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Archives and Records Staff

ODA #0002

~~UNIT 9594~~

Unit 12581

MF110700

State Lease	Control	Base File	County
MF110700	15-014193	154990	CULBERSON

Survey	PUBLIC SCHOOL LAND	
Block	110	
Block Name		
Township		
Section/Tract	4	
Land Part		
Part Description	N2	
Acres	320	
Depth Below	Depth Above	Depth Other
0	0	
Name	DWYER, T VERNE	
Lease Date	4/6/2010	
Primary Term	5 yrs	
Bonus (\$)	\$112,816.00	
Rental (\$)	\$5.00	
Lease Royalty	0.2500	

Leasing: RR

Analyst: _____

Maps: JA

GIS: AS

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✓ 6. RENTAL PAYMENT - 2 nd yr. <i>2/22/11</i>		18. Unit 9594 - Azra 16 State Unit 12/16/21
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Armstrong State Unit ODA #0002		

M- **110700**

For GLO Use Only



APRIL 6, 2010

OIL AND GAS LEASE BID APPLICATION**APPLICANT
AGREEMENT**

I agree, if awarded a lease on the referenced tract, to comply with all terms and conditions of said lease and with all applicable laws that so govern said lease, and as those laws may be amended.

**APPLICANT
IDENTIFICATION
TO APPEAR ON
LEASE** (type/print)Name: T. VERNE DWYERAddress: 508 WEST WALL, SUITE 403City: MIDLANDState: TXZip: 79701-5077

(Include +4 Code)

Telephone: (432)684-7933**AREA
DESCRIPTION**County(ies): CULBERSONSurvey/Area: PUBLIC SCHOOL LAND

(If Applicable)

Block/Tsp.: 110Section/Tract: N/2 of 4Acres: 320.00

(If Applicable)

**BID
SUBMISSION**

(A) Bonus Amount

(\$) 112,816.00

One Hundred Twelve Thousand Eight Hundred Sixteen and 00/100 Dollars
(type/print above)

(B) Sales Fee Amount

(\$) 1,692.24

One Thousand Six Hundred Ninety Two and 24/100 Dollars
(type/print above)

This Sales Fee is 1½% of the cash bonus as provided in Section 32.110 of the Natural Resources Code as amended.

MGL. NO.

1**APPLICANT NAME****BONUS AMOUNT ONLY (A)**
(Do Not include sales fee)

T. VERNE DWYER
(same as above)

(\$) 112,816.00**STATE OF TEXAS
TAX I.D. #**

(must be an 11-digit number)

**SIGNATURE OF
AGENT**

(signature)

T. VERNE DWYER
(type/print name)

019.4

1692.24

10706278

10706277

1.
File No. MF110700

Bid Form

Date Filed: 4/6/10
Jerry Patterson, Commissioner

By [Signature]

4
3
2
1

The State of Texas



Austin, Texas

OIL AND GAS LEASE NO. M-110700

WHEREAS, pursuant to the Texas Natural Resources Code Chapters 32, 33, 51, and Chapter 52, Subchapters A-D and H, (said Code being hereinafter referred to as N.R.C.), and subject to all rules and regulations promulgated by the Commissioner of the General Land Office and/or the School Land Board pursuant thereto, and all other applicable statutes and amendments to said N.R.C., the following area, to-wit:

NORTH ONE-HALF (N/2) OF SECTION 4, BLOCK 110, PUBLIC SCHOOL LAND SURVEY, CULBERSON COUNTY, TEXAS, CONTAINING APPROXIMATELY 320 ACRES, AS SHOWN ON THE OFFICIAL MAP OF CULBERSON COUNTY, TEXAS NOW ON FILE IN THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS,

was, after being duly advertised, offered for lease on the **6th day of April, 2010**, at 10:00 o'clock a.m., by the Commissioner of the General Land Office of the State of Texas and the School Land Board of the State of Texas, for the sole and only purpose of prospecting and drilling for, and producing oil and/or gas that may be found and produced from the above described area; and

WHEREAS, after all bids and remittances which were received up to said time have been duly considered by the Commissioner of the General Land Office and the School Land Board at a regular meeting thereof in the General Land Office, on the **6th day of April, 2010**, hereinafter the "effective date" and it was found and determined that **T. VERNE DWYER** whose address is **508 WEST WALL, SUITE 403, MIDLAND, TEXAS 79701-5077** had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of **One Hundred Twelve Thousand Eight Hundred Sixteen And 00/100 Dollars (\$112,816.00)**, receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto the above mentioned bidder the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

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

2. TERM: Subject to the other provisions hereof, this lease shall be for a term of **five (5) years** from the effective date hereof (herein called "primary term") and as long thereafter as oil or gas is produced in paying quantities from said area.

3. DELAY RENTALS: If no well is commenced on the land hereby leased on or before the anniversary date of this lease, this lease shall terminate as to both parties unless the Lessee on or before said date shall pay or tender to the Commissioner of the General Land Office of the State of Texas at Austin, Texas, the amount specified in the following schedule multiplied by the number of acres in the premises, which shall operate as a rental and cover the privilege of deferring the commencement of a well for **twelve (12) months** from said date. In like manner and upon payments or tenders of amounts set out in the following schedule, the commencement of a well may be further deferred for a like period of the same number of months.

<u>Anniversary Date</u>	<u>Delay Rental per Acre</u>
First	\$ 5.00
Second	\$ 5.00
Third	\$25.00
Fourth	\$25.00

4. PRODUCTION ROYALTIES: Subject to the provisions for royalty reductions set out in subparagraph (E) of this paragraph 4, upon production of oil and/or gas, the Lessee agrees to pay or cause to be paid to the Commissioner of the General Land Office in Austin, Texas, for the use and benefit of the State of Texas, during the term hereof:

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

(B) NON-PROCESSED GAS: As a royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (A) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons or other products) **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 lease contract shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to test made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

(C) **PROCESSED GAS:** As a royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons, $\frac{1}{4}$ 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 lease, and on fifty percent (50%) or that percent accruing to Lessee, whichever is the greater, of the total plant production of liquid hydrocarbons, attributable to the gas produced from this lease; provided that if liquid hydrocarbons are recovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid hydrocarbons shall be fifty percent (50%) or the highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at arms' length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in the industry), whichever is the greater. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest market price paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area or 2) the gross price paid or offered for such residue gas (or the weighted average gross selling price for the respective grades of liquid hydrocarbons), whichever is the greater. In no event, however, shall the royalties payable under this paragraph be less than the royalties which would have been due had the gas not been processed.

(D) **OTHER PRODUCTS:** As a royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be "casinghead," "dry" or any other gas, by fractionating, burning or any other processing, $\frac{1}{4}$ 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) **VARIABLE ROYALTY:** (i) Subject to the other provisions of this lease, it is hereby provided that in the event production in paying quantities is established pursuant to the terms of this lease and such production is brought on line and sales thereof are commenced within eighteen (18) months of the effective date hereof, the royalty rate provided herein shall be reduced to 20%, and shall apply to each subsequent well drilled and produced on the land covered by this lease. Provided that, if during such eighteen (18) month term during which Lessee may earn a reduced royalty rate of 20% as herein provided, Lessee should drill in good faith and complete the first well as a dry hole on the land covered by this lease, Lessee may receive a three (3) month extension of the term in which to earn a reduced royalty rate by giving notice to the Commissioner of the General Land Office, commencing drilling operations on an additional well prior to the expiration of such three (3) month period and prosecuting diligently and in good faith the drilling of such additional well and completing same so that production in paying quantities is established and so that such production is brought on line and sales thereof are commenced prior to the expiration of such three (3) month extension period.

(ii) In the event production in paying quantities is established pursuant to the terms of this lease and such production is brought on line and sales thereof are commenced after the expiration of eighteen (18) months from the effective date hereof but prior to the expiration of twenty-four (24) months from the effective date hereof, the royalty rate provided herein shall be reduced to 22.5% and shall apply to each subsequent well drilled and produced on the land covered by this lease. Provided that, if during such six (6) month term during which Lessee may earn a reduced royalty rate of 22.5% as herein provided, Lessee should drill in good faith and complete the first well as a dry hole on the land covered by this lease, Lessee may receive a three (3) month extension of the term in which to earn a reduced royalty rate by giving notice to the Commissioner of the General Land Office, commencing drilling operations on an additional well prior to the expiration of such three (3) month period and prosecuting diligently and in good faith the drilling of such additional well and completing same so that production in paying quantities is established and so that such production is brought on line and sales thereof are commenced prior to the expiration of such three (3) month extension period.

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

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

(H) **PLANT FUEL AND RECYCLED GAS:** No royalty shall be payable on any gas as may represent this lease's proportionate share of any fuel used to process gas produced hereunder in any processing plant. Notwithstanding anything contained herein to the contrary, and subject to the consent in writing of the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises after the liquid hydrocarbons contained in the gas have been removed, and no royalties shall be payable on the gas so recycled until such time as the same may thereafter be produced and sold or used by Lessee in such manner as to entitle Lessor to a royalty thereon under the royalty provisions of this lease.

(I) **MINIMUM ROYALTY:** During any year after the expiration of the primary term of this lease, if this lease is maintained by production, the royalties paid to Lessor in no event shall be less than an amount equal to \$5.00 per acre; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of this lease a sum equal to \$5.00 per acre less the amount of royalties paid during the preceding year.

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

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

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

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

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

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

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

(A) **VERTICAL:** In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 11 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Natural Resources Code Sections 52.151-52.153, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction. Within 90 days of a partial termination of this lease in accordance with this subparagraph and upon payment of the minimum filing fee set by General Land Office rules in effect at the time of the partial termination, Lessee shall have the right to obtain a surface lease for ingress and egress on and across the terminated portion of the leased premises as may be reasonably necessary for the continued operation of the portions of the lease remaining in force and effect. If Lessee fails to apply for a surface lease within the 90 day period specified above, Lessee may apply for a surface lease from the Land Office, but the Land Commissioner has the discretion to grant or deny such application and to set the fee for such surface lease.

(B) **HORIZONTAL:** In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (hereinafter "deeper depths") in each well located on acreage retained in Paragraph 7 (A) above, unless on or before two (2) years after the primary or extended term Lessee pays an amount equal to one-half (1/2) of the bonus originally paid as consideration for this lease (as specified on page 1 hereof). If such amount is paid, this lease shall be in force and effect as to such deeper depths, and said termination shall be delayed for an additional period of two (2) years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths covered by this lease.

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

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

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

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

11. **SHUT-IN ROYALTIES:** For purposes of this paragraph, "well" means any well that has been assigned a well number by the state agency having jurisdiction over the production of oil and gas. If at any time after the expiration of the primary term of a lease that, until being shut in, was being maintained in force and effect, a well capable of producing oil or gas in paying quantities is located on the leased premises, but oil or gas is not being produced for lack of suitable production facilities or lack of a suitable market, then Lessee may pay as a shut-in oil or gas royalty an amount equal to \$10.00 per acre, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. To be effective, each initial shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term, (2) 60 days after the Lessee ceases to produce oil or gas from the leased premises, or (3) 60 days after Lessee completes a drilling or reworking operation in accordance with the lease provisions; whichever date is latest. If the shut-in oil or gas royalty is paid, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one year from the end of the primary term, or from the first day of the month following the month in which production ceased, and, after that, if no suitable production facilities or suitable market for the oil or gas exists, Lessee may extend the lease for four more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year.

12. **COMPENSATORY ROYALTIES:** If, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the leased premises and completed in the same producing reservoir, or in any case in which drainage is occurring, the right to continue to maintain the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid. The Lessee may maintain the lease for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in the lease of the market value of production from the well causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the leased premises. The compensatory royalty is to be paid monthly to the Commissioner beginning on or before the last day of the month following the month in which the oil or gas is produced from the well causing the drainage or that is completed in the same producing reservoir and located within one thousand (1,000) feet of the leased premises; if the compensatory royalty paid in any 12-month period is in an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period; and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in N.R.C. Section 52.034; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 5 of this lease.

13. EXTENSIONS: If, at the expiration of the primary term of this lease, production of oil or gas has not been obtained on the leased premises but drilling operations are being conducted thereon in good faith and in a good and workmanlike manner, Lessee may, on or before the expiration of the primary term, file in the General Land Office written application to the Commissioner of the General Land Office for a thirty (30) day extension of this lease, accompanied by payment of Three Thousand Dollars (\$3,000.00) if this lease covers six hundred forty (640) acres or less and Six Thousand Dollars (\$6,000.00) if this lease covers more than six hundred forty (640) acres and the Commissioner shall, in writing, extend this lease for a thirty (30) day period from and after the expiration of the primary term and so long thereafter as oil or gas is produced in paying quantities; provided further, that Lessee may, so long as such drilling operations are being conducted make like application and payment during any thirty (30) day extended period for an additional extension of thirty (30) days and, upon receipt of such application and payment, the Commissioner shall, in writing, again extend this lease so that same shall remain in force for such additional thirty (30) day period and so long thereafter as oil or gas is produced in paying quantities; provided, however, that this lease shall not be extended for more than a total of three hundred ninety (390) days from and after the expiration of the primary term unless production in paying quantities has been obtained.

14. USE OF WATER; SURFACE: Lessee shall have the right to use water produced on said land necessary for operations hereunder and solely upon the leased premises; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for water flood operations without the prior written consent of 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. Lessee shall pay surface damages in an amount set by the General Land Office fee schedule which is effective on the date when the activity requiring the payment of surface damages occurs.

15. POLLUTION: In developing this area, Lessee shall use the highest degree of care and all proper safeguards to prevent pollution. Without limiting the foregoing, pollution of coastal wetlands, natural waterways, rivers and impounded water shall be prevented by the use of containment facilities sufficient to prevent spillage, seepage or ground water contamination. In the event of pollution, Lessee shall use all means at its disposal to recapture all escaped hydrocarbons or other pollutant and shall be responsible for all damage to public and private properties.

(A) UPLANDS: 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) SUBMERGED LANDS: 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 leased 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 State of Texas lease to forfeiture." Such statement shall be in lettering of at least 1" in size.

(C) RIVERS: To the extent necessary to prevent pollution, the provisions found in subsections (a) and (b) of this paragraph shall also apply to rivers and riverbeds.

(D) PENALTY: Failure to comply with the requirements of this provision may result in the maximum penalty allowed by law including forfeiture of the lease. 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.

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

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

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

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

20. FORFEITURE: If Lessee shall fail or refuse to make the payment of any sum within thirty (30) days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if Lessee shall knowingly violate any of the material provisions of this lease, or if this lease is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under

this lease shall be subject to forfeiture by the Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease to the highest bidder, under the same regulations controlling the original sale of leases. However, nothing herein shall be construed as waiving the automatic termination of this lease by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto.

21. RIVERBED TRACTS: In the event this lease covers a riverbed, 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.

22. APPLICABLE LAWS AND DRILLING RESTRICTIONS: This lease shall be subject to all rules and regulations, and amendments thereto, promulgated by the Commissioner of the General Land Office governing drilling and producing operations 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 lease. Without limiting the generality of the foregoing, Lessee hereby agrees, by the acceptance of this lease, to be bound by and subject to all statutory and regulatory provisions relating to the General Land Office's audit billing notice and audit hearings procedures. Said provisions are currently found at 31 Texas Administrative Code, Chapter 4, and Texas Natural Resources Code Sections 52.135 and 52.137 through 52.140. In the event this lease covers land franchised or leased or otherwise used by a navigation district or by the United States for the purpose of navigation or other purpose

incident to the operation of a port, then Lessee shall not be entitled to enter or possess such land without prior approval as provided under Section 61.117 of the Texas Water Code, but Lessee shall be entitled to develop such land for oil and gas by directional drilling; provided, however, that no surface drilling location may be nearer than 660 feet and special permission from the Commissioner of the General Land Office is necessary to make any surface location nearer than 2,160 feet measured at right angles from the nearest bulkhead line or from the nearest dredged bottom edge of any channel, slip, or turning basin which has been authorized by the United States as a federal project for future construction, whichever is nearer.

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

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

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

26. REDUCTION OF PAYMENTS: If, during the primary term, a portion of the land covered by this lease is included within the boundaries of a pooled unit that has been approved by the School Land Board in accordance with Natural Resources Code Sections 52.151-52.153, or if, at any time after the expiration of the primary term or the extended term, this lease covers a lesser number of acres than the total amount described herein, payments that are made on a per acre basis hereunder shall be reduced according to the number of acres pooled, released, surrendered, or otherwise severed, so that payments determined on a per acre basis under the terms of this lease during the primary term shall be calculated based upon the number of acres outside the boundaries of a pooled unit, or, if after the expiration of the primary term, the number of acres actually retained and covered by this lease.

27. 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.

28. ANTIQUITIES CODE: In the event that any feature of archeological or historical interest on Permanent School Fund Land is encountered during the activities authorized by this lease, 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). On state-owned land not dedicated to the Permanent School Fund, lessee shall notify the Texas Historical Commission before breaking ground at a project location. An archaeological survey might be required by the commission before construction of the project can commence. Further, in the event that any site, object, location, artifact or other feature of archaeological, scientific, educational, cultural or historic interest is encountered during the activities authorize by this lease, lessee will immediately notify lessor and the Texas Historical Commission so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate.

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

30. LEASE FILING: Pursuant to Chapter 9 of the Tex. Bus. & Com. Code, this lease must be filed of record in the office of the County Clerk in any county in which all or any part of the leased premises is located, and certified copies thereof must be filed in the General Land Office. The prescribed filing fee shall accompany the certified copies sent to the General Land Office.

2

File No. MF 110700
Lease
4/6/10
Date Filed 4/6/10
By Jerry Patterson, Commissioner

31. EXECUTION: This oil and gas lease must be signed and acknowledged by the Lessee before it is filed of record in the county records and in the General Land Office of the State of Texas.

LESSEE _____
BY: _____
TITLE: _____
DATE: _____

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

COMMISSIONER OF THE GENERAL LAND OFFICE
OF THE STATE OF TEXAS

APPROVED
Contents _____
Legal _____
DC _____
Exec _____

STATE OF _____ (CORPORATION ACKNOWLEDGMENT)

COUNTY OF _____

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

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

Notary Public in and for _____

STATE OF _____ (INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF _____

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

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

Notary Public in and for _____

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

May 1, 2010

Mr. T. Verne Dwyer
508 West Wall, Suite 403
Midland, Texas 79701-5077

Dear Mr. Dwyer:

Thank you for participating in the General Land Office Oil and Gas Lease Sale held on April 6, 2010. I am pleased to inform you that you were the high bidder on **MGL. No. 1**, which has been assigned the lease number **M-110700**.

State Lease M-110700 is enclosed and serves as your receipt for your bid. This lease form must be fully executed by the lessee, and then recorded in the County Clerk's office of the county or counties in which lands covered by the lease are located. After signing and recording the lease, please submit a certified copy of the recorded lease to the attention of the undersigned. These requirements are material provisions of the lease; therefore, please return the certified copy at your earliest convenience.

The lessee's other contractual and statutory responsibilities are outlined in the lease agreement, such as Section 6(B), which requires submission of written notice for all drilling, production, and related activities. When forms are filed with the Texas Railroad Commission, they are required to submit copies of these forms to the General Land Office, such as Forms W-1, Application to Drill; W-2, Oil Well Completion Report and Log; G -1, Gas Well Completion Report and Log; W-3, Plugging Record; G-5, Gas Well Classification Report; G-10, Gas Well Status Report; W-10, Oil Well Status Report; W-12, Inclination Report; Electric Logs; Directional Surveys.

Please let me know if you have any questions or need any additional information.

Sincerely,

Robert B. Hatter, Director
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

2.
File No. MF 110700

Keller

Date Filed: 5/11/10

Jerry Patterson, Commissioner

BJS

OFFICE
(432) 684-7933

T. VERNE DWYER
OIL & GAS INVESTMENTS
508 WEST WALL, SUITE 403
MIDLAND, TEXAS 79701

FAX
(432) 684-4032

June 16, 2010

Commissioner of the Texas General Land Office
1700 North Congress Avenue
Stephen F. Austin State Office Building
Austin, Texas 78701-1495

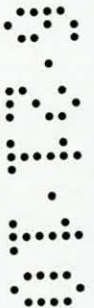
Attn: Mr. Robert B. Hatter

RE: Leases Acquired at the General Land Office Oil and Gas Lease Sale on April 6, 2010

Dear Mr. Hatter:

As required, enclosed herewith please find certified copies of the following leases which have been recorded in Culberson County, Texas:

- 1) Oil and Gas Lease No. M-110700 recorded in Volume 101, Page 286 of the Oil and Gas Records of Culberson County.
- 2) Oil and Gas Lease No. M-110701 recorded in Volume 101, Page 292 of the Oil and Gas Records of Culberson County.
- 3) Oil and Gas Lease No. M-110702 recorded in Volume 101, Page 298 of the Oil and Gas Records of Culberson County.
- 4) Oil and Gas Lease No. M-110703 recorded in Volume 101, Page 304 of the Oil and Gas Records of Culberson County.
- 5) Oil and Gas Lease No. M-110704 recorded in Volume 101, Page 310 of the Oil and Gas Records of Culberson County.
- 6) Oil and Gas Lease No. M-110705 recorded in Volume 101, Page 316 of the Oil and Gas Records of Culberson County.
- 7) Oil and Gas Lease No. M-110706 recorded in Volume 101, Page 322 of the Oil and Gas Records of Culberson County.



Commissioner of the Texas General Land Office
June 16, 2010
Page Two

- 8) Oil and Gas Lease No. M-110707 recorded in Volume 101, Page 328 of the Oil and Gas Records of Culberson County.
- 9) Oil and Gas Lease No. M-110708 recorded in Volume 101, Page 334 of the Oil and Gas Records of Culberson County.
- 10) Oil and Gas Lease No. M-110709 recorded in Volume 101, Page 340 of the Oil and Gas Records of Culberson County.
- 11) Oil and Gas Lease No. M-110710 recorded in Volume 101, Page 346 of the Oil and Gas Records of Culberson County.
- 12) Oil and Gas Lease No. M-110711 recorded in Volume 101, Page 352 of the Oil and Gas Records of Culberson County.
- 13) Oil and Gas Lease No. M-110713 recorded in Volume 101, Page 358 of the Oil and Gas Records of Culberson County.

