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Archives and Records Staff

ODA # 0001

8553

MF110724

<i>State Lease</i> MF110724	<i>Control</i> 04-019993	<i>Base File</i> 141104	<i>County</i> REEVES
<i>Survey</i> PUBLIC SCHOOL LAND			
<i>Block</i> 57			
<i>Block Name</i>			
<i>Township</i>			
<i>Section/Tract</i> 6			
<i>Land Part</i>			
<i>Part Description</i>			
<i>Acres</i> 640			
<i>Depth Below</i> 0	<i>Depth Above</i> 0	<i>Depth Other</i>	
<i>Name</i> VERITAS 321 ENERGY PARTNERS, L			
<i>Lease Date</i> 4/6/2010			
<i>Primary Term</i> 5 yrs			
<i>Bonus (\$)</i> \$356,480.00			
<i>Rental (\$)</i> \$5.00			
<i>Lease Royalty</i> 0.2500			

Leasing: RR

Analyst: _____

Maps: JA

GIS: AS

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Commissioner of the TX General Land Office

3/31/2010

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
4/6/2010	Bill	MGL#38, Bonus Amount	356,480.00	356,480.00		356,480.00
				Check Amount		356,480.00

(WNB) Veritas 321 EP MGL #38, Blk 57, PSL Sy, Sec 6, All, 640 acres

356,480.00

VERITAS 321 ENERGY PARTNERS, LP
007823

Commissioner of the TX General Land Office

3/31/2010

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
4/6/2010	Bill	MGL #38, Sales Fee	5,347.20	5,347.20		5,347.20
				Check Amount		5,347.20

(WNB) Veritas 321 EP MGL #38, Blk 57, PSL Sy, Sec 6, All, 640 acres

5,347.20

M- 110724

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: Veritas 321 Energy Partners, LP
 Address: P.O. Box 173
 City: Midland State: TX Zip: 79702-0173
 Telephone: (932) 1682-4002 (Include +4 Code)

AREA
DESCRIPTION

County(ies): Reeves Survey/Area: PSL Sy (If Applicable)
 Block/Tsp.: Blk. 57 Section/Tract: Sec. 6 Acres: 640
 (If Applicable)

BID
SUBMISSION

(A) Bonus Amount

(\$) 356,480
Three Hundred Fifty Six Thousand, Four Hundred Eighty Dollars
 (type/print above)

(B) Sales Fee Amount

(\$) 5347.20
Five Thousand, Three Hundred Forty Seven & 20/100 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.

38

APPLICANT NAME

Veritas 321 Energy Partners, LP
 (same as above)

BONUS AMOUNT ONLY (A)
(Do Not include sales fee)

(\$) 356,480

STATE OF TEXAS
TAX I.D. #

[REDACTED]
 (must be an 11-digit number)

SIGNATURE OF
AGENT

(signature)

Kenneth C. Dickerson
 (type/print name)



10706325
 10706326
 5347.20

File No.

MF 110724

Date Filed:

Bed Form
4/6/10

Jerry Patterson, Commissioner

By

df

The State of Texas



Austin, Texas

OIL AND GAS LEASE NO. M-110724

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:

SECTION 6, BLOCK 57, PUBLIC SCHOOL LAND SURVEY, REEVES COUNTY, TEXAS, CONTAINING APPROXIMATELY 640 ACRES, AS SHOWN ON THE OFFICIAL MAP OF REEVES 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 **VERITAS 321 ENERGY PARTNERS, LP** whose address is **P.O. BOX 173, MIDLAND, TEXAS 79702-0173** 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 **Three Hundred Fifty-Six Thousand Four Hundred Eighty And 00/100 Dollars (\$356,480.00)**, 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 to 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.

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.

