Bush, Commissioner  
General Land Office

Date Executed \_\_\_\_\_

MD AMERICA ENERGY, LLC

By: [Signature]

Its: \_\_\_\_\_

(SD)  
(BC)

STATE OF TEXAS

COUNTY OF Tarrant

This instrument was acknowledged before me on Oct. 23, 2015, by Blake Anderson  
as V.P. Land of MD America Energy, LLC, a Delaware limited  
liability company on behalf of said company.

[Signature]  
Notary Public in and for the State of Texas



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 6th day of October, 2015, 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 10th day of December, 2015.

[Signature]  
Secretary of the School Land Board

### EXHIBIT "3" HORIZONTAL SHARING WELLS

WHEREAS, the parties wish to encourage further development of the Unit via the drilling of horizontal wells, in order to:

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Filed for Record in:  
BRAZOS COUNTY

On: Jan 08, 2016 at 11:03A

As a  
NO LABEL RECORDING

Document Number: 01252677

Amount 34.00

Receipt Number - 564452

By:  
Debbie Baker

STATE OF TEXAS COUNTY OF BRAZOS  
I hereby certify that this instrument was  
filed on the date and time stamped hereon by me  
and was duly recorded in the volume and page  
of the Official Public records of:

BRAZOS COUNTY

as stamped hereon by me.

Jan 08, 2016

Karen McQueen, Brazos County Clerk  
BRAZOS COUNTY

ter recording return to:  
eri Fisher  
O. Box 5047  
ity, TX 77491

COUNTY OF BRAZOS  
The foregoing is a true and correct copy as the same  
appears on file and recorded in the appropriate  
records of Brazos, County, Texas

hereby certify, on 1-8-14 DS



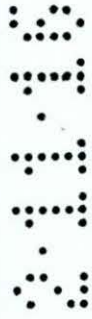
*Karen Mc Luer*

County Clerk,  
Brazos County, Texas

Doc: 96900 Bl: OR Vol: 1502 Ps: 228

**AMENDMENT OF POOLING AGREEMENT PURSUANT TO TNRC §52.076  
STATE OF TEXAS / PETROMAX OPERATING CO., INC.  
WILSON #2H UNIT  
M-110423 – GLO UNIT NO. 4624  
BRAZOS AND MADISON COUNTIES, TEXAS**

Doc: 96900 Bl: OR Vol: 1502 Ps: 228



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WHEREAS, pursuant to such approval, PetroMax Operating Co., Inc. and the Commissioner of the General Land Office of the State of Texas entered into that Pooling Agreement pursuant to TNRC §52.076 ("Agreement") to pool State Land into the Unit as more particularly described in said Agreement on file in the Archives and Records of the Texas General Land Office at Austin, Texas, in Mineral File No. M-110423; and

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MINERAL POOLED 3.

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**SCANNED**

FEB 03 2016 *mg*

COUNTY OF BRAZOS  
The foregoing is a true and correct copy as the same  
has been on file and recorded in the appropriate  
records of Brazos County, Texas

Doc 96900 BK 0R Vol 1502 Pg 229

I hereby certify, on 1-8-16 D3



Karen Mc Luer  
County Clerk

Doc 96900 BK 0R Vol 1502 Pg 229

IN WITNESS WHEREOF, the parties hereto have executed this Agreement upon the respective dates indicated below  
but to be effective as of November 3, 2009.

Date Executed 12/10/15

STATE OF TEXAS

By: [Signature]

George P. Bush, Commissioner  
General Land Office

Legal [Signature]  
Content [Signature]  
Geology [Signature]  
Executive [Signature]

Date Executed \_\_\_\_\_

MD AMERICA ENERGY, LLC

By: [Signature]

Its: \_\_\_\_\_

(5D)  
(8C)

STATE OF TEXAS

COUNTY OF Tarrant

This instrument was acknowledged before me on Oct. 23, 2015, by Blake Anderson  
as V.P. hand of MD America Energy, LLC, a Delaware limited  
liability company on behalf of said company.

[Signature]  
Notary Public in and for the State of Texas



CERTIFICATE

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School Land Board duly held on the 6th day of October, 2015, 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 10th day of December, 2015.

[Signature]  
Secretary of the School Land Board

EXHIBIT "3"  
HORIZONTAL SHARING WELLS

WHEREAS, the parties wish to encourage further development of the Unit via the drilling of horizontal wells, in order to:

- (a) Prevent physical and economic waste and the drilling of unnecessary wells, and to increase the ultimate recovery of oil, gas and other associated hydrocarbons from the Unit; and
- (b) Protect the correlative rights of all Interest Owners in the Unit so that each may receive a fair share of the production in and under the Unit; and

WHEREAS, it may be advantageous to position one or more horizontal wells (i.e. any well having a lateral length of greater than 100') such that same may traverse lands within and outside of the Unit ( a "Sharing Well"), and to establish a basis for sharing in production proceeds from each Sharing Well;

NOW THEREFORE, the parties do hereby agree to the following:

- (1) Each Interest Owner shall share in each Sharing Well on the basis of each Interest Owner's ownership in the Unit multiplied by the Allocation Factor. The "Allocation Factor" is defined as a fraction, the numerator of which is equal to the length of that portion of the Lateral Line Equivalent that lies within the boundaries of the Unit, and the denominator being the total length of the Lateral Line Equivalent. For purposes of this Agreement, the Lateral Line Equivalent is defined as a line drawn, using map view perspective, that begins at the First Take Point of a well and runs laterally toward the Last Take Point of a well along the actual surveyed well path to the Last Take Point of the well. A "Take Point" in a horizontal drainhole well is defined as any point along a horizontal drainhole where oil and/or gas can be produced into the wellbore from the reservoir or field interval.
- (2) Operations on or production from each Sharing Well shall be treated as if they were actual operations on or production from each Unit and the proceeds from production from such Sharing Well shall be paid in accordance with the Allocation Factor set out above.
- (3) Production from any and all Sharing Wells drilled on the Unit shall not create any offset obligation, whether express or implied, and as to each Sharing Well drilled, this Agreement shall be deemed to constitute complete protection of each Interest Owner's correlative rights. The parties further agree that this Agreement affects only production from each Sharing Well, and in no way affects ownership of production from any other wells drilled or to be drilled which lie solely within the Unit and are not Sharing Wells.

STATE OF TEXAS  
COUNTY OF BRAZOS  
The foregoing is a true and correct copy as the same appears on file and recorded in the appropriate records of Brazos, County, Texas

Thereby certify, on 1-8-16 DB  
*Karen McQueen*  
County Clerk,  
Brazos County, Texas



Doc Bl Vol Ps  
01252677 OF 13116 261

Doc Bl Vol Ps  
96900 OR 1502 231



Filed for Record in  
BRAZOS COUNTY

On: Jan 08 2016 at 11:03A

As a  
NO LABEL RECORDING

Document Number: 01252677

Amount: 34.00

Receipt Number - 564450

Ex:  
Debbie Baker

STATE OF TEXAS COUNTY OF BRAZOS  
I hereby certify that this instrument was  
filed on the date and time stamped hereon by me  
and was duly recorded in the volume and page  
of the Official Public records of:

BRAZOS COUNTY

as stamped hereon by me.

Jan 08 2016

Karen McQueen, Brazos County Clerk  
BRAZOS COUNTY

STATE OF TEXAS  
COUNTY OF BRAZOS  
The foregoing is a true and correct copy as the same  
appears on file and recorded in the appropriate  
records of Brazos County, Texas

Thereby certify, on 1-8-16 D3



*Karen McQueen*  
County Clerk,  
Brazos County, Texas

After recording return to:

Debbie Fisher  
P.O. Box 5047  
Canyon, TX 77491

19

File No. M-110423

\_\_\_\_\_ County

Recorded Amendment

Date Filed: 2/11/16

George P. Bush, Commissioner

By [Signature]

5.17.16

MF 110423  
Unit 9134



KEEP FOR YOUR RECORDS

**OIL AND GAS DIVISION ORDER**

**Effective Date: Date of First Production**

To: MD America Energy, LLC  
301 Commerce Street, Suite 2500  
Fort Worth, TX 76102

Property Number: 156
Property Name: Wayne 1H
County and State: Brazos County & Madison County, TX
Operator: MD America Energy LLC
Property Description: J.K. Davis Survey, A-103; E. Edwards Survey, A-93 Wilson 2H, Wilson 3H Unit(s) 160 acres and 130.59 acres
Owner Name and Address: State of Texas GLO Stephen F. Austin Building 1700 North Congress Ave Austin, TX 78701
Owner Number: TEXGLO
Type of Interest: RI
Decimal/Fractional Interest: 0.00548616
Interest Types: RI=Royalty Interest; PP=Production Payment; WI=Working Interest; ORRI=Overriding Royalty Interest



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

The undersigned (Payee/Owner) certifies the ownership of their decimal interest in the oil, including condensate and other liquid hydrocarbons, and gas, including casing head gas and other gaseous substances, or their proceeds, produced from the land, as described above, payable by MD America Energy LLC or MD America Energy LLC's nominee or agent (hereafter referred to as "Payor").

**PAYMENT:** Payments of less than \$100 may be accrued before disbursement until the total amount equals \$100 or more, or until 12 months' proceeds accumulate, whichever occurs first. However, the Payor may hold accumulated proceeds of less than \$10 until production ceases or the Payor's responsibility for making payment for production ceases, whichever occurs first. Payee agrees to refund to Payor any amounts attributable to an interest or part of an interest that Payee does not own.

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

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

**NOTICES:** The Owner agrees to notify Payor in writing of any change in the division of interest, including changes of interest contingent on payment of money or expiration of time. No change of interest is binding on Payor until the recorded copy of the instrument of change or documents satisfactorily evidencing such change are furnished to Payor at the time the change occurs. Any change of interest shall be made effective on the first day of the month following receipt of such notice by Payor. Any correspondence regarding this agreement shall be furnished to the addresses listed unless otherwise advised by either party.

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

Owner(s) Signature(s): \_\_\_\_\_  
Owner(s) Tax I.D./S.S Number(s): \_\_\_\_\_  
Owner(s) Daytime Telephone #(s): \_\_\_\_\_

**FAILURE TO FURNISH YOUR SOCIAL SECURITY/TAX I.D. NUMBER WILL RESULT IN WITHHOLDING TAX IN ACCORDANCE WITH FEDERAL LAW, AND ANY TAX WITHHELD WILL NOT BE REFUNDABLE BY MD AMERICA ENERGY LLC.**



301 Commerce Street, Suite 2500  
Fort Worth, TX 76102  
(817) 288-7800 – Main  
(817) 288-7801 – Fax

January 19, 2015

State of Texas GLO  
Stephen F. Austin Building  
1700 North Congress Ave  
Austin, TX 78701

RE: Division Order  
Wayne 1H  
Brazos County & Madison County, Texas



Dear Owner,



Enclosed, in duplicate, please find the initial Division Order (DO) for the Wayne 1H well in Brazos County & Madison County, Texas, and a W-9. Please review and verify your interest, sign your **DO** along with the **W-9** and return **both** at your very earliest convenience in the self-addressed, stamped envelope provided. The extra copy is for your records.

Upon receipt of your executed DO, your interest will then be placed in a pay status and you will start receiving a monthly revenue check.

Our revenue checks go out on the 25<sup>th</sup> of each month. Executed DOs received by the 15<sup>th</sup> of the month will receive a check otherwise; it will be processed the following month.

Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Nikki Sabodash".

Nikki Sabodash  
Division Order Analyst



TEXAS GENERAL LAND OFFICE  
GEORGE P. BUSH, COMMISSIONER

July 7, 2016

Kelly Neuberger  
Division Order Analyst  
MD America Energy, LLC  
301 Commerce Street, Suite 2500  
Fort Worth, TX 76102

Re: State Lease Nos. MF115477 Thomason A 3H (Unit 6357);  
✓MF110423 Wayne 1H (Unit 9134);  
MF117709 Wilson 7H (Unit 9168); MF115475 Wilson 8H  
(Unit 9128); and Wilson 9H (Unit 9127)

Dear Ms. Neuberger:

The Texas General Land Office (GLO) has received your Division Orders for the referenced units. These Division Orders have been filed in the appropriate mineral files.

The payment of royalties attributable to state-owned mineral and royalty interests is set by contract and applicable statutes and rules. The execution of division orders may, in some cases, affect the manner in which such payments are made or calculated. Therefore, Title 31, §9.32, of the Texas Administrative Code specifies that GLO staff cannot execute a division order or bind the state to any terms contained within it.

Subject to applicable state law and the state's right to take its production in-kind, the GLO acquiesces to the sale of oil and gas in accordance with the terms and conditions set out in the oil and gas leases. If you have questions concerning this matter, please feel free to e-mail me at the address below my signature.

We look forward to being put on pay status as soon as you are able to set up the wells in our RRAC system.

Thank you,

Vivian Hernandez  
Landman, Energy Resources  
512-475-0428  
512-475-1543 (fax)  
[vivian.hernandez@glo.texas.gov](mailto:vivian.hernandez@glo.texas.gov)

File No. mf 110423

Division Order

Date Filed: 7-7-16

George P. Bush, Commissioner

By V.H.



**Information for processing an Internal Non Unit Transaction (iNut)**  
*Surface Acreage*

**iNut No. 9786**

**GENERAL INFORMATION**

Name of Well: Rainier (Allocation) 1H

API # 42-313-31352

Name of Operator: MD America Energy, LLC

RRC # 03-836189

Operator Contact Person: Brad Thomas

Phone: 214-638-2514

County: Madison & Brazos Counties

**ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL**

Lease Type	Unit/Lease No	Total Productive Lateral Length	Productive Lateral Length on Lease	Unit or Lease Rylty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
UR	6502/MF116047	8,991.57	1,146.79	0.00430430	0.25000000	0.00219589	0.00054897
UR	6690/MF113758	8,991.57	1,665.06	0.00352136	0.25000000	0.00260834	0.00065209
UR	7676/MF117709	8,991.57	3,133.61	0.00578353	0.25000000	0.00806236	0.00201559
UR	5175/MF113172	8,991.57	1,935.16	0.00673865	0.25000000	0.00580115	0.00145029
UR	4624/MF110423	8,991.57	1,110.95	0.00677150	0.25000000	0.00334660	0.00083665
<b>Totals:</b>						0.02201435	<b>0.00550359</b>
<b>Effective Date:</b>	7/15/2018						<b>State Net Royalty Revenue in Well</b>

**Name of Production Sharing Agreement, if any:**

Comments: Spud 7/15/2018

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

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: \_\_\_\_\_ Alamo updated by: \_\_\_\_\_ WI updated by: \_\_\_\_\_

RAM approval by: \_\_\_\_\_ GIS updated by: MC

# DO NOT DESTROY



## Texas General Land Office

### UNIT AGREEMENT MEMO

INU190001

**Unit Number** 9786  
**Operator Name** MD America Energy, LLC  
**Customer ID** C000052134  
**Unit Name** Rainier (Allocation) 1H  
**County 1** Brazos **RRC District 1** 03  
**County 2** Madison **RRC District 2** 03  
**County 3** **RRC District 3**  
**County 4** **RRC District 4**  
**Unit type** iNut  
**State Net Revenue Interest Oil** 0.00550359  
**State Part in Unit** 0.02201435  
**Unit Depth** Allow All Depths  
**From Depth**  
**To Depth**  
**Well**  
**Formation**  
**Participation Basis** Length of Lateral  
**If Exclusions Apply: See Remarks**

**Effective Date** 07/15/2018  
**Unitized For** Oil And Gas  
**Unit Term**  
**Old Unit Number Inactive Status Date**

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF110423		0.000000	0.000000	0.00260834	O/G	0.25000000	0.00065209	No
MF113172		0.000000	0.000000	0.00806236	O/G	0.25000000	0.00201559	No
MF113758		0.000000	0.000000	0.00260834	O/G	0.25000000	0.00065209	No
MF116047		0.000000	0.000000	0.00219589	O/G	0.25000000	0.00054897	No

<i>Lease Number</i>	<i>Tract No</i>	<i>Lease Acres in Unit</i>	<i>Total Unit Acres</i>	<i>Tract Participation</i>	<i>O/G</i>	<i>Lease Royalty</i>	<i>NRI of Lease in Unit</i>	<i>Royalty Rate Reduction Clause</i>
MF117709		0.000000	0.000000	0.00806236	O/G	0.25000000	0.00201559	No

*API Number*

4231331352

**Remarks:**

iNut crosses River Units 6502, 6690, 7676, 5175 and 4624.