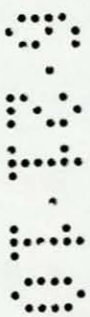
Should you need anything further in this regard, please do not hesitate to call.

Very truly yours,



T. Verne Dwyer

:jws
Enclosures



The State of Texas



Austin, Texas

OIL AND GAS LEASE NO. M-110700

WHEREAS, pursuant to the Texas Natural Resources Code Chapters 32, 33, 51, and Chapter 52, Subchapters A-D and H, (said Code being hereinafter referred to as N.R.C.), and subject to all rules and regulations promulgated by the Commissioner of the General Land Office and/or the School Land Board pursuant thereto, and all other applicable statutes and amendments to said N.R.C., the following area, to-wit:

NORTH ONE-HALF (N/2) OF SECTION 4, BLOCK 110, PUBLIC SCHOOL LAND SURVEY, CULBERSON COUNTY, TEXAS, CONTAINING APPROXIMATELY 320 ACRES, AS SHOWN ON THE OFFICIAL MAP OF CULBERSON COUNTY, TEXAS NOW ON FILE IN THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS,

was, after being duly advertised, offered for lease on the 6th day of April, 2010, at 10:00 o'clock a.m., by the Commissioner of the General Land Office of the State of Texas and the School Land Board of the State of Texas, for the sole and only purpose of prospecting and drilling for, and producing oil and/or gas that may be found and produced from the above described area; and

WHEREAS, after all bids and remittances which were received up to said time have been duly considered by the Commissioner of the General Land Office and the School Land Board at a regular meeting thereof in the General Land Office, on the 6th day of April, 2010, hereinafter the "effective date" and it was found and determined that T. VERNE DWYER whose address is 508 WEST WALL, SUITE 403, MIDLAND, TEXAS 79701-5077 had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of **One Hundred Twelve Thousand Eight Hundred Sixteen And 00/100 Dollars (\$112,816.00)**, receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto the above mentioned bidder the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

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

2. **TERM:** Subject to the other provisions hereof, this lease shall be for a term of **five (5) years** from the effective date hereof (herein called "primary term") and as long thereafter as oil or gas is produced in paying quantities from said area.

3. **DELAY RENTALS:** If no well is commenced on the land hereby leased on or before the anniversary date of this lease, this lease shall terminate as to both parties unless the Lessee on or before said date shall pay or tender to the Commissioner of the General Land Office of the State of Texas at Austin, Texas, the amount specified in the following schedule multiplied by the number of acres in the premises, which shall operate as a rental and cover the privilege of deferring the commencement of a well for **twelve (12) months** from said date. In like manner and upon payments or tenders of amounts set out in the following schedule, the commencement of a well may be further deferred for a like period of the same number of months.

Anniversary Date	Delay Rental per Acre
First	\$ 5.00
Second	\$ 5.00
Third	\$25.00
Fourth	\$25.00

4. **PRODUCTION ROYALTIES:** Subject to the provisions for royalty reductions set out in subparagraph (E) of this paragraph 4, upon production of oil and/or gas, the Lessee agrees to pay or cause to be paid to the Commissioner of the General Land Office in Austin, Texas, for the use and benefit of the State of Texas, during the term hereof:

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

(B) **NON-PROCESSED GAS:** As a royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (A) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons or other products) 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 lease contract shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to test made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

IF IT BEARS THE SEAL OF THE COUNTY CLERK
ATTEST: June 9, 2010



LINDA McDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS

BY Ana C. Uvas DEPUTY

(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 lease, and on fifty percent (50%) or that percent accruing to Lessee, whichever is the greater, of the total plant production of liquid hydrocarbons, attributable to the gas produced from this lease; provided that if liquid hydrocarbons are recovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid hydrocarbons shall be fifty percent (50%) or the highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at arms' length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in the industry), whichever is the greater. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest market price paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area or 2) the gross price paid or offered for such residue gas (or the weighted average gross selling price for the respective grades of liquid hydrocarbons), whichever is the greater. In no event, however, shall the royalties payable under this paragraph be less than the royalties which would have been due had the gas not been processed.

(D) **OTHER PRODUCTS:** As a royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be "casinghead," "dry" or any other gas, by fractionating, burning or any other processing, $\frac{1}{4}$ 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) **VARIABLE ROYALTY:** (i) Subject to the other provisions of this lease, it is hereby provided that in the event production in paying quantities is established pursuant to the terms of this lease and such production is brought on line and sales thereof are commenced within eighteen (18) months of the effective date hereof, the royalty rate provided herein shall be reduced to 20%, and shall apply to each subsequent well drilled and produced on the land covered by this lease. Provided that, if during such eighteen (18) month term during which Lessee may earn a reduced royalty rate of 20% as herein provided, Lessee should drill in good faith and complete the first well as a dry hole on the land covered by this lease, Lessee may receive a three (3) month extension of the term in which to earn a reduced royalty rate by giving notice to the Commissioner of the General Land Office, commencing drilling operations on an additional well prior to the expiration of such three (3) month period and prosecuting diligently and in good faith the drilling of such additional well and completing same so that production in paying quantities is established and so that such production is brought on line and sales thereof are commenced prior to the expiration of such three (3) month extension period.

(ii) In the event production in paying quantities is established pursuant to the terms of this lease and such production is brought on line and sales thereof are commenced after the expiration of eighteen (18) months from the effective date hereof but prior to the expiration of twenty-four (24) months from the effective date hereof, the royalty rate provided herein shall be reduced to 22.5% and shall apply to each subsequent well drilled and produced on the land covered by this lease. Provided that, if during such six (6) month term during which Lessee may earn a reduced royalty rate of 22.5% as herein provided, Lessee should drill in good faith and complete the first well as a dry hole on the land covered by this lease, Lessee may receive a three (3) month extension of the term in which to earn a reduced royalty rate by giving notice to the Commissioner of the General Land Office, commencing drilling operations on an additional well prior to the expiration of such three (3) month period and prosecuting diligently and in good faith the drilling of such additional well and completing same so that production in paying quantities is established and so that such production is brought on line and sales thereof are commenced prior to the expiration of such three (3) month extension period.

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

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

(H) **PLANT FUEL AND RECYCLED GAS:** No royalty shall be payable on any gas as may represent this lease's proportionate share of any fuel used to process gas produced hereunder in any processing plant. Notwithstanding anything contained herein to the contrary, and subject to the consent in writing of the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises after the liquid hydrocarbons contained in the gas have been removed, and no royalties shall be payable on the gas so recycled until such time as the same may thereafter be produced and sold or used by Lessee in such manner as to entitle Lessor to a royalty thereon under the royalty provisions of this lease.

(I) **MINIMUM ROYALTY:** During any year after the expiration of the primary term of this lease, if this lease is maintained by production, the royalties paid to Lessor in no event shall be less than an amount equal to \$5.00 per acre; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of this lease a sum equal to \$5.00 per acre less the amount of royalties paid during the preceding year.

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

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

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

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

(B) **DRILLING RECORDS:** Written notice of all operations on this lease shall be submitted to the Commissioner of the General Land Office by Lessee or operator five (5) days before spud date, workover, re-entry, temporary abandonment or plug and abandonment of any well or wells. Such written notice to the General Land Office shall include copies of Railroad Commission forms for application to drill. Copies of well tests, completion reports and plugging reports shall be supplied to the General Land Office at the time they are filed with the Texas Railroad Commission. Lessee shall supply the General Land Office with any records, memoranda, accounts, reports, cuttings and cores, or other information relative to the operation of the above-described premises, which may be requested by the General Land Office, in addition to those herein expressly provided for. Lessee shall have an electrical and/or radioactivity survey made on the bore-hole section, from the base of the surface casing to the total depth of well, of all wells drilled on the above described premises and shall transmit a true copy of the log of each survey on each well to the General Land Office within fifteen (15) days after the making of said survey.

ATTEST: June 9, 2010
LINDA M. DONALD, COUNTY CLERK
CULBERTSON COUNTY, TEXAS
BY Anna C. Urrutia DEPUTY

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

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

(A) **VERTICAL:** In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 11 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Natural Resources Code Sections 52.151-52.153, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction. Within 90 days of a partial termination of this lease in accordance with this subparagraph and upon payment of the minimum filing fee set by General Land Office rules in effect at the time of the partial termination, Lessee shall have the right to obtain a surface lease for ingress and egress on and across the terminated portion of the leased premises as may be reasonably necessary for the continued operation of the portions of the lease remaining in force and effect. If Lessee fails to apply for a surface lease within the 90 day period specified above, Lessee may apply for a surface lease from the Land Office, but the Land Commissioner has the discretion to grant or deny such application and to set the fee for such surface lease.

(B) **HORIZONTAL:** In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (hereinafter "deeper depths") in each well located on acreage retained in Paragraph 7 (A) above, unless on or before two (2) years after the primary or extended term Lessee pays an amount equal to one-half (1/2) of the bonus originally paid as consideration for this lease (as specified on page 1 hereof). If such amount is paid, this lease shall be in force and effect as to such deeper depths, and said termination shall be delayed for an additional period of two (2) years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths covered by this lease.

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

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

9. **DRY HOLE/CESSION OF PRODUCTION DURING PRIMARY TERM:** If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if during the primary term hereof and after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall not terminate if on or before the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or pays or tenders the next annual delay rental in the same manner as provided in this lease. If, during the last year of the primary term or within sixty (60) days prior thereto, a dry hole be completed and abandoned, or the production of oil or gas should cease for any cause, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term; and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking operations pursuant to Paragraph 10, using the expiration of the primary term as the date of cessation of production under Paragraph 10. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in oil or gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided herein on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in oil or gas well and upon the failure to make such payment, this lease shall ipso facto terminate. If at the expiration of the primary term or any time thereafter a shut-in oil or gas well is located on the leased premises payments may be made in accordance with the shut-in provisions hereof.

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

11. **SHUT-IN ROYALTIES:** For purposes of this paragraph, "well" means any well that has been assigned a well number by the state agency having jurisdiction over the production of oil and gas. If at any time after the expiration of the primary term of a lease that, until being shut in, was being maintained in force and effect, a well capable of producing oil or gas in paying quantities is located on the leased premises, but oil or gas is not being produced for lack of suitable production facilities or lack of a suitable market, then Lessee may pay as a shut-in oil or gas royalty an amount equal to \$10.00 per acre, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. To be effective, each initial shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term, (2) 60 days after the Lessee ceases to produce oil or gas from the leased premises, or (3) 60 days after Lessee completes a drilling or reworking operation in accordance with the lease provisions, whichever date is latest. If the shut-in oil or gas royalty is paid, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one year from the end of the primary term, or from the first day of the month following the month in which production ceased, and, after that, if no suitable production facilities or suitable market for the oil or gas exists, Lessee may extend the lease for four more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year.

12. **COMPENSATORY ROYALTIES:** If, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the leased premises and completed in the same producing reservoir, or in any case in which drainage is occurring, the right to continue to maintain the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid. The Lessee may maintain the lease for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in the lease of the market value of production from the well causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the leased premises. The compensatory royalty is to be paid monthly to the Commissioner beginning on or before the last day of the month following the month in which the oil or gas is produced from the well causing the drainage or that is completed in the same producing reservoir and located within one thousand (1,000) feet of the leased premises; if the compensatory royalty paid in any 12-month period is in an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period; and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in N.R.C. Section 52.034; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 5 of this lease.

01.13.9

IF IT BEARS THE SEAL OF THE COUNTY CLERK

ATTEST:

June 9, 2010



LINDA MCDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS

BY: *[Signature]* DEPUTY

13. EXTENSIONS: If, at the expiration of the primary term of this lease, production of oil or gas has not been obtained on the leased premises but drilling operations are being conducted thereon in good faith and in a good and workmanlike manner, Lessee may, on or before the expiration of the primary term, file in the General Land Office written application to the Commissioner of the General Land Office for a thirty (30) day extension of this lease, accompanied by payment of Three Thousand Dollars (\$3,000.00) if this lease covers six hundred forty (640) acres or less and Six Thousand Dollars (\$6,000.00) if this lease covers more than six hundred forty (640) acres and the Commissioner shall, in writing, extend this lease for a thirty (30) day period from and after the expiration of the primary term and so long thereafter as oil or gas is produced in paying quantities; provided further, that Lessee may, so long as such drilling operations are being conducted make like application and payment during any thirty (30) day extended period for an additional extension of thirty (30) days and, upon receipt of such application and payment, the Commissioner shall, in writing, again extend this lease so that same shall remain in force for such additional thirty (30) day period and so long thereafter as oil or gas is produced in paying quantities; provided, however, that this lease shall not be extended for more than a total of three hundred ninety (390) days from and after the expiration of the primary term unless production in paying quantities has been obtained.

14. USE OF WATER; SURFACE: Lessee shall have the right to use water produced on said land necessary for operations hereunder and solely upon the leased premises; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for water flood operations without the prior written consent of 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. Lessee shall pay surface damages in an amount set by the General Land Office fee schedule which is effective on the date when the activity requiring the payment of surface damages occurs.

15. POLLUTION: In developing this area, Lessee shall use the highest degree of care and all proper safeguards to prevent pollution. Without limiting the foregoing, pollution of coastal wetlands, natural waterways, rivers and impounded water shall be prevented by the use of containment facilities sufficient to prevent spillage, seepage or ground water contamination. In the event of pollution, Lessee shall use all means at its disposal to recapture all escaped hydrocarbons or other pollutant and shall be responsible for all damage to public and private properties.

(A) **UPLANDS:** 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) **SUBMERGED LANDS:** 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 leased 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 State of Texas lease to forfeiture." Such statement shall be in lettering of at least 1" in size.

(C) **RIVERS:** To the extent necessary to prevent pollution, the provisions found in subsections (a) and (b) of this paragraph shall also apply to rivers and riverbeds.

(D) **PENALTY:** Failure to comply with the requirements of this provision may result in the maximum penalty allowed by law including forfeiture of the lease. 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.

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

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

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

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

20. FORFEITURE: If Lessee shall fail or refuse to make the payment of any sum within thirty (30) days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if Lessee shall knowingly violate any of the material provisions of this lease, or if this lease is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under

this lease shall be subject to forfeiture by the Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease to the highest bidder, under the same regulations controlling the original sale of leases. However, nothing herein shall be construed as waiving the automatic termination of this lease by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto.

21. RIVERBED TRACTS: In the event this lease covers a riverbed, 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.

22. APPLICABLE LAWS AND DRILLING RESTRICTIONS: This lease shall be subject to all rules and regulations, and amendments thereto, promulgated by the Commissioner of the General Land Office governing drilling and producing operations 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 lease. Without limiting the generality of the foregoing, Lessee hereby agrees, by the acceptance of this lease, to be bound by and subject to all statutory and regulatory provisions relating to the General Land Office's audit billing notice and audit hearings procedures. Said provisions are currently found at 31 Texas Administrative Code Chapter 4, and Texas Natural Resources Code Sections 52.135 and 52.137 through 52.140. In the event this lease covers land franchised or leased or otherwise used by a navigation district or by the United States for the purpose of navigation or other purpose



WITNESSED my hand and the seal of said office this 9th day of June, 2010.
LINDA M. HALL, COUNTY CLERK
CULBERSON COUNTY, TEXAS

BY: [Signature]
FIDELITY

incident to the operation of a port, then Lessee shall not be entitled to enter or possess such land without prior approval as provided under Section 61.117 of the Texas Water Code, but Lessee shall be entitled to develop such land for oil and gas by directional drilling; provided, however, that no surface drilling location may be nearer than 660 feet and special permission from the Commissioner of the General Land Office is necessary to make any surface location nearer than 2,160 feet measured at right angles from the nearest bulkhead line or from the nearest dredged bottom edge of any channel, slip, or turning basin which has been authorized by the United States as a federal project for future construction, whichever is nearer.

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

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

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

26. REDUCTION OF PAYMENTS: If, during the primary term, a portion of the land covered by this lease is included within the boundaries of a pooled unit that has been approved by the School Land Board in accordance with Natural Resources Code Sections 52.151-52.153, or if, at any time after the expiration of the primary term or the extended term, this lease covers a lesser number of acres than the total amount described herein, payments that are made on a per acre basis hereunder shall be reduced according to the number of acres pooled, released, surrendered, or otherwise severed, so that payments determined on a per acre basis under the terms of this lease during the primary term shall be calculated based upon the number of acres outside the boundaries of a pooled unit, or, if after the expiration of the primary term, the number of acres actually retained and covered by this lease.

27. 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.

28. ANTIQUITIES CODE: In the event that any feature of archeological or historical interest on Permanent School Fund Land is encountered during the activities authorized by this lease, 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). On state-owned land not dedicated to the Permanent School Fund, lessee shall notify the Texas Historical Commission before breaking ground at a project location. An archaeological survey might be required by the commission before construction of the project can commence. Further, in the event that any site, object, location, artifact or other feature of archaeological, scientific, educational, cultural or historic interest is encountered during the activities authorize by this lease, lessee will immediately notify lessor and the Texas Historical Commission so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate.

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

30. LEASE FILING: Pursuant to Chapter 9 of the Tex. Bus. & Com. Code, this lease must be filed of record in the office of the County Clerk in any county in which all or any part of the leased premises is located, and certified copies thereof must be filed in the General Land Office. The prescribed filing fee shall accompany the certified copies sent to the General Land Office.



A CERTIFIED COPY
IF IT BEARS THE SEAL OF THE COUNTY CLERK
ATTEST: June 9, 2010
LINDA McDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS
BY [Signature] DEPUTY

31. EXECUTION: This oil and gas lease must be signed and acknowledged by the Lessee before it is filed of record in the county records and in the General Land Office of the State of Texas.

T. VERNE DWYER
LESSEE
BY: T. Verne Dwyer
TITLE: T. Verne Dwyer
DATE: May 19, 2010

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



STATE OF _____

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF _____

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

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

Notary Public in and for _____

STATE OF TEXAS

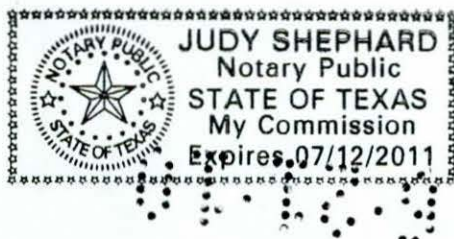
(INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF MIDLAND

Before me, the undersigned authority, on this day personally appeared T. VERNE DWYER
known to me to be the person whose names are subscribed to the foregoing instrument, and acknowledged to me that ~~he~~ ^{he} executed the
same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 19th day of May, 2010

Judy Shephard
Notary Public in and for the State of Texas



A CERTIFIED COPY
IF IT BEARS THE SEAL OF THE COUNTY CLERK
ATTEST: June 9, 2010



LINDA McDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS
BY: Linda C. Uvas DEPUTY

4.

File No. MF 110700
Factor and
certified lease
Date Filed: 6/24/10
Jerry Patterson, Commissioner
By [Signature]

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

The above and foregoing is a full, true and correct photographic copy of the
original record now in my lawful custody and possession, as the same is
filed/recorded in the Oil & Gas Records of my office, found
in VOL. 101, PAGE 286

I hereby certified on 6 9 2010

LINDA McDONALD, COUNTY & DISTRICT **CLERK**
CULBERSON COUNTY, TEXAS

BY [Signature] DEPUTY

05770

*see 2nd page*

July 13, 2010

Judy Shephard
T. Verne Dwyer
508 West Wall, Suite 403.
Midland, TX 79701

RE: GLO Assignment ID # 7364

Dear Ms. Shephard,

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

Assignment of Oil and Gas Leases, executed June 18th, 2010
from T. Verne Dwyer, as Assignor, to Devon Energy Production
Company, L.P., as Assignee. Culberson Co. #65619.

Filing fees of \$325.00 were received in connection with the above lease. If you have any questions, please feel free to call me at (800) 998-4GLO, or at my direct number at (512) 463-6521.

Sincerely,

Beverly Boyd
Mineral Leasing
Energy Resources
512-463-6521

WI

Exhibit "A"

<i>GLO ID</i>	<i>County</i>	<i>Lease</i>
7364		
7364	Culberson	MF110700
7364	Culberson	MF110701
7364	Culberson	MF110702
7364	Culberson	MF110703
7364	Culberson	MF110704
7364	Culberson	MF110705
7364	Culberson	MF110706
7364	Culberson	MF110708
7364	Culberson	MF110709
7364	Culberson	MF110710
7364	Culberson	MF110711
7364	Culberson	MF110713

Tuesday, July 13, 2010

OFFICE
(432) 684-7933

T. VERNE DWYER
OIL & GAS INVESTMENTS
508 WEST WALL, SUITE 403
MIDLAND, TEXAS 79701

FAX
(432) 684-4032

July 5, 2010

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

Attn: Mr. Robert B. Hatter, Director
Mineral Leasing Division

RE: Assignment of Oil and Gas Lease Nos. M-110700, M-110701, M-110702, M-110703, M-110704, M-110705, M-110706, M-110707, M-110708, M-110709, M-110710, M-110711 and M-110713 Culberson, Texas

Dear Mr. Hatter:

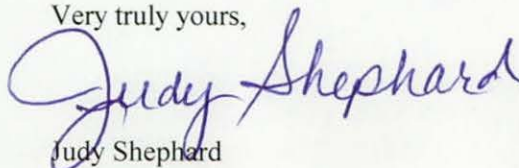
In connection with the referenced leases which T. Verne Dwyer acquired at the General Land Office Lease Sale held on April 6, 2010, enclosed herewith please find a certified copy of an Assignment of Oil and Gas Leases effective April 6, 2010, between T. Verne Dwyer, as Assignor, and Devon Energy Production Company, L.P., as Assignee, which has been recorded in Volume 101, Page 623 of the Oil and Gas Records of Culberson County, Texas.