File No MF 110734
Lease
Date Filed: 4/6/10
By Jerry Patterson, Commissioner

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 _____
COUNTY OF _____

(CORPORATION ACKNOWLEDGMENT)

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 _____
COUNTY OF _____

(INDIVIDUAL ACKNOWLEDGMENT)

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. Kenneth C. Dickerson
Veritas 321 Energy Partners, LP
P.O. Box 173
Midland, Texas 79702-0173

Dear Mr. Dickerson:

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 Veritas 321 Energy Partners, LP was the high bidder on **MGL. No. 38**, which has been assigned the lease number **M-110724**.

State Lease M-110724 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

3.

File No. MF 110724

Letter

Date Filed: 5/1/10

Jerry Patterson, Commissioner

By [Signature]

FILE # 1786

Lease Form
Revised 10/99
Surveyed School Land

The State of Texas



Austin, Texas

OIL AND GAS LEASE NO. M-110724

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:

SECTION 6, BLOCK 57, PUBLIC SCHOOL LAND SURVEY, REEVES COUNTY, TEXAS, CONTAINING APPROXIMATELY 640 ACRES, AS SHOWN ON THE OFFICIAL MAP OF REEVES 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 VERITAS 321 ENERGY PARTNERS, L.P. whose address is P.O. BOX 173, MIDLAND, TEXAS 79702-0173 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 **Three Hundred Fifty-Six Thousand Four Hundred Eighty And 00/100 Dollars (\$356,480.00)**, 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.



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

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(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 and 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.



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(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.



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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



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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 authorized 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.



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



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

Veritas 321 Energy Partners L.P.
By: Veritas 321 GP, LLC, its Sole General Partner
 LESSEE
 BY: [Signature]
 TITLE: Vice President
 DATE: 5-20-10

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

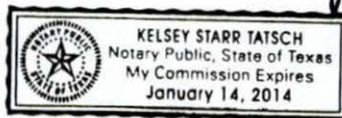
[Signature]
 COMMISSIONER OF THE GENERAL LAND OFFICE
 OF THE STATE OF TEXAS
 APPROVED
 Contents [Signature]
 Legal [Signature]
 DC [Signature]
 Exec [Signature]

STATE OF Texas
 COUNTY OF Midland

(CORPORATION ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared Kenneth C. Dickson
 known to me to be the person whose name is subscribed to the foregoing instrument, as V.P. of Veritas 321 GP, LLC, Sole Gen. Ptn. of Veritas 321 Energy
Partners, LP a Texas Limited Partnership, on behalf of and acknowledged to me that he executed the same
Said Partnership.
 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 20th day of May, 2010



Kelsey Starr Tatsch
 Notary Public in and for State of Texas

STATE OF _____
 COUNTY OF _____

(INDIVIDUAL ACKNOWLEDGMENT)

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 _____ day of _____, 20____

Notary Public in and for _____

6

FILE # 1786

FILED FOR RECORD ON THE 27TH DAY OF MAY A.D. 2010 4:30 P M.

DULY RECORDED ON THE 2ND DAY OF JUNE A.D. 2010 11:00 A M.

BY: [Signature] DEPUTY

DIANNE O. FLOREZ, COUNTY CLERK
 REEVES COUNTY, TEXAS

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



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

0173

4.

File No. MF110724
Certified lease
Date Filed: 7/2/10
Jerry Patterson, Commissioner
By [Signature]

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

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office, found in VOL 844
PAGE 342 THRU 347 OFFICIAL PUBLIC RECORDS



I hereby certified on 6/7/2010

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY [Signature] DEPUTY
DALIA GALINDO



IF CORRESPONDENCE IS REQUIRED, PLEASE MAKE
REFERENCE TO THE BELOW LEASE NUMBER

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110724	12	04-06-2011	0089809	000