*Prepared By:*

\_\_\_\_\_

*Prepared Date:*

\_\_\_\_\_

*GLO Base Updated By:*

\_\_\_\_\_

*GLO Base Date:*

\_\_\_\_\_

*RAM Approval By:*

\_\_\_\_\_

*RAM Approval Date:*

\_\_\_\_\_

*GIS By:*

\_\_\_\_\_ MC \_\_\_\_\_

*GIS Date:*

\_\_\_\_\_ 1-18-19 \_\_\_\_\_

*Well Inventory By:*

\_\_\_\_\_

*WI Date:*

\_\_\_\_\_

42-313-31179

iNut 9786

# AS-DRILLED WELL PLAT MD AMERICA ENERGY, LLC RAINIER (Allocation) 1H

J.K. DAVIS SURVEY, A-103,  
A. LOTT SURVEY, A-146  
& E. EDWARDS SURVEY, A-93  
MADISON & BRAZOS COUNTY, TEXAS

**PRODUCING LATERAL ALLOCATION**

County Line Unit:	1146.79'
Wilson, J.D. Unit:	1665.06'
Wilson A 7H Unit:	3133.61'
Wilson Unit C:	1935.16'
Wilson Unit A:	1110.95'
<b>TOTAL PRODUCING LATERAL:</b>	<b>8991.57'</b>

**SURFACE LOCATION**

N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE	TX. CENTRAL ZONE
LAT: 30° 50' 24.022"	LAT: 30° 50' 23.532"
LONG: 96° 09' 55.855"	LONG: 96° 09' 55.004"
N: 10293738.61'	N: 451157.07'
E: 3604220.41'	E: 3307740.74'

**PENETRATION POINT**

N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE	TX. CENTRAL ZONE
LAT: 30° 50' 24.881"	LAT: 30° 50' 24.191"
LONG: 96° 09' 57.169"	LONG: 96° 09' 56.319"
N: 10293821.07'	N: 451239.53'
E: 3604102.67'	E: 3307623.00'

**FIRST TAKE POINT**

N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE	TX. CENTRAL ZONE
LAT: 30° 50' 27.027"	LAT: 30° 50' 26.357"
LONG: 96° 09' 59.552"	LONG: 96° 09' 58.702"
N: 10294029.89'	N: 451448.35'
E: 3603886.96'	E: 3307407.29'

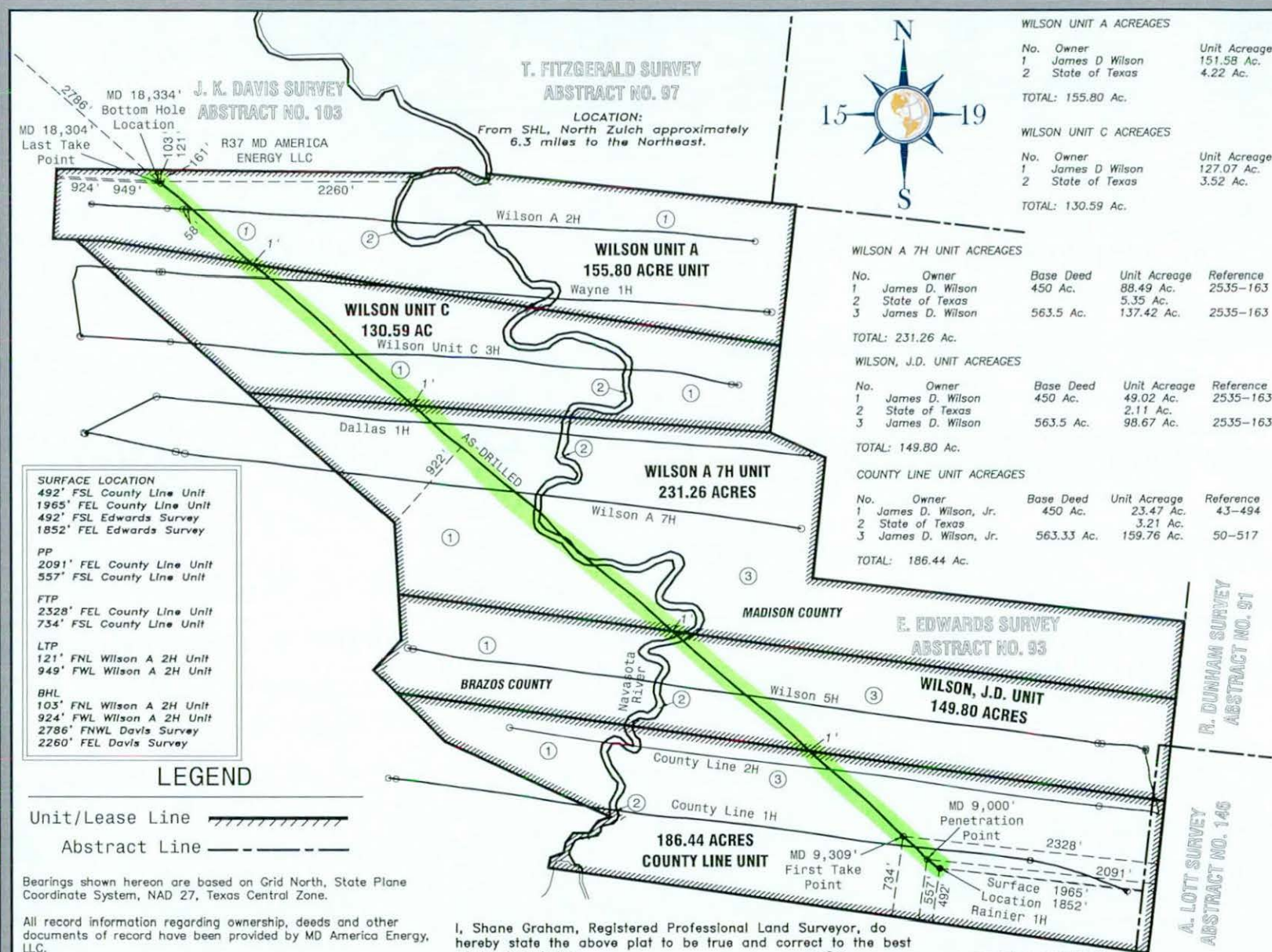
**LAST TAKE POINT**

N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE	TX. CENTRAL ZONE
LAT: 30° 51' 28.538"	LAT: 30° 51' 27.850"
LONG: 96° 11' 14.004"	LONG: 96° 11' 13.152"
N: 10299997.42'	N: 457415.83'
E: 3597169.82'	E: 3300690.18'

**BOTTOM HOLE LOCATION**

N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE	TX. CENTRAL ZONE
LAT: 30° 51' 28.734"	LAT: 30° 51' 28.046"
LONG: 96° 11' 14.263"	LONG: 96° 11' 13.411"
N: 10300016.34'	N: 457434.75'
E: 3597146.53'	E: 3300666.89'

1519 Job No.: 7612	Drawn By: SG
Sheet 1 of 1	Prepared For: MD America Energy, LLC



**SURFACE LOCATION**

492' FSL County Line Unit  
1965' FEL County Line Unit  
492' FSL Edwards Survey  
1852' FEL Edwards Survey

**PP**

2091' FEL County Line Unit  
557' FSL County Line Unit

**FTP**

2328' FEL County Line Unit  
754' FSL County Line Unit

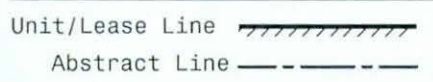
**LTP**

121' FNL Wilson A 2H Unit  
949' FWL Wilson A 2H Unit

**BHL**

103' FNL Wilson A 2H Unit  
924' FWL Wilson A 2H Unit  
2786' FNWL Davis Survey  
2260' FEL Davis Survey

**LEGEND**



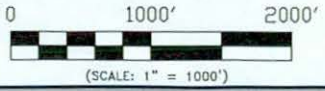
Bearings shown hereon are based on Grid North, State Plane Coordinate System, NAD 27, Texas Central Zone.

All record information regarding ownership, deeds and other documents of record have been provided by MD America Energy, LLC.

Acres for unit tracts shown by lease calls as furnished by MD America Energy. Acreages may not reflect actual acreages if surveyed on the ground. Well ties are taken from an on the ground survey.

As-drilled data furnished by MD America Energy.

All survey lines shown hereon are scaled location only.



**T. FITZGERALD SURVEY  
ABSTRACT NO. 97**

LOCATION:  
From SHL, North Zulch approximately  
6.3 miles to the Northeast.

**WILSON A 7H UNIT ACREAGES**

No.	Owner	Base Deed	Unit Acreage	Reference
1	James D. Wilson	450 Ac.	88.49 Ac.	2535-163
2	State of Texas		5.35 Ac.	
3	James D. Wilson	563.5 Ac.	137.42 Ac.	2535-163
TOTAL: 231.26 Ac.				

**WILSON, J.D. UNIT ACREAGES**

No.	Owner	Base Deed	Unit Acreage	Reference
1	James D. Wilson	450 Ac.	49.02 Ac.	2535-163
2	State of Texas		2.11 Ac.	
3	James D. Wilson	563.5 Ac.	98.67 Ac.	2535-163
TOTAL: 149.80 Ac.				

**COUNTY LINE UNIT ACREAGES**

No.	Owner	Base Deed	Unit Acreage	Reference
1	James D. Wilson, Jr.	450 Ac.	23.47 Ac.	43-494
2	State of Texas		3.21 Ac.	
3	James D. Wilson, Jr.	563.33 Ac.	159.76 Ac.	50-517
TOTAL: 186.44 Ac.				

I, Shane Graham, Registered Professional Land Surveyor, do hereby state the above plat to be true and correct to the best of my knowledge.

For 1519 Surveying, LLC

*Shane Graham*  
Shane Graham  
Registered Professional Land Surveyor  
Texas Registration No. 6044

Date: August 16, 2018  
Revised: September 5, 2018



**A. ROGERS SURVEY  
ABSTRACT NO. 196**

**AS-DRILLED WELL PLAT  
RAINIER (Allocation) 1H  
MADISON & BRAZOS COUNTY, TEXAS**

**1519 Surveying, LLC**  
5054 Franklin Avenue Suite A Waco, TX 76710 P: 254-776-1519 T: 254-776-1519 F: 10193608  
www.1519surveying.com

42-313-31352

**Mary Barnstone**

---

**From:** Brad Thomas <brad.thomas@ogbs.biz>  
**Sent:** Tuesday, January 15, 2019 11:05 AM  
**To:** Mary Barnstone  
**Subject:** RE: MD Amercia - C000052134  
**Attachments:** Rainier 1H

03-836189

spud 7/15/18

Madisonville, W.  
(Woodbine -A-)

Mary, is this what you are needing?

**Brad Thomas**

Oil & Gas Business Solutions  
4849 Greenville Ave., Suite 1250  
Dallas, Texas 75206  
Phone 214.638.2514  
Fax 214.638.2519

---

**From:** Ping Ku [mailto:Ping.Ku@GLO.TEXAS.GOV]  
**Sent:** Monday, January 14, 2019 11:32 AM  
**To:** Brad Thomas  
**Cc:** Mary Barnstone  
**Subject:** FW: MD Amercia - C000052134

Hi Brad,

This is an allocation well. Please provide to MaryBeth (cc'ed) the final "as-drilled" plat with productive lateral length from FTP to LTP and productive lateral length in the State leases/units this well crosses. Thanks!!

Ping Ku | Tx General Land Office  
512-475-1507 | [ping.ku@glo.texas.gov](mailto:ping.ku@glo.texas.gov)

---

**From:** Brad Thomas  
**Sent:** Monday, January 14, 2019 8:14:04 AM (UTC-06:00) Central Time (US & Canada)  
**To:** GLO123  
**Subject:** MD Amercia - C000052134

I need the set up for

Rainier 1H  
03-836189

Thanks

**Brad Thomas**

File No. MF 110423

Madison / Brazos County

iNut 9786 packet

Date Filed: 1/16/19

By MB Barnstone  
George B. Lash, Court Reporter



MF110423  
OIL AND/OR GAS DIVISION ORDER

KEEP FOR YOUR RECORDS

To/Operator: MD America Energy, LLC  
301 Commerce Street, Suite 2500  
Fort Worth, TX 76102

Date Prepared: 11/19/2018  
Effective Date: 9/16/2018 (Date of First Production)

Property Name: **Rainier (Allocation) No. 1H Well** [API No. 42-313-31352]  
*PNL# 9786*

Property Description: J. K. DAVIS SURVEY, A-103, BRAZOS COUNTY, TEXAS AND THE E. EDWARDS SURVEY, A-93, AND A. LOTT SURVEY, A-146, MADISON COUNTY, TEXAS (PRODUCING LATERAL ALLOCATION: COUNTY LINE UNIT (GLO#6502)=1146.79/8991.57; WILSON #5-H UNIT (GLO#6690)=1665.06/8991.57; WILSON 7H UNIT (GLO#7676)=3133.61/8991.57; WILSON C #3-H UNIT (GLO#5175)=1935.16/8991.57; WILSON UNIT A #2H UNIT (GLO#4624)=1110.95/8991.57)

Owner#/Owner Name/Address	Unit/Tract #	Land Tract #	Lease #	Interest/Interest Type
TEXGLO(463)				
Commissioner of the General Land Office of the State of Texas Stephen F. Austin Building 1700 North Congress Avenue Austin, TX 78701	County Line.2 (M-116047/GLO#6502)	KR0325	620	1/4x3.21/186.44x1146.79/8991.57 plus
	Wilson #5-H.2 (M-113758/GLO#6690)	KR0253	1560	1/4x2.11/149.8x1665.06/8991.57 plus
	Wilson 7H Unit.2 (M-117709/GLO#7676)	KR0331	1611	1/4x5.35/231.26x3133.61/8991.57 plus
	Wilson C #3-H Unit.2 (M-113172/GLO#5175)	KR0254	485	1/4x3.52/130.59x1935.16/8991.57 plus
	Wilson #2H Unit.2 (M-110423/GLO#4624)	KR0254	653	1/4x4.22/155.8x1110.95/8991.57 RI
				(0.00550359) ✓

Interest Types: RI=Royalty Interest; NEMI=Non-Executive Mineral Interest; NPRI=Non-Participating Royalty Interest;  
ORI=Overriding Royalty Interest; WI=Working Interest

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

The undersigned (hereafter referred to as "Payee/Owner") certifies the ownership of their decimal interest in the oil, including condensate and other liquid hydrocarbons, and gas, including casinghead gas and other gaseous substances, or their proceeds, produced from the land, as described above, payable by MD America Energy, LLC or MD America Energy, LLC's nominee or agent (hereafter referred to as "Payor").

**PAYMENT:** Payments of less than \$100 may be accrued before disbursement until the total amount equals \$100 or more, or until 12 months' proceeds accumulate, whichever occurs first. However, the Payor may hold accumulated proceeds of less than \$10 until production ceases or the Payor's responsibility for making payment for production ceases, whichever occurs first. Payee/Owner agrees to reimburse Payor any amounts attributable to an interest or part of an interest to which the Payee/Owner is not entitled.