Please be advised that there is an error on the assignment as to Lease No. 11, which recites the GLO lease number as M-110700, and it should be M-110710. We have prepared a correction instrument which is being recorded in Culberson County. A certified copy will be sent you as soon as possible.

Also enclosed is a check in the amount of \$325.00 as payment of the assignment filing fees.

Should you require anything further in this regard, please do not hesitate to contact me.

Very truly yours,


Judy Shephard

:jws
Enclosures

T. Verne Dwyer
508 West Wall, Suite 403
Midland, TX 79701-5093
PH. 432-684-7933

WESTERN NATIONAL BANK
P.O. Box 61250
Midland, Texas 79711
88-737/1163

1070930113866

7/6/2010

PAY TO THE ORDER OF Texas General Land Office

~~\$~~ **325.00

Three Hundred Twenty-Five and 00/100*****

DOLLARS

Texas General Land Office

MEMO

Filing Fee-Assign 13 OGLs-Culberson Co, TX

T. Verne Dwyer MP

⑈013866⑈

ASSIGNMENT OF OIL AND GAS LEASES

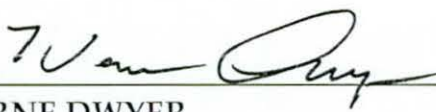
STATE OF TEXAS §
 §
 COUNTY OF CULBERSON §

For adequate consideration received, T. VERNE DWYER, whose address is 508 West Wall, Suite 403, Midland, Texas 79701, hereinafter referred to as "Assignor", does hereby bargain, sell, transfer, assign and convey unto DEVON ENERGY PRODUCTION COMPANY, L.P., whose address is 20 North Broadway, Oklahoma City, Oklahoma 73102, hereinafter referred to as "Assignee", all of Assignor's right, title and interest in and to the oil and gas leases described on Exhibit "A" attached hereto and made a part hereof for all purposes (hereinafter referred to as the "leases"), together with all interests in all personal property used or obtained in connection therewith.

Assignor does not claim any rights, interests or liens in and to the leases. Assignor further represents and warrants that he has in no way encumbered, caused to be encumbered or assigned any interest in the leases to any party other than Assignee.

This assignment is made without warranty of title, either express or implied.

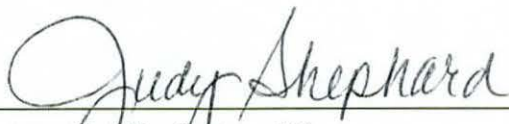
IN WITNESS WHEREOF, the undersigned has executed this instrument this 18th day of June, 2010, to be effective as of April 6, 2010.


 T. VERNE DWYER

STATE OF TEXAS §
 §
 COUNTY OF MIDLAND §

This instrument was acknowledged before me on the 18th day of June, 2010, by T. Verne Dwyer.

My Commission Expires: 7/12/2011


 Notary Public, State of Texas



A CERTIFIED COPY
 IF IT BEARS THE SEAL OF THE COUNTY CLERK
 ATTEST: June 30, 2010



LINDA M. DONALD, COUNTY CLERK
 CULBERSON COUNTY, TEXAS
 BY Ana C. Uies DEPUTY

EXHIBIT "A"

Attached to and made a part of that certain Assignment of Oil and Gas Leases dated June 18, 2010, but effective April 6, 2010, between **T. Verne Dwyer**, as Assignor, and **Devon Energy Production Company, L.P.**, as Assignee.

Lease No. 1

Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas (Oil and Gas Lease No. M-110700)
Lessee: T. Verne Dwyer
Lease Date: April 6, 2010
Description: North One-Half (N/2) of Section 4, Block 110, Public School Land Survey, Culberson County, Texas, containing approximately 320 acres, as shown on the official map of Culberson County, Texas now on file in the Texas General Land Office, Austin, Texas
Recorded: Volume 101, Page 286 of the Oil and Gas Records of Culberson County, Texas

Lease No. 2

Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas (Oil and Gas Lease No. M-110701)
Lessee: T. Verne Dwyer
Lease Date: April 6, 2010
Description: North One-Half (N/2) of Section 5, Block 110, Public School Land Survey, Culberson County, Texas, containing approximately 320 acres, as shown on the official map of Culberson County, Texas now on file in the Texas General Land Office, Austin, Texas
Recorded: Volume 101, Page 292 of the Oil and Gas Records of Culberson County, Texas

Lease No. 3

Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas (Oil and Gas Lease No. M-110702)
Lessee: T. Verne Dwyer
Lease Date: April 6, 2010
Description: North One-Half (N/2) of Section 3, Block 113, Public School Land Survey, Culberson County, Texas, containing approximately 320 acres, as shown on the official map of Culberson County, Texas now on file in the Texas General Land Office, Austin, Texas
Recorded: Volume 101, Page 298 of the Oil and Gas Records of Culberson County, Texas

Lease No. 4

Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas (Oil and Gas Lease No. M-110703)
Lessee: T. Verne Dwyer
Lease Date: April 6, 2010
Description: Section 4, Block 113, Public School Land Survey, Culberson County, Texas, containing approximately 640 acres, as shown on the official map of Culberson County, Texas now on file in the Texas General Land Office, Austin, Texas
Recorded: Volume 101, Page 304 of the Oil and Gas Records of Culberson County, Texas

A CERTIFIED COPY
IF IT BEARS THE SEAL OF THE COUNTY CLERK
ATTEST: June 30, 2010



LINDA MCDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS

BY Anna C. Lucas DEPUTY

Lease No. 5

Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas (Oil and Gas Lease No. M-110704)

Lessee: T. Verne Dwyer

Lease Date: April 6, 2010

Description: Section 11, Block 113, Public School Land Survey, Culberson County, Texas, containing approximately 640 acres, as shown on the official map of Culberson County, Texas now on file in the Texas General Land Office, Austin, Texas

Recorded: Volume 101, Page 310 of the Oil and Gas Records of Culberson County, Texas

Lease No. 6

Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas (Oil and Gas Lease No. M-110705)

Lessee: T. Verne Dwyer

Lease Date: April 6, 2010

Description: Section 18, Block 113, Public School Land Survey, Culberson County, Texas, containing approximately 640 acres, as shown on the official map of Culberson County, Texas now on file in the Texas General Land Office, Austin, Texas

Recorded: Volume 101, Page 316 of the Oil and Gas Records of Culberson County, Texas

Lease No. 7

Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas (Oil and Gas Lease No. M-110706)

Lessee: T. Verne Dwyer

Lease Date: April 6, 2010

Description: Section 16, Block 114, Public School Land Survey, Culberson County, Texas, containing approximately 640 acres, as shown on the official map of Culberson County, Texas now on file in the Texas General Land Office, Austin, Texas

Recorded: Volume 101, Page 322 of the Oil and Gas Records of Culberson County, Texas

Lease No. 8

Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas (Oil and Gas Lease No. M-110707)

Lessee: T. Verne Dwyer

Lease Date: April 6, 2010

Description: Section 21, Block 114, Public School Land Survey, Culberson County, Texas, containing approximately 640 acres, as shown on the official map of Culberson County, Texas now on file in the Texas General Land Office, Austin, Texas

Recorded: Volume 101, Page 328 of the Oil and Gas Records of Culberson County, Texas

Lease No. 9

Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas (Oil and Gas Lease No. M-110708)

Lessee: T. Verne Dwyer

Lease Date: April 6, 2010

Description: South One-Half (S/2) of Section 12, Block 59, Township 01-S, T&P Ry. Co. Survey, Culberson County, Texas, containing approximately 341 acres, as shown on the official map of Culberson County, Texas now on file in the Texas General Land Office, Austin, Texas

Recorded: Volume 101, Page 334 of the Oil and Gas Records of Culberson County, Texas

A CERTIFIED COPY
IF IT BEARS THE SEAL OF THE COUNTY CLERK
ATTEST: June 30, 2010



LINDA McDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS

BY Ana C. Urujo DEPUTY

Lease No. 10

Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas (Oil and Gas Lease No. M-110709)

Lessee: T. Verne Dwyer

Lease Date: April 6, 2010

Description: Section 30, Block 59, Township 01-S, T&P Ry. Co. Survey, Culberson County, Texas, containing approximately 681 acres, as shown on the official map of Culberson County, Texas now on file in the Texas General Land Office, Austin, Texas

Recorded: Volume 101, Page 340 of the Oil and Gas Records of Culberson County, Texas

Lease No. 11

Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas (Oil and Gas Lease No. M-110700)

Lessee: T. Verne Dwyer

Lease Date: April 6, 2010

Description: Section 2, Block 60, Township 02-S, T&P Ry. Co. Survey, Culberson County, Texas, containing approximately 679 acres, as shown on the official map of Culberson County, Texas now on file in the Texas General Land Office, Austin, Texas

Recorded: Volume 101, Page 346 of the Oil and Gas Records of Culberson County, Texas

Lease No. 12

Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas (Oil and Gas Lease No. M-110711)

Lessee: T. Verne Dwyer

Lease Date: April 6, 2010

Description: Section 12, Block 60, Township 02-S, T&P Ry. Co. Survey, Culberson County, Texas, containing approximately 684 acres, as shown on the official map of Culberson County, Texas now on file in the Texas General Land Office, Austin, Texas

Recorded: Volume 101, Page 352 of the Oil and Gas Records of Culberson County, Texas

Lease No. 13

Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas (Oil and Gas Lease No. M-110713)

Lessee: T. Verne Dwyer

Lease Date: April 6, 2010

Description: North One-Half (N/2) of Section 18, Block 60, Township 02-S, T&P Ry. Co. Survey, Culberson County, Texas, containing approximately 341 acres, as shown on the official map of Culberson County, Texas now on file in the Texas General Land Office, Austin, Texas

Recorded: Volume 101, Page 358 of the Oil and Gas Records of Culberson County, Texas

A CERTIFIED COPY
IF IT BEARS THE SEAL OF THE COUNTY CLERK
ATTEST: 2010 30 2010
LINDA McDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS
BY Anna C. Uuer DEPUTY

5.
File No. MF110700
ASSIGNMENT FILED IN MF- W-F
#7364
Date Filed: 7/13/10
Jerry Patterson, Commissioner
By: [Signature]

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

The above and foregoing is a full, true and correct photographic copy of the
original record now in my lawful custody and possession, as the same is
filed/recorded in the Oil & Gas Records of my office, found
in VOL. 101, PAGE 1023

I hereby certified on 11 30 2010

LINDA McDONALD, COUNTY & DISTRICT CLERK
CULBERSON COUNTY, TEXAS

BY: [Signature] DEPUTY

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

LEASE NO.		LEASE NAME			RENTAL PERIOD	
					MO.	BEGINNING
42-3013995/000		ST OF TX M-110700			12	04-06-2011
ST	COUNTY	RECORDING INFORMATION			LEASE DATE	CHECK DATE
		BOOK	PAGE	REFERENCE		
TX	CULBERSON	101	286		04-06-2010	02-17-2011

PROPERTY DESCRIPTION:

AGENCY LEASE NUMBER: M-110700
IN PAYMENT OF: DELAY RENTAL
FOR: 1ST & 2ND YRS / \$5 PER ACRE

DIVISION : WESTERN

REMARKS: TEXAS GLO LEASE NO. M-110700

RECORDED: Book 101 Page 286 Reception # 65482

TRACT: 1 COUNTRY: US STATE: TX COUNTY: CULBERSON NET ACRES 320.000
PROSPECT: AVALON PERMIAN TX
DISTRICT: PERMIAN
PROJECT: PB TEXAS SOUTH
LEGAL (Part of): PSL ABST/ID# 8853 Grantee Blk 110 Sec 4 QQ N2

FOR THE CREDIT OF:

PAYMENT

TEXAS GENERAL LAND OFFICE (BA# 35207601) \$1,600.00
STEPHEN F AUSTIN BLDG
1700 NORTH CONGRESS AVENUE
AUSTIN TX 78701-0000

ACCT:

11706265

COPY

DEPOSIT TO THE CREDIT OF:

TEXAS GENERAL LAND OFFICE
STEPHEN F AUSTIN BLDG
1700 NORTH CONGRESS AVENUE
AUSTIN TX 78701-0000

TOTAL AMOUNT: *****\$1,600.00

RENTAL AMOUNT:

BANK CHARGE: \$.00

121

OWNER NO.: 35207601

CHECK NO.: 10041938

TAX I.D.:

CHECK DATE: 02-17-2011

DETACH STATEMENT BEFORE DEPOSITING
Devon Energy Production Company, L.P.

20 N. Broadway
Oklahoma City, OK 73102-8260
PH: 405-235-3611

9155097

SECURE



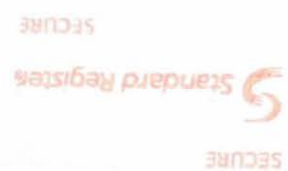
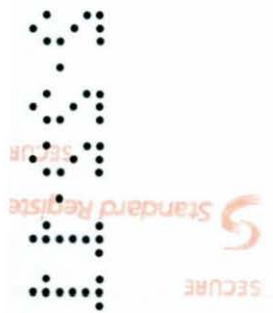
SECURE

SECURE



SECURE

1130892



SECURE



SECURE

SECURE



SECURE

SECURE

SECURE

LEASE NO.		LEASE NAME			RENTAL PERIOD	
					MO.	BEGINNING
42-3013995/000		ST OF TX M-110700			12	04-06-2011
ST	COUNTY	RECORDING INFORMATION			LEASE DATE	CHECK DATE
		BOOK	PAGE	REFERENCE		
TX	CULBERSON	101	286		04-06-2010	02-17-2011

PROPERTY DESCRIPTION:

AGENCY LEASE NUMBER: M-110700
IN PAYMENT OF: DELAY RENTAL
FOR: 1ST & 2ND YRS / \$5 PER ACRE

DIVISION : WESTERN

REMARKS: TEXAS GLO LEASE NO. M-110700

RECORDED: Book 101 Page 286 Reception # 65482

TRACT: 1 COUNTRY: US STATE: TX COUNTY: CULBERSON NET ACRES
PROSPECT: AVALON PERMIAN TX 320.000
DISTRICT: PERMIAN
PROJECT: PB TEXAS SOUTH
LEGAL (Part of): PSL ABST/ID# 8853 Grantee Blk 110 Sec 4 QQ N2

LEASE IDENTIFIED HEREIN

FOR THE CREDIT OF:

PAYMENT

TEXAS GENERAL LAND OFFICE (BA# 35207601) \$1,600.00
STEPHEN F AUSTIN BLDG
1700 NORTH CONGRESS AVENUE
AUSTIN TX 78701-0000

ACCT:

DEPOSIT TO THE CREDIT OF:

TEXAS GENERAL LAND OFFICE
STEPHEN F AUSTIN BLDG
1700 NORTH CONGRESS AVENUE
AUSTIN TX 78701-0000

TOTAL AMOUNT: \$1,600.00

RENTAL AMOUNT:

BANK CHARGE: \$.00

OWNER NO.: 35207601

CHECK NO.: 10041938

TAX I.D.:

CHECK DATE: 02-17-2011

DETACH STATEMENT BEFORE DEPOSITING

Devon Energy Production Company, L.P.

20 N. Broadway

Oklahoma City, OK 73102-8260

PH: 405-235-3611

IF CORRESPONDENCE IS REQUIRED, PLEASE MAKE REFERENCE TO ABOVE LEASE NUMBER



Devon Energy Production Company, L.P.
20 N. Broadway
Oklahoma City, OK 73102-8260
PH: 405-235-3611

02-17-2011
NO. 10041938

RENTAL RECEIPT

PAY THIS AMOUNT

*****\$1,600.00

TEXAS GENERAL LAND OFFICE

STEPHEN F AUSTIN BLDG
1700 NORTH CONGRESS AVENUE
AUSTIN TX 78701-0000

PLEASE ACKNOWLEDGE RECEIPT OF PAYMENT
SIGN AND DATE IN THE SPACE PROVIDED BELOW
RETURN RECEIPT IN THE ENCLOSED ENVELOPE

RENTAL PAYMENT

RECEIVED BY:

DATE:

FEB 22 2011

(b)

Jerry E. Patterson, Commissioner

By Ma

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

LEASE NO.		LEASE NAME			RENTAL PERIOD	
					MO.	BEGINNING
42-3013995/000		ST OF TX M-110700			12	04-06-2012
ST	COUNTY	RECORDING INFORMATION			LEASE DATE	CHECK DATE
		BOOK	PAGE	REFERENCE		
TX	CULBERSON	101	286		04-06-2010	02-16-2012

PROPERTY DESCRIPTION:

AGENCY LEASE NUMBER: M-110700
IN PAYMENT OF: DELAY RENTAL
FOR: 1ST & 2ND YRS / \$5 PER ACRE

DIVISION : WESTERN

REMARKS: TEXAS GLO LEASE NO. M-110700

RECORDED: Book 101 Page 286 Reception # 65482

TRACT: 1 COUNTRY: US STATE: TX COUNTY: CULBERSON NET ACRES
PROSPECT: AVALON PERMIAN TX 320.000
DISTRICT: PERMIAN
PROJECT: PB TEXAS SOUTH
LEGAL (Part of): PSL ABST/ID# 8853 Grantee Blk 110 Sec 4 QQ N2

FOR THE CREDIT OF:

PAYMENT

TEXAS GENERAL LAND OFFICE (BA# 35207601) \$1,600.00
STEPHEN F AUSTIN BLDG
1700 NORTH CONGRESS AVENUE
AUSTIN TX 78701-0000

ACCT:

12707386 3rd yr Rental

(P)

COPY

DEPOSIT TO THE CREDIT OF:

TEXAS GENERAL LAND OFFICE
STEPHEN F AUSTIN BLDG
1700 NORTH CONGRESS AVENUE
AUSTIN TX 78701-0000

TOTAL AMOUNT: *****\$1,600.00

RENTAL AMOUNT:

BANK CHARGE: \$0.00

OWNER NO.: 35207601

CHECK NO.: 10046520

TAX I.D.:

CHECK DATE: 02-16-2012

DETACH STATEMENT BEFORE DEPOSITING
Devon Energy Production Company, L.P.
20 N. Broadway
Oklahoma City, OK 73102-8260
PH: 405-235-3611

9157556

SECURE



SECURE

SECURE



SECURE

SECURE



SECURE

SECURE



SECURE

SECURE



SECURE

SECURE



SECURE

LEASE NO.		LEASE NAME			RENTAL PERIOD	
					MO.	BEGINNING
42-3013995/000		ST OF TX M-110700			12	04-06-2012
ST	COUNTY	RECORDING INFORMATION			LEASE DATE	CHECK DATE
		BOOK	PAGE	REFERENCE		
TX	CULBERSON	101	286		04-06-2010	02-16-2012

PROPERTY DESCRIPTION:

AGENCY LEASE NUMBER: M-110700
IN PAYMENT OF: DELAY RENTAL
FOR: 1ST & 2ND YRS / \$5 PER ACRE

DIVISION : WESTERN

REMARKS: TEXAS GLO LEASE NO. M-110700

RECORDED: Book 101 Page 286 Reception # 65482

TRACT: 1 COUNTRY: US STATE: TX COUNTY: CULBERSON NET ACRES
PROSPECT: AVALON PERMIAN TX 320.000
DISTRICT: PERMIAN
PROJECT: PB TEXAS SOUTH
LEGAL (Part of): PSL ABST/ID# 8853 Grantee Blk 110 Sec 4 QQ N2

LEASE IDENTIFIED HEREIN

FOR THE CREDIT OF:

PAYMENT

TEXAS GENERAL LAND OFFICE (BA# 35207601) \$1,600.00
STEPHEN F AUSTIN BLDG
1700 NORTH CONGRESS AVENUE
AUSTIN TX 78701-0000

ACCT:

DEPOSIT TO THE CREDIT OF:

TEXAS GENERAL LAND OFFICE
STEPHEN F AUSTIN BLDG
1700 NORTH CONGRESS AVENUE
AUSTIN TX 78701-0000

TOTAL AMOUNT: \$1,600.00

RENTAL AMOUNT:

BANK CHARGE: \$.00

OWNER NO.: 35207601

CHECK NO.: 10046520

TAX I.D.:

CHECK DATE: 02-16-2012

DETACH STATEMENT BEFORE DEPOSITING

Devon Energy Production Company, L.P.

20 N. Broadway

Oklahoma City, OK 73102-8260

PH: 405-235-3611

IF CORRESPONDENCE IS REQUIRED, PLEASE MAKE REFERENCE TO ABOVE LEASE NUMBER



Devon Energy Production Company, L.P.
20 N. Broadway
Oklahoma City, OK 73102-8260
PH: 405-235-3611

02-16-2012
NO. 10046520

RENTAL RECEIPT

PAY THIS AMOUNT

*****\$1,600.00

TEXAS GENERAL LAND OFFICE

STEPHEN F AUSTIN BLDG
1700 NORTH CONGRESS AVENUE
AUSTIN TX 78701-0000

PLEASE ACKNOWLEDGE RECEIPT OF PAYMENT
SIGN AND DATE IN THE SPACE PROVIDED BELOW
RETURN RECEIPT IN THE ENCLOSED ENVELOPE

RECEIVED BY: RENTAL PAYMENT

DATE: FEB 21 2012

File No. MF 110 700
DeLong Rental

Date Filed: 2/21/12
Jerry E. Patterson, Commissioner
By EA

510-382

510-382

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

September 20, 2012

Caitlin E. Pierce
Land Technician
Cimarex Energy Co.
600 N. Marienfeld, Suite 600
Midland, Texas 79701
(sent via email to cpierce@cimarex.com)

RE: **13 State Leases Described on Page 2 hereof**

Dear Caitlin:

This letter is in response to your email request dated September 19, 2012 for confirmation that the delay rentals for the referenced leases have been paid. Upon review, it has been determined that the rentals are current to date.

According to our records, Devon Energy Production Company, L. P. is the leaseholder of all of the leases. Our records contain no assignment(s) from Devon Energy to Cimarex Energy. If Cimarex has acquired these leases, then pursuant to the Texas Administrative Code, we request that you file with this office a recorded original or certified copy of an Assignment(s) of these State Oil and Gas Leases to Cimarex Energy Co., along with a filing fee of \$25.00 (per assignment) to be sent to the attention of Beverly Boyd.