AGENCY LEASE NUMBER: M-110724

IN PAYMENT OF: DELAY RENTAL PAYMENT DIVISION : MIDLAND
FOR: DELAY RENTAL

RECORDED: Book 0844 Page 0342

TRACT: 1 COUNTRY: US STATE: TX COUNTY: REEVES

NET ACRES

PROSPECT: ZENA

640.000

BASIN/LANDMAN: *

LEGAL (Part of): STATE ABST/ID# 77777BLK 57 Sec 6

11707669

FOR THE CREDIT OF:

PAYMENT

STATE OF TEXAS

(BA# 040650L)

\$3,200.00

GENERAL LAND OFFICE

STEPHEN F AUSTIN BLDG

1700 N CONGRESS AVE

AUSTIN

TX 78711-2873

TAX ID: 00-0000000

ACCT:

(DPS# 004796B)

TOTAL BANK SERVICE CHARGE

\$.00

TOTAL AMOUNT PAID

\$3,200.00

ME
110724

P. 4/1/2011

CHECK NO.

114496

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110724	12	04-06-2011	0089809	000

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110724	12	04-06-2011	0089809	000

DATE **MAR 24 2011** BY **DE** RENTAL PAYMENT

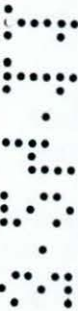
(5)

File No. MF-110724

DENTAL PAYMENT

Date Filed: 3/24/11
Jerry E. Patterson, Commissioner

By me



TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

August 24, 2011

I, Jerry E. Patterson, 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 June 22, 1926, Section 6, Block 57, Public School Land Survey, 640.00 acres in Reeves County was awarded to JOHN C. ROSEBOROUGH, JR., on his application to re-purchase filed in the Texas General Land Office on February 6, 1926, in School File 141104, 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 141104 is endorsed: "abst 4898," "M & G," "(Stamped) Land Forfeited 1-6-43, Bascom Giles, Commissioner;"

That on August 2, 1961, 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-53013, covering "all of Section 6, Block 57, PSL Survey, Reeves County, Texas, containing 640 acres, as shown on the official map of Reeves County now on file in the General Land Office," to SINCLAIR OIL & GAS COMPANY, for a cash bonus of \$6,400.00, 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, 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 August 2, 1961, in Mineral File M-53013;

That the File Wrapper for Mineral File M-53013 is endorsed: "(Stamped) EXPIRED;"

That on May 4, 1971, 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 subject to all rules and regulations promulgated by the Commissioner of the Texas General Land Office, pursuant to Article 5366, V.C.S. and other applicable statutes and amendments thereto governing drilling and producing operations, and other applicable laws, BOB ARMSTRONG, Commissioner of the Texas General Land Office, executed and delivered State Oil & Gas Lease M-65936, covering "All of Section 6, Block 57, Public School

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

Land, Reeves County, containing 640 acres, as shown on the official map of Reeves County now on file in the General Land Office," as shown on the official map filed in the Texas General Land Office, to SOUTHLAND ROYALTY COMPANY, for a cash bonus of \$16,012.80, 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-Sixth (1/6) 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 May 4, 1971, in Mineral File M-65936;

That the File Wrapper for Mineral File M-65936 is endorsed: "(Stamped) EXPIRED;"

That on February 6, 1979, pursuant to Chapter 32 and Subchapters A-E, G, and H of Chapter 52 of the Natural Resources Code, 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, BOB ARMSTRONG, Commissioner of the Texas General Land Office, executed and delivered State Oil & Gas Lease M-78865, covering "All of Section 6, Block 57, Public School Land Survey, Reeves County, Texas, containing 640 acres, as shown on the official map of Reeves County now on file in the General Land Office in Austin, Texas," to HNG OIL COMPANY, for a cash bonus of \$120,640.00, 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 5, 1979, in Mineral File M-78865;

That the File Wrapper for Mineral File M-78865 is endorsed: "(Stamped) EXPIRED;"