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

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

**NOTICES:** The Payee/Owner agrees to notify Payor in writing of any change in the division of interest, including changes of interest contingent on payment of money or expiration of time. No change of interest is binding on Payor until the recorded copy of the instrument of change or documents satisfactorily evidencing such change are furnished to Payor at the time the change occurs. Any change of interest shall be made effective on the first day of the month following receipt of such notice by Payor. Any correspondence regarding this agreement shall be furnished to the addresses listed above unless otherwise advised by either party.

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

Witnesses/Attest:

Payee/Owner Signature(s)

Payee/Owner Printed Name(s) and Title(s)

Payee/Owner Social Security/Taxpayer Identification Number(s):

Payee/Owner Daytime Telephone Number(s):

Payee/Owner email address:

**FEDERAL LAW REQUIRES YOU TO FURNISH YOUR SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER. FAILURE TO COMPLY WILL RESULT IN TAX WITHHOLDING IN ACCORDANCE WITH FEDERAL LAW, WHICH WILL NOT BE REFUNDABLE BY PAYOR.**

# AS-DRILLED WELL PLAT MD AMERICA ENERGY, LLC RAINIER (Allocation) 1H

J.K. DAVIS SURVEY, A-103,  
A. LOTT SURVEY, A-146  
& E. EDWARDS SURVEY, A-93  
MADISON & BRAZOS COUNTY, TEXAS

PRODUCING LATERAL ALLOCATION  
County Line Unit: 1146.79'  
Wilson, J.D. Unit: 1665.06'  
Wilson A 7H Unit: 3133.61'  
Wilson Unit C: 1935.16'  
Wilson Unit A: 1110.95'

TOTAL PRODUCING LATERAL: 8991.57'

### SURFACE LOCATION

N.A.D. 1983		N.A.D. 1927	
TX. CENTRAL ZONE	TX. CENTRAL ZONE	TX. CENTRAL ZONE	TX. CENTRAL ZONE
LAT: 30° 50' 24.022"	LAT: 30° 50' 23.332"	LAT: 30° 50' 24.191"	LAT: 30° 50' 23.332"
LONG: 96° 09' 55.855"	LONG: 96° 09' 55.004"	LONG: 96° 09' 58.702"	LONG: 96° 09' 55.004"
N: 10293738.61'	N: 451157.07'	N: 451239.53'	N: 451157.07'
E: 3604220.41'	E: 3307740.74'	E: 3307407.29'	E: 3307740.74'

### PENETRATION POINT

N.A.D. 1983		N.A.D. 1927	
TX. CENTRAL ZONE	TX. CENTRAL ZONE	TX. CENTRAL ZONE	TX. CENTRAL ZONE
LAT: 30° 50' 24.881"	LAT: 30° 50' 24.191"	LAT: 30° 50' 26.337"	LAT: 30° 50' 24.191"
LONG: 96° 09' 57.169"	LONG: 96° 09' 56.319"	LONG: 96° 09' 58.702"	LONG: 96° 09' 56.319"
N: 10293821.07'	N: 451239.53'	N: 451448.35'	N: 451239.53'
E: 3604102.67'	E: 3307623.00'	E: 3307407.29'	E: 3307623.00'

### FIRST TAKE POINT

N.A.D. 1983		N.A.D. 1927	
TX. CENTRAL ZONE	TX. CENTRAL ZONE	TX. CENTRAL ZONE	TX. CENTRAL ZONE
LAT: 30° 50' 27.027"	LAT: 30° 50' 26.337"	LAT: 30° 50' 26.337"	LAT: 30° 50' 26.337"
LONG: 96° 09' 59.552"	LONG: 96° 09' 58.702"	LONG: 96° 09' 58.702"	LONG: 96° 09' 58.702"
N: 10294029.89'	N: 451448.35'	N: 451448.35'	N: 451448.35'
E: 3603886.96'	E: 3307407.29'	E: 3307407.29'	E: 3307407.29'

### LAST TAKE POINT

N.A.D. 1983		N.A.D. 1927	
TX. CENTRAL ZONE	TX. CENTRAL ZONE	TX. CENTRAL ZONE	TX. CENTRAL ZONE
LAT: 30° 51' 28.538"	LAT: 30° 51' 27.850"	LAT: 30° 51' 27.850"	LAT: 30° 51' 27.850"
LONG: 96° 11' 14.004"	LONG: 96° 11' 13.152"	LONG: 96° 11' 13.152"	LONG: 96° 11' 13.152"
N: 10299997.42'	N: 457415.83'	N: 457415.83'	N: 457415.83'
E: 3597169.82'	E: 3300690.18'	E: 3300690.18'	E: 3300690.18'

### BOTTOM HOLE LOCATION

N.A.D. 1983		N.A.D. 1927	
TX. CENTRAL ZONE	TX. CENTRAL ZONE	TX. CENTRAL ZONE	TX. CENTRAL ZONE
LAT: 30° 51' 28.734"	LAT: 30° 51' 28.046"	LAT: 30° 51' 28.046"	LAT: 30° 51' 28.046"
LONG: 96° 11' 14.263"	LONG: 96° 11' 13.411"	LONG: 96° 11' 13.411"	LONG: 96° 11' 13.411"
N: 10300016.34'	N: 457434.75'	N: 457434.75'	N: 457434.75'
E: 3597146.53'	E: 3300666.89'	E: 3300666.89'	E: 3300666.89'

### WILSON UNIT A ACREAGES

No.	Owner	Unit Acreage	Reference
1	James D Wilson	151.58 Ac.	2535-163
2	State of Texas	4.22 Ac.	
TOTAL: 155.80 Ac.			

### WILSON UNIT C ACREAGES

No.	Owner	Unit Acreage	Reference
1	James D Wilson	127.07 Ac.	2535-163
2	State of Texas	3.52 Ac.	
TOTAL: 130.59 Ac.			

### WILSON A 7H UNIT ACREAGES

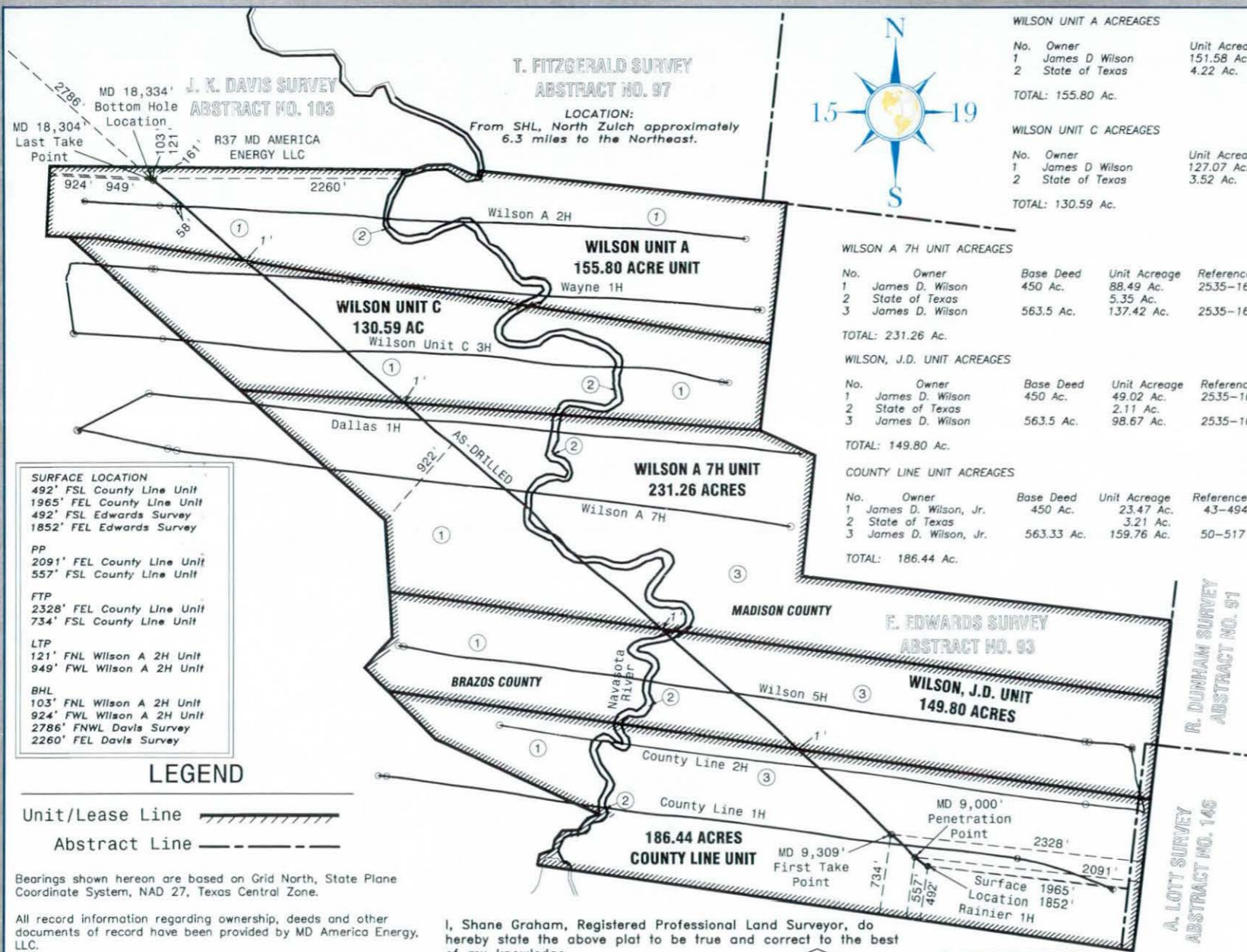
No.	Owner	Base Deed	Unit Acreage	Reference
1	James D. Wilson	450 Ac.	88.49 Ac.	2535-163
2	State of Texas		5.35 Ac.	
3	James D. Wilson	563.5 Ac.	137.42 Ac.	2535-163
TOTAL: 231.26 Ac.				

### WILSON, J.D. UNIT ACREAGES

No.	Owner	Base Deed	Unit Acreage	Reference
1	James D. Wilson	450 Ac.	49.02 Ac.	2535-163
2	State of Texas		2.11 Ac.	
3	James D. Wilson	563.5 Ac.	98.67 Ac.	2535-163
TOTAL: 149.80 Ac.				

### COUNTY LINE UNIT ACREAGES

No.	Owner	Base Deed	Unit Acreage	Reference
1	James D. Wilson, Jr.	450 Ac.	23.47 Ac.	43-494
2	State of Texas		3.21 Ac.	
3	James D. Wilson, Jr.	563.33 Ac.	159.76 Ac.	50-517
TOTAL: 186.44 Ac.				



**SURFACE LOCATION**  
492' FSL County Line Unit  
1965' FEL County Line Unit  
492' FSL Edwards Survey  
1852' FEL Edwards Survey

**PP**  
2091' FEL County Line Unit  
557' FSL County Line Unit

**FTP**  
2328' FEL County Line Unit  
734' FSL County Line Unit

**LTP**  
121' FNL Wilson A 2H Unit  
949' FWL Wilson A 2H Unit

**BHL**  
103' FNL Wilson A 2H Unit  
924' FWL Wilson A 2H Unit  
2786' FNWL Davis Survey  
2260' FEL Davis Survey

### LEGEND

Unit/Lease Line   
Abstract Line

Bearings shown hereon are based on Grid North, State Plane Coordinate System, NAD 27, Texas Central Zone.

All record information regarding ownership, deeds and other documents of record have been provided by MD America Energy, LLC.

Acreage for unit tracts shown by lease calls as furnished by MD America Energy. Acreages may not reflect actual acreages if surveyed on the ground. Well ties are taken from an on the ground survey.

As-drilled data furnished by MD America Energy.

All survey lines shown hereon are scaled location only.



I, Shane Graham, Registered Professional Land Surveyor, do hereby state the above plat to be true and correct to the best of my knowledge.

For 1519 Surveying, LLC

Shane Graham  
Registered Professional Land Surveyor  
Texas Registration No. 6044

Date: August 16, 2018  
Revised: September 5, 2018



A. ROGERS SURVEY  
ABSTRACT NO. 195

AS-DRILLED WELL PLAT  
RAINIER (Allocation) 1H  
MADISON & BRAZOS COUNTY, TEXAS

1519 Job No: 7612	Drawn By: SG
Sheet 1 of 1	Prepared For: MD America Energy, LLC

1519 Surveying, LLC

5054 Franklin Avenue Suite A Waco, TX 76710 Ph: 254-776-1519 TBP&S Firm# 10193968  
www.1519gps.com



301 Commerce Street, Suite 2500  
Fort Worth, TX 76102  
(817) 288-7800

VIA USPS

November 19, 2018

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

Re: Oil and/or Gas Division Order  
**Rainier (Allocation) No. 1H Well** [API No. 42-313-31352]  
Madison County, Texas

Dear Interest Owner,

We have prepared and enclose herewith our Oil and/or Gas Division Order, in duplicate, concerning your interest in the referenced well. Said well had first production/sales on September 16, 2018. Please review the division order for accuracy and upon your approval, please:

- ❖ Sign the division order, exactly as your name appears thereon, in the space indicated;
- ❖ Have your signature witnessed by two (2) disinterested adults, or attested, whichever applies;
- ❖ Be sure to include your Social Security/Tax Identification Number on the division order in the space provided;
- ❖ Return the division order marked **SIGN AND RETURN** in the self-addressed, postage paid envelope, retain the duplicate division order marked **KEEP FOR YOUR RECORDS**.

Upon receipt of the properly executed division order, your interest will be placed in a "Pay" status.

MD America Energy, LLC's revenue checks are processed around the 25<sup>th</sup> of each month. Executed division orders received by the 12<sup>th</sup> of the month will receive a revenue check in that same month; those received after the 12<sup>th</sup> of any month will be processed the following month.

Should you have any questions regarding any of the above, please contact the undersigned.

Regards,

*Sherry Sheffield*

Sherry Sheffield  
Land Administration Team Leader

/sls

Enclosures





TEXAS GENERAL LAND OFFICE  
GEORGE P. BUSH, COMMISSIONER

February 26, 2019

Sherry Sheffield  
Land Administration Team Leader  
MD America Energy, LLC  
301 Commerce Street, Suite 2500  
Fort Worth, TX 76102

Re: State Lease Nos. MF110423, MF113172, MF113758, MF116047 and MF117709  
Rainier (Allocation) 1H iNut 9786

Dear Mrs. Sheffield:

The Texas General Land Office (GLO) has received your Division Order for the referenced unit. This Division Order has been filed in the appropriate mineral file(s).

The payment of royalties attributable to state-owned mineral and royalty interests is set by contract and applicable statutes and rules. The execution of division orders may, in some cases, affect the manner in which such payments are made or calculated. Therefore, Title 31, §9.32, of the Texas Administrative Code specifies that GLO staff cannot execute a division order or bind the state to any terms contained within it.

Subject to applicable state law and the state's right to take its production in-kind, the GLO acquiesces to the sale of oil and gas in accordance with the terms and conditions set out in the oil and gas leases. If you have questions concerning this matter, please feel free to e-mail me at the address below my signature.

We look forward to being put on pay status as soon as you are able to set up the wells in our RRAC system.