If we can be of further assistance, please let us know.

Yours truly,

Linda Price, RL
Mineral Leasing, Energy Resources
512-463-5118
512-475-1543 (fax)
linda.price@glo.texas.gov

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

State Lease No.	Lease Date	Lease Description in Culberson County, Texas
MF110700	April 6, 2010	320 acres, N/2 Section 4, Block 110, PSL Survey
MF110701	April 6, 2010	320 acres, N/2 Section 5, Block 110, PSL Survey
MF110702	April 6, 2010	320 acres, N/2 Section 3, Block 113, PSL Survey
MF110703	April 6, 2010	640 acres, Section 4, Block 113, PSL Survey
MF110704	April 6, 2010	640 acres, Section 11, Block 113, PSL Survey
MF110705	April 6, 2010	640 acres, Section 18, Block 113, PSL Survey
MF110706	April 6, 2010	640 acres, Section 16, Block 114, PSL Survey
MF110707	April 6, 2010	640 acres, Section 21, Block 114, PSL Survey
MF110708	April 6, 2010	341 acres, S/2 Section 12, Block 59, T & P RY. Co. Svy.
MF110709	April 6, 2010	681 acres, Section 30, Block 59, T & P RY. Co. Svy.
MF110710	April 6, 2010	679 acres, Section 2, Block 60, T & P RY. Co. Svy.
MF110711	April 6, 2010	684 acres, Section 12, Block 60, T & P RY. Co. Svy.
MF110713	April 6, 2010	341 acres, N/2 Section 18, Block 60, T & P RY. Co. Svy.

From: Linda Price
To: Caitlin Pierce
Date: 9/20/2012 1:36 PM
Subject: Re: Lease Status Check
Attachments: MF110700-MF110711 and MF110713-Cimarex-09-20-2012.docx

Caitlin:

Please find attached a letter in response to your request for confirmation of the delay rental payments for MF110700-MF110711 and MF111713.

Thank you.
Linda

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

>>> Caitlin Pierce <cpierce@cimarex.com> 9/19/2012 1:58 PM >>>

Linda - Thank you for getting back to me so quickly. As we discussed, I need confirmation that the rentals have been paid and that these leases are still intact on the following:

BLOCK 60, TOWNSHIP 2

SECTION 2

ALL

MF110710

SECTION 12

ALL

M-110711

SECTION 18

N2

MF110713

BLOCK 59, TOWNSHIP 1

SECTION 30

ALL

M-110709

SECTION 12

S2

M-110708

BLOCK 113, PSL

SECTION 3

N2

MF110702

SECTION 4

ALL

M-110703

SECTION 11

ALL

M-110704

SECTION 18

ALL

M-110705

BLOCK 114, PSL

SECTION 16

ALL

M-110706

SECTION 21

ALL

M-110707

BLOCK 110

SECTION 4

N2

MF110700

SECTION 5

N2

MF110701

Please let me know if you need any additional information. I appreciate all of your help.

Sincerely,

Caitlin E. Pierce
Land Technician
Cimarex Energy Co.
600 N. Marienfeld, Suite 600
Midland, Texas 79701
432.571.7862 direct

File No. MF 110700 8
Email from/to Cimarex re ASN

Date Filed: 09/20/2012

Jerry E. Patterson, Commissioner

By JEP

THIS CHECK IS VOID WITHOUT A BLUE & RED BACKGROUND AND AN ARTIFICIAL WATERMARK ON THE BACK - HOLD AT ANGLE TO VIEW



CIMAREX ENERGY CO
1700 LINCOLN STREET
SUITE 1800
DENVER CO 80203-4518
(303) 295-3995

WELLS FARGO BANK NA

55-382/412

13708072

Present for payment within 180 days

Payee No.	Check No.	Check Date	Check Amount
030618	0004005716	03/14/2013	*****\$209,125.00

PAY TO THE ORDER OF 03/19/2013 Two Hundred Nine Thousand One Hundred Twenty Five Dollars and Zero Cents

COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN TX 78711-2873

Paul Korns

Henri M. Nitta

SIGNATURE HAS A COLORED BACKGROUND - BORDER CONTAINS MICROPRINTING

⑈0004005716⑈

PLEASE DETACH AT PERFORATION ABOVE

CIMAREX ENERGY CO
1700 LINCOLN STREET
SUITE 1800
DENVER CO 80203-4518
(303) 295-3995

PLEASE DETACH AT PERFORATION ABOVE



Check Number 0004005716

Invoice #	Oblig. Date	Description	Lessor	Net Amount
		②		
			121	13708072

030618

Payee

Check Date: 03/14/2013

Check Amount

209,125.00



Invoice #	Oblig. Date	Description	Lessor	Net Amount
		See Attached		

RECEIPT

INSTRUCTIONS TO DEPOSITORY: You have been designated as depository for delay rentals due under oil and gas lease held by this Company on lands hereinabove described. This check represents rental payment in advance under such lease and we ask that you credit the proceeds thereof to the parties named, and in the amounts indicated. Should any difficulty of any nature arise with respect to any item shown DO NOT return our check but make the deposit to the credit of the party named in A SPECIAL ACCOUNT IF NECESSARY, and communicate immediately with us explaining the circumstances and further instructions will be given.

The above described check has been received and deposited to the credit of parties named as instructed:

DATE 03/19/2013

BY [Signature]

PLEASE DATE, SIGN AND RETURN

030618	← Payee	Check Date: 03/14/2013	Check Amount →	209,125.00
--------	---------	------------------------	----------------	------------

0004005716 03/14/2013

209,125.00

Pay

Two Hundred Nine Thousand One Hundred Twenty Five Dollars and Zero Cents

COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN, TX 78711-2873

NON-NEGOTIABLE



Remittance Statement

Vendor COMMISSIONER OF THE G
Vendor Cod 030618
Check Numbe 0004005716
Check Dat 03/14/2013

Invoice #	Invoice Date	Lessor	Net Amount
OBL20130313-14	03/13/2013	COMMISSIONER OF THE GENERAL DELAY RENTALS TX428085012822001 ST-TX #M-110729 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 845/Page 729/Registry 002036 Reeves/TX	16,000.00
OBL20130313-15	03/13/2013	COMMISSIONER OF THE GENERAL DELAY RENTALS TX429971012751001 ST-TX #M-110712 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 102/Page 484/Registry 65891 Culberson/TX	16,875.00
OBL20130313-16	03/13/2013	COMMISSIONER OF THE GENERAL DELAY RENTAL TX428085012482001 STATE OF TX & KENNETH H BAKER Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/13/2010 Oblig Type: PAY Oblig Due Date: 04/13/2013 Freq: 1 Yea Book 851/Page 133/Registry 003018 Reeves/TX	2,500.00
OBL20130313-19	03/13/2013	COMMISSIONER OF THE GENERAL DELAY RENTALS TX429971013076001 ST OF TX #M- 112444 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/05/2011 Oblig Type: PAY Oblig Due Date: 04/05/2013 Freq: 1 Yea Book 106/Page 283/Registry 67086 Culberson/TX	1,600.00



Remittance Statement

Vendor COMMISSIONER OF THE G
Vendor Cod 030618
Check Numbe 0004005716
Check Dat 03/14/2013

Invoice #	Invoice Date	Lessor	Net Amount
OBL20130313-22	03/13/2013	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013511001, STATE OF TEXAS, M-110702 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 101/Page 298/Registry 000065484 Culberson/TX	8,000.00
OBL20130313-23	03/13/2013	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013512001, STATE OF TEXAS, M-110703 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 101/Page 304/Registry 000065485 Culberson/TX	16,000.00
OBL20130313-24	03/13/2013	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013513001, STATE OF TEXAS, M-110704 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 101/Page 310/Registry 000065486 Culberson/TX	16,000.00
OBL20130313-25	03/13/2013	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013514001, STATE OF TEXAS, M-110705 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 101/Page 316/Registry 000065487 Culberson/TX	16,000.00



Remittance Statement

Vendor COMMISSIONER OF THE G
Vendor Cod 030618
Check Number 0004005716
Check Date 03/14/2013

Invoice #	Invoice Date	Lessor	Net Amount
OBL20130313-26	03/13/2013	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013515001, STATE OF TEXAS, M-110706 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 101/Page 322/Registry 000065488 Culberson/TX	16,000.00
OBL20130313-27	03/13/2013	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013516001, STATE OF TEXAS, M-110707 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 101/Page 328/Registry 000065489 Culberson/TX	16,000.00
OBL20130313-28	03/13/2013	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013517001, STATE OF TEXAS, M-110708 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 101/Page 334/Registry 000065490 Culberson/TX	8,525.00
OBL20130313-29	03/13/2013	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013518001, STATE OF TEXAS, M-110709 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 101/Page 340/Registry 000065491 Culberson/TX	17,025.00



Remittance Statement

Vendor COMMISSIONER OF THE G
Vendor Cod 030618
Check Numbe 0004005716
Check Dat 03/14/2013

Invoice #	Invoice Date	Lessor	Net Amount
OBL20130313-30	03/13/2013	COMMISSIONER OF THE GENERAL ST OF TX - M 110710 DELAY RENTAL TX429971013519001, STATE OF TEXAS, M-110710 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 101/Page 346/Registry 000065492 Culberson/TX	16,975.00
OBL20130313-31	03/13/2013	COMMISSIONER OF THE GENERAL ST OF TX - M 110711 DELAY RENTAL TX429971013520001, STATE OF TEXAS, M-110711 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 101/Page 352/Registry 000065493 Culberson/TX	17,100.00
OBL20130313-32	03/13/2013	COMMISSIONER OF THE GENERAL ST OF TX - M 110713 DELAY RENTAL TX429971013521001, STATE OF TEXAS, M-110713 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 101/Page 358/Registry 000065494 Culberson/TX	8,525.00
OBL20130313-33	03/13/2013	COMMISSIONER OF THE GENERAL ST OF TX - M 110700 DELAY RENTAL TX429971013532001, STATE OF TEXAS, M-110700 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 101/Page 286/Registry 000065482 Culberson/TX	8,000.00



Remittance Statement

Vendor COMMISSIONER OF THE G
Vendor Cod 030618
Check Number 0004005716
Check Date 03/14/2013

Invoice #	Invoice Date	Lessor	Net Amount
00120130313-34	03/13/2013	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013533001, STATE OF TEXAS, M-110701 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 101/Page 292/Registry 000065483 Culberson/TX	8,000.00
			209,125.00

File No. MF110700 (9)
Rental Payment

Date Filed: 03/19/2013

Jerry E. Patterson, Commissioner

By SA

CIMAREX

CIMAREX ENERGY CO
1700 LINCOLN STREET
SUITE 1800
DENVER CO 80203-4518
(303) 295-3995

WELLS FARGO BANK NA

14709529

Present for payment within 180 days.

Payee No.	Check No	Check Date	Check Amount
030618	0004006145	03/20/2014	*****\$481,300.00

PAY Four Hundred Eighty One Thousand Three Hundred Dollars and Zero Cents

TO THE
ORDER
OF

COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN TX 78711-2873

Paul Korus
Shirri M. Nitta

SIGNATURE HAS A COLORED BACKGROUND - BORDER CONTAINS MICROPRINTING

⑈0004006145⑈

PLEASE DETACH AT PERFORATION ABOVE

CIMAREX ENERGY CO
1700 LINCOLN STREET
SUITE 1800
DENVER CO 80203-4518
(303) 295-3995

PLEASE DETACH AT PERFORATION ABOVE

CIMAREX

Check Number 0004006145

Invoice #	Oblig. Date	Description	Lessor	Net Amount
		RENTAL PAYMENT 5th yr. \$8,000.00 (P)		14709529
				121

030618

Payee

Check Date: 03/20/2014

Check Amount

481,300.00



Remittance Statement

Vendor: COMMISSIONER OF THE G
Vendor Code: 030618
Check Number: 0004006145
Check Date: 03/20/2014

Invoice #	Invoice Date	Lessor	Net Amount
OBL20140318-14	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTALS TX429971012751001 ST-TX #M-110712 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 102/Page 484/Registry 65891 Culberson/TX	16,875.00
OBL20140318-16	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTALS TX429971013076001 ST OF TX #M- 112444 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/05/2011 Oblig Type: PAY Oblig Due Date: 04/05/2014 Freq: 1 Yea Book 106/Page 283/Registry 67086 Culberson/TX	320,000.00
OBL20140318-19	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013511001, STATE OF TEXAS, M-110702 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 298/Registry 000065484 Culberson/TX	8,000.00
OBL20140318-20	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013512001, STATE OF TEXAS, M-110703 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 304/Registry 000065485 Culberson/TX	16,000.00



Remittance Statement

Vendor: COMMISSIONER OF THE G
Vendor Code: 030618
Check Number: 0004006145
Check Date: 03/20/2014

Invoice #	Invoice Date	Lessor	Net Amount
OBL20140318-21	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013513001, STATE OF TEXAS, M-110704 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 310/Registry 000065486 Culberson/TX	16,000.00
OBL20140318-22	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013514001, STATE OF TEXAS, M-110705 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 316/Registry 000065487 Culberson/TX	16,000.00
OBL20140318-23	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013515001, STATE OF TEXAS, M-110706 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 322/Registry 000065488 Culberson/TX	16,000.00
OBL20140318-24	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013516001, STATE OF TEXAS, M-110707 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 328/Registry 000065489 Culberson/TX	16,000.00
OBL20140318-25	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013517001, STATE OF TEXAS, M-110708 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 334/Registry 000065490 Culberson/TX	8,525.00



Remittance Statement

Vendor: COMMISSIONER OF THE G
Vendor Code: 030618
Check Number: 0004006145
Check Date: 03/20/2014

Invoice #	Invoice Date	Lessor	Net Amount
OBL20140318-26	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013519001, STATE OF TEXAS, M-110710 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 346/Registry 000065492 Culberson/TX	ST OF TX - M 110710 16,975.00
OBL20140318-27	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013521001, STATE OF TEXAS, M-110713 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 358/Registry 000065494 Culberson/TX	ST OF TX - M 110713 8,525.00
OBL20140318-28	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013532001, STATE OF TEXAS, M-110700 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 286/Registry 000065482 Culberson/TX	ST OF TX - M 110700 8,000.00
OBL20140318-29	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013533001, STATE OF TEXAS, M-110701 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 292/Registry 000065483 Culberson/TX	ST OF TX - M 110701 8,000.00
OBL20140318-30	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX420179013760001 ST OF TEXAS - M114907 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/02/2013 Oblig Type: PAY Oblig Due Date: 04/02/2014 Freq: 1 Yea Book 1005/Page 453/Registry 13-04025 Reeves/TX	ST OF TX - M 114907 3,200.00



Remittance Statement

Vendor: COMMISSIONER OF THE G
Vendor Code: 030618
Check Number: 0004006145
Check Date: 03/20/2014

Invoice #	Invoice Date	Lessor	Net Amount
OBL20140318-31	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX420179013759001 ST OF TEXAS - M114908 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/02/2013 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 1005/Page 447/Registry 13-04024 Reeves/TX	3,200.00
			481,300.00



Invoice #	Oblig. Date	Description	Lessor	Net Amount
		See Attached		

RECEIPT

INSTRUCTIONS TO DEPOSITORY: You have been designated as depository for delay rentals due under oil and gas lease held by this Company on lands hereinabove described. This check represents rental payment in advance under such lease and we ask that you credit the proceeds thereof to the parties named, and in the amounts indicated. Should any difficulty of any nature arise with respect to any item shown DO NOT return our check but make the deposit to the credit of the party named in A SPECIAL ACCOUNT IF NECESSARY, and communicate immediately with us explaining the circumstances and further instructions will be given.

The above described check has been received and deposited to the credit of parties named as instructed:

DATE 03/24/2014

BY [Signature] for GLO

PLEASE DATE, SIGN AND RETURN

030618	Payee	Check Date: 03/20/2014	Check Amount	481,300.00
--------	-------	------------------------	--------------	------------

Pay

Four Hundred Eighty One Thousand Three Hundred Dollars and Zero Cents

0004006145

03/20/2014

481,300.00

COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN, TX 78711-2873

NON-NEGOTIABLE

File No. MF110700 (10)

Rentals- 5th yr.

Date Filed: 03/24/2014

Jerry E. Patterson, Commissioner

By JEP



CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518
(303) 295-3995

WELLS FARGO BANK NA

55-382/412

15710667

Present for payment within 180 days.

Vendor No.	Check No.	Check Date	Check Amount
023492	0001623524	04/15/2015	*****\$146,525.00

PAY One Hundred Forty Six Thousand Five Hundred Twenty Five Dollars and Zero Cents

TO THE
ORDER
OF
STATE OF TEXAS
TEXAS GENERAL LAND OFFICE
STEPHEN F. AUSTIN BUILDING
1700 NORTH CONGRESS AVENUE
AUSTIN TX 78701-1495

Paul Kous
Sherrill M. Nitta

SIGNATURE HAS A COLORED BACKGROUND • BORDER CONTAINS MICROPRINTING

⑈0001623524⑈

PLEASE DETACH AT PERFORATION ABOVE

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518

PLEASE DETACH AT PERFORATION ABOVE

(303) 295-3995

Check Number 0001623524

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21704132015	04/13/2015		146,525.00	0.00	146,525.00
		110712 \$16875			
		110713 \$8525			
		111275 \$17125			
		110702 \$8000			
		110703 \$16000			
		110704 \$16000			
		110705 \$16000			
		110706 \$16000			
		110707 \$16000			
		110700 \$8000			
		110701 \$8000			

15710667

121

023492 Vendor Check Date: 04/15/2015 Check Amount 146,525.00

Cimarex Energy Co.
600 N. Marienfeld St.
Suite 600
Midland, TX 79701
MAIN 432.571.7800



April 16, 2015

General Land Office of the State of Texas
Mr. Robert B. Hatter, Director of Mineral Leasing Division
1700 N. Congress Avenue
Austin, Texas 78701-1495

Via Federal Express

Re: Amended 2015 Plans of Development
Armstrong-State Unit
Culberson County, Texas

Dear Mr. Hatter,

Please find enclosed herewith Cimarex Energy Co. **check number 0001623524 in the amount of One Hundred Forty Six Thousand Five Hundred Twenty Five Dollars and 00/100 (\$146,525.00)** as consideration for the Revised and Amended 2015 Plans of Development for the Armstrong-State Unit in Culberson County.

Once again, we appreciate the time and attention given to Cimarex in this matter. If you should need anything further, please do not hesitate to contact me at the number below.

Sincerely,

CIMAREX ENERGY CO.

A handwritten signature in dark ink that reads "Viviana M. Bush". The signature is fluid and cursive.

Viviana M. Bush
Land Technician
Direct: (432) 571-7846
Email: vbush@cimarex.com

Cimarex Energy Co.
600 N. Marienfeld St.
Suite 600
Midland, TX 79701
Phone 432.571.7800



March 27, 2015

General Land Office of the State of Texas
Mr. Robert B. Hatter, Director of Mineral Leasing Division
1700 N. Congress Avenue
Austin, Texas 78701-1495

email delivery and USPS

Re: **REVISED**
Amended 2015 Plans of Development
Armstrong – State Unit, Culberson County, Texas
Grisham – State Unit, Reeves County, Texas

Dear Robert:

Please accept this revised "Amended 2015 Plans of Development" in lieu of our submittal of the same dated January 29, 2015. I have inserted into the Armstrong - State Unit the alteration we discussed in yesterday's meeting, specifically, establishing a requirement to drill two (2) wells during 2015. Thank you again for taking the time to meet with me.

Following immediately below this sentence is the original submittal dated January 29, 2015, with the single alteration found in bold font within the body of paragraph "2. Armstrong – State Unit":

Reference is made to those two certain "2015 Plan of Development" proposals dated October 15, 2014, from Cimarex Energy Co., et al., (Cimarex) to the General Land Office (GLO) regarding the captioned units and promoting a plan to drill a total of four (4) wells in each unit during 2015. The Plans of Development were approved and executed by Jerry E. Patterson, Commissioner of the General Land Office on November 20, 2014.

I appreciate the time you, Daryl, and Drew spent to meet with me Last Tuesday. The meeting was very helpful in co-developing a revised plan that unites the objectives of both the GLO and Cimarex in adjustment to the current market situation.

First, note that I have attached the following information you requested; 1) an inventory of all wells drilled or drilling to date in the Armstrong and Grisham State Units, 2) an inventory of wells currently drilling or planned for drilling during 2015 on State lands outside of the two Unit boundaries, and 3) an inventory of undeveloped State Leases in the Armstrong-State Unit (non-mineral classified lands). Second, I need to correct a couple of errors in the information I shared with you last week. Rather than having drilled six wells to date in the Armstrong-State Unit, we have drilled five. Therefore, we have drilled or are drilling the 13th of the 16 wells required by both Units for the combined years of 2014 and 2015. And, rather than drilling three wells on non-Unit State minerals this year we are planning for four wells.

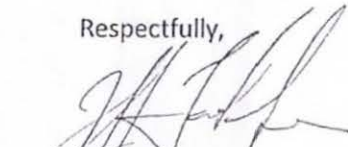
Amended Proposed Plans of Development for 2015

1. **Grisham – State Unit**; recognition is made that Cimarex proposed an eight (8) well commitment over the two year period of 2014 and 2015, having drilled seven (7) wells through 12/31/14. Six (6) of the wells are completed as horizontal producing wells and one (1) well, presently Temporarily Abandoned, drilled to the Wolfcamp formation as a monitoring well for seismic study, but which may be re-entered in the future for lateral drilling. Cimarex is now drilling the eighth well, which will be the seventh horizontal producing well (the Big Timber State 57-25 Unit 1H). Cimarex hereby proposes that subsequent to completing drilling operations on the Big Timber 57-25 Unit 1H well, Cimarex will be deemed to have fulfilled all drilling obligations for and through the end of 2015 in the Grisham-State Unit.
2. **Armstrong – State Unit**; recognition is made that Cimarex proposed an eight (8) well commitment over the two year period of 2014 and 2015, having drilled five horizontal producing wells to date. Cimarex hereby proposes to modify the prior 2015 Plan of Development to set forth a requirement to drill two (2) wells in the Armstrong-State Unit during 2015, rather than four (4) wells as proposed in the 2015 Plan approved by the General Land Office on November 20, 2014. In consideration for this modification Cimarex proposes a payment of \$146,525.00; being \$25.00 per acre for each of the 5,861 acres of undeveloped State Leases contained within the Unit boundaries.
3. Pursuant to Article V of the Unit Agreements, Cimarex will submit a proposal to the GLO prior to December 31, 2015, outlining its drilling plans for the two units for the year 2016.