That on January 18, 2005, 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-104574, covering, "SECTION 6, BLOCK 57, PUBLIC SCHOOL LAND SURVEY, REEVES COUNTY, TEXAS, CONTAINING APPROXIMATELY 640 ACRES, AS SHOWN ON THE OFFICIAL MAP OF REEVES COUNTY, TEXAS NOW ON FILE IN THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS," to CHALFANT PROPERTIES, INC., for a cash bonus of \$197,760.00, 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 January 8, 2005, in Mineral File M-104574;

That the File Wrapper for Mineral File M-104574 is endorsed: "(Stamped) Expired;"

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-110724, covering "SECTION 6, BLOCK 57, PUBLIC SCHOOL LAND SURVEY, REEVES COUNTY, TEXAS, CONTAINING APPROXIMATELY 640 ACRES, AS SHOWN ON THE OFFICIAL MAP OF REEVES COUNTY, TEXAS NOW ON FILE IN THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS," to VERITAS 321 ENERGY PARTNERS, L.P., for a cash bonus of \$356,480.00, 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 July 2, 2010, in Mineral File M-110724;

That the latest rental payment for State Oil & Gas Lease M-110724, for the period April 6, 2011, to April 6, 2012, was received in the Texas General Land Office on March 24, 2011;

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

JERRY E. PATTERSON
COMMISSIONER OF THE GENERAL LAND OFFICE

JEP/wt

Name	Peggy Lavine/EOG Resources P.O. Box 2267 Midland, TX 79702
Dicta No.:	2011-86
Fee:	\$600.00
Files:	School File 141104, Mineral File M-53013, M-65936, M-78865, M-104574, M-110724

File No. W-110724

(6)

Cart of Fuel

Date Filed: 8/19/11

Jerry E. Patterson, Commissioner

By [Signature]

IF CORRESPONDENCE IS REQUIRED, PLEASE MAKE
REFERENCE TO THE BELOW LEASE NUMBER

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110724	12	04-06-2012	0089809	000

AGENCY LEASE NUMBER: M-110724

IN PAYMENT OF: DELAY RENTAL PAYMENT DIVISION : MIDLAND
FOR: DELAY RENTAL

RECORDED: Book 0844 Page 0342

12708494

TRACT: 1 COUNTRY: US STATE: TX COUNTY: REEVES NET ACRES
PROSPECT: ZENA 640.000
BASIN/LANDMAN: *
LEGAL (Part of): STATE ABST/ID# 77777BLK 57 Sec 6

FOR THE CREDIT OF: PAYMENT

STATE OF TEXAS (BA# 040650L) \$3,200.00
GENERAL LAND OFFICE
STEPHEN F AUSTIN BLDG
1700 N CONGRESS AVE
AUSTIN TX 78711-2873
TAX ID: 00-0000000 ACCT:

(DPS# 004796B) TOTAL BANK SERVICE CHARGE \$.00
TOTAL AMOUNT PAID \$3,200.00

3rd Year Rental
(P) (A)
(G)

X

121

CHECK NO.
123125

 **eog resources**
EOG Resources, Inc.
P.O. Box 4362
Houston, TX 77210-4362



9171 9010 1424 1000 1083 31

123125 0089809-000 RN -010-04/2012

COMMISSIONER OF GENERAL
LAND OFFICE STATE OF TEXAS
STEPHEN F AUSTIN BUILDING
1700 N CONGRESS AVENUE
AUSTIN TX 78701



Check No.	123125
Lease No.	0089809-000
Payment Type	Delay Rental
Division:	Midland
Month	04/2012

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110724	12	04-06-2012	0089809	000

AGENCY LEASE NUMBER: M-110724

IN PAYMENT OF: DELAY RENTAL PAYMENT DIVISION : MIDLAND
FOR: DELAY RENTAL

RECORDED: Book 0844 Page 0342

TRACT: 1 COUNTRY: US STATE: TX COUNTY: REEVES NET ACRES
PROSPECT: ZENA 640.000
BASIN/LANDMAN: *
LEGAL (Part of): STATE ABST/ID# 77777BLK 57 Sec 6