Thank you,

Vivian Zamora  
Landman, Energy Resources  
512-475-0428  
512-475-1404 (fax)  
[vivian.zamora@glo.texas.gov](mailto:vivian.zamora@glo.texas.gov)

File No. MF 110423

Madison/Brazos County

Division Order

Date Filed: 2-28-19

By: VR  
George R. Bush, Commissioner

# DO NOT DESTROY



## Texas General Land Office

### UNIT AGREEMENT MEMO

UPA190130

**Unit Number** 9989  
**Operator Name** MD America Energy, LLC **Effective Date** 02/15/2018  
**Customer ID** C000052134 **Unitized For** Oil And Gas  
**Unit Name** Wilson Unit A **Unit Term**  
**County 1** Brazos **RRC District 1** 03  
**County 2** Madison **RRC District 2** 03  
**County 3** **RRC District 3**  
**County 4** **RRC District 4**  
**Unit type** Permanent  
**State Net Revenue Interest** Oil 0.00677150  
**State Part in Unit** 0.02708601  
**Unit Depth** Specified Depths **Well**  
**From Depth** 8492 **Formation** Top of Woodbine to Base of Woodbine  
**To Depth** 8645 100 feet below **Participation Basis** Surface Acreage  
**If Exclusions Apply: See Remarks**

Old Unit Number Inactive Status Date  
 Replaces Unit 4624

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF110423	2	4.220000	155.800000	0.02708601	O/G	0.25000000	0.00677150	No

**API Number**  
 4204132036

**Remarks:** Unit 9989 amends and replaces Unit 4624 effective 2/15/2018. Total unit size decreased, and total State acreage increased.

**Prepared By:** MB **Prepared Date:** 4/25/2019  
**GLO Base Updated By:** MB **GLO Base Date:** 4/25/2019  
**RAM Approval By:** VD **RAM Approval Date:** 4/25/2019  
**GIS By:** MC **GIS Date:** 5-7-19  
**Well Inventory By:** MB **WI Date:** 4/25/2019

Unit 9989



Application for Pooling State Leases  
Texas General Land Office  
Jerry Patterson, Commissioner  
1700 North Congress Avenue  
Austin, Texas 78701-1495

7/15/2015  
PSA AUTHORITY

Amending  
unit 4624

APPLICANT INFORMATION

Name (print or type) **MD AMERICA ENERGY, LLC** Phone **(817) 288-7800**  
Mailing Address **301 Commerce Street, Suite 2500, Fort Worth, Texas 76102**  
Representative<sup>1</sup> **Shane Barnett** Phone **(817) 288-7708**  
Name of Proposed Unit **Wilson Unit A, M-110423, GLO Unit No. 4624**  
Operator of Proposed Unit **MD America Energy, LLC** County **Brazos & Madison**  
Operator TAX ID # **27-5137838**

STATE LEASE(S) IN UNIT

Land Type <sup>2</sup>	State Lease No.	Lease Date	Term	State Royalty	Total Lease Acreage	Lease Acreage in Unit	Lessee of Record
River Bed	M-110423	11/3/09	1 yr.	.25	4.22	4.22	PetroMax

Total State Acreage In Unit = 4.22 Ac.

PRIVATE LEASE(S) IN UNIT

Description <sup>3</sup>	Date	Lease Term	Royalty	Acreage	Acreage In Unit	Lessee Of Record
Jas. D. Wilson	8/29/1974	5 yrs.	1/8	2,072.33	151.58	MD America Energy

part: 0.02708601  
NRI: 0.00677150

Total Private Acreage In Unit = 151.58 Ac.

Total Acreage In Proposed Unit = 155.8 Ac.

State Unit Royalty Participation  $4.22 / 155.8 * 0.25 = 0.00677150\%$

Basis of Participation: Surface Acreage  Other \_\_\_\_\_

Participation from Date of First Production:  Yes  No

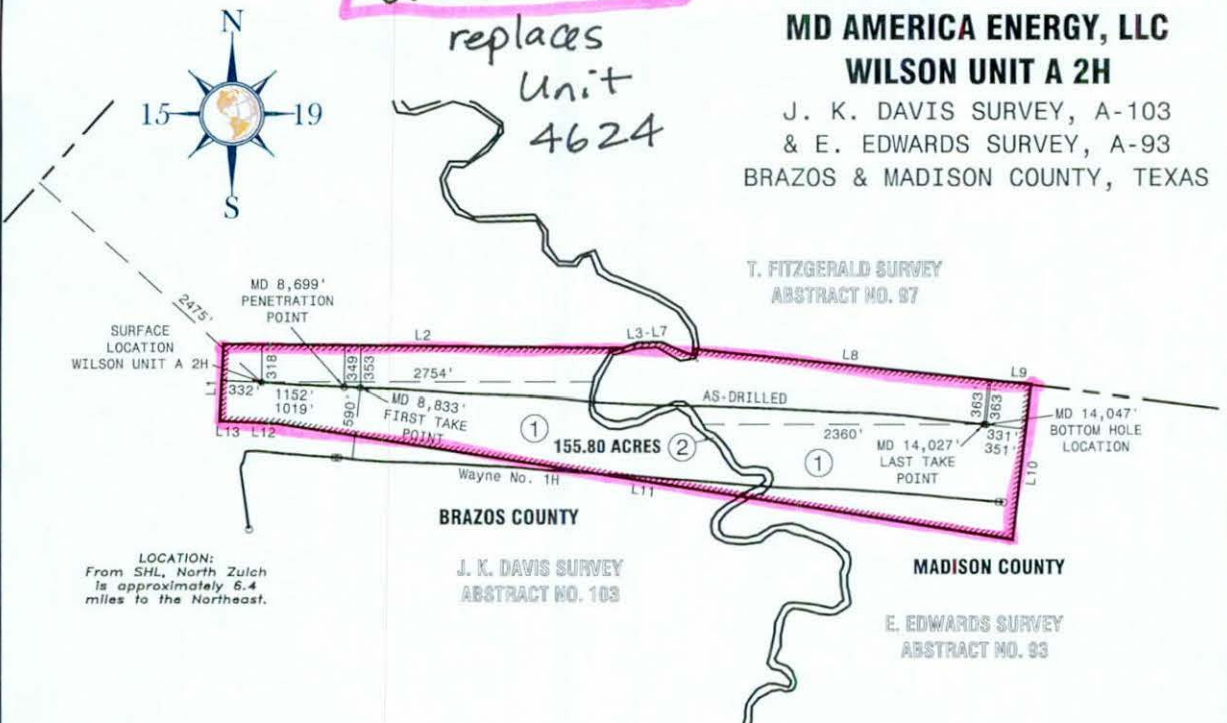
Notes:

1. If applicable, please include name of representing attorney.
2. Relinquishment Act Land, State Fee, Free Royalty, Unleased Riverbed and Highway Right of Way.
3. Indicate and provide evidence for any stipulation that will affect unit participation.

**Unit 9989**  
replaces  
Unit  
4624

**AS-DRILLED WELL PLAT  
MD AMERICA ENERGY, LLC  
WILSON UNIT A 2H**

J. K. DAVIS SURVEY, A-103  
& E. EDWARDS SURVEY, A-93  
BRAZOS & MADISON COUNTY, TEXAS



LOCATION:  
From SHL, North Zulch  
is approximately 6.4  
miles to the Northeast.

**BRAZOS COUNTY**

**J. K. DAVIS SURVEY  
ABSTRACT NO. 103**

**MADISON COUNTY**

**E. EDWARDS SURVEY  
ABSTRACT NO. 93**

TOTAL PRODUCING LATERAL: 5191.45'

SURFACE LOCATION	
N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE LAT: 30° 51' 26.896"	TX. CENTRAL ZONE LAT: 30° 51' 26.208"
LONG: 96° 11' 21.276"	LONG: 96° 11' 20.424"
N: 10299808.04'	N: 457226.45'
E: 3596542.65'	E: 3300063.01'

PENETRATION POINT	
N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE LAT: 30° 51' 26.261"	TX. CENTRAL ZONE LAT: 30° 51' 25.573"
LONG: 96° 11' 13.430"	LONG: 96° 11' 12.577"
N: 10299769.34'	N: 457187.75'
E: 3597228.43'	E: 3300748.79'

FIRST TAKE POINT	
N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE LAT: 30° 51' 26.152"	TX. CENTRAL ZONE LAT: 30° 51' 25.464"
LONG: 96° 11' 11.902"	LONG: 96° 11' 11.050"
N: 10299763.31'	N: 457181.72'
E: 3597361.90'	E: 3300882.26'

LAST TAKE POINT	
N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE LAT: 30° 51' 21.301"	TX. CENTRAL ZONE LAT: 30° 51' 20.613"
LONG: 96° 10' 12.627"	LONG: 96° 10' 11.777"
N: 10299466.56'	N: 456884.98'
E: 3602542.81'	E: 3306063.15'

BOTTOM HOLE LOCATION	
N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE LAT: 30° 51' 21.273"	TX. CENTRAL ZONE LAT: 30° 51' 20.585"
LONG: 96° 10' 12.400"	LONG: 96° 10' 11.550"
N: 10299464.43'	N: 456882.85'
E: 3602562.67'	E: 3306083.01'

LINE	BEARING	DISTANCE
L1	N 02°52'18" E	637.20'
L2	S 89°22'36" E	3307.16'
L3	N 70°07'15" E	130.78'
L4	N 88°37'23" E	203.59'
L5	S 66°11'18" E	224.75'
L6	S 75°46'25" E	56.48'
L7	N 02°06'47" E	48.88'
L8	S 83°58'49" E	2612.88'
L9	S 85°25'53" E	214.29'
L10	S 06°33'19" W	1288.18'
L11	N 81°08'21" W	6189.91'
L12	N 87°11'37" W	274.86'
L13	N 87°11'43" W	202.27'

SURFACE LOCATION	
318' FNL Unit	
332' FWL Unit	
2754' FEL Davis Survey	
2475' FHWL Davis Survey	
PENETRATION POINT	
349' FNL Unit	
1019' FWL Unit	
FIRST TAKE POINT	
353' FNL Unit	
1152' FWL Unit	
LAST TAKE POINT	
363' FNL Unit	
351' FEL Unit	
BOTTOM HOLE LOCATION	
363' FNL Unit	
331' FEL Unit	
363' FNL Edwards Survey	
2360' FWL Edwards Survey	

**LEGEND**

Unit/Lease Line   
Abstract Line

**WILSON UNIT A ACREAGES**

No.	Owner	Unit Acreage	Reference
1	James D Wilson	151.58 Ac.	2535-163
2	State of Texas	4.22 Ac.	

TOTAL: 155.80 Ac.

I, Shane Graham, Registered Professional Land Surveyor, do hereby state the above plat to be true and correct to the best of my knowledge.

For 1519 Surveying, LLC

Shane Graham  
Registered Professional Land Surveyor  
Texas Registration No. 6044

Date: November 28, 2017  
Revised: February 12, 2018



Bearings shown hereon are based on Grid North, State Plane Coordinate System, NAD 27, Texas Central Zone.

As-drilled data furnished by MD America Energy.

All survey lines shown hereon are scaled location only.



**AS-DRILLED WELL PLAT  
WILSON UNIT A 2H  
BRAZOS & MADISON COUNTY, TEXAS**

1519 Job No.: 41261  
Sheet 1 of 1  
Well:  
Wilson Unit A 2H

Drawn By: SG  
Prepared For:  
MD America Energy, LLC

**1519 Surveying, LLC**  
5024 Franklin Avenue Suite A Waco, TX 76710 Ph: 254-776-1519 TRPLS Firm# 1019868  
www.1519surveying.com

**FIRST AMENDMENT TO DESIGNATION OF UNIT**

MD America Energy, LLC  
Wilson Unit A

**WHEREAS**, on March 15, 2010, PetroMax Operating Co., Inc. filed of record that certain Designation of Unit, being recorded at Volume 1011, Page 48, Official Public Records of Madison County, Texas and at Volume 9534, Page 157, Official Public Records of Brazos County, Texas ("Original DU") which pooled 160.00 acres of land and the attached leases thereto and created the Wilson Unit A #2H (the "Unit").

**WHEREAS**, MD America Energy, LLC as successor-in-interest to PetroMax Operating Co., Inc ("Successor Operator") has determined that it is necessary to amend the Unit in order to correct the amount of acreage within said Unit and to amend the name of said Unit and therefore re-designate and amend the Unit as further described herein.

**THEREFORE**, it is the desire of Successor Operator to correct and amend the amount of acreage within said Unit, as shown on Exhibit "A" attached hereto, now totaling 155.80 acres, however, said Unit only covers said acreage as to the depth interval of all subsurface depths, horizons and strata lying between the stratigraphic equivalent of the top of the Woodbine Formation and the stratigraphic equivalent of one hundred (100) feet below the bottom of the Woodbine Formation as seen at the depths of 8,492 feet and 8,645 feet below the surface in the electric log of the Daltex Energy Co., Bonnie J. Overpeck No. 1 well, API No. 42-313-30654, in the A. Nunley Survey A-176 Survey, A-176, Madison County, Texas.

**THEREFORE**, it is also the desire of Operator to correct and amend the name of the Unit from the Wilson Unit A 2H to the Wilson Unit A.

If at any time any tract of land, lease or interest within the Unit is not properly pooled or unitized or is not otherwise committed to the Unit, such fact shall not affect, terminate, impair or invalidate the Unit as to any other tract of land, lease or interest properly pooled or unitized hereby or otherwise.

Operator reserves the right to further amend the Unit, including the lands, leases and depths that are included in said Unit at any time.

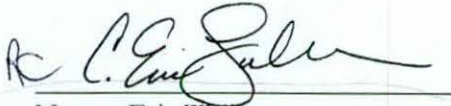
All rights and obligations reserved or assumed by Operator under the Original DU are reserved and assumed herein, and the terms and conditions applicable to the Unit are incorporated herein by reference for all purposes.

The Unit, as amended herein, covers all production from the leases, lands and depths noted herein which may be produced from any well drilled to the unitized interval underlying the Unit. Production from the Unit shall be allocated proportionately among all of the tracts within the Unit in the proportion which the number of surface acres in each of such tracts bears to the total number of surface acres in the Unit.

The Unit hereby amended shall be effective as of the date of first production from the Unit or from the date operations are commenced anywhere in the Unit, whichever occurred first. The Unit shall remain in force and effect as long as there is production of oil and/or gas from the Unit or so long as the leases are maintained by other provisions contained therein.

IN WITNESS WHEREOF, this Amendment to Designation of Unit is executed on the  
15<sup>th</sup> day of February 2018.

**MD AMERICA ENERGY, LLC**



Name: Eric Waller  
Title: Chief Executive Officer

**PetroMax Operating Co., Inc.**

\_\_\_\_\_  
Name: Mike Hoover  
Title: President

ACKNOWLEDGMENT

STATE OF TEXAS §

COUNTY OF TARRANT §

This instrument was acknowledged before me on February 15, 2018, by Eric Waller, as Chief Executive Officer for MD AMERICA ENERGY, LLC, a Delaware limited liability company, and on behalf of said company.