Robert, again I wish to express my appreciation for the time and attention given to Cimarex and to me. We are aware that our success in Culberson and Reeves Counties would not have yielded the mutual benefits we both enjoy without the cooperation of the General Land Office.

Please let me know if I may answer any questions or provide additional information.

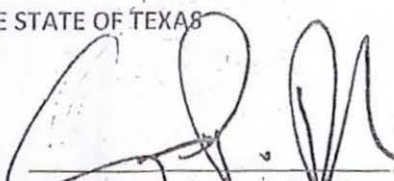
Respectfully,


Jeff Gotcher
Regional Land Manager
Cimarex Energy Co.

Agreed to and accepted this 10 day of April, 2015, but effective as of January 1, 2015.

THE STATE OF TEXAS

By:


George P. Bush, Texas Land Commissioner

Approved Legal YMM
Contents me
Min. Leasing me
Executive B

January 29, 2015, Attachment to Amended 2015 Plans of Development

Armstrong – State Unit, Culberson County, Texas

Grisham – State Unit, Reeves County, Texas

Unit Wells Drilled to Date

	Well Name	Spud Date	Formation	Status	Lateral
Armstrong-State Unit:					
1.	Count Fleet 48 State 2H	2/10/14	Wolfcamp	Producing	1 mile
2.	Lord Murphy 10 State Unit 1H	3/23/14	Wolfcamp	Producing	1 mile
3.	Sea Hero State Unit 1H	4/5/14	Wolfcamp	Producing	1.5 miles
4.	Count Turf 38 State Unit 1H	6/3/14	Wolfcamp	Producing	1 mile
5.	Hindoo 2 State Unit 1H	8/29/14	Wolfcamp	Producing	2miles
Grisham-State Unit:					
1.	Tempest State 57-35 1H	10/17/13	Wolfcamp	Producing	1 mile
2.	Cleveland State 57-23 5	1/11/13	Wolfcamp	TA (monitor)	0 mile
3.	Cleveland State 57-23 3H	1/15/14	Wolfcamp	Producing	1 mile
4.	Cleveland State 57-23 1H	2/1/14	Wolfcamp	Producing	1 mile
5.	Cleveland State 57-23 4H	2/11/14	Wolfcamp	Producing	1 mile
6.	Cleveland State 57-23 2H	2/18/14	Wolfcamp	Producing	1 mile
7.	Wood State 57-26 Unit 1H	8/22/14	Wolfcamp	Producing	2 miles
8.	Big Timber State 57-25 Unit 1H	1/17/15	Wolfcamp	Drilling	2 miles

State Wells (Non-Unit) Drilled or Planned For 2015

	Well Name	Spud Date	Formation	Status	Lateral
1.	Whitetail 57-37 Unit 1H	12/25/14	Wolfcamp	Drilling	2 miles
2.	Saddleback State 57-30 1H	1/14/15	Wolfcamp	Drilling	1 mile
3.	Strawberry State 72-17 1H	1/10/15	Wolfcamp	Drilling	1.5 miles
4.	Boulder State 57-32 1H	2/16/15*	Wolfcamp	Pre-Spud	1 mile

*estimated spud date

Armstrong-State Unit Undeveloped State of Texas Leasehold (non-mineral classified)

<u>Section</u>	<u>Block</u>	<u>Survey</u>	<u>Lease Number</u>	<u>Acres</u>
Sec 42	59-T2	T&P RR Co. Survey	M-110712	675
Sec 18 (N2)	60-T2	T&P RR Co. Survey	M-110713	341
Sec 48	61-T2	T&P RR Co. Survey	M-111275	685
Sec 3 (N2)	113	Public School Land Survey	M-110702	320
Sec 4	113	Public School Land Survey	M-110703	640
Sec 11	113	Public School Land Survey	M-110704	640
Sec 18	113	Public School Land Survey	M-110705	640
Sec 16	114	Public School Land Survey	M-110706	640
Sec 21	114	Public School Land Survey	M-110707	640
Sec 4 (N2)	110	Public School Land Survey	M-110700	320
Sec 5 (N2)	110	Public School Land Survey	M-110701	320
Total				5,861

11.
File No. MF 110700
Bonus for County
Amount
Date Filed: 4-17-15
George P. Bush, Commissioner
By JP



Remittance Statement

Vendor: COMMISSIONER OF THE G
Vendor Code: 030618
Check Number: 0004007006
Check Date: 04/12/2016

Invoice #	Invoice Date	Lessor	Net Amount
OBL20160412-20	04/12/2016	COMMISSIONER OF THE GENERAL MINIMUM ROYALTY TX429971013521001 ST OF TEXAS - M 110713 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: MIN Oblig Due Date: 05/01/2016 Freq: 1 Yea Book 101/Page 358/Registry 000065494 Culberson/TX	1,705.00
OBL20160412-21	04/12/2016	COMMISSIONER OF THE GENERAL MINIMUM ROYALTY TX429971013512001 ST OF TEXAS - M 110703 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: MIN Oblig Due Date: 05/01/2016 Freq: 1 Yea Book 101/Page 304/Registry 000065485 Culberson/TX	3,200.00
OBL20160412-22	04/12/2016	COMMISSIONER OF THE GENERAL MINIMUM ROYALTY TX429971013513001 ST OF TEXAS - M 110704 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: MIN Oblig Due Date: 05/01/2016 Freq: 1 Yea Book 101/Page 310/Registry 000065486 Culberson/TX	3,200.00
OBL20160412-23	04/12/2016	COMMISSIONER OF THE GENERAL MINIMUM ROYALTY TX429971013514001 ST OF TEXAS - M 110705 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: MIN Oblig Due Date: 05/01/2016 Freq: 1 Yea Book 101/Page 316/Registry 000065487 Culberson/TX	3,200.00



Remittance Statement

Vendor: COMMISSIONER OF THE G
Vendor Code: 030618
Check Number: 0004007006
Check Date: 04/12/2016

Invoice #	Invoice Date	Lessor	Net Amount
OBL20160412-24	04/12/2016	COMMISSIONER OF THE GENERAL MINIMUM ROYALTY TX429971013515001 ST OF TEXAS - M 110706 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: MIN Oblig Due Date: 05/01/2016 Freq: 1 Yea Book 101/Page 322/Registry 000065488 Culberson/TX	3,200.00
OBL20160412-25	04/12/2016	COMMISSIONER OF THE GENERAL MINIMUM ROYALTY TX429971013516001 ST OF TEXAS - M 110707 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: MIN Oblig Due Date: 05/01/2016 Freq: 1 Yea Book 101/Page 328/Registry 000065489 Culberson/TX	3,200.00
OBL20160412-26	04/12/2016	COMMISSIONER OF THE GENERAL MINIMUM ROYALTY TX429971013532001 ST OF TEXAS - M 110700 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: MIN Oblig Due Date: 05/01/2016 Freq: 1 Yea Book 101/Page 286/Registry 000065482 Culberson/TX	1,600.00
OBL20160412-27	04/12/2016	COMMISSIONER OF THE GENERAL MINIMUM ROYALTY TX429971013533001 ST OF TEXAS - M 110701 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: MIN Oblig Due Date: 05/01/2016 Freq: 1 Yea Book 101/Page 292/Registry 000065483 Culberson/TX	1,600.00
			20,905.00

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0004007006

Invoice #	Oblig. Date	Description	Lessor	Net Amount
030618				16709466
				121
030618	Payee	Check Date: 04/12/2016	Check Amount	20,905.00



Invoice #	Oblig. Date	Description	Lessor	Net Amount
		See Attached		

INSTRUCTIONS TO DEPOSITORY: You have been designated as depository for delay rentals due under oil and gas lease held by this Company on lands hereinabove described. This check represents rental payment in advance under such lease and we ask that you credit the proceeds thereof to the parties named, and in the amounts indicated. Should any difficulty of any nature arise with respect to any item shown DO NOT return our check but make the deposit to the credit of the party named in A SPECIAL ACCOUNT IF NECESSARY, and communicate immediately with us explaining the circumstances and further instructions will be given.

The above described check has been received and deposited to the credit of parties named as instructed:

DATE

BY

PLEASE DATE, SIGN AND RETURN

030618	← Payee	Check Date: 04/12/2016	Check Amount →	20,905.00
--------	---------	------------------------	----------------	-----------

0004007006 04/12/2016 20,905.00

Pay

Twenty Thousand Nine Hundred Five Dollars and Zero Cents

COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN, TX 78711-2873

File No. M-110700

Minimum Royalty Pmt. County

Date Filed: 4/18/16

George P. Bush, Commissioner

By [Signature]



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

April 25, 2016

Viviana Bush, Land Department
Cimarex Energy Co
600 N Marienfeld St.
Midland, TX 79701

MF110711 &

RE: GLO Assignment ID #9575 - MF110700 to MF110713 - Culberson County

Dear Ms. Bush:

The General Land Office received the following instrument and has filed it in the appropriate files.

Assignment of Oil and Gas Leases MF110700 to MF110713, from T. Verne Dwyer, assignor, to Devon Energy Production Company, LP, as assignee.
Recorded in Vol 101, Pg 623 Culberson County

Filing fees in the amount of \$350.00 were received in connection with the above assignment. You may contact me if you have any questions.

Best Regards,

Carl Bonn, CPL
Mineral Leasing
Energy Resources
(512) 463-5407
carl.bonn@glo.texas.gov

xc: Deborah Cantu

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

P.O. Box 12873 • Austin, Texas 78711-2873

512.463.5001 • 800.998.4GLO

glo.texas.gov

Cimarex Energy Co.
600 N. Marienfeld St.
Suite 600
Midland, TX 79701
MAIN 432.571.7800



October 14, 2015

Via-Federal Express

Texas General Land Office
Attn: Drew Reid
P.O. Box 12873
Austin, TX 78701-1495

RE: Assignment of Oil and Gas Lease

Section 4 and 5, Block 110, PSL Survey, Culberson County, Texas
Section 3, 4, 11, 18, Block 113, PSL Survey, Culberson County, Texas
Section 16 and 21 Block 114, PSL Survey, Culberson County, Texas
Section 12 and 30, Block 59, T-1 T&P RR Co. Survey, Culberson County, Texas.
Section 2, 12 and 18, Block 60, T2 T&P RR Co. Survey, Culberson County,
Texas

Dear Mr. Reid,

Please find enclosed a certified copy of the Assignment of Oil and Gas lease filed of record in Culberson County, Texas covering the above captioned lands, along with a check in the amount of \$25.00 to cover the filing fees.

If I can be of further assistance, please contact me at the number below.

Sincerely,

Viviana Bush

Viviana Bush
Land Department
(432) 571-7846

PLEASE DETACH AT PERFORATION ABOVE



CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518

(303) 295-3995

PLEASE DETACH AT PERFORATION ABOVE

Check Number 0001646082

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ217100115x	10/01/2015		25.00	0.00	25.00

X
129
16702062



CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518

(303) 295-3995

Check Number 0001663620

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016AU	02/23/2016	MF-110700 - FILING FEES	25.00	0.00	25.00
16707912					

023492

Vendor

Check Date: 03/03/2016

Check Amount

25.00

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663642

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016T	02/23/2016	MF-110701 - FILING FEES	50.00	0.00	50.00
16707913					
12					

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663646

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016X	02/23/2016	MF-110702 - FILING FEES	50.00	0.00	50.00
16707899 129					

023492

Vendor

Check Date: 03/03/2016

Check Amount

50.00

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663603

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016AD	02/23/2016	MF-110703 - FILING FEES	50.00	0.00	50.00
16707900 121					

023492

← Vendor

Check Date: 03/03/2016

Check Amount →

+ 50.00

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518

(303) 295-3995

Check Number 0001663618

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016AS	02/23/2016	MF-110704 - FILING FEES	50.00	0.00	50.00
16707901					

023492

Vendor

Check Date: 03/03/2016

Check Amount

50.00

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663608

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016AI	02/23/2016	MF-110705 - FILING FEES	50.00	0.00	50.00
16707902 128					

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663637

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ217022320160	02/23/2016	MF-110706 - FILING FEES	50.00	0.00	50.00
16707903					

16707903

023492

Vendor

Check Date: 03/03/2016

Check Amount

50.00

129

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663617

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016AR	02/23/2016	MF-110707 - FILING FEES	50.00	0.00	50.00
16707904 129					

023492	Vendor	Check Date: 03/03/2016	Check Amount	✗ 50.00
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CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663643

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016U	02/23/2016	MF-110708 - FILING FEES	50.00	0.00	50.00
16707905 129					

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663647

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016Y	02/23/2016	MF-110709 - FILING FEES	50.00	0.00	50.00
16707906 129					

023492

← Vendor

Check Date: 03/03/2016

Check Amount →

+ 50.00

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663644

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016V	02/23/2016	MF-110710 - FILING FEES	50.00	0.00	50.00
16707907 129					

023492

← Vendor

Check Date: 03/03/2016

Check Amount →

+ 50.00

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663641

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016S	02/23/2016	MF-110711 - FILING FEES	50.00	0.00	50.00
16707908					

129

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663645

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016W	02/23/2016	MF-110713 - FILING FEES	50.00	0.00	50.00
16707909 129					

023492

Vendor

Check Date: 03/03/2016

Check Amount

50.00

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663624

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016B	02/23/2016	MF - 110700 - ADDL. FILING FEES	25.00	0.00	25.00

16707894

16707894

023492

← Vendor

Check Date: 03/03/2016

Check Amount →

25.00

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663625

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016C	02/23/2016	MF-110701 - FILING FEES	50.00	0.00	50.00

16707895

129

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663629

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016G	02/23/2016	MF-110702 - FILING FEES	50.00	0.00	50.00
16707881					

023492

Vendor

Check Date: 03/03/2016

Check Amount

50.00

129

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663614

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016AO	02/23/2016	MF-110703 - FILING FEES	50.00	0.00	50.00
16707882 129					

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663607

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016AH	02/23/2016	MF-110704 - FILING FEES	50.00	0.00	50.00
16707883 1281					

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663611

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016AL	02/23/2016	MF-110705 - FILING FEES	50.00	0.00	50.00
16707884					

023492

← Vendor

Check Date: 03/03/2016

Check Amount →

50.00

129

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663621

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016AV	02/23/2016	MF-110706 - FILING FEES	50.00	0.00	50.00
16707885 126					

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663634

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016L	02/23/2016	MF-110707 - FILING FEES	50.00	0.00	50.00
16707886					

023492

Vendor

Check Date: 03/03/2016

Check Amount

50.00

1289

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663626

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016D	02/23/2016	MF-110708 - FILING FEES	50.00	0.00	50.00
16707887 129					

23492

← Vendor

Check Date: 03/03/2016

Check Amount →

L 50.00

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663631

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016I	02/23/2016	MF-110709 - FILING FEES	50.00	0.00	50.00
16707888 129					

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663615

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016AP	02/23/2016	MF-110710 - FILING FEES	50.00	0.00	50.00
16707889 129					

023492	Vendor	Check Date: 03/03/2016	Check Amount	x 50.00
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CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663612

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016AM	02/23/2016	MF-110711 - FILING FEES	50.00	0.00	50.00
16707890 <i>121</i>					

023492

Vendor

Check Date: 03/03/2016

Check Amount

x 50.00

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663628

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016F	02/23/2016	MF-110713 - FILING FEES	50.00	0.00	50.00
16707891					

023492

Vendor

Check Date: 03/03/2016

Check Amount

50.00

129



CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518

(303) 295-3995

Check Number 0001663610

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016AK	02/23/2016	MF-110700 - ADDL. FILING FEES	25.00	0.00	25.00
16707865 129					

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663619

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016AT	02/23/2016	MF-110701 - FILING FEES	50.00	0.00	50.00
16707866 129					

023492

Vendor

Check Date: 03/03/2016

Check Amount

+ 50.00

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663616

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016AQ	02/23/2016	MF-110702 - FILING FEES	50.00	0.00	50.00
16707867 129					

023492

← Vendor

Check Date: 03/03/2016

Check Amount →

+ 50.00

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663635

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016M	02/23/2016	MF-110703 - FILING FEES	50.00	0.00	50.00
16707868 129					

023492

← Vendor

Check Date: 03/03/2016

Check Amount →

+ 50.00

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663639

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016Q	02/23/2016	MF-110704 - FILING FEES	50.00	0.00	50.00
16707869 129					

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663640

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016R	02/23/2016	MF-110705 - FILING FEES	50.00	0.00	50.00
16707870 129					

023492

Vendor

Check Date: 03/03/2016

Check Amount

50.00

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663605

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016AF	02/23/2016	MF-110706 - FILING FEES	50.00	0.00	50.00
16707871 129					

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663602

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016AC	02/23/2016	MF-110707 - FILING FEES	50.00	0.00	50.00
16707872 129					

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663622

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016AW	02/23/2016	MF-110708 - FILING FEES	50.00	0.00	50.00
16707873					

023492

← Vendor

Check Date: 03/03/2016

Check Amount →

124
f 50.00

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663623

Invoice.#	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016AX	02/23/2016	MF-110709 - FILING FEES	50.00	0.00	50.00
16707874 129					

023492 Vendor Check Date: 03/03/2016 Check Amount 50.00

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663627

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016E	02/23/2016	MF-110710 - FILING FEES	50.00	0.00	50.00
16707875 167					

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663609

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016AJ	02/23/2016	MF-110711 - FILING FEES	50.00	0.00	50.00
16707876 129					

023492

← Vendor

Check Date: 03/03/2016

Check Amount →

+ 50.00

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518



(303) 295-3995

Check Number 0001663613

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21702232016AN	02/23/2016	MF-110713 - FILING FEES	50.00	0.00	50.00
16707877 121					

23

ID# 9575

Doc# 00000065619

MI-110700 to
MF-110713
eff 4-6-10

ASSIGNMENT OF OIL AND GAS LEASES

STATE OF TEXAS §
 §
COUNTY OF CULBERSON §

For adequate consideration received, **T. VERNE DWYER**, whose address is 508 West Wall, Suite 403, Midland, Texas 79701, hereinafter referred to as "Assignor", does hereby bargain, sell, transfer, assign and convey unto **DEVON ENERGY PRODUCTION COMPANY, L.P.**, whose address is 20 North Broadway, Oklahoma City, Oklahoma 73102, hereinafter referred to as "Assignee", all of Assignor's right, title and interest in and to the oil and gas leases described on Exhibit "A" attached hereto and made a part hereof for all purposes (hereinafter referred to as the "leases"), together with all interests in all personal property used or obtained in connection therewith.

161
101
B
623

Assignor does not claim any rights, interests or liens in and to the leases. Assignor further represents and warrants that he has in no way encumbered, caused to be encumbered or assigned any interest in the leases to any party other than Assignee.

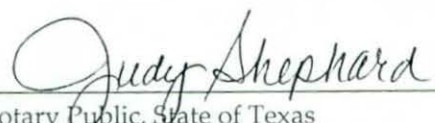
This assignment is made without warranty of title, either express or implied.

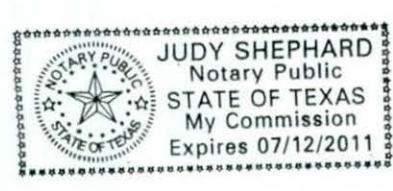
IN WITNESS WHEREOF, the undersigned has executed this instrument this 18th day of June, 2010, to be effective as of April 6, 2010.


T. VERNE DWYER

STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

This instrument was acknowledged before me on the 18th day of June, 2010, by T. Verne Dwyer.

My Commission Expires: 7/12/2011 
Notary Public, State of Texas



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

9-29-15

EXHIBIT "A"

Attached to and made a part of that certain Assignment of Oil and Gas Leases dated June 18, 2010, but effective April 6, 2010, between **T. Verne Dwyer**, as Assignor, and **Devon Energy Production Company, L.P.**, as Assignee.