FOR THE CREDIT OF: PAYMENT

STATE OF TEXAS (BA# 040650L) \$3,200.00
GENERAL LAND OFFICE
STEPHEN F AUSTIN BLDG
1700 N CONGRESS AVE
AUSTIN TX 78711-2873
TAX ID: 00-0000000 ACCT:

(DPS# 004796B) TOTAL BANK SERVICE CHARGE \$.00
TOTAL AMOUNT PAID \$3,200.00

COPY

PLEASE SIGN THIS RECEIPT COPY AND RETURN

CHECK NO.
123125

THE AMOUNT OF THIS CHECK IS IN PAYMENT OF DELAY RENTAL PAYMENT
DUE PARTY OR PARTIES UNDER OIL & GAS
LEASE DESCRIBED FOR THE PERIOD STATED.



LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110724	12	04-06-2012	0089809	000

ON BEHALF OF EOG RESOURCES, INC
DATE 03-01-2012

CHECK NO. 123125

CITIBANK DELAWARE

AMOUNT
*****\$3,200.00

Three thousand two hundred and 00/100 Dollars

PAY TO
THE ORDER
OF

COMMISSIONER OF GENERAL
LAND OFFICE STATE OF TEXAS
STEPHEN F AUSTIN BUILDING
1700 N CONGRESS AVENUE
AUSTIN TX 78701-0000

BY

NON-NEGOTIABLE

RECEIPT OF ABOVE DESCRIBED CHECK IS HEREBY ACKNOWLEDGED

DATE MAR 12 2012 BY 13 RENTAL PAYMENT

7

File No. M# 110724
Delay Rental

Date Filed: 3/12/12
Jerry E. Patterson, Commissioner
EA

46480751

9.15.15

IF CORRESPONDENCE IS REQUIRED, PLEASE MAKE
REFERENCE TO THE BELOW LEASE NUMBER

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110724	12	04-06-2013	0089809	000

AGENCY LEASE NUMBER: M-110724

IN PAYMENT OF: DELAY RENTAL PAYMENT DIVISION : MIDLAND
FOR: DELAY RENTAL

13707548

RECORDED: Book 0844 Page 0342

TRACT: 1 COUNTRY: US STATE: TX COUNTY: REEVES NET ACRES
PROSPECT: ZENA 640.000
BASIN/LANDMAN: *
LEGAL (Part of): STATE ABST/ID# 77777BLK 57 Sec 6

FOR THE CREDIT OF: PAYMENT

STATE OF TEXAS (BA# 040650L) \$16,000.00
GENERAL LAND OFFICE
STEPHEN F AUSTIN BLDG
1700 N CONGRESS AVE
AUSTIN
TX 78711-2873
TAX ID: 00-0000000 ACCT:

①

(DPS# 004796B) TOTAL BANK SERVICE CHARGE \$.00
TOTAL AMOUNT PAID \$16,000.00

X

121

CHECK NO.
134588

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110724	12	04-06-2013	0089809	000

AGENCY LEASE NUMBER: M-110724

IN PAYMENT OF: DELAY RENTAL PAYMENT DIVISION : MIDLAND
FOR: DELAY RENTAL

13707548

RECORDED: Book 0844 Page 0342

TRACT: 1 COUNTRY: US STATE: TX COUNTY: REEVES NET ACRES
PROSPECT: ZENA 640.000
BASIN/LANDMAN: *
LEGAL (Part of): STATE ABST/ID# 77777BLK 57 Sec 6

FOR THE CREDIT OF: PAYMENT

STATE OF TEXAS (BA# 040650L) \$16,000.00
GENERAL LAND OFFICE
STEPHEN F AUSTIN BLDG
1700 N CONGRESS AVE
AUSTIN TX 78711-2873
TAX ID: 00-0000000 ACCT:

(DPS# 004796B) TOTAL BANK SERVICE CHARGE \$.00
TOTAL AMOUNT PAID \$16,000.00

X

121

CHECK NO.
134588

THE FACE OF THIS CHECK IS PRINTED BLUE - THE BACK CONTAINS A SIMULATED WATERMARK



THE AMOUNT OF THIS CHECK IS IN PAYMENT OF DELAY RENTAL PAYMENT
DUE PARTY OR PARTIES UNDER OIL & GAS
LEASE DESCRIBED FOR THE PERIOD STATED.