Deanna Short O'Neil  
Notary Public, State of Texas

ACKNOWLEDGMENT

STATE OF TEXAS §

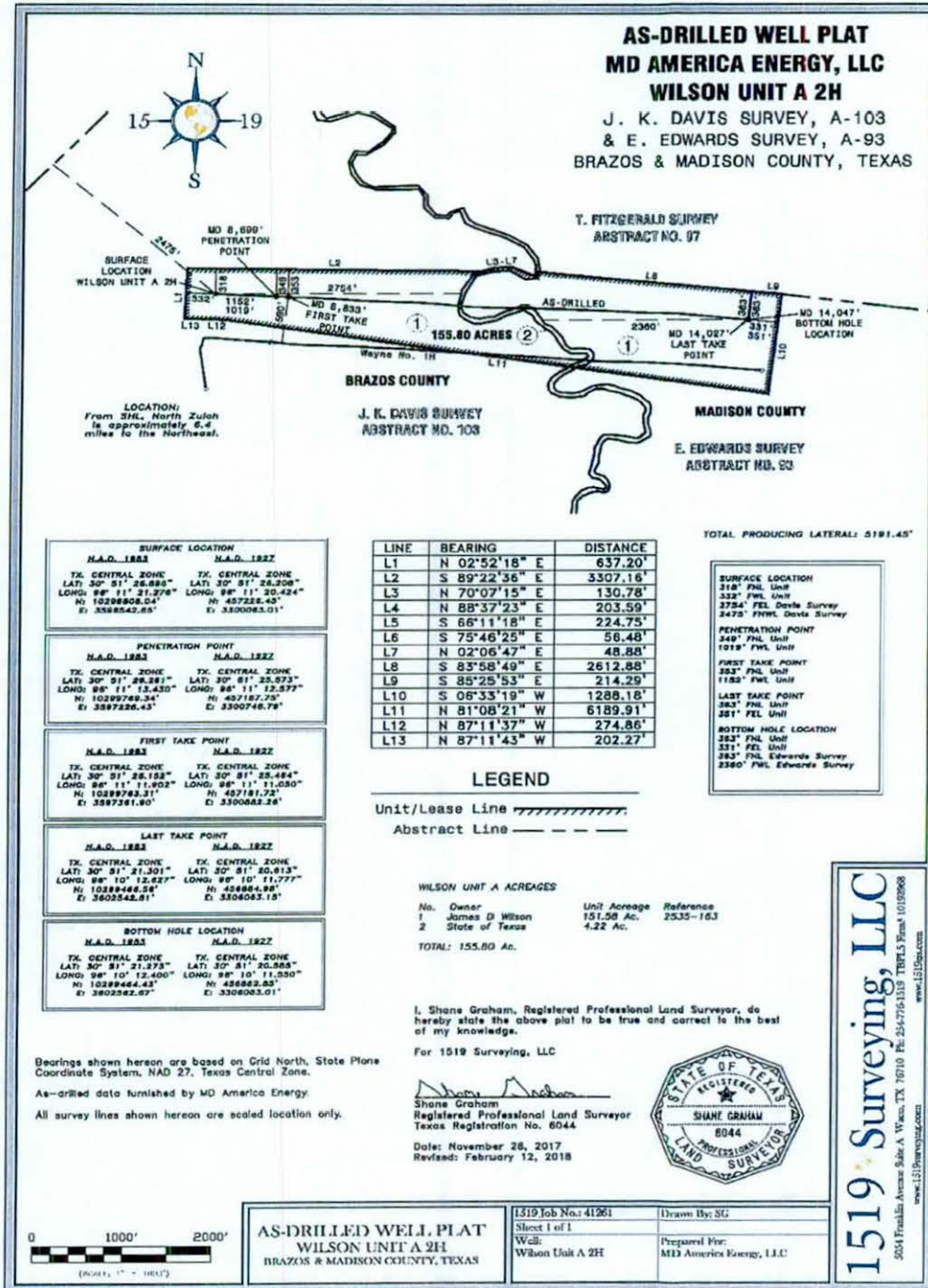
COUNTY OF DALLAS §

This instrument was acknowledged before me on \_\_\_\_\_, 2018, by Mike Hoover, as President of PetroMax Operating, Co. Inc., and on behalf of said company.

\_\_\_\_\_  
Notary Public, State of Texas

**Exhibit "A"**

(Attached hereto and made a part hereof that certain Amendment to Designation of Unit- Wilson Unit A)



Doc Bk Vol Pg  
105339 OR 1641 93

STATE OF TEXAS  
COUNTY OF MADISON

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 Madison  
County, Texas.

HONORABLE SUSANNE MORRIS, COUNTY CLERK  
Madison County, TEXAS

Document Number: 105339

Amount: 38.00

Receipt Number: 23298

Vol: 1641 Page: 89

Recorded: Feb 23, 2018 at 01:51P

By:  
Julia Bazan, Deputy

Kate  
PUP



\*VG-267-2018-1321922\*

Brazos County  
Karen McQueen  
County Clerk

**Instrument Number:** 1321922  
Volume : 14514  
Real Property Recordings

Recorded On: February 26, 2018 11:19 AM

Number of Pages: 5

" Examined and Charged as Follows: "

Total Recording: \$38.00

\*\*\*\*\* THIS PAGE IS PART OF THE INSTRUMENT \*\*\*\*\*

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

**File Information:**

Document Number: 1321922  
Receipt Number: 20180226000057  
Recorded Date/Time: February 26, 2018 11:19 AM  
User: Travis D  
Station: CCLERK07

**Record and Return To:**

KIRSTEN GEE  
301 COMMERCE ST STE 2500  
FORT WORTH TX 76102



STATE OF TEXAS  
COUNTY OF BRAZOS

I hereby certify that this Instrument was FILED In the File Number sequence on the date/time printed hereon, and was duly RECORDED In the Official Public Records of Brazos County, Texas.

Karen McQueen  
County Clerk  
Brazos County, TX

## Mary Barnstone

---

**From:** Mary Barnstone  
**Sent:** Monday, April 22, 2019 5:46 PM  
**To:** Robert Carter; Sherry Sheffield  
**Cc:** Susan Wauer  
**Subject:** Brazos 1H allocation well problem

Hi Robert,

The Brazos 1H allocation well crosses the Wilson 2H Unit (GLO UNIT 4624) . It appears the Wilson 2H Unit was been amended by MD, but we were never given the updated information.

We have unit 4624 set up with 3 State acres in a 160-acre unit –  $3/160 * .25 = 0.00468750$  NRI. See scanned lease file:

[http://www.glo.texas.gov/ncu/SCANDOCs/archives\\_webfiles/arcmeps/webfiles/landgrants/PDFs/1/0/5/9/1059363.pdf](http://www.glo.texas.gov/ncu/SCANDOCs/archives_webfiles/arcmeps/webfiles/landgrants/PDFs/1/0/5/9/1059363.pdf)

Per your calculations, and the plat submitted with the Brazos 1H, the Wilson 2H now is 155.8-acres with 4.22 State acres –  $4.22/155.8 * .25 = 0.00677150$  NRI.

Before I can set up the Brazos 1H allocation well for royalty reporting, I need to correct and update our records for the Wilson 2H Unit.

Please email me a revised pooling application for the Wilson 2H Unit, and the amendment to the Unit that reduced the total Unit acres and increased the State acreage. No fee is required and I can process this administratively.

<http://www.glo.texas.gov/energy-business/oil-gas/mineral-leasing/pooling-psa/forms/Application-For-Pooling-Unleased-Rivers.pdf>

It appears that the **Wayne 1H (iNut 9134)** allocation well was set up in 2015 using the 160 acre Wilson 2H participation factor (**0.00468750 NRI**). I need to correct the State NRI for this well using the updated **0.00677150** allocation factor.

Thank you for your assistance,

Mary Beth

---

**From:** Robert Carter <Robert.carter@mdae.com>  
**Sent:** Thursday, April 11, 2019 1:41 PM  
**To:** Mary Barnstone <Mary.Barnstone@GLO.TEXAS.GOV>; Sherry Sheffield <sherry.sheffield@mdae.com>  
**Cc:** Susan Wauer <Susan.Wauer@GLO.TEXAS.GOV>  
**Subject:** RE: New wells

Mary,  
Please see the attached info. I think it will have what is needed.

**Robert L. Carter**  
Land Manager, CPL  
MD America Energy LLC  
301 Commerce Street; Suite 2500  
Fort Worth, TX 76102

(817) 288-4888 (direct)  
<https://www.mdae.com>



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---

**From:** Mary Barnstone [<mailto:Mary.Barnstone@GLO.TEXAS.GOV>]  
**Sent:** Thursday, April 11, 2019 1:02 PM  
**To:** Robert Carter; Sherry Sheffield  
**Cc:** Susan Wauer  
**Subject:** RE: New wells

Hi Robert and Sherry,

I need the final, "as-drilled" plats with total productive lateral length from FTP to LTP and the productive lateral lengths in the State Units these wells cross. The Commissioner has already signed PSAs for the Units these wells traverse.

If you have spreadsheets prepared with the allocation factors and NRIs (or division orders), that is also helpful.

Thank you!

Mary Beth

---

**From:** Robert Carter <[Robert.carter@mdae.com](mailto:Robert.carter@mdae.com)>  
**Sent:** Thursday, April 11, 2019 12:54 PM  
**To:** Mary Barnstone <[Mary.Barnstone@GLO.TEXAS.GOV](mailto:Mary.Barnstone@GLO.TEXAS.GOV)>; Sherry Sheffield <[sherry.sheffield@mdae.com](mailto:sherry.sheffield@mdae.com)>  
**Subject:** New wells

Mary,  
The wells below are newer wells. Susan Wauer wanted us to reach out to you and see what you need to Set these up. Please let us know what you need from us.

New Set up needed:

Deborah Camp 1H  
03-838915(Drilling Permit)  
42 313 31361  
Sharing well

Brazos #1

03-843672(Drilling Permit)  
42 313 31365  
Sharing well

**Robert L. Carter**  
Land Manager, CPL  
MD America Energy LLC  
301 Commerce Street; Suite 2500  
Fort Worth, TX 76102  
(817) 288-4888 (direct)  
<https://www.mdae.com>



PRIVILEGED AND CONFIDENTIAL COMMUNICATION: DO NOT read, copy or disseminate this communication unless you are the intended addressee. This communication may contain information that is privileged, confidential and exempt from disclosure under applicable law. If you are not the intended recipient, you are on notice that any unauthorized disclosure, copying, distribution, or taking any action in reliance on the contents of the electronically transmitted materials is prohibited. If you have received this communication in error, please notify the sender immediately by reply message and delete this email message and any attachments from your system.

File No. MF 110423

Madison / Brazos County

Unit 9989 - Amended Wilson

Unit A\*  
Date Filed: 5/2/19

George P. Bush, Commissioner  
By m B Baumstone



**Information for processing an Internal Non Unit Transaction (iNut)**  
*Surface Acreage*

**iNut No. 9786**

**GENERAL INFORMATION**

Name of Well: Rainier (Allocation) 1H

API # 42-313-31352

Name of Operator: MD America Energy, LLC

RRC # 03-836189

Operator Contact Person: Brad Thomas

Phone: 214-638-2514

County: Madison & Brazos Counties

**ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL**

Lease Type	Unit/Lease No	Total Productive Lateral Length	Productive Lateral Length on Lease	Unit or Lease Rylty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
UR	6502/MF116047	8,991.57	1,146.79	0.00430430	0.25000000	0.00219589	0.00054897
UR	6690/MF113758	8,991.57	1,665.06	0.00352136	0.25000000	0.00260834	0.00065209
UR	7676/MF117709	8,991.57	3,133.61	0.00578353	0.25000000	0.00806236	0.00201559
UR	5175/MF113172	8,991.57	1,935.16	0.00673865	0.25000000	0.00580115	0.00145029
UR	9989/MF110423	8,991.57	1,110.95	0.00677150	0.25000000	0.00334660	0.00083665
<b>Totals:</b>						0.02201435	<b>0.00550359</b>
<b>Effective Date:</b>	7/15/2018						<b>State Net Royalty Revenue in Well</b>

**Name of Production Sharing Agreement, if any:**

Comments: **REVISED to update unit number for the Wilson Unit A (now unit 9989, previously unit 4624)**

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

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: UMB Alamo updated by: UMB WI updated by: UMB  
 RAM approval by: VD GIS updated by: N/A

# DO NOT DESTROY



## Texas General Land Office

### UNIT AGREEMENT MEMO

INU190001

**Unit Number** 9786  
**Operator Name** MD America Energy, LLC  
**Customer ID** C000052134  
**Unit Name** Rainier (Allocation) 1H  
**County 1** Brazos  
**County 2** Madison  
**County 3**  
**County 4**  
**Unit type** iNut  
**State Net Revenue Interest Oil** 0.00550359  
**State Part in Unit** 0.02201435  
**Unit Depth** Allow All Depths  
**From Depth**  
**To Depth**  
**RRC District 1** 03  
**RRC District 2** 03  
**RRC District 3**  
**RRC District 4**  
**Effective Date** 07/15/2018  
**Unitized For** Oil And Gas  
**Unit Term**  
**Old Unit Number Inactive Status Date**  
**Well**  
**Formation**  
**Participation Basis Length of Lateral**  
**If Excluions Apply: See Remarks**

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF110423		0.000000	0.000000	0.00260834	O/G	0.25000000	0.00065209	No
MF113172		0.000000	0.000000	0.00806236	O/G	0.25000000	0.00201559	No
MF113758		0.000000	0.000000	0.00260834	O/G	0.25000000	0.00065209	No
MF116047		0.000000	0.000000	0.00219589	O/G	0.25000000	0.00054897	No

<i>Lease Number</i>	<i>Tract No</i>	<i>Lease Acres in Unit</i>	<i>Total Unit Acres</i>	<i>Tract Participation</i>	<i>O/G</i>	<i>Lease Royalty</i>	<i>NRI of Lease in Unit</i>	<i>Royalty Rate Reduction Clause</i>
MF117709		0.000000	0.000000	0.00806236	O/G	0.25000000	0.00201559	No

*API Number*

4231331352

**Remarks:**

iNut crosses River Units 6502, 6690, 7676, 5175 and 9989. UPDATED to reflect new Unit number for the Wilson Unit A (previously unit 4624, now Unit 9989).

*Prepared By:*

                    cmB                    

*Prepared Date:*

                    4/25/19                    

*GLO Base Updated By:*

                    cmB                    

*GLO Base Date:*

                    4/25/19                    

*RAM Approval By:*

                    VD                    

*RAM Approval Date:*

                    4/25/19                    

*GIS By:*

                    N/A                    

*GIS Date:*

                    N/A                    

*Well Inventory By:*

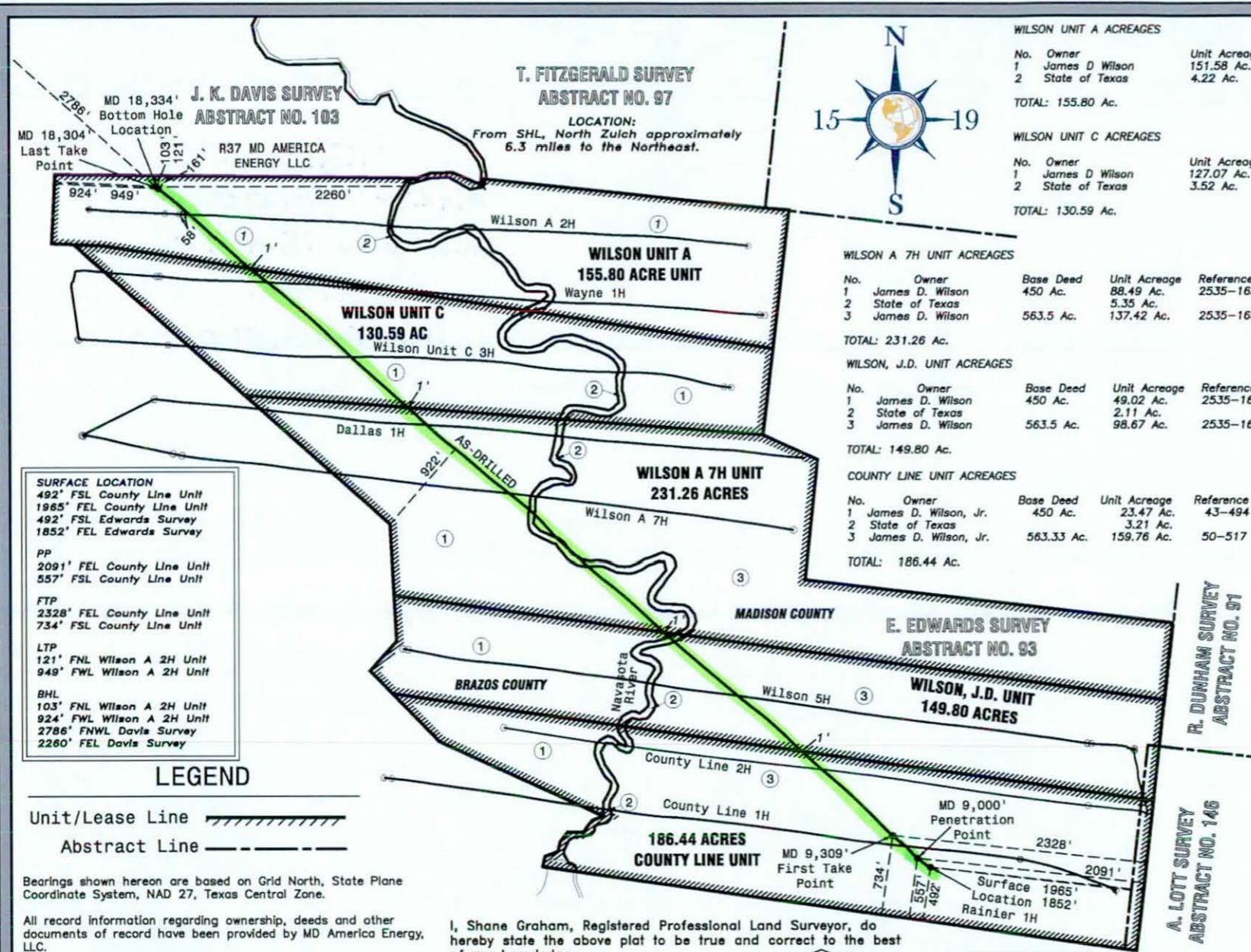
                    cmB                    

*WI Date:*

                    4/25/19

iNut 9786

42-313-31352



**WILSON UNIT A ACREAGES**

No.	Owner	Unit Acreage	Reference
1	James D Wilson	151.58 Ac.	2535-163
2	State of Texas	4.22 Ac.	
TOTAL: 155.80 Ac.			