Lease No. 1

Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas (Oil and Gas Lease No. M-110700)
Lessee: T. Verne Dwyer
Lease Date: April 6, 2010
Description: North One-Half (N/2) of Section 4, Block 110, Public School Land Survey, Culberson County, Texas, containing approximately 320 acres, as shown on the official map of Culberson County, Texas now on file in the Texas General Land Office, Austin, Texas
Recorded: Volume 101, Page 286 of the Oil and Gas Records of Culberson County, Texas

ME

110700

Lease No. 2

Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas (Oil and Gas Lease No. M-110701)
Lessee: T. Verne Dwyer
Lease Date: April 6, 2010
Description: North One-Half (N/2) of Section 5, Block 110, Public School Land Survey, Culberson County, Texas, containing approximately 320 acres, as shown on the official map of Culberson County, Texas now on file in the Texas General Land Office, Austin, Texas
Recorded: Volume 101, Page 292 of the Oil and Gas Records of Culberson County, Texas

110701

Lease No. 3

Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas (Oil and Gas Lease No. M-110702)
Lessee: T. Verne Dwyer
Lease Date: April 6, 2010
Description: North One-Half (N/2) of Section 3, Block 113, Public School Land Survey, Culberson County, Texas, containing approximately 320 acres, as shown on the official map of Culberson County, Texas now on file in the Texas General Land Office, Austin, Texas
Recorded: Volume 101, Page 298 of the Oil and Gas Records of Culberson County, Texas

110702

Lease No. 4

Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas (Oil and Gas Lease No. M-110703)
Lessee: T. Verne Dwyer
Lease Date: April 6, 2010
Description: Section 4, Block 113, Public School Land Survey, Culberson County, Texas, containing approximately 640 acres, as shown on the official map of Culberson County, Texas now on file in the Texas General Land Office, Austin, Texas
Recorded: Volume 101, Page 304 of the Oil and Gas Records of Culberson County, Texas

110703



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

now
9-29-15

110701

25

MF

Lease No. 5

Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas (Oil and Gas Lease No. M-110704)
Lessee: T. Verne Dwyer
Lease Date: April 6, 2010
Description: Section 11, Block 113, Public School Land Survey, Culberson County, Texas, containing approximately 640 acres, as shown on the official map of Culberson County, Texas now on file in the Texas General Land Office, Austin, Texas
Recorded: Volume 101, Page 310 of the Oil and Gas Records of Culberson County, Texas

110704

Lease No. 6

Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas (Oil and Gas Lease No. M-110705)
Lessee: T. Verne Dwyer
Lease Date: April 6, 2010
Description: Section 18, Block 113, Public School Land Survey, Culberson County, Texas, containing approximately 640 acres, as shown on the official map of Culberson County, Texas now on file in the Texas General Land Office, Austin, Texas
Recorded: Volume 101, Page 316 of the Oil and Gas Records of Culberson County, Texas

MF 110705

Lease No. 7

Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas (Oil and Gas Lease No. M-110706)
Lessee: T. Verne Dwyer
Lease Date: April 6, 2010
Description: Section 16, Block 114, Public School Land Survey, Culberson County, Texas, containing approximately 640 acres, as shown on the official map of Culberson County, Texas now on file in the Texas General Land Office, Austin, Texas
Recorded: Volume 101, Page 322 of the Oil and Gas Records of Culberson County, Texas

110706

Lease No. 8

Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas (Oil and Gas Lease No. M-110707)
Lessee: T. Verne Dwyer
Lease Date: April 6, 2010
Description: Section 21, Block 114, Public School Land Survey, Culberson County, Texas, containing approximately 640 acres, as shown on the official map of Culberson County, Texas now on file in the Texas General Land Office, Austin, Texas
Recorded: Volume 101, Page 328 of the Oil and Gas Records of Culberson County, Texas

110707

Lease No. 9

Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas (Oil and Gas Lease No. M-110708)
Lessee: T. Verne Dwyer
Lease Date: April 6, 2010
Description: South One-Half (S/2) of Section 12, Block 59, Township 01-S, T&P Ry. Co. Survey, Culberson County, Texas, containing approximately 341 acres, as shown on the official map of Culberson County, Texas now on file in the Texas General Land Office, Austin, Texas
Recorded: Volume 101, Page 334 of the Oil and Gas Records of Culberson County, Texas

110708



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

nm
9-29-15

Lease No. 10

Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas (Oil and Gas Lease No. M-110709)
Lessee: T. Verne Dwyer
Lease Date: April 6, 2010
Description: Section 30, Block 59, Township 01-S, T&P Ry. Co. Survey, Culberson County, Texas, containing approximately 681 acres, as shown on the official map of Culberson County, Texas now on file in the Texas General Land Office, Austin, Texas
Recorded: Volume 101, Page 340 of the Oil and Gas Records of Culberson County, Texas

MF

110709

Lease No. 11

Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas (Oil and Gas Lease No. M-110710)
Lessee: T. Verne Dwyer
Lease Date: April 6, 2010
Description: Section 2, Block 60, Township 02-S, T&P Ry. Co. Survey, Culberson County, Texas, containing approximately 679 acres, as shown on the official map of Culberson County, Texas now on file in the Texas General Land Office, Austin, Texas
Recorded: Volume 101, Page 346 of the Oil and Gas Records of Culberson County, Texas

110710

Lease No. 12

Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas (Oil and Gas Lease No. M-110711)
Lessee: T. Verne Dwyer
Lease Date: April 6, 2010
Description: Section 12, Block 60, Township 02-S, T&P Ry. Co. Survey, Culberson County, Texas, containing approximately 684 acres, as shown on the official map of Culberson County, Texas now on file in the Texas General Land Office, Austin, Texas
Recorded: Volume 101, Page 352 of the Oil and Gas Records of Culberson County, Texas

110711

Lease No. 13

Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas (Oil and Gas Lease No. M-110713)
Lessee: T. Verne Dwyer
Lease Date: April 6, 2010
Description: North One-Half (N/2) of Section 18, Block 60, Township 02-S, T&P Ry. Co. Survey, Culberson County, Texas, containing approximately 341 acres, as shown on the official map of Culberson County, Texas now on file in the Texas General Land Office, Austin, Texas
Recorded: Volume 101, Page 358 of the Oil and Gas Records of Culberson County, Texas

110713



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

9-29-15

Filed for record on the 22nd day of June, A.D. 2010 @ 9:49 o'clock A.M. and
duly recorded on the 29th day of June, A.D. 2010 @ 10:00 o'clock A.M.

By Linda C. McDonald, Deputy

LINDA McDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS

110710

13

MF 110700

File No.

Assign ID 9575

T. Verne Byrner to Donor

Date Filed:

4-25-16

George P. Bush, Commissioner

By

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

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the Oil & Gas Records of my office, found in VOL. 101, PAGE 623-626

I hereby certified on 9 29 2015

LINDA McDONALD, COUNTY & DISTRICT CLERK
CULBERSON COUNTY, TEXAS

BY: Linda C. Vail DEPUTY



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

February 2, 2018

I, George P. Bush, Commissioner of the General Land Office of the State of Texas, do hereby certify that the papers, records, and documents of said office show;

That on September 20, 1911, N 1/2 of Section 4, Block 110, Public School Land Survey, 320.00 acres in Culberson County was awarded to C.J. COCHRAN, on his application filed in the Texas General Land Office on September 5, 1911, in School File 116386, and which application was filed to purchase said land under the provisions of "Chapter 47, Act of 1895, and Chapter 129, Act of May 19, 1897, and the Acts approved April 19, 1901; April 15, 1905; and May 16, 1907," without settlement, said tract applied for having been classified as Mineral & Dry Grazing;

That the File Wrapper for School File 116386 is endorsed: "abst 3779," "M & G," "(Stamped) LAND FORFEITED, 12/20/26, JT Robison, com'r," "Sold in file 144071,"

That on February 13, 1927, N 1/2 of Section 4, Block 110, Public School Land Survey, 320.00 acres in Culberson County was awarded to C.M. CALDWELL, on his application filed in the Texas General Land Office on January 3, 1927, in School File 144071, and which application was filed to purchase said land under the provisions of "Chapter 94, Act approved March 19, 1925," said tract applied for having been classified as Mineral & Grazing;

That the File Wrapper for School File 144071 is endorsed: "ab 6461," "M & G," "(Stamped) Land Forfeited JUN 5 1941, Bascom Giles Commissioner," "Surface Sold to John L Mostella, 154990, 7-31-01,"

That on July 31, 2001, N/2 of Section 4, Block 110, Public School Land Survey, 320.00 acres in Culberson County was awarded to JOHN L. MOSTELLA, on their Sealed Bid Land Sale of PSF Land Application filed in the Texas General Land Office on September 25, 2001, in School File 154990, and which application was filed to purchase said land under the provisions of "Texas Natural Resources Code §51.051 et seq. and §32.101, et seq.," said tract applied for having been sold with all minerals and leasing rights reserved for the State of Texas;

That the File Wrapper for School File 154990 is endorsed: "Abstract No. 8853," "(Stamped) Sold on Terms," "(Stamped) PAID IN FULL FOR 320.0 ACRES, DATE 8/1/2011," "Chapter 32, Subchapter D & Chapter 51, Subchapters B & C of the Texas Natural Resources Code, as amended," "ALL MINERAL & LEASING RIGHTS RESERVED FOR THE STATE OF TEXAS,"

That on February 6, 1962, pursuant to, Chapter 271, Acts of the 42nd Legislature, 1931, as amended by House Bill No. 9, Acts of the 46th Legislature, 1939, Chapter 82, Acts of the 50th Legislature, 1947, and other applicable laws, JERRY SADLER, Commissioner of the Texas General Land Office, executed and delivered State Oil & Gas Lease M-53673, covering "N/2 of Section 4, Block 110, PSL Survey, Culberson County, containing 320 acres," as shown on the official map filed in the Texas General Land Office, to SUN OIL COMPANY, for a cash bonus of \$2,323.20, with a primary term of Five (5) years, an annual delay rental of \$1.00 per acre, and a royalty to the State of One-Sixth (1/6) of the production of oil and gas from the tract, subject to the variable royalty reduction provision, and, upon the payment of the cash bonus due, and the 1.5% statutory sale fee when required, a copy of the lease was filed in the Texas General Land Office on February 6, 1962, in Mineral File M-53673;

That the File Wrapper for Mineral File M-53673 is endorsed: "(Stamped) EXPIRED;"

That on February 1, 1977, pursuant to Chapter 271, General Laws, Acts of the 42nd Legislature, Regular Session, 1931, as amended, (Art. 5421c, V.T.C.S.), Senate Bill 816, Acts of the 63rd Legislature, 1973, and subject to all rules and regulations promulgated by the Commissioner of the Texas General Land Office and/or the School Land Board, pursuant to Articles 5366 and 5421c-3, V.T.C.S., as amended, and all other applicable statutes and amendments thereto, BOB ARMSTRONG, Commissioner of the Texas General Land Office, executed and delivered State Oil & Gas Lease M-74645, covering "N/2 of Section 4, Block 110, Public School Land Survey, Culberson County, containing 320 acres," as shown on the official map filed in the Texas General Land Office, to ATLANTIC RICHFIELD COMPANY, for a cash bonus of \$18,096.00, with a primary term of Three (3) years, an annual delay rental of \$5.00 per acre, and a royalty to the State of One-Fifth (1/5) of the production of oil and gas from the tract, and, upon the payment of the cash bonus due, and the 1.0% statutory sale fee when required, a copy of the lease was filed in the Texas General Land Office on February 1, 1977, in Mineral File M-74645;

That the File Wrapper for Mineral File M-74645 is endorsed: "(Stamped) EXPIRED;"

That on January 17, 2006, pursuant to the Texas Natural Resources Code Chapters 32, 33, 51, and Chapter 52, Subchapters A-D and H, and subject to all rules and regulations promulgated by the Commissioner of the Texas General Land Office and/or the School Land Board, pursuant thereto, and all other applicable statutes and amendments to said Natural Resources Code, JERRY E. PATTERSON, Commissioner of the Texas General Land Office, executed and delivered State Oil & Gas Lease M-106103, covering "North One-Half (N/2) of Section 4, Block 110, Public School Land Survey, Culberson County, Texas, containing approximately 320.00 acres," as shown on the official map filed in the Texas General Land Office, to SAMSON LONE STAR LIMITED PARTNERSHIP, for a cash bonus of \$121,000.00, with a primary term of Five (5) years, an annual delay rental of \$5.00 per acre, and a royalty to the State of One-Fourth (1/4) of the production of oil and gas from the tract, subject to the variable royalty reduction provision, and, upon the payment of the cash bonus due, and the 1.5% statutory sale fee when required, a copy of the lease was filed in the Texas General Land Office on June 13, 2006, in Mineral File M-106103;

That the File Wrapper for Mineral File M-106103 is endorsed: "(Stamped) RELEASED;"

That on April 6, 2010, pursuant to the Texas Natural Resources Code Chapters 32, 33, 51, and Chapter 52, Subchapters A-D and H, and subject to all rules and regulations promulgated by the Commissioner of the Texas General Land Office and/or the School Land Board, pursuant thereto, and all other applicable statutes and amendments to said Natural Resources Code, JERRY E. PATTERSON, Commissioner of the Texas General Land Office, executed and delivered State Oil & Gas Lease M-110700, covering "North One-Half (N/2) of Section 4, Block 110, Public School Land Survey, Culberson County, Texas, containing approximately 320.00 acres," as shown on the official map filed in the Texas General Land Office, to T. VERNE DWYER, for a cash bonus of \$112,816.00, with a primary term of Five (5) years, an annual delay

rental of \$5.00 per acre, and a royalty to the State of One-Fourth (1/4) of the production of oil and gas from the tract, subject to the variable royalty reduction provision, and, upon the payment of the cash bonus due, and the 1.5% statutory sale fee when required, a copy of the lease was filed in the Texas General Land Office on June 21, 2010, in Mineral File M-110700;

That on June 18, 2010, T. VERNE DWYER, assigned to DEVON ENERGY PRODUCTION COMPANY, L.P., various interests in lease M-110700, with additional leases, and reference to said assignment ID #7364, is herein made for all purposes to the instrument which was filed of record in Volume 101, Page 1023, Official Public Records, Culberson County, a certified copy of which was filed in the Texas General Land Office on July 13, 2010, in Mineral File M-110700;

That the 2nd year rental payment for State Oil & Gas Lease M-110700, for the period April 6, 2011, to April 6, 2012, was received in the Texas General Land Office on February 22, 2011;

That the 3rd year rental payment for State Oil & Gas Lease M-110700, for the period April 6, 2012, to April 6, 2013, was received in the Texas General Land Office on February 21, 2012;

That the 4th year rental payment for State Oil & Gas Lease M-110700, for the period April 6, 2013, to April 6, 2014, was received in the Texas General Land Office on March 19, 2013;

That the 5th year rental payment for State Oil & Gas Lease M-110700, for the period April 6, 2014, to April 6, 2015, was received in the Texas General Land Office on March 24, 2014;

That the revised "Amended 2015 Plan of Development" for lease M-110700 were received in the Texas General Land Office on April 17, 2015;

That on April 11, 2014, CIMAREX ENERGY COMPANY and JERRY E. PATTERSON, Commissioner of the Texas General Land Office, executed a Unit Agreement #6720 which included lease M-110700, insofar as 640.00 acres is concerned, and covering an area designated as Armstrong-State Unit, Ford, West (Wolfcamp), and said agreement, having been approved by the School Land Board on March 4, 2014, was filed in the Texas General Land Office on April 15, 2014, in Mineral File M-109921;

That on October 11, 2012, DEVON ENERGY PRODUCTION COMPANY, L.P., assigned to PRIZE CULBERSON TX 2012, LLC, various interests in lease M-110700, with additional leases, and reference to said assignment ID #8724, is herein made for all purposes to the instrument which was filed of record in Volume 108, Page 621, Official Public Records, Culberson County, a certified copy of which was filed in the Texas General Land Office on March 8, 2013, in Mineral File M-110343;

That the minimum royalty payments for lease M-110700 were received in the Texas General Land Office on April 18, 2016 ;

That on June 18, 2010, effective date April 6, 2010, T. VERNE DWYER, assigned to DEVON ENERGY PRODUCTION COMPANY, LP, various interests in lease M-110700, and reference to said assignment ID #9575 is herein made for all purposes to the instrument which was filed of record in Volume 101, Page 623, Official Public Records, Culberson County, a certified copy of which was filed in the Texas General Land Office on April 25, 2016, in Mineral File M-110700;

That on September 1, 2012, DEVON ENERGY PRODUCTION COMPANY, assigned to PRIZE CULBERSON TX 2012, LLC, various interests in lease M-110700, and reference to said assignment ID #9576 is herein made for all purposes to the instrument which was filed of record in Volume 108, Pages 621-626, Official Public Records, Culberson County, a certified copy of which was filed in the Texas General Land Office on May 2, 2016, in Mineral File M-110343;

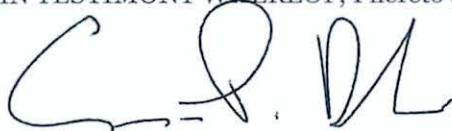
That on January 14, 2013, PRIZE CULBERSON, TX 2012 LLC, assigned to PRIZE ENERGY RESOURCES, INC., various interests in lease M-110700, and reference to said assignment ID #9577 is herein made for all purposes to the instrument which was filed of record in Volume 109, Pages 228-232, Official Public Records, Culberson County, a certified copy of which was filed in the Texas General Land Office on May 2,

2016, in Mineral File M-110343;

That the revised "Amended 2017 Plan of Development" for lease M-110700/Armstrong State Unit, were received in the Texas General Land Office on November 6, 2017, which was filed in the Texas General Land Office on November 22, 2016, in Mineral File M-109921;

That the revised "Amended 2018 Plan of Development" for lease M-110700/Armstrong State Unit, were received in the Texas General Land Office on November 6, 2017, which was filed in the Texas General Land Office on November 22, 2017, in Mineral File M-109921;

IN TESTIMONY WHEREOF, I hereto set my hand and seal of said office the first date above written.



GEORGE P. BUSH
COMMISSIONER OF THE GENERAL LAND OFFICE

GPB/wt

Name:	Charles Frisbie 4012 110 th Street, Lubbock, TX 79423
Dicta No.:	2018-10
Fee:	\$900.00
Files:	SCH 116386, SCH 144071, SCH 154990, M-53673, M-74645, M-106103, M-110700, M-109921, M-110343

14.

File No.	M-110700
County	Culberson
	Cent of Fact
Date Filed:	9 FEB 2018
By	George P. Bush, Commissioner



MEMORANDUM

TEXAS GENERAL LAND OFFICE • GEORGE P. BUSH • COMMISSIONER

TIME SENSITIVE: Action Required by: (February 10, 2021)

DATE: February 3, 2021
TO: Commissioner Bush
FROM: Matt Edling
SUBJECT: Pooling Agreements for signature

.....
SUMMARY: Attached for your approval and signature are duplicate originals of a Pooling Agreement that was approved by the School Land Board on November 6, 2018.

DETAILS: This agreement complies with existing GLO rules and policies and has been reviewed and approved by Energy Resources staff and the Legal Services Division. Chapter 52, Subchapter E of the Texas Natural Resources Code gives authority to the Commissioner to execute agreements that provide for operating areas as a unit for the exploration, development and production of oil or gas or both.

Document Name

Recipient

Pooling Agreement for
Azra 16 State Unit
1,600.00 Acres
GLO Unit No. 9594
Curlberson County, Texas

Cimarex Energy Co.

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

Through: Larry Hargrave
Legal Services

**POOLING AGREEMENT
CIMAREX ENERGY CO.
AZRA 16 STATE UNIT
GLO UNIT NO. 9594
CULBERSON COUNTY, TEXAS**

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

PURPOSES:

1.

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

UNIT DESCRIPTION:

2.

The oil and gas interests, which are included within the pooled unit, are listed on the attached Exhibit "A", to which interests 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". The unit description is subject to the provisions of Addendum "A".

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 of the earth to the stratigraphic equivalent of the base of the Cisco Canyon Formation, which is seen at a measured depth of 11,580 feet on the Halliburton Density Dual Spaced Neutron log dated December 12, 2010, of the Dark Star 21 Unit #1H Well, API No. 42-109-32352 ("unitized interval").

POOLING AND EFFECT:

4.

The parties hereto commit all of their interests which are within the unit, including but not limited to the interests described above, into said unit and unitize and pool hereunder the separate tracts described on the attached Exhibit "B", for and during the term hereof, so that such pooling or unitization shall have the following effect:

- (a) The unit, to the extent as above described, shall be operated as an entirety for the exploration, development and production of the pooled mineral, rather than as separate tracts.
- (b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement. In the

event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional or horizontal well drilled under the unitized area from a surface location on adjacent or adjoining lands not included within the boundaries of the unitized area, such operations shall be considered to have been commenced on the unitized area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the unitized area and production of oil or gas from the unitized area through any directional or horizontal well surfaced on adjacent or adjoining land or drilling or reworking of any such well shall be considered production or drilling or reworking operations, as the case may be, on the unitized area for all purposes under this Agreement. Nothing in this Agreement is intended or shall be construed as granting to Lessee any leasehold interest, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, easements, or other rights which the lessee, operator or other interest owner in the unitized area may have lawfully acquired from the state or others.

- (c) Production of the pooled mineral from the unit allocated to each separate tract, respectively, as hereinafter provided, shall be deemed to have been produced from each such separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement.
- (d) All rights to the production of the pooled mineral from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom. Provided that, payments that are made on a per acre basis shall be reduced according to the number of acres pooled and included herein, so that payments made on a per acre basis shall be calculated based upon the number of acres actually included within the boundaries of the pooled unit covered by this Agreement.
- (e) A shut-in oil or gas well located upon any land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or lease included within said unit; provided, however, that shut-in oil or gas well royalty shall be paid to the State on each State lease wholly or partially within the unit, according to the terms of such lease as though such shut-in oil or gas well were located on said lease, it being agreed that shut-in royalties provided in each State lease shall not be shared with other royalty owners.
- (f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "B" only as provided in each such lease or other agreement without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that, except as may otherwise be provided in each State Lease or other agreement, the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.
- (g) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than the number of acres included in the pooled unit, then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) make application to the

School Land Board of the State of Texas to reform the unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.

- (h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.
- (i) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.
- (j) Should this Agreement terminate for any cause, the leases and other contracts affecting the lands within the unit, if not then otherwise maintained in force and effect, shall remain and may be maintained in force and effect under their respective terms and conditions in the same manner as though there had been production or operations under said lease or contract and the same had ceased on the date of the termination of this Agreement.

ALLOCATION OF PRODUCTION:

5.

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

TAKING ROYALTY IN KIND:

6.

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

EFFECTIVE DATE:

7.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of November 6, 2018.

TERM:

8.

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

SPECIAL TERMS AND CONDITIONS:

9.

Notwithstanding anything contained herein to the contrary, this Agreement is subject to the terms and conditions of the attached Addendum "A".

STATE LAND:

10.

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

DISSOLUTION:

11.

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

RATIFICATION/WAIVER:

12.

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

COUNTERPARTS:

13.

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

SUBJECT TO EXPLORATION AGREEMENT:

14.

This Pooling Agreement is subject to that certain Unit Agreement for the Development and Operation of the Armstrong – State Unit dated effective January 1, 2014, by and between the State of Texas, Cimarex Energy Co., and Prize Energy Resources, Inc., recorded at Volume 112, Page 705 of the Oil and Gas Records of Culberson County, Texas.