13707548

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110724	12	04-06-2013	0089809	000

ON BEHALF OF EOG RESOURCES, INC
DATE 03-01-2013

CHECK NO. 134588

62-20
311

CITIBANK DELAWARE

Sixteen thousand and 00/100 Dollars

PAY TO
THE ORDER
OF

COMMISSIONER OF GENERAL
LAND OFFICE STATE OF TEXAS
STEPHEN F AUSTIN BUILDING
1700 N CONGRESS AVENUE
AUSTIN TX 78701-0000

BY

[Signature]

CITIBANK DELAWARE
NEW CASTLE DE 19720



00134588

IF CORRESPONDENCE IS REQUIRED, PLEASE MAKE
REFERENCE TO THE BELOW LEASE NUMBER

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110724	12	04-06-2013	0089809	000

AGENCY LEASE NUMBER: M-110724
IN PAYMENT OF: DELAY RENTAL PAYMENT DIVISION : MIDLAND
FOR: DELAY RENTAL

RECORDED: Book 0844 Page 0342

TRACT: 1 COUNTRY: US STATE: TX COUNTY: REEVES NET ACRES
PROSPECT: ZENA 640.000
BASIN/LANDMAN: *
LEGAL (Part of): STATE ABST/ID# 77777BLK 57 Sec 6

FOR THE CREDIT OF: PAYMENT

STATE OF TEXAS (BA# 040650L) \$16,000.00
GENERAL LAND OFFICE
STEPHEN F AUSTIN BLDG
1700 N CONGRESS AVE
AUSTIN TX 78711-2873
TAX ID: 00-0000000 ACCT:

(DPS# 004796B) TOTAL BANK SERVICE CHARGE \$.00
TOTAL AMOUNT PAID \$16,000.00

PLEASE SIGN THIS RECEIPT COPY AND RETURN

CHECK NO.

134588

THE AMOUNT OF THIS CHECK IS IN PAYMENT OF DELAY RENTAL PAYMENT
DUE PARTY OR PARTIES UNDER OIL & GAS
LEASE DESCRIBED FOR THE PERIOD STATED.

 **EOG resources**

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110724	12	04-06-2013	0089809	000

ON BEHALF OF EOG RESOURCES, INC
DATE 03-01-2013

CITIBANK DELAWARE

CHECK NO. 134588

AMOUNT

*****\$16,000.00

Sixteen thousand and 00/100 Dollars

PAY TO
THE ORDER
OF

COMMISSIONER OF GENERAL
LAND OFFICE STATE OF TEXAS
STEPHEN F AUSTIN BUILDING
1700 N CONGRESS AVENUE
AUSTIN TX 78701-0000

BY _____

NON-NEGOTIABLE

RECEIPT OF ABOVE DESCRIBED CHECK IS HEREBY ACKNOWLEDGED

DATE _____ BY _____

File No. MF 110724

⑧

Rental Payment

Date Filed: 03/11/2013

Jerry E. Patterson, Commissioner

By LOP

IF CORRESPONDENCE IS REQUIRED, PLEASE MAKE
REFERENCE TO THE BELOW LEASE NUMBER

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110724	12	04-06-2014	0089809	000