**WILSON UNIT C ACREAGES**

No.	Owner	Unit Acreage	Reference
1	James D Wilson	127.07 Ac.	2535-163
2	State of Texas	3.52 Ac.	
TOTAL: 130.59 Ac.			

**WILSON A 7H UNIT ACREAGES**

No.	Owner	Base Deed	Unit Acreage	Reference
1	James D. Wilson	450 Ac.	88.49 Ac.	2535-163
2	State of Texas		5.35 Ac.	
3	James D. Wilson	563.5 Ac.	137.42 Ac.	2535-163
TOTAL: 231.26 Ac.				

**WILSON, J.D. UNIT ACREAGES**

No.	Owner	Base Deed	Unit Acreage	Reference
1	James D. Wilson	450 Ac.	49.02 Ac.	2535-163
2	State of Texas		2.11 Ac.	
3	James D. Wilson	563.5 Ac.	98.67 Ac.	2535-163
TOTAL: 149.80 Ac.				

**COUNTY LINE UNIT ACREAGES**

No.	Owner	Base Deed	Unit Acreage	Reference
1	James D. Wilson, Jr.	450 Ac.	23.47 Ac.	43-494
2	State of Texas		3.21 Ac.	
3	James D. Wilson, Jr.	563.33 Ac.	159.76 Ac.	50-517
TOTAL: 186.44 Ac.				

**AS-DRILLED WELL PLAT  
MD AMERICA ENERGY, LLC  
RAINIER (Allocation) 1H**

J.K. DAVIS SURVEY, A-103,  
A. LOTT SURVEY, A-146  
& E. EDWARDS SURVEY, A-93  
MADISON & BRAZOS COUNTY, TEXAS

**PRODUCING LATERAL ALLOCATION**

County Line Unit:	1146.79'
Wilson, J.D. Unit:	1665.06'
Wilson A 7H Unit:	3133.61'
Wilson Unit C:	1935.16'
Wilson Unit A:	1110.95'
<b>TOTAL PRODUCING LATERAL:</b>	<b>8991.57'</b>

**SURFACE LOCATION**

N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE LAT: 30° 50' 24.022" LONG: 96° 09' 55.855" N: 10293738.61' E: 3604220.41'	TX. CENTRAL ZONE LAT: 30° 50' 23.332" LONG: 96° 09' 55.004" N: 451157.07' E: 3307740.74'

**PENETRATION POINT**

N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE LAT: 30° 50' 24.881" LONG: 96° 09' 57.169" N: 10293821.07' E: 3604102.67'	TX. CENTRAL ZONE LAT: 30° 50' 24.191" LONG: 96° 09' 56.319" N: 451239.53' E: 3307623.00'

**FIRST TAKE POINT**

N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE LAT: 30° 50' 27.027" LONG: 96° 09' 59.552" N: 10294029.89' E: 3603886.96'	TX. CENTRAL ZONE LAT: 30° 50' 26.337" LONG: 96° 09' 58.702" N: 451448.35' E: 3307407.29'

**LAST TAKE POINT**

N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE LAT: 30° 51' 28.538" LONG: 96° 11' 14.004" N: 10299997.42' E: 3597169.82'	TX. CENTRAL ZONE LAT: 30° 51' 27.850" LONG: 96° 11' 13.152" N: 457415.83' E: 3300690.18'

**BOTTOM HOLE LOCATION**

N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE LAT: 30° 51' 28.734" LONG: 96° 11' 14.263" N: 10300016.34' E: 3597146.53'	TX. CENTRAL ZONE LAT: 30° 51' 28.046" LONG: 96° 11' 13.411" N: 457434.75' E: 3300666.89'

I, Shane Graham, Registered Professional Land Surveyor, do hereby state the above plat to be true and correct to the best of my knowledge.

For 1519 Surveying, LLC  
  
Shane Graham  
Registered Professional Land Surveyor  
Texas Registration No. 6044  
Date: August 16, 2018  
Revised: September 5, 2018



**A. ROGERS SURVEY  
ABSTRACT NO. 196**

**AS-DRILLED WELL PLAT  
RAINIER (Allocation) 1H  
MADISON & BRAZOS COUNTY, TEXAS**

1519 Job No.: 7612	Drawn By: SG
Sheet 1 of 1	Prepared For: MD America Energy, LLC

**1519 Surveying, LLC**  
5054 Franklin Avenue Suite A, Waco, TX 76710 Ph: 254-776-1519 TBPLS Firm# 10198968  
www.1519surveying.com

File No. MF116423  
County Madison / Brazos  
REVISED: Nut 9786  
Date Filed: 5/2/19  
By Mr. Baumstark  
George P. Bush, Commissioner



**Information for processing an Internal Non Unit Transaction (iNut)**  
*Length of Lateral*

**iNut No. 9990**

**GENERAL INFORMATION**

Name of Well: Brazos 1H (Allocation)

API # 42-313-31365

Name of Operator: MD America Energy, LLC

RRC # 03-843672

Operator Contact Person: Robert Carter

Phone: 817-288-4888

County: Madison

**ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL**

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Ryly Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
UR	9989/MF110423	6,758.55	574.78	0.00677150	0.25000000	0.00230353	0.00057588
<b>Totals:</b>						0.00230353	<b>0.00057588</b>
Effective Date:	10/23/2018						State Net Royalty Revenue in Well

**Name of Production Sharing Agreement, if any:**

Comments: Spud 10/23/2018

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

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: EMB Alamo updated by: EMB WI updated by: EMB

RAM approval by: VD GIS updated by: MC



42-313-31365  
03-843672  
spud 10/23/18

i Nut 9990

PRODUCING LATERAL ALLOCATION  
Judi Unit: 633.57'  
Thomason HOU: 2219.13'  
T.O. Dunman HOU: 3331.07'  
Wilson Unit A 2H: 574.78'

TOTAL PRODUCING LATERAL: 6,758.55'

JUDI NO. 1 UNIT CALLED 160 ACRES  
#78726 (11-2-82)  
GEOSOUTHERN ENERGY CORP.

W. E. KINARD SURVEY  
ABSTRACT NO. 132



LOCATION:  
From SHL, North Zulch  
approximately  
5.7 miles to the Northeast.

AS-DRILLED PLAT  
MD AMERICA ENERGY, LLC  
BRAZOS (ALLOCATION) 1H  
MADISON COUNTY AND  
BRAZOS COUNTY, TEXAS

NOTE:

Acreage for unit tracts shown by lease calls as furnished by MD America Energy, LLC. Acreages may not reflect actual acreages if surveyed on the ground. Well ties are taken from an on the ground survey.

All record information regarding ownership, deeds and other documents of record have been provided by MD America Energy, LLC.

Bearings shown hereon are based on Grid North, State Plane Coordinate System, NAD 27, Texas Central Zone.

This exhibit is not a full and complete boundary survey and is not intended to meet the minimum standards of the Texas Board of Professional Land Surveying.

As-drilled data furnished by MD America Energy.

All survey lines shown hereon are scaled location only.

1519 Job No.: 41673

Drawn By: SG

Sheet 1 of 1

Prepared For:  
MD America Energy LLC

I, Shane Graham, Registered Professional Land Surveyor, do hereby state the above plat to be true and correct to the best of my knowledge.

For 1519 Surveying, LLC

*Shane Graham*  
Shane Graham  
Registered Professional Land Surveyor  
Texas Registration No. 6044

Date: December 19, 2018



SURVEYING & ENGINEERING  
1519LLC.com

CENTRAL TEXAS  
5054 Franklin Ave., Ste. A  
Waco, TX, 76710  
254-776-1519  
DALLAS / FT. WORTH  
11498 Luna Road, Ste. 203  
Farmers Branch, TX, 75234  
214.484.8586

TBPLS# 10193968 TBPE# F-17299 TBPLS# 10194351 TBPLS# 10194283

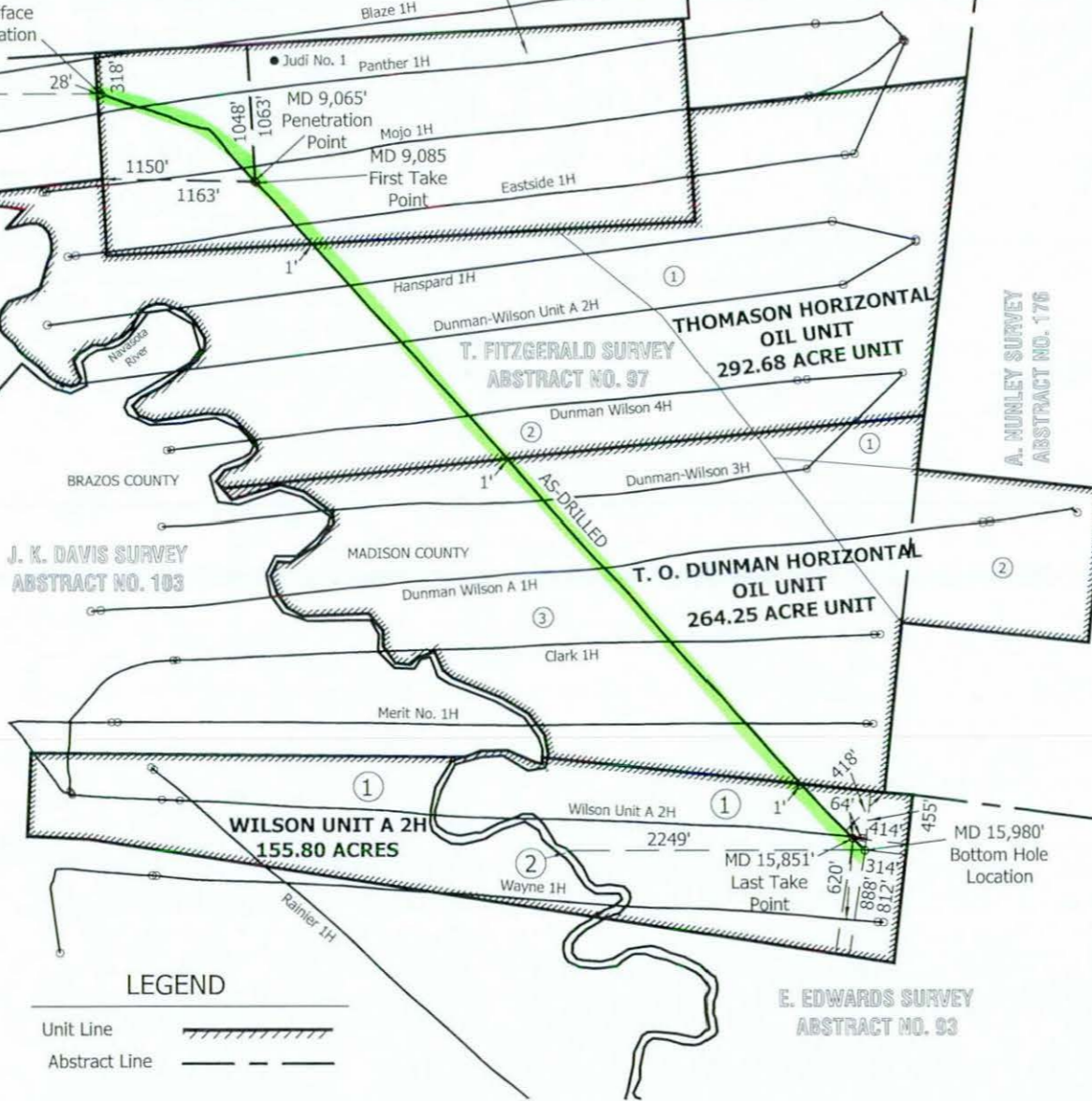
SURFACE LOCATION	
N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE LAT: 30° 52' 19.837" (LAT: 30.872177) LONG: 96° 11' 16.136" (LONG: 96.187813) N: 10305169.50' E: 3396791.91'	TX. CENTRAL ZONE LAT: 30° 52' 19.151" (LAT: 30.871986) LONG: 96° 11' 15.274" (LONG: 96.187576) N: 462587.87' E: 3300312.27'

PENETRATION POINT	
N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE LAT: 30° 52' 12.821" (LAT: 30.870228) LONG: 96° 11' 03.131" (LONG: 96.184203) N: 10304503.37' E: 3397949.98'	TX. CENTRAL ZONE LAT: 30° 52' 12.135" (LAT: 30.870037) LONG: 96° 11' 02.279" (LONG: 96.183966) N: 461921.75' E: 3301470.34'

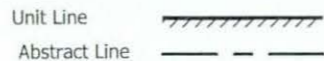
FIRST TAKE POINT	
N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE LAT: 30° 52' 12.678" (LAT: 30.870188) LONG: 96° 11' 02.989" (LONG: 96.184164) N: 10304489.39' E: 3397962.88'	TX. CENTRAL ZONE LAT: 30° 52' 11.992" (LAT: 30.869998) LONG: 96° 11' 02.137" (LONG: 96.183927) N: 461907.77' E: 3301483.24'

LAST TAKE POINT	
N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE LAT: 30° 51' 21.291" (LAT: 30.855914) LONG: 96° 10' 13.358" (LONG: 96.170377) N: 10299463.11' E: 3602479.24'	TX. CENTRAL ZONE LAT: 30° 51' 20.603" (LAT: 30.855723) LONG: 96° 10' 12.507" (LONG: 96.170141) N: 456881.53' E: 3305999.58'

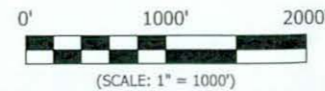
BOTTOM HOLE LOCATION	
N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE LAT: 30° 51' 20.352" (LAT: 30.855633) LONG: 96° 10' 12.356" (LONG: 96.170099) N: 10299371.56' E: 3602570.03'	TX. CENTRAL ZONE LAT: 30° 51' 19.664" (LAT: 30.855462) LONG: 96° 10' 11.505" (LONG: 96.169863) N: 456789.98' E: 3306090.37'



LEGEND



SURFACE LOCATION	
318' FNL Judi Unit	28' FWL Judi Unit
318' FNL Fitzgerald Survey	2815' FWL Fitzgerald Survey
PP	1048' FNL Judi Unit
	1150' FWL Judi Unit
FTP	1063' FNL Judi Unit
	1163' FWL Judi Unit
LTP	414' FEL Wilson Unit A
	888' FSL Wilson Unit A
BHL	314' FEL Wilson Unit A
	812' FSL Wilson Unit A
	455' FNL Edwards Survey
	2249' FWL Edwards Survey



Owner#/Owner Name/Address	Unit.Tract#	Land Tract #	Lease #	Interest/Interest Type
TEXGLO(463)				
Commissioner of the General Land Office of the State of Texas Stephen F. Austin Building 1700 North Congress Avenue Austin, TX 78701	Wilson #2H Unit.2 (M-110423/GLO#4624)	KR0254	653	1/4x4.22/155.8x574.78/6758.55 RI  (0.00057588)

Interest Types: RI=Royalty Interest; NEMI=Non-Executive Mineral Interest; NPRI=Non-Participating Royalty Interest;  
ORI=Overriding Royalty Interest; WI=Working Interest

42-313-31365

**Mary Barnstone**

---

**From:** Robert Carter <Robert.carter@mdae.com>  
**Sent:** Thursday, April 11, 2019 1:41 PM  
**To:** Mary Barnstone; Sherry Sheffield  
**Cc:** Susan Wauer  
**Subject:** RE: New wells  
**Attachments:** 41509 Deborah Camp 1H as-drilled (12-27-18) pg 1.pdf; 41509 Deborah Camp 1H as-drilled (12-27-18) pg 2.pdf; 41509 Deborah Camp 1H as-drilled (12-27-18) pg 3.pdf; \_Deborah Camp (Allocation) 1H DOI.xlsx; 41673 Brazos 1H as-drilled (12-19-18).pdf; \_Brazos (Allocation) 1H DOI.xlsx

Mary,  
Please see the attached info. I think it will have what is needed.