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

Date Executed _____

STATE OF TEXAS

Content	<u>DBO</u>
Min. Leasing	<u>PM</u>
Legal	<u>SM</u>
Executive	<u>SM</u>

By: _____
GEORGE P. BUSH, COMMISSIONER
GENERAL LAND OFFICE

CERTIFICATE

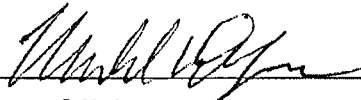
I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 19th day of November, 2019, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the _____ day of _____, 2020.

Secretary of the School Land Board

Date Executed July 9, 2020

CIMAREX ENERGY CO.

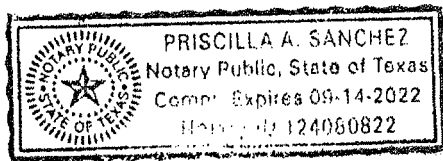
By:  ^{1/11}
Michael DeShazer
Attorney-in-Fact

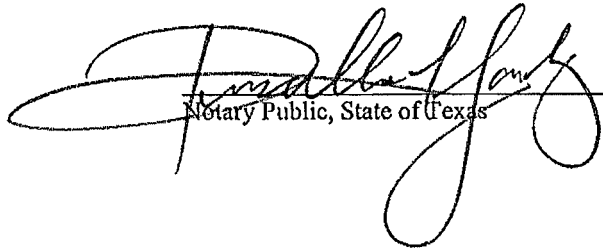
Its: _____

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

This instrument was acknowledged before me on July 9, 2020, 2020, by
Michael DeShazer as Attorney-in-Fact
of Cimarex Energy Co. a Corporation Delaware corporation on behalf of said corporation.




Notary Public, State of Texas

Date Executed July 9, 2020

PRIZE ENERGY RESOURCES, INC.

By:  <sup>JH
RM</sup>
Michael DeShazer

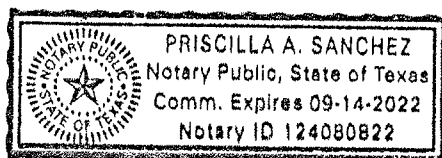
Attorney-in-Fact
Its: _____

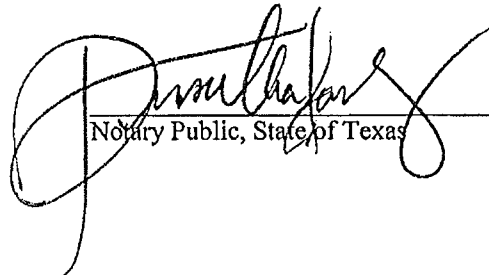
ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF MIDLAND §
§

This instrument was acknowledged before me on July 9, 2020, by
Michael DeShazer as Attorney-in-Fact
of Prize Energy Resources, Inc., a Delaware corporation on behalf of said corporation.




Notary Public, State of Texas

Addendum "A"**To that certain Pooling Agreement for the Azra 16 State Unit**

The parties hereby agree that should a conflict exist between this Addendum and the body of the agreement that this Addendum shall prevail.

The pooled unit shall consist of all of the lands herein described in the attached Exhibit "B" and depicted on the attached Exhibit "C". Lessee agrees to drill a minimum of four (4) horizontal wells in the unit with laterals that extend extensively into the three Sections included in the unit, provided however that, should Lessee fail to meet the "Drilling Obligation Timeframe", as specifically defined below, that such unit shall remain in full force and effect as to any and all wells drilled upon the unit acreage, but shall shrink down to allow for a maximum size of 400 acres per well drilled in the unit, as close as is reasonably practicable to the shape of a rectangle surrounding the wells. In the event that Lessee chooses to drill wells ahead of the Drilling Obligation Timeframe detailed below, then Lessee shall not be penalized for doing so and shall still conserve the benefit of the Drilling Obligation Timeframe described below.

Drilling Obligation Timeframe:

Lessee shall have commenced actual Drilling Operations in the following manner:

- | | | |
|-------------|---|--|
| First well | — | spud on or before December 31, 2018; |
| Second well | — | spud on or before December 31, 2021; |
| Third well | — | spud on or before December 31, 2021; and |
| Fourth well | — | spud on or before December 31, 2021. |

Once actual drilling operations have been commenced on a particular well, Lessee shall continue drilling and completion operations thereafter on such well with due diligence, as a reasonable prudent operator would under the same or similar circumstances. In an effort to prevent physical and economic waste, subject to the terms and provisions of the Leases, and rules and regulations of the Texas Railroad Commission or any other applicable regulatory agency, Lessee shall make every effort to drill each horizontal well with the longest productive lateral reasonably possible within the boundaries of the Unit.

In the event Lessee commences actual drilling operations on all four (4) wells committed to be drilled hereunder and such wells are thereafter completed as wells being capable of producing oil or gas in paying quantities, the parties hereby agree that the pooled unit shall remain in the original, unaltered size and shape as described in Exhibit "B" and depicted in Exhibit "C", in accordance with paragraph eight (8) of this Agreement.

End of Addendum "A"

EXHIBIT "A"

Attached to and made a part of that certain Declaration of Pooled Unit for the Azra 16 State Unit
(a 1600.0 acre oil and gas unit) - Cimarex Energy Co., Operator

I. OIL AND GAS LEASES SUBJECT TO THIS DECLARATION:

1. Lease Date: April 6, 2010
Recording Data: Volume 101, Page 322, Oil & Gas Records, Culberson
County, Texas
Lessor: Commissioner of the General Land Office of the State of Texas
Original Lessee: T. Verne Dwyer
Lands Covered: All of Section 16, Block 114, Public School Lands Survey,
Culberson County, Texas
2. Lease Date: April 6, 2010
Recording Data: Volume 101, Page 328, Oil & Gas Records, Culberson
County, Texas
Lessor: Commissioner of the General Land Office of the State of Texas
Original Lessee: T. Verne Dwyer
Lands Covered: All of Section 21, Block 114, Public School Lands Survey,
Culberson County, Texas
3. Lease Date: April 6, 2010
Recording Data: Volume 101, Page 286, Oil & Gas Records, Culberson
County, Texas
Lessor: Commissioner of the General Land Office of the State of Texas
Original Lessee: T. Verne Dwyer
Lands Covered: N/2 of Section 4, Block 110, Public School Lands Survey,
Culberson County, Texas

EXHIBIT "B"

Attached to and made a part of that certain Declaration of Pooled Unit for the Azra 16 State Unit
(a 1600.0 acre oil and gas unit) - Cimarex Energy Co., Operator

Description of Lands

- Tract 1: All of Section 16, Block 114, Public School Land Survey,
Culberson County, Texas, containing 640.0 gross acres, more or less
- Tract 2: All of Section 21, Block 114, Public School Land Survey,
Culberson County, Texas, containing 640.0 gross acres, more or less
- Tract 3: N/2 of Section 4, Block 110, Public School Land Survey,
Culberson County, Texas, containing 320.0 gross acres, more or less

Depth Limitation

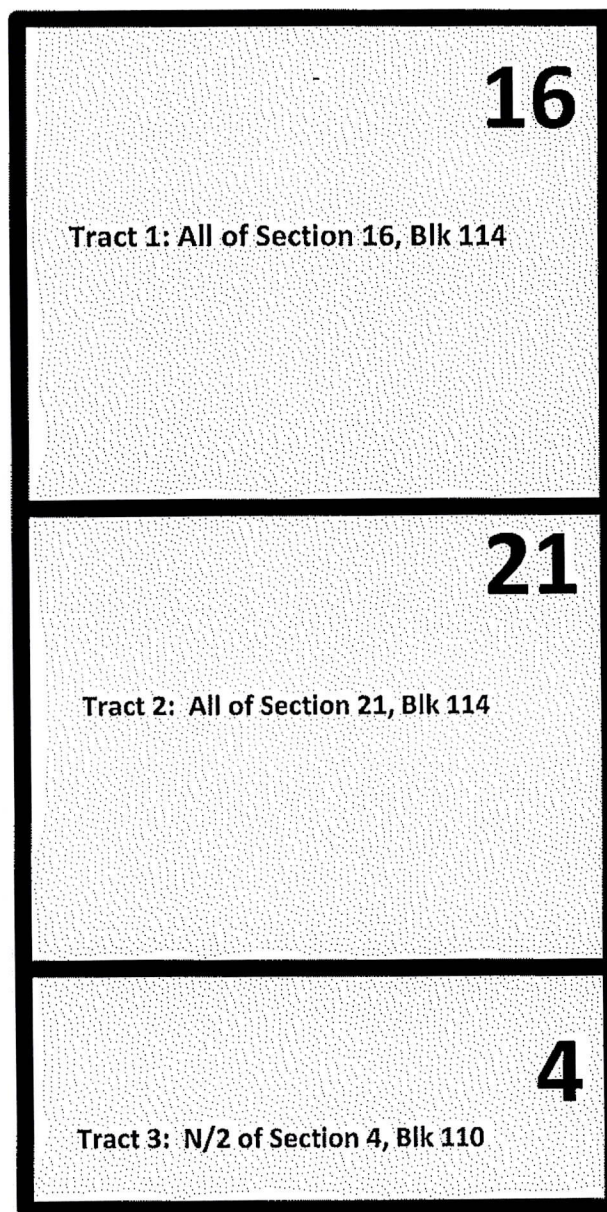
Limited in depth from the surface of the earth to the stratigraphic equivalent of the base of the Cisco Canyon Formation. The base of the Cisco Canyon Formation is defined as the stratigraphic equivalent of 11,580 feet Measured Depth, as seen in Cimarex Energy Co.'s Dark Star 21 Unit #1H Well, located in Section 21, Block 59-T1, T&P RR Co. Survey, Culberson County, Texas; API #42-109-32352; Halliburton Spectral Density Dual Spaced Neutron Log dated 12 December 2010.

EXHIBIT "C"

Attached to and made a part of that certain Declaration of Pooled Unit for the Azra 16 State Unit
(a 1600.0 acre oil and gas unit) – Cimarex Energy Co., Operator

Azra 16 State Unit

located in Section 16, Block 114, Section 21, Block
114 and Section 4, Block 110, Public School Lands
Survey, Culberson County, Texas



Certificate Of Completion

Envelope Id: DCC5EC6208074405A72AE61F8041E8D7

Status: Completed

Subject: Please DocuSign - Energy Resources: Pooling Agreement - Cimarex (Texas GLO)

Source Envelope:

Document Pages: 12

Signatures: 0

Certificate Pages: 2

Initials: 4

AutoNav: Enabled

Envelope Stamping: Enabled

Time Zone: (UTC-06:00) Central Time (US & Canada)

Envelope Originator:

David Villafranca

1700 Congress Ave

Austin, TX 78701

david.villafranca@glo.texas.gov

IP Address: 136.49.149.46

Record Tracking

Status: Original

7/1/2021 7:32:05 AM

Holder: David Villafranca

david.villafranca@glo.texas.gov

Location: DocuSign

Signer Events

Dustin Oslick

dustin.oslick@glo.texas.gov

Texas General Land Office

Security Level: Email, Account Authentication
(None)**Signature**

Signature Adoption: Drawn on Device

Using IP Address: 45.19.197.92

Signed using mobile

Timestamp

Sent: 7/1/2021 7:35:20 AM

Viewed: 7/1/2021 9:01:39 AM

Signed: 7/1/2021 9:02:01 AM

Electronic Record and Signature Disclosure:

Not Offered via DocuSign

Robert Hatter

robert.hatter@glo.texas.gov

Deputy Director

Texas General Land Office

Security Level: Email, Account Authentication
(None)

Signature Adoption: Uploaded Signature Image

Using IP Address: 165.225.34.50

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Viewed: 7/1/2021 9:46:46 AM

Signed: 7/1/2021 9:47:53 AM

Electronic Record and Signature Disclosure:

Not Offered via DocuSign

Larry Hargrave

larry.hargrave@glo.texas.gov

Texas General Land Office

Security Level: Email, Account Authentication
(None)

Signature Adoption: Pre-selected Style

Using IP Address: 104.54.204.162

Signed using mobile

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Electronic Record and Signature Disclosure:

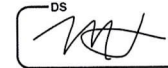
Not Offered via DocuSign

Mark A. Havens

Mark.Havens@GLO.TEXAS.GOV

Chief Clerk and Deputy Land Commissioner

Texas General Land Office

Security Level: Email, Account Authentication
(None)

Signature Adoption: Drawn on Device

Using IP Address: 162.193.135.244

Sent: 7/4/2021 11:10:07 AM

Viewed: 7/5/2021 10:44:03 AM

Signed: 7/5/2021 10:44:08 AM

Electronic Record and Signature Disclosure:

Not Offered via DocuSign

In Person Signer Events**Signature****Timestamp****Editor Delivery Events****Status****Timestamp**

Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Joy McCauley Joy.McCauley@GLO.TEXAS.GOV Texas General Land Office Security Level: Email, Account Authentication (None) Electronic Record and Signature Disclosure: Not Offered via DocuSign	COPIED	Sent: 7/1/2021 7:35:20 AM Viewed: 7/1/2021 4:23:46 PM
Stephanie Crenshaw stephanie.crenshaw@glo.texas.gov Texas General Land Office Security Level: Email, Account Authentication (None) Electronic Record and Signature Disclosure: Not Offered via DocuSign	COPIED	Sent: 7/4/2021 11:10:08 AM
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps
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Certified Delivered	Security Checked	7/5/2021 10:44:03 AM
Signing Complete	Security Checked	7/5/2021 10:44:08 AM
Completed	Security Checked	7/5/2021 10:44:08 AM
Payment Events	Status	Timestamps

File No. MF110700Culberson CountyMemo to Commissioner for Unit 9594Date Filed: 12/16/2021

George P. Bush, Commissioner

By gm

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

UPA180272

Unit Number 9594
Operator Name Cimarex Energy Co.
Customer ID C000044010
Unit Name Azra 16 State
County 1 Culberson **RRC District 1** 08
County 2 **RRC District 2**
County 3 **RRC District 3**
County 4 **RRC District 4**
Unit type Permanent
State Net Revenue Interest Oil 0.25000000
State Part in Unit 1.00000000
Unit Depth Specified Depths
From Depth Surface
To Depth Cisco Canyon
Well
Formation **Base**
Participation Basis Surface Acreage
If Excluions Apply: See Remarks

Effective Date 11/06/2018
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
MF110700		320.000000	1,600.000000	0.20000000	O/G	0.25000000	0.05000000	No
MF110706		640.000000	1,600.000000	0.40000000	O/G	0.25000000	0.10000000	No
MF110707		640.000000	1,600.000000	0.40000000	O/G	0.25000000	0.10000000	No

API Number
4210933218

Remarks:

Prepared By:	<u> jm </u>	Prepared Date:	<u> 10/25/2021 </u>
GLO Base Updated By:	<u> jm </u>	GLO Base Date:	<u> 10/25/2021 </u>
RAM Approval By:	<u> GD </u>	RAM Approval Date:	<u> 10/25/2021 </u>
GIS By:	<u> JK </u>	GIS Date:	<u> 12/21/2021 </u>
Well Inventory By:	<u> jm </u>	WI Date:	<u> 10/25/2021 </u>

Pooling Committee Report

To: School Land Board

UPA180272

Date of Board Meeting: 11/06/2018

Unit Number: 9594

Effective Date: 11/06/2018

Unit Expiration Date:

Applicant: Cimarex Energy Co.

Attorney Rep:

Operator: CIMAREX ENERGY CO.

Unit Name: Azra 16 State

Field Name: FORD, WEST (WOLFCAMP)

County: Culberson

<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>
U Fee	MF110700	0.25000000	04/06/2015	5 years	320.000000	320.000000	0.05000000
U Fee	MF110706	0.25000000	04/06/2015	5 years	640.000000	640.000000	0.10000000
U Fee	MF110707	0.25000000	04/06/2015	5 years	640.000000	640.000000	0.10000000

Private Acres:	0.000000
State Acres:	1600.000000
Total Unit Acres:	1600.000000

<u>Participation Basis:</u>	Surface Acreage
Surface Acreage	
<u>State Acreage:</u>	100.00%
<u>State Net Revenue Interest:</u>	25.00%

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

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Yes	1,280 acres for a 12,000 foot lateral (FTP to LTP).

REMARKS:

- Cimarex Energy Co. is requesting permanent oil and gas pooling from the Surface to the base of the Cisco Canyon formation as seen on the Cimarex Energy Co. Dark Star 21 Fee # 1H well log (API 42-109-32352) in order to test the Cisco Canyon formation.
- The applicant plans to spud the first unit well on December 31, 2018 with a proposed total depth of 18,438 feet MD. A 12,000 foot lateral is expected to be drilled.
- With Board approval of the unit the State's unit royalty participation will be 25%.
- The State will participate on a unitized basis from the date of first production.
- The applicant agrees to drill a total of four unit wells. The first unit well will be spud by or before December 31, 2018 and the three remaining unit wells will be spud by or before December 31, 2021 or the unit will decrease in size to +/- 384 acres per unit well drilled.

POOLING COMMITTEE RECOMMENDATION:

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

General Land Office

Date

Office of the Governor

Date

Office of the Governor

Date

**POOLING AGREEMENT
CIMAREX ENERGY CO.
AZRA 16 STATE UNIT
GLO UNIT NO. 9594
CULBERSON COUNTY, TEXAS**

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

PURPOSES:

1.

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

UNIT DESCRIPTION:

2.

The oil and gas interests, which are included within the pooled unit, are listed on the attached Exhibit "A", to which interests 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". The unit description is subject to the provisions of Addendum "A".

MINERAL POOLED:

3.

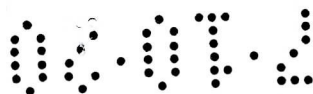
The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling 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 of the earth to the stratigraphic equivalent of the base of the Cisco Canyon Formation, which is seen at a measured depth of 11,580 feet on the Halliburton Density Dual Spaced Neutron log dated December 12, 2010, of the Dark Star 21 Unit #1H Well, API No. 42-109-32352 ("unitized interval").

POOLING AND EFFECT:

4.

The parties hereto commit all of their interests which are within the unit, including but not limited to the interests described above, into said unit and unitize and pool hereunder the separate tracts described on the attached Exhibit "B", for and during the term hereof, so that such pooling or unitization shall have the following effect:

- (a) The unit, to the extent as above described, shall be operated as an entirety for the exploration, development and production of the pooled mineral, rather than as separate tracts.
- (b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement. In the



event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional or horizontal well drilled under the unitized area from a surface location on adjacent or adjoining lands not included within the boundaries of the unitized area, such operations shall be considered to have been commenced on the unitized area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the unitized area and production of oil or gas from the unitized area through any directional or horizontal well surfaced on adjacent or adjoining land or drilling or reworking of any such well shall be considered production or drilling or reworking operations, as the case may be, on the unitized area for all purposes under this Agreement. Nothing in this Agreement is intended or shall be construed as granting to Lessee any leasehold interest, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, easements, or other rights which the lessee, operator or other interest owner in the unitized area may have lawfully acquired from the state or others.

- (c) Production of the pooled mineral from the unit allocated to each separate tract, respectively, as hereinafter provided, shall be deemed to have been produced from each such separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement.
- (d) All rights to the production of the pooled mineral from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom. Provided that, payments that are made on a per acre basis shall be reduced according to the number of acres pooled and included herein, so that payments made on a per acre basis shall be calculated based upon the number of acres actually included within the boundaries of the pooled unit covered by this Agreement.
- (e) A shut-in oil or gas well located upon any land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or lease included within said unit; provided, however, that shut-in oil or gas well royalty shall be paid to the State on each State lease wholly or partially within the unit, according to the terms of such lease as though such shut-in oil or gas well were located on said lease, it being agreed that shut-in royalties provided in each State lease shall not be shared with other royalty owners.
- (f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "B" only as provided in each such lease or other agreement without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that, except as may otherwise be provided in each State Lease or other agreement, the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.
- (g) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than the number of acres included in the pooled unit, then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) make application to the



School Land Board of the State of Texas to reform the unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.

- (h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.
- (i) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.
- (j) Should this Agreement terminate for any cause, the leases and other contracts affecting the lands within the unit, if not then otherwise maintained in force and effect, shall remain and may be maintained in force and effect under their respective terms and conditions in the same manner as though there had been production or operations under said lease or contract and the same had ceased on the date of the termination of this Agreement.

ALLOCATION OF PRODUCTION:

5.

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

TAKING ROYALTY IN KIND:

6.

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

EFFECTIVE DATE:

7.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of November 6, 2018.

TERM:

8.

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



SPECIAL TERMS AND CONDITIONS:

9.

Notwithstanding anything contained herein to the contrary, this Agreement is subject to the terms and conditions of the attached Addendum "A".

STATE LAND:

10.

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

DISSOLUTION:

11.

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

RATIFICATION/WAIVER:

12.

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

COUNTERPARTS:

13.

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

SUBJECT TO EXPLORATION AGREEMENT:

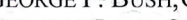
14.

This Pooling Agreement is subject to that certain Unit Agreement for the Development and Operation of the Armstrong – State Unit dated effective January 1, 2014, by and between the State of Texas, Cimarex Energy Co., and Prize Energy Resources, Inc., recorded at Volume 112, Page 705 of the Oil and Gas Records of Culberson County, Texas.



Date Executed 7/29/2021

Content _____
Min. Leasing _____
Legal _____
Executive _____

By: 
GEORGE P. BUSH, COMMISSIONER
GENERAL LAND OFFICE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 19th day of November, 2019, 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 6th day of August, 2020.


Secretary of the School Land Board

1000

Date Executed July 9, 2020

CIMAREX ENERGY CO.

By:  ^{JH} _{rem}

Michael DeShazer

Attorney-in-Fact

Its: _____

ACKNOWLEDGMENT

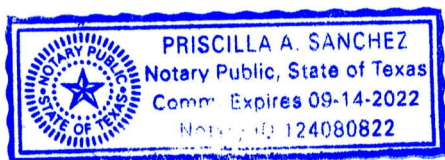
STATE OF TEXAS §

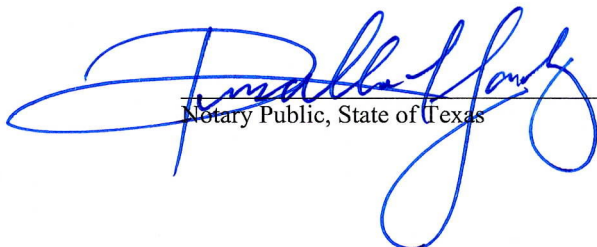
COUNTY OF MIDLAND §

This instrument was acknowledged before me on July 9, 2020, 2020, by

Michael DeShazer as Attorney-in-Fact

of Cimarex Energy Co. a Colorado Delaware corporation on behalf of said corporation.