AGENCY LEASE NUMBER: M-110724

IN PAYMENT OF: DELAY RENTAL PAYMENT DIVISION : MIDLAND
FOR: DELAY RENTAL

RECORDED: Book 0844 Page 0342

TRACT: 1 COUNTRY: US STATE: TX COUNTY: REEVES NET ACRES
PROSPECT: ZENA 640.000
BASIN/LANDMAN: *

LEGAL (Part of): STATE ABST/ID# 77777 Grantee Blk 57 Sec 6

FOR THE CREDIT OF:

PAYMENT

STATE OF TEXAS (BA# 040650L) \$16,000.00
GENERAL LAND OFFICE
STEPHEN F AUSTIN BLDG
1700 N CONGRESS AVE
AUSTIN TX 78711-2873

ACCT:

RENTAL PAYMENT

5th yr.

(DPS# 004796B)

TOTAL BANK SERVICE CHARGE \$.00
TOTAL AMOUNT PAID \$16,000.00

121

CHECK NO.

141755

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110724	12	04-06-2014	0089809	000

AGENCY LEASE NUMBER: M-110724

IN PAYMENT OF: DELAY RENTAL PAYMENT

DIVISION

: MIDLAND

FOR: DELAY RENTAL

RECORDED: Book 0844 Page 0342

14708624

TRACT: 1 COUNTRY: US STATE: TX COUNTY: REEVES

NET ACRES

PROSPECT: ZENA

640.000

BASIN/LANDMAN: *

LEGAL (Part of): STATE ABST/ID# 77777 Grantee Blk 57 Sec 6

FOR THE CREDIT OF:

PAYMENT

STATE OF TEXAS

(BA# 040650L)

\$16,000.00

GENERAL LAND OFFICE

STEPHEN F AUSTIN BLDG

1700 N CONGRESS AVE

AUSTIN

TX 78711-2873

ACCT:

(DPS# 004796B)

TOTAL BANK SERVICE CHARGE

\$.00

TOTAL AMOUNT PAID

\$16,000.00

CHECK NO.

141755

THE FACE OF THIS CHECK IS PRINTED BLUE - THE BACK CONTAINS A SIMULATED WATERMARK

EOG resources

THE AMOUNT OF THIS CHECK IS IN PAYMENT OF DELAY RENTAL PAYMENT
DUE PARTY OR PARTIES UNDER OIL & GAS
LEASE DESCRIBED FOR THE PERIOD STATED.

14708624

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110724	12	04-06-2014	0089809	000

ON BEHALF OF EOG RESOURCES, INC
DATE 03-01-2014

CHECK NO. 141755

62-20
311

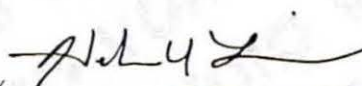
CITIBANK DELAWARE

Sixteen thousand and 00/100 Dollars

PAY TO
THE ORDER
OF

COMMISSIONER OF GENERAL
LAND OFFICE STATE OF TEXAS
STEPHEN F AUSTIN BUILDING
1700 N CONGRESS AVENUE
AUSTIN TX 78701-0000

AMOUNT
*****\$16,000.00

BY 

CITIBANK DELAWARE
NEW CASTLE DE 19720

00141755

IF CORRESPONDENCE IS REQUIRED, PLEASE MAKE
REFERENCE TO THE BELOW LEASE NUMBER

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110724	12	04-06-2014	0089809	000

AGENCY LEASE NUMBER: M-110724

IN PAYMENT OF: DELAY RENTAL PAYMENT DIVISION : MIDLAND
FOR: DELAY RENTAL

RECORDED: Book 0844 Page 0342

TRACT: 1 COUNTRY: US STATE: TX COUNTY: REEVES NET ACRES
PROSPECT: ZENA 640.000
BASIN/LANDMAN: *
LEGAL (Part of): STATE ABST/ID# 77777 Grantee Blk 57 Sec 6

FOR THE CREDIT OF: PAYMENT

STATE OF TEXAS (BA# 040650L) \$16,000.00

GENERAL LAND OFFICE
STEPHEN F AUSTIN BLDG
1700 N CONGRESS AVE
AUSTIN

TX 78711-2873

ACCT:

(DPS# 004796B) TOTAL BANK SERVICE CHARGE \$.00
TOTAL AMOUNT PAID \$16,000.00

PLEASE SIGN THIS RECEIPT COPY AND RETURN

CHECK NO.