**Robert L. Carter**  
Land Manager, CPL  
MD America Energy LLC  
301 Commerce Street; Suite 2500  
Fort Worth, TX 76102  
(817) 288-4888 (direct)  
<https://www.mdae.com>

Crosses Wilson Unit A  
Unit 9989 MF 110423



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---

**From:** Mary Barnstone [mailto:Mary.Barnstone@GLO.TEXAS.GOV]  
**Sent:** Thursday, April 11, 2019 1:02 PM  
**To:** Robert Carter; Sherry Sheffield  
**Cc:** Susan Wauer  
**Subject:** RE: New wells

Hi Robert and Sherry,

I need the final, "as-drilled" plats with total productive lateral length from FTP to LTP and the productive lateral lengths in the State Units these wells cross. The Commissioner has already signed PSAs for the Units these wells traverse.

If you have spreadsheets prepared with the allocation factors and NRIs (or division orders), that is also helpful.

Thank you!

Mary Beth

**From:** Robert Carter <[Robert.carter@mdae.com](mailto:Robert.carter@mdae.com)>

**Sent:** Thursday, April 11, 2019 12:54 PM

**To:** Mary Barnstone <[Mary.Barnstone@GLO.TEXAS.GOV](mailto:Mary.Barnstone@GLO.TEXAS.GOV)>; Sherry Sheffield <[sherry.sheffield@mdae.com](mailto:sherry.sheffield@mdae.com)>

**Subject:** New wells

Mary,

The wells below are newer wells. Susan Wauer wanted us to reach out to you and see what you need to Set these up. Please let us know what you need from us.

New Set up needed:

Deborah Camp 1H  
03-838915(Drilling Permit)  
42 313 31361  
Sharing well

Brazos #1  
03-843672(Drilling Permit)  
42 313 31365  
Sharing well

**Robert L. Carter**

Land Manager, CPL  
MD America Energy LLC  
301 Commerce Street; Suite 2500  
Fort Worth, TX 76102  
(817) 288-4888 (direct)  
<https://www.mdae.com>



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File No. MF 110423

Madison / Brazos  
County

! Nut 9990 packet - "Brazos IH  
" (alloc)

Date Filed: 5/2/19

George R. Bush, Commissioner  
By: ~~Mr. Bonstorf~~



**Information for processing an Internal Non Unit Transaction (iNut)**  
*Length of Lateral*

**iNut No. 9992**

**GENERAL INFORMATION**

Name of Well: Wayne 1H (Allocation)

API # 42-041-32287

Name of Operator: MD America Energy

RRC # 03-27029

Operator Contact Person: Shane Barnett

Phone: 817-288-7708

Counties: Brazos and Madison

**ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL**

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Rylyty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
UR	5175/MF113172	5499.5	2141.37	0.00673865	0.25000000	0.01049546	0.00262386
UR	9989/MF110423	5499.5	3358.13	0.00677150	0.25000000	0.01653938	0.00413484
<b>Totals:</b>						<b>0.02703484</b>	<b>0.00675871</b>
<b>Effective Date:</b>	<b>2/15/2018</b>						<b>State Net Royalty Revenue in Well</b>

**Name of Production Sharing Agreement, if any:**

Comments: iNut 9992 replaces iNut 9134 effective 2/15/2018, when the Wilson A Unit (9989) was amended.

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

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: UMB Alamo updated by: UMB WI updated by: UMB

RAM approval by: VD GIS updated by: MC

# DO NOT DESTROY



## Texas General Land Office

### UNIT AGREEMENT MEMO

INU190001

**Unit Number** 9992  
**Operator Name** MD America Energy, LLC **Effective Date** 02/15/2018  
**Customer ID** C000052134 **Unitized For** Oil And Gas  
**Unit Name** Wayne 1H (allocation) **Unit Term**  
**County 1** Brazos **RRC District 1** 03 **Old Unit Number** **Inactive Status Date**  
**County 2** Madison **RRC District 2** 03  
**County 3** **RRC District 3**  
**County 4** **RRC District 4**  
**Unit type** iNut  
**State Net Revenue Interest** Oil 0.00675871  
**State Part in Unit** 0.02703484  
**Unit Depth** Allow All Depths **Well**  
**From Depth** **Formation**  
**To Depth** **Participation Basis** Length of Lateral  
**If Excluions Apply: See Remarks**

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF110423		0.000000	0.000000	0.01653938	O/G	0.25000000	0.00413484	No
MF113172		0.000000	0.000000	0.01049546	O/G	0.25000000	0.00262386	No

**API Number**  
4204132287

**Remarks:**

iNut 9992 replaced iNut 9134 effective 2/15/2018, when the Wilson A Unit (formerly unit 4624, now unit 9989) was amended.

**Prepared By:**

CMB

**Prepared Date:**

4/25/19

**GLO Base Updated By:**

CMB

**GLO Base Date:**

4/25/19

**RAM Approval By:**

VD

**RAM Approval Date:**

4/25/19

**GIS By:**

MC

**GIS Date:**

5-7-19

**Well Inventory By:**

CMB

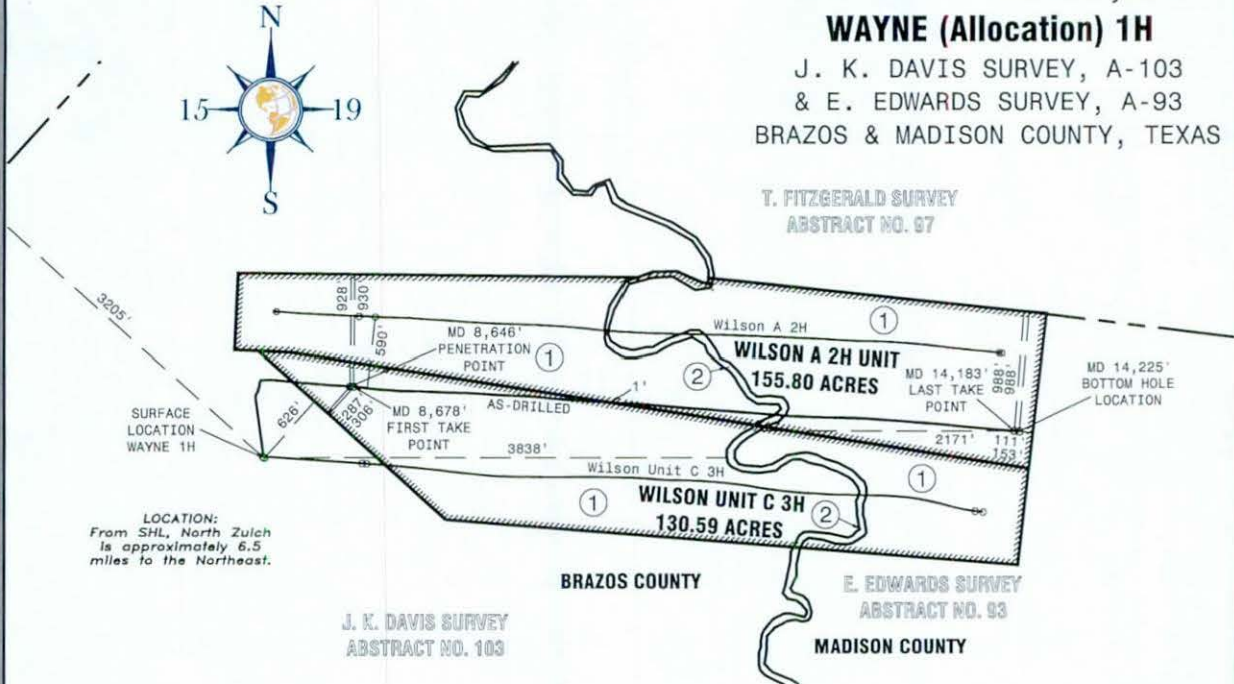
**WI Date:**

4/25/19

(replaces 9134)

**AS-DRILLED WELL PLAT**  
**MD AMERICA ENERGY, LLC**  
**WAYNE (Allocation) 1H**

J. K. DAVIS SURVEY, A-103  
& E. EDWARDS SURVEY, A-93  
BRAZOS & MADISON COUNTY, TEXAS



LOCATION:  
From SHL, North Zulch  
is approximately 6.5  
miles to the Northeast.

J. K. DAVIS SURVEY  
ABSTRACT NO. 103

E. EDWARDS SURVEY  
ABSTRACT NO. 93

SURFACE LOCATION	
N.A.D. 1983	N.A.D. 1927
Tx. CENTRAL ZONE LAT: 30° 51' 15.007"	Tx. CENTRAL ZONE LAT: 30° 51' 14.319"
LONG: 96° 11' 22.947"	LONG: 96° 11' 22.094"
N: 10298602.34'	N: 456020.75'
E: 3596441.86'	E: 3299962.22'

PENETRATION POINT	
N.A.D. 1983	N.A.D. 1927
Tx. CENTRAL ZONE LAT: 30° 51' 20.568"	Tx. CENTRAL ZONE LAT: 30° 51' 19.880"
LONG: 96° 11' 14.549"	LONG: 96° 11' 13.696"
N: 10299190.98'	N: 456609.39'
E: 3597152.40'	E: 3300672.76'

FIRST TAKE POINT	
N.A.D. 1983	N.A.D. 1927
Tx. CENTRAL ZONE LAT: 30° 51' 20.536"	Tx. CENTRAL ZONE LAT: 30° 51' 19.848"
LONG: 96° 11' 14.204"	LONG: 96° 11' 13.352"
N: 10299188.91'	N: 456607.32'
E: 3597182.51'	E: 3300702.87'

LAST TAKE POINT	
N.A.D. 1983	N.A.D. 1927
Tx. CENTRAL ZONE LAT: 30° 51' 14.917"	Tx. CENTRAL ZONE LAT: 30° 51' 14.229"
LONG: 96° 10' 11.460"	LONG: 96° 10' 10.609"
N: 10298825.87'	N: 456244.30'
E: 3602668.61'	E: 3306188.95'

BOTTOM HOLE LOCATION	
N.A.D. 1983	N.A.D. 1927
Tx. CENTRAL ZONE LAT: 30° 51' 14.870"	Tx. CENTRAL ZONE LAT: 30° 51' 14.182"
LONG: 96° 10' 10.981"	LONG: 96° 10' 12.131"
N: 10298822.65'	N: 456241.07'
E: 3602710.48'	E: 3306230.82'

PRODUCING LATERAL ALLOCATION		
Wilson 3H Unit:	2141.37'	
Wilson A 2H Unit:	3358.13'	
TOTAL PRODUCING LATERAL: 5499.50'		

WILSON A 2H UNIT ACREAGES

No.	Owner	Unit Acreage	Reference
1	James D Wilson	151.58 Ac.	2535-163
2	State of Texas	4.22 Ac.	

TOTAL: 155.80 Ac.

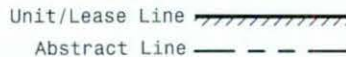
WILSON UNIT C 3H ACREAGES

No.	Owner	Unit Acreage	Reference
1	James D Wilson	127.07 Ac.	2535-163
2	State of Texas	3.52 Ac.	

TOTAL: 130.59 Ac.

SURFACE LOCATION	
626' FSWL Wilson C 3H Unit	
3838' FEL Davis Survey	
3205' FNWL Davis Survey	
PENETRATION POINT	
287' FSWL Wilson C 3H Unit	
928' FNL Wilson A 2H Unit	
FIRST TAKE POINT	
306' FSWL Wilson C 3H Unit	
930' FNL Wilson A 2H Unit	
LAST TAKE POINT	
988' FNL Wilson A 2H Unit	
153' FEL Wilson A 2H Unit	
BOTTOM HOLE LOCATION	
988' FNL Wilson A 2H Unit	
111' FEL Wilson A 2H Unit	
988' FNL Edwards Survey	
2171' FWL Edwards Survey	

LEGEND



Bearings shown hereon are based on Grid North, State Plane Coordinate System, NAD 27, Texas Central Zone.

All record information regarding ownership, deeds and other documents of record have been provided by MD America Energy, LLC.

As-drilled data furnished by MD America Energy.

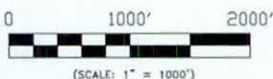
All survey lines shown hereon are scaled location only.

I, Shane Graham, Registered Professional Land Surveyor, do hereby state the above plat to be true and correct to the best of my knowledge.

For 1519 Surveying, LLC

Shane Graham  
Registered Professional Land Surveyor  
Texas Registration No. 6044

Date: January 22, 2018



**AS-DRILLED WELL PLAT**  
**WAYNE (Allocation) 1H**  
BRAZOS & MADISON COUNTY, TEXAS

1519 Job No.: 6904	Drawn By: SG
Sheet 1 of 1	
Well: Wayne 1H	Prepared For: MD America Energy, LLC

**1519 Surveying, LLC**  
5054 Franklin Avenue Suite A, Waco, TX 76710 Ph: 254-776-1519 TBPLS Firm# 10190868  
www.1519surveying.com

## Mary Barnstone

---

**From:** Shane Barnett <shane.barnett@mdae.com>  
**Sent:** Tuesday, April 23, 2019 3:18 PM  
**To:** Mary Barnstone  
**Subject:** RE: Wilson Unit A  
**Attachments:** 6904 Wayne 1H as-drilled (1-22-18).pdf

Mary Beth, attached you will find the Final As Drilled plat for the Wayne Allocation 1H and below you will see how the NRI for the State's royalty was calculated:

Unit	Unit Tract Acres	Tract Factor		
Wilson Unit C 3H	3.52000000	0.02695459	$.25 * .02695459 * (2141.37) / 5499.5$	0.00262386
Wilson Unit A	4.22000000	0.02708601	$.25 * .02708601 * (3358.13) / 5499.5$	0.00413485
			<b>Total NRI in the Wayne Allocation 1H</b>	0.00675871

Let me know should you need anything more for this one.