Notary Public, State of Texas

Date Executed July 9, 2020

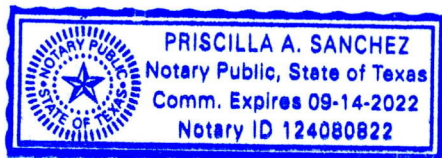
PRIZE ENERGY RESOURCES, INC.

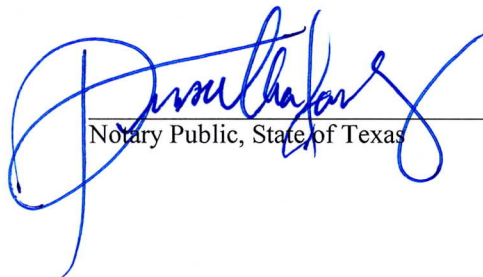
By:  JH
RM
Michael DeShazer
Attorney-in-Fact
Its: _____

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

This instrument was acknowledged before me on July 9, 2020, by
Michael DeShazer as Attorney-in-Fact
of Prize Energy Resources, Inc., a Delaware corporation on behalf of said corporation.




Notary Public, State of Texas

Addendum "A"

To that certain Pooling Agreement for the Azra 16 State Unit

The parties hereby agree that should a conflict exist between this Addendum and the body of the agreement that this Addendum shall prevail.

The pooled unit shall consist of all of the lands herein described in the attached Exhibit "B" and depicted on the attached Exhibit "C". Lessee agrees to drill a minimum of four (4) horizontal wells in the unit with laterals that extend extensively into the three Sections included in the unit, provided however that, should Lessee fail to meet the "Drilling Obligation Timeframe", as specifically defined below, that such unit shall remain in full force and effect as to any and all wells drilled upon the unit acreage, but shall shrink down to allow for a maximum size of 400 acres per well drilled in the unit, as close as is reasonably practicable to the shape of a rectangle surrounding the wells. In the event that Lessee chooses to drill wells ahead of the Drilling Obligation Timeframe detailed below, then Lessee shall not be penalized for doing so and shall still conserve the benefit of the Drilling Obligation Timeframe described below.

Drilling Obligation Timeframe:

Lessee shall have commenced actual Drilling Operations in the following manner:

- | | | |
|-------------|---|--|
| First well | — | spud on or before December 31, 2018; |
| Second well | — | spud on or before December 31, 2021; |
| Third well | — | spud on or before December 31, 2021; and |
| Fourth well | — | spud on or before December 31, 2021. |

Once actual drilling operations have been commenced on a particular well, Lessee shall continue drilling and completion operations thereafter on such well with due diligence, as a reasonable prudent operator would under the same or similar circumstances. In an effort to prevent physical and economic waste, subject to the terms and provisions of the Leases, and rules and regulations of the Texas Railroad Commission or any other applicable regulatory agency, Lessee shall make every effort to drill each horizontal well with the longest productive lateral reasonably possible within the boundaries of the Unit.

In the event Lessee commences actual drilling operations on all four (4) wells committed to be drilled hereunder and such wells are thereafter completed as wells being capable of producing oil or gas in paying quantities, the parties hereby agree that the pooled unit shall remain in the original, unaltered size and shape as described in Exhibit "B" and depicted in Exhibit "C", in accordance with paragraph eight (8) of this Agreement.

End of Addendum "A"



EXHIBIT "A"

Attached to and made a part of that certain Declaration of Pooled Unit for the Azra 16 State Unit
(a 1600.0 acre oil and gas unit) - Cimarex Energy Co., Operator

I. OIL AND GAS LEASES SUBJECT TO THIS DECLARATION:

1. Lease Date: April 6, 2010
Recording Data: Volume 101, Page 322, Oil & Gas Records, Culberson
County, Texas
Lessor: Commissioner of the General Land Office of the State of Texas
Original Lessee: T. Verne Dwyer
Lands Covered: All of Section 16, Block 114, Public School Lands Survey,
Culberson County, Texas
2. Lease Date: April 6, 2010
Recording Data: Volume 101, Page 328, Oil & Gas Records, Culberson
County, Texas
Lessor: Commissioner of the General Land Office of the State of Texas
Original Lessee: T. Verne Dwyer
Lands Covered: All of Section 21, Block 114, Public School Lands Survey,
Culberson County, Texas
3. Lease Date: April 6, 2010
Recording Data: Volume 101, Page 286, Oil & Gas Records, Culberson
County, Texas
Lessor: Commissioner of the General Land Office of the State of Texas
Original Lessee: T. Verne Dwyer
Lands Covered: N/2 of Section 4, Block 110, Public School Lands Survey,
Culberson County, Texas

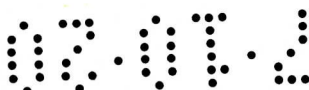


EXHIBIT "B"

Attached to and made a part of that certain Declaration of Pooled Unit for the Azra 16 State Unit
(a 1600.0 acre oil and gas unit) - Cimarex Energy Co., Operator

Description of Lands

- Tract 1: All of Section 16, Block 114, Public School Land Survey,
Culberson County, Texas, containing 640.0 gross acres, more or less
- Tract 2: All of Section 21, Block 114, Public School Land Survey,
Culberson County, Texas, containing 640.0 gross acres, more or less
- Tract 3: N/2 of Section 4, Block 110, Public School Land Survey,
Culberson County, Texas, containing 320.0 gross acres, more or less

Depth Limitation

Limited in depth from the surface of the earth to the stratigraphic equivalent of the base of the Cisco Canyon Formation. The base of the Cisco Canyon Formation is defined as the stratigraphic equivalent of 11,580 feet Measured Depth, as seen in Cimarex Energy Co.'s Dark Star 21 Unit #1H Well, located in Section 21, Block 59-T1, T&P RR Co. Survey, Culberson County, Texas; API #42-109-32352; Halliburton Spectral Density Dual Spaced Neutron Log dated 12 December 2010.

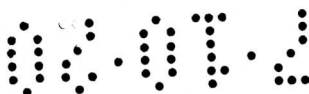


EXHIBIT "C"

Attached to and made a part of that certain Declaration of Pooled Unit for the Azra 16 State Unit
(a 1600.0 acre oil and gas unit) – Cimarex Energy Co., Operator

Azra 16 State Unit

located in Section 16, Block 114, Section 21, Block
114 and Section 4, Block 110, Public School Lands
Survey, Culberson County, Texas

16

Tract 1: All of Section 16, Blk 114

21

Tract 2: All of Section 21, Blk 114

4

Tract 3: N/2 of Section 4, Blk 110



File No. MF 110700
Culberson County
 Unit 9594 - Azra / 6 State Unit
 Date Filed: 12/16/2021
 George P. Bush, Commissioner
 By Jm

Date Filed: 12/16/2021

By George P. Bush, Commissioner

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

UPA230069

Unit Number 12581
Operator Name Cimarex Energy Co.
Customer ID C000044010
Unit Name Azra 16 State
County 1 Culberson **RRC District 1** 08
County 2 **RRC District 2**
County 3 **RRC District 3**
County 4 **RRC District 4**
Unit type Standard
State Net Revenue Interest Oil 0.25000000
State Part in Unit 1.00000000
Unit Depth Specified Depths
From Depth Surface
To Depth Cisco Canyon
Well
Formation **Base**
Participation Basis Surface Acreage
If Excluions Apply: See Remarks

Effective Date 01/01/2022
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
MF110700		80.000000	400.000000	0.20000000	O/G	0.25000000	0.05000000	No
MF110706		160.000000	400.000000	0.40000000	O/G	0.25000000	0.10000000	No
MF110707		160.000000	400.000000	0.40000000	O/G	0.25000000	0.10000000	No

API Number

4210933218

Remarks:

This unit is replacing Unit 9594 due to missed drilling obligation that was due to be spud by or before December 31, 2021. The effective date of this unit will be January 1, 2022.

Prepared By:

Jm

Prepared Date:

04/26/2023

GLO Base Updated By:

Jm

GLO Base Date:

04/26/2023

RAM Approval By:

Jm

RAM Approval Date:

04/26/2023

GIS By:

RL

GIS Date:

5/4/23

Well Inventory By:

Jm

WI Date:

04/26/2023

Pooling Committee Report

To: School Land Board

UPA230069

Date of Board Meeting:

Unit Number: 12581

Effective Date: 01/01/2022

Unit Expiration Date:

Applicant: Cimarex Energy Co.

Attorney Rep:

Operator: Cimarex Energy Co.

Unit Name: Azra 16 State

Field Name: FORD, WEST (WOLFCAMP)

County: Culberson

<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>
U Fee	MF110700	0.25000000	04/06/2015	5 years	320.000000	80.000000	0.05000000
U Fee	MF110706	0.25000000	04/06/2015	5 years	640.000000	160.000000	0.10000000
U Fee	MF110707	0.25000000	04/06/2015	5 years	640.000000	160.000000	0.10000000

Private Acres:	0.000000
State Acres:	400.000000
Total Unit Acres:	400.000000

<u>Participation Basis:</u>	Surface Acreage
Surface Acreage	
<u>State Acreage:</u>	100.00%
<u>State Net Revenue Interest:</u>	25.00%

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

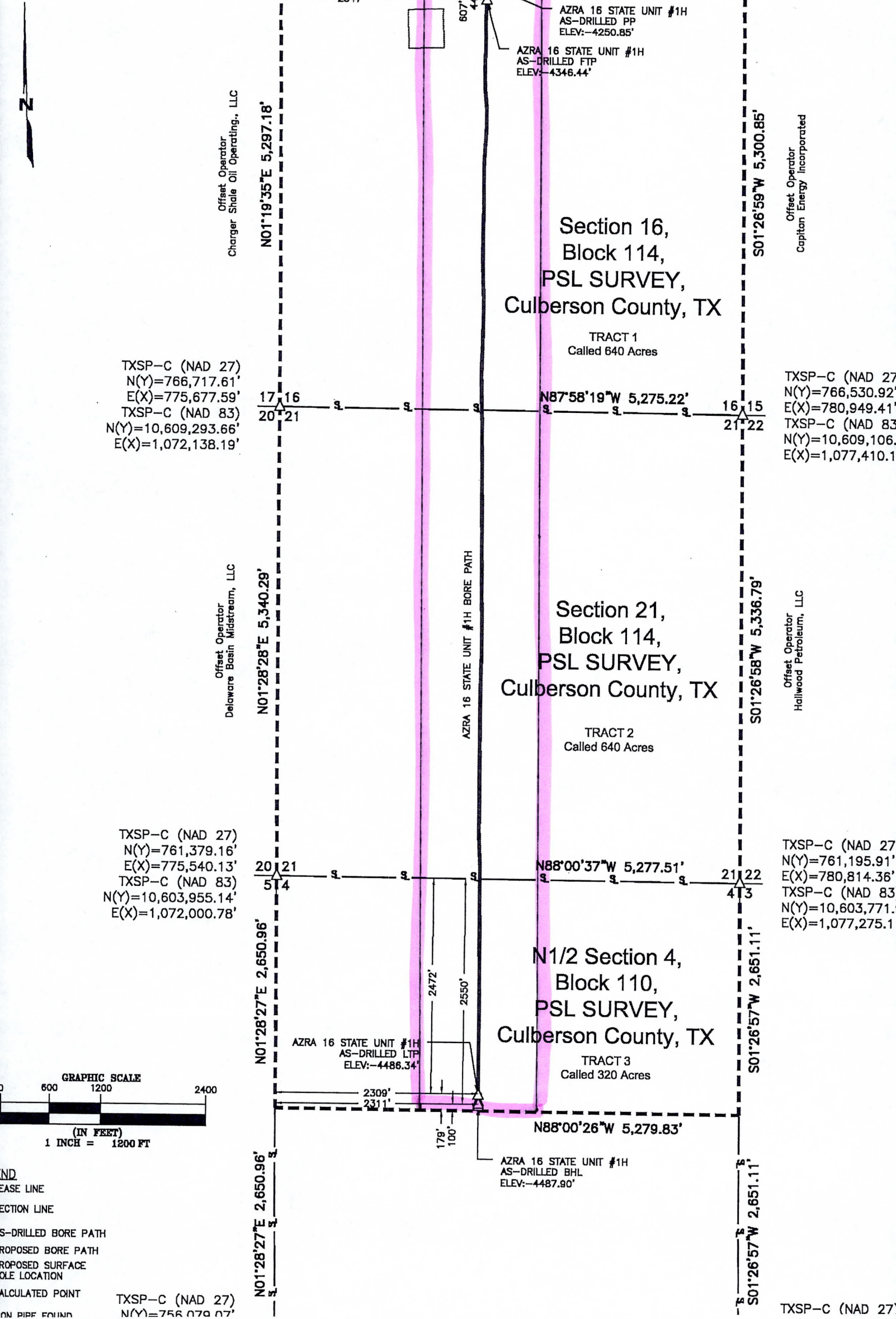
<u>RRC Rules:</u>	<u>Spacing Acres:</u>
No	

HORIZONTAL DISTANCE
182'
187'
12491'
107'
12967'

TXSP-C (NAD 27)
N(Y)=772,013.30'
E(X)=775,800.26'
TXSP-C (NAD 83)
N(Y)=10,614,589.42'
E(X)=1,072,260.81'

PERMIT PLAT

TXSP-C (NAD 27)
N(Y)=771,830.00'
E(X)=781,083.56'
TXSP-C (NAD 83)
N(Y)=10,614,406.
E(X)=1,077,544.2



DESCRIPTION	HORIZONTAL DISTANCE
SHL TO PP *	182'
PP TO FTP	187'
FTP TO LTP	12491'
LTP TO BHL	107'
TOTAL	12987'

TXSP-C (NAD 27)
N(Y)=772,013.30'
E(X)=775,800.26'
TXSP-C (NAD 83)
N(Y)=10,614,589.42'
E(X)=1,072,260.81'

WELL LOCATION TABLE									
DESCRIPTION	UNIT	LOCATION	SURVEY LOCATION	NAD27-TEXAS CENTRAL ZONE			NAD83-TEXAS CENTRAL ZONE		
				NORTHING	EASTING	LONGITUDE	NORTHING	EASTING	LONGITUDE
AS-DRILLED SHL	328'	FNL/2.324'	FNL	771,604.71'	778,115.14'	W104°15'50.59"	10,614,180.83'	1,074,575.73'	W104°15'52.33"
AS-DRILLED PP	444'	FNL/2.341'	FNL	771,487.79'	778,129.89'	W104°15'50.38"	10,613,983.91'	1,074,580.49'	W104°15'52.12"
AS-DRILLED FTP	607'	FNL/2.347'	FNL	771,327.31'	778,131.89'	W104°15'50.28"	10,613,992.47'	1,074,582.48'	W104°15'52.03"
AS-DRILLED LTP	178'	FSL/2.309'	FSL	758,827.78'	777,784.46'	W104°15'49.19"	10,601,403.75'	1,074,545.18'	W104°15'50.83"
AS-DRILLED BHL	100'	FSL/2.311'	FSL	758,748.80'	777,783.42'	W104°15'49.17"	10,601,324.75'	1,074,544.19'	W104°15'50.91"

- LEGEND**
- LEASE LINE
 - SECTION LINE
 - AS-DRILLED BORE PATH
 - PROPOSED BORE PATH
 - ▲ PROPOSED SURFACE HOLE LOCATION
 - △ CALCULATED POINT
 - IRON PIPE FOUND



JUSTIN W. CANTWELL
REGISTERED PROFESSIONAL LAND SURVEYOR
TEXAS REGISTRATION NUMBER 6331

04/16/19
DATE

PROJECT: AZRA 16 STATE UNIT #1H
JOB NUMBER: 1017041133
DATE: 04/16/2019
SCALE: 1"=1000'
SURVEYOR: T.MUZYNY
TECHNICIAN: JAH
PARTYCHIEF: T.MUZYNY



3105 W. CUTHBERT AVE
MIDLAND, TX 79701
OFC: 432.699.0601
FAX: 432.699.0661
EMAIL: INFO@SAM.BIZ

Texas Firm Registration No. 10064300

SHEET 1 OF 1

AZRA 16 STATE UNIT
#1H
AS-DRILLED
607' FROM NORTH LINE
2,347' FROM EAST LINE

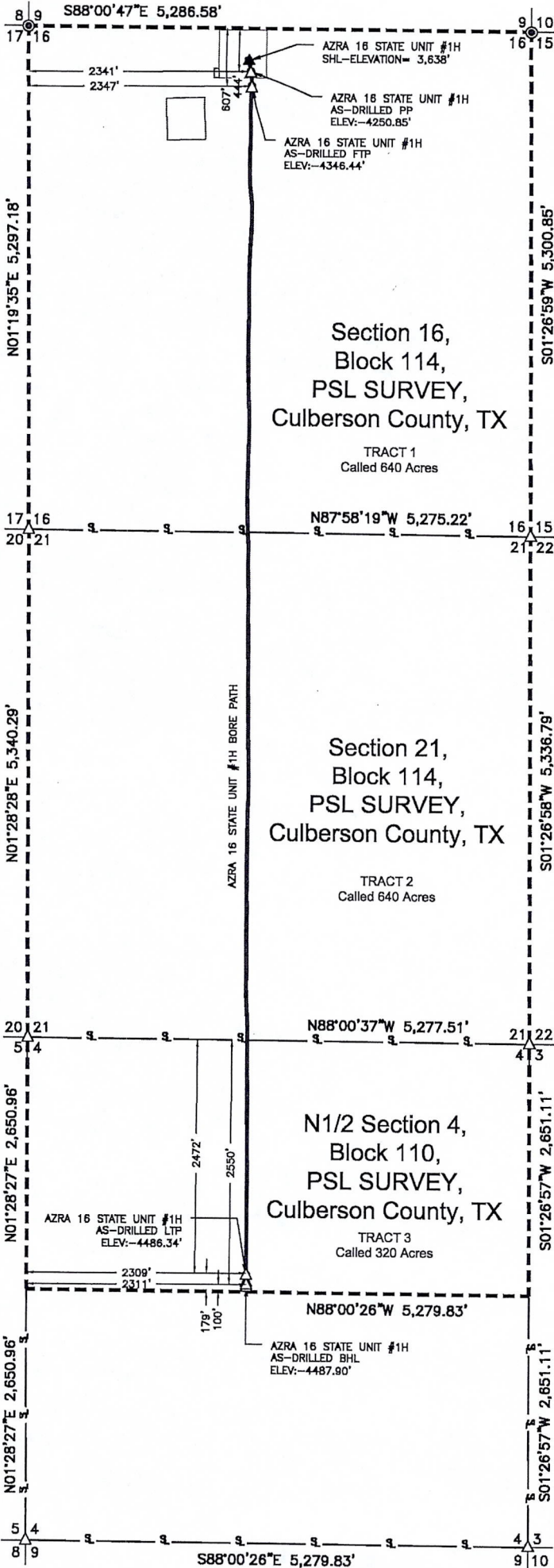
AZRA STATE 16 UNIT
CALLED 1600.0 ACRES
SEC. 16 & 21, BLOCK 114,
N/2 OF SEC. 4, BLOCK 110,
PUBLIC SCHOOL LAND SURVEY,
CULBERSON COUNTY, TX

NOTES:

1. UNLESS STATED OTHERWISE, ALL BEARINGS ARE GRID BEARINGS BASED ON TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE (4203), NAD83. ALL DISTANCES ARE REPRESENTED IN GRID VALUES, MEASURED IN U.S. SURVEY FEET, AND ARE BASED ON SAID HORIZONTAL DATUM. ALL VERTICAL ELEVATIONS SHOWN HEREON ARE BASED ON THE NORTH AMERICAN VERTICAL DATUM OF 1988 (N.A.V.D. 88).

2. THIS PLAT IS NOT INTENDED TO BE A BOUNDARY SURVEY AND DOES NOT MEET THE REQUIREMENTS FOR BOUNDARY SURVEYS IN THE STATE OF TEXAS. IT IS INTENDED FOR PERMITTING WITH THE TEXAS RAILROAD COMMISSION ONLY.

PERMIT PLAT



TXSP-C (NAD 27)
N(Y)=771,830.00'
E(X)=781,083.56'
TXSP-C (NAD 83)
N(Y)=10,614,406.13'
E(X)=1,077,544.21'

TXSP-C (NAD 27)
N(Y)=766,530.92'
E(X)=780,949.41'
TXSP-C (NAD 83)
N(Y)=10,609,106.98'
E(X)=1,077,410.11'

TXSP-C (NAD 27)
N(Y)=761,195.91'
E(X)=780,814.36'
TXSP-C (NAD 83)
N(Y)=10,603,771.90'
E(X)=1,077,275.11'

TXSP-C (NAD 27)
N(Y)=755,895.46'
E(X)=780,680.21'
TXSP-C (NAD 83)
N(Y)=10,598,471.38'
E(X)=1,077,141.01'

Offset Operator
Cimarex Energy

Offset Operator
Charger Shale Oil Operating, LLC

Offset Operator
Delaware Basin Midstream, LLC

Offset Operator
Capitan Energy Incorporated

Offset Operator
Hollwood Petroleum, LLC

ATH:M:\1017041133\100\SURVEY\06PLATS\1_WELL_PLAT\AS-DRILL\41133_AS-DRILL_AZRA_UNIT_#1.DWG

JCANTWELL 4/25/2019 9:12 AM

File No. MF110700

Culberson County

Unit 12581 - Azra 16 State Unit

Replaces Unit 9594
Date Filed: 04/26/2023

Commissioner Dawn Buckingham, M.D.

By: 