141755

THE AMOUNT OF THIS CHECK IS IN PAYMENT OF DELAY RENTAL PAYMENT
DUE PARTY OR PARTIES UNDER OIL & GAS
LEASE DESCRIBED FOR THE PERIOD STATED.



LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110724	12	04-06-2014	0089809	000

ON BEHALF OF EOG RESOURCES, INC
DATE 03-01-2014

CHECK NO. 141755

CITIBANK DELAWARE

AMOUNT

*****\$16,000.00

Sixteen thousand and 00/100 Dollars

PAY TO
THE ORDER
OF

COMMISSIONER OF GENERAL
LAND OFFICE STATE OF TEXAS
STEPHEN F AUSTIN BUILDING
1700 N CONGRESS AVENUE
AUSTIN TX 78701-0000

BY

NON-NEGOTIABLE

RECEIPT OF ABOVE DESCRIBED CHECK IS HEREBY ACKNOWLEDGED

DATE 03/06/2014 BY [Signature]

File No. MF110724 ⑨

Rentals - 5th yr.

Date Filed: 03/06/2014

Jerry E. Patterson, Commissioner

By JEP

3. 0.74

IF CORRESPONDENCE IS REQUIRED, PLEASE MAKE
REFERENCE TO THE BELOW LEASE NUMBER

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110724	00	04-06-2015	0089809	000

AGENCY LEASE NUMBER: M-110724

IN PAYMENT OF: MINIMUM ROYALTY PAYMENT

DIVISION

: MIDLAND

FOR: MINIMUM ROYALTY

RECORDED: Book 0844 Page 0342

Zena Unit # 6435

TRACT: 1 COUNTRY: US STATE: TX COUNTY: REEVES

NET ACRES

PROSPECT: ZENA

640.000

BASIN/LANDMAN: *

LEGAL (Part of): STATE ABST/ID# 77777 Grantee Blk 57 Sec 6

FOR THE CREDIT OF:

PAYMENT

STATE OF TEXAS

(BA# 040650L)

\$3,200.00

GENERAL LAND OFFICE

STEPHEN F AUSTIN BLDG

1700 N CONGRESS AVE

AUSTIN

TX 78711-2873

ACCT:

(DPS# 004796B)

TOTAL BANK SERVICE CHARGE

\$.00

TOTAL AMOUNT PAID

\$3,200.00

PLEASE SIGN THIS RECEIPT COPY AND RETURN

CHECK NO.

150223



THE AMOUNT OF THIS CHECK IS IN PAYMENT OF MINIMUM ROYALTY PAYMENT

DUE PARTY OR PARTIES UNDER OIL & GAS

LEASE DESCRIBED FOR THE PERIOD STATED

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110724	00	04-06-2015	0089809	000

ON BEHALF OF EOG RESOURCES INC

DATE 03-01-2015

CHECK NO. 150223

62-20
311

CITIBANK DELAWARE

AMOUNT

*****\$3,200.00

Three thousand two hundred and 00/100 Dollars

PAY TO
THE ORDER
OF

COMMISSIONER OF GENERAL
LAND OFFICE STATE OF TEXAS

STEPHEN F AUSTIN BUILDING

1700 N CONGRESS AVENUE

AUSTIN

TX 78701-0000

NON-NEGOTIABLE

BY

CITIBANK DELAWARE
NEW CASTLE DE 19720

RECEIPT OF ABOVE DESCRIBED CHECK IS HEREBY ACKNOWLEDGED

DATE

3-4-15

BY

[Signature]

File No. MT 110724
Mr Roy Pymt County

Date Filed