Thanks,

**Shane Barnett**  
Senior Landman  
MD America Energy LLC  
301 Commerce Street; Suite 2500  
Fort Worth, TX 76102  
(817) 288-7708 (direct)  
<https://www.mdae.com>



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---

**From:** Mary Barnstone [mailto:Mary.Barnstone@GLO.TEXAS.GOV]  
**Sent:** Tuesday, April 23, 2019 2:27 PM  
**To:** Shane Barnett <shane.barnett@mdae.com>  
**Subject:** RE: Wilson Unit A

For the Wayne, I need the final, as-drilled plat and the State royalty calculations only please.

Thank you!

---

**From:** Shane Barnett <[shane.barnett@mdae.com](mailto:shane.barnett@mdae.com)>  
**Sent:** Tuesday, April 23, 2019 1:33 PM  
**To:** Mary Barnstone <[Mary.Barnstone@GLO.TEXAS.GOV](mailto:Mary.Barnstone@GLO.TEXAS.GOV)>  
**Subject:** RE: Wilson Unit A

Mary Beth, on the Wayne 1H will you just need the States new NRI number or will you also need the Application form filled out for it as well along with the plats?

**Shane Barnett**  
Senior Landman  
MD America Energy LLC  
301 Commerce Street; Suite 2500  
Fort Worth, TX 76102  
(817) 288-7708 (direct)  
<https://www.mdae.com>



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---

**From:** Mary Barnstone [<mailto:Mary.Barnstone@GLO.TEXAS.GOV>]  
**Sent:** Tuesday, April 23, 2019 11:35 AM  
**To:** Shane Barnett <[shane.barnett@mdae.com](mailto:shane.barnett@mdae.com)>  
**Cc:** Robert Carter <[Robert.carter@mdae.com](mailto:Robert.carter@mdae.com)>  
**Subject:** RE: Wilson Unit A

Thank you, Shane.

This looks perfect. I will get the Wilson A corrected and process the Brazos (alloc).

And. I will watch for your email re: the Wayne (allocation) well.

Best,

mb

**From:** Shane Barnett <[shane.barnett@mdae.com](mailto:shane.barnett@mdae.com)>  
**Sent:** Tuesday, April 23, 2019 11:17 AM  
**To:** Mary Barnstone <[Mary.Barnstone@GLO.TEXAS.GOV](mailto:Mary.Barnstone@GLO.TEXAS.GOV)>  
**Cc:** Robert Carter <[Robert.carter@mdae.com](mailto:Robert.carter@mdae.com)>  
**Subject:** Wilson Unit A

Mary Beth,

It was a pleasure talking to you again this morning and I hope the attached are what you are needing to resolve the issue at hand for the Wilson Unit A. Let me know should you need anything more on this one please.

Thanks,

**Shane Barnett**  
Senior Landman  
MD America Energy LLC  
301 Commerce Street; Suite 2500  
Fort Worth, TX 76102  
(817) 288-7708 (direct)  
<https://www.mdae.com>



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File No. MF 110423

Madison / Brazos County

iNut 9992 packet "Wayne H  
(alloc)"

Date Filed: 5/2/19

George P. Bush, Commissioner  
By mp Baunstone

MF110423  
PNwt 9990

KEEP FOR YOUR RECORDS



OIL AND/OR GAS DIVISION ORDER

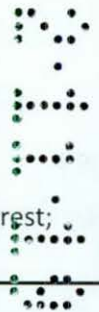
To/Operator: MD America Energy, LLC  
301 Commerce Street, Suite 2500  
Fort Worth, TX 76102

Date Prepared: 2/4/2019  
Effective Date: 12/15/2018 (Date of First Production)

Property Name: **Brazos (Allocation) No. 1H Well** [API No. 42-313-31365]

Property Description: W. KINNARD SURVEY, A-132, T. FITZGERALD SURVEY, A-97, A. NUNLEY SURVEY, A-176, AND E. EDWARDS SURVEY, A-93 MADISON COUNTY, TEXAS, AND J. DAVIS SURVEY, A-103, BRAZOS COUNTY, TEXAS [PRODUCING LATERAL ALLOCATION: JUDI NO. 1 UNIT (Recorded Vol.256,Pg.734, DR, Madison Co., TX) = 633.57/6758.55; THOMASON HORIZONTAL OIL UNIT (Recorded Vol.1297,Pg.152, OR, Madison Co., TX) = 2219.13/6758.55; T. O. DUNMAN HORIZONTAL OIL UNIT (Recorded Vol.1246,Pg.189, OR, Madison Co., TX) = 3331.07/6758.55; WILSON UNIT A (Recorded Vol.9534,Pg.157, OR, Brazos Co., TX & Vol.1011,Pg.48, OR, Madison Co., TX) = 574.78/6758.55]

Owner#/Owner Name/Address	Unit.Tract#	Land Tract #	Lease #	Interest/Interest Type
TEXGLO(463) Commissioner of the General Land Office of the State of Texas Stephen F. Austin Building 1700 North Congress Avenue Austin, TX 78701	Wilson #2H Unit.2 (M-110423/GLO#4624)	KR0254	653	1/4x4.22/155.8x574.78/6758.55 RI  (0.00057588) ✓



Interest Types: RI=Royalty Interest; NEMI=Non-Executive Mineral Interest; NPRI=Non-Participating Royalty Interest; ORI=Overriding Royalty Interest; WI=Working Interest

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

The undersigned (hereafter referred to as "Payee/Owner") certifies the ownership of their decimal interest in the oil, including condensate and other liquid hydrocarbons, and gas, including casinghead gas and other gaseous substances, or their proceeds, produced from the land, as described above, payable by MD America Energy, LLC or MD America Energy, LLC's nominee or agent (hereafter referred to as "Payor").

**PAYMENT:** Payments of less than \$100 may be accrued before disbursement until the total amount equals \$100 or more, or until 12 months' proceeds accumulate, whichever occurs first. However, the Payor may hold accumulated proceeds of less than \$10 until production ceases or the Payor's responsibility for making payment for production ceases, whichever occurs first. Payee/Owner agrees to reimburse Payor any amounts attributable to an interest or part of an interest to which the Payee/Owner is not entitled.

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

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

**NOTICES:** The Payee/Owner agrees to notify Payor in writing of any change in the division of interest, including changes of interest contingent on payment of money or expiration of time. No change of interest is binding on Payor until the recorded copy of the instrument of change or documents satisfactorily evidencing such change are furnished to Payor at the time the change occurs. Any change of interest shall be made effective on the first day of the month following receipt of such notice by Payor. Any correspondence regarding this agreement shall be furnished to the addresses listed above unless otherwise advised by either party.

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

Witnesses/Attest:

\_\_\_\_\_  
Payee/Owner Signature(s)

\_\_\_\_\_  
Payee/Owner Printed Name(s) and Title(s)

\_\_\_\_\_  
Payee/Owner Social Security/Taxpayer Identification Number(s):

\_\_\_\_\_  
Payee/Owner Daytime Telephone Number(s):

\_\_\_\_\_  
Payee/Owner email address:

**FEDERAL LAW REQUIRES YOU TO FURNISH YOUR SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER. FAILURE TO COMPLY WILL RESULT IN TAX WITHHOLDING IN ACCORDANCE WITH FEDERAL LAW, WHICH WILL NOT BE REFUNDABLE BY PAYOR.**

PRODUCING LATERAL ALLOCATION  
 Judi Unit: 633.57'  
 Thomason HOU: 2219.13'  
 T.O. Dunman HOU: 3331.07'  
 Wilson Unit A 2H: 574.78'

TOTAL PRODUCING LATERAL: 6,758.55'

W. E. KINNARD SURVEY  
 ABSTRACT NO. 132

JUDI NO. 1 UNIT CALLED 160  
 ACRES  
 #78726 (11-2-82)  
 GEOSOUTHERN ENERGY CORP.



LOCATION:  
 From SHL, North Zulch  
 approximately  
 5.7 miles to the Northeast.

AS-DRILLED PLAT  
 MD AMERICA ENERGY, LLC  
 BRAZOS (ALLOCATION) 1H  
 MADISON COUNTY AND  
 BRAZOS COUNTY, TEXAS

NOTE:

Area for unit tracts shown by lease calls as furnished by MD America Energy, LLC. Acreages may not reflect actual acreages if surveyed on the ground. Well ties are taken from an on the ground survey.

All record information regarding ownership, deeds and other documents of record have been provided by MD America Energy, LLC.

Bearings shown hereon are based on Grid North, State Plane Coordinate System, NAD 27, Texas Central Zone.

This exhibit is not a full and complete boundary survey and is not intended to meet the minimum standards of the Texas Board of Professional Land Surveying.

As-drilled data furnished by MD America Energy.

All survey lines shown hereon are scaled location only.

1519 Job No.: 41673

Drawn By: SG

Sheet 1 of 1

Prepared For:  
 MD America Energy LLC

I, Shane Graham, Registered Professional Land Surveyor, do hereby state the above plat to be true and correct to the best of my knowledge.

For 1519 Surveying, LLC

*Shane Graham*  
 Shane Graham  
 Registered Professional Land Surveyor  
 Texas Registration No. 6044

Date: December 19, 2018



SURVEYING & ENGINEERING  
 1519LLC.com

CENTRAL TEXAS  
 5054 Franklin Ave., Ste. A  
 Waco, TX. 76710  
 254.776.1519  
 DALLAS / FT. WORTH  
 11498 Luna Road, Ste. 203  
 Farmers Branch, TX. 75234  
 214.484.8586

TBPLS# 10193968 TBPE# F-17299 TBPLS# 10194351 TBPLS# 10194283

SURFACE LOCATION	
N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE LAT: 30° 52' 19.837" (LAT: 30.872177) LONG: 96° 11' 16.126" (LONG: 96.187813) N: 10305169.50' E: 3596791.91'	TX. CENTRAL ZONE LAT: 30° 52' 19.151" (LAT: 30.871986) LONG: 96° 11' 15.274" (LONG: 96.187576) N: 462587.87' E: 3300312.22'

PENETRATION POINT	
N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE LAT: 30° 52' 12.621" (LAT: 30.870228) LONG: 96° 11' 03.131" (LONG: 96.184203) N: 10304603.37' E: 3597949.98'	TX. CENTRAL ZONE LAT: 30° 52' 12.135" (LAT: 30.870037) LONG: 96° 11' 02.279" (LONG: 96.183966) N: 461921.75' E: 3301470.34'

FIRST TAKE POINT	
N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE LAT: 30° 52' 12.678" (LAT: 30.870188) LONG: 96° 11' 02.989" (LONG: 96.184164) N: 10304489.39' E: 3597962.88'	TX. CENTRAL ZONE LAT: 30° 52' 11.992" (LAT: 30.869998) LONG: 96° 11' 02.137" (LONG: 96.183927) N: 461907.77' E: 3301483.24'

LAST TAKE POINT	
N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE LAT: 30° 51' 21.291" (LAT: 30.855914) LONG: 96° 10' 13.358" (LONG: 96.170377) N: 10299463.11' E: 3602479.24'	TX. CENTRAL ZONE LAT: 30° 51' 20.603" (LAT: 30.855723) LONG: 96° 10' 12.507" (LONG: 96.170141) N: 456881.53' E: 3305999.58'

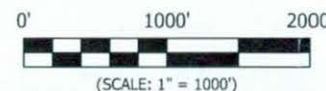
BOTTOM HOLE LOCATION	
N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE LAT: 30° 51' 20.352" (LAT: 30.855653) LONG: 96° 10' 12.356" (LONG: 96.170099) N: 10299371.56' E: 3602570.03'	TX. CENTRAL ZONE LAT: 30° 51' 19.664" (LAT: 30.855462) LONG: 96° 10' 11.505" (LONG: 96.169863) N: 456789.58' E: 3306090.37'

J. K. DAVIS SURVEY  
 ABSTRACT NO. 103

LEGEND



SURFACE LOCATION	
318' FNL Judi Unit	
28' FWL Judi Unit	
318' FNL Fitzgerald Survey	
2815' FWL Fitzgerald Survey	
PP	
1048' FNL Judi Unit	
1150' FWL Judi Unit	
FTP	
1063' FNL Judi Unit	
1163' FWL Judi Unit	
LTP	
414' FEL Wilson Unit A	
888' FSL Wilson Unit A	
BHL	
314' FEL Wilson Unit A	
812' FSL Wilson Unit A	
455' FNL Edwards Survey	
2249' FWL Edwards Survey	





301 Commerce Street, Suite 2500  
Fort Worth, TX 76102  
(817) 288-7800

VIA USPS

February 4, 2019

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

Re: Oil and/or Gas Division Order  
**Brazos (Allocation) No. 1H Well** [API No. 42-313-31365]  
Brazos and Madison Counties, Texas

Dear Interest Owner,

We have prepared and enclose herewith our Oil and/or Gas Division Order, in duplicate, concerning your interest in the referenced well. Said well had first production/sales on December 15, 2018. Please review the division order for accuracy and upon your approval, please:

- ❖ Sign the division order, exactly as your name appears thereon, in the space indicated;
- ❖ Have your signature witnessed by two (2) disinterested adults, or attested, whichever applies;
- ❖ Be sure to include your Social Security/Tax Identification Number on the division order in the space provided;
- ❖ Return the division order marked **SIGN AND RETURN** in the self-addressed, postage paid envelope, retain the duplicate division order marked **KEEP FOR YOUR RECORDS**.

Upon receipt of the properly executed division order, your interest will be placed in a "Pay" status.

MD America Energy, LLC's revenue checks are processed around the 25<sup>th</sup> of each month. Executed division orders received by the 12<sup>th</sup> of the month will receive a revenue check in that same month; those received after the 12<sup>th</sup> of any month will be processed the following month.

Should you have any questions regarding any of the above, please contact the undersigned.

Regards,

*Sherry Sheffield*

Sherry Sheffield  
Land Administration Team Leader

/sls

Enclosures





TEXAS GENERAL LAND OFFICE  
GEORGE P. BUSH, COMMISSIONER

May 21, 2019

Sherry Sheffield  
Land Administration Team Leader  
MD America Energy, LLC  
301 Commerce Street, Suite 2500  
Fort Worth, TX 76102

Re: State Lease No. MF110423 Brazos (Alloc) 1H iNut 9990

Dear Mrs. Sheffield:

The Texas General Land Office (GLO) has received your Division Order for the referenced unit. This Division Order has been filed in the appropriate mineral file.

The payment of royalties attributable to state-owned mineral and royalty interests is set by contract and applicable statutes and rules. The execution of division orders may, in some cases, affect the manner in which such payments are made or calculated. Therefore, Title 31, §9.32, of the Texas Administrative Code specifies that GLO staff cannot execute a division order or bind the state to any terms contained within it.

Subject to applicable state law and the state's right to take its production in-kind, the GLO acquiesces to the sale of oil and gas in accordance with the terms and conditions set out in the oil and gas leases. If you have questions concerning this matter, please feel free to e-mail me at the address below my signature.

We look forward to being put on pay status as soon as you are able to set up the wells in our RRAC system.

Thank you,

  
Vivian Zamora

Landman, Energy Resources  
512-475-0428  
512-475-1404 (fax)  
[vivian.zamora@glo.texas.gov](mailto:vivian.zamora@glo.texas.gov)

File No. MF110423

\_\_\_\_\_ County

Division Order

Date Filed: 5/22/19

George P. Bush, Commissioner

By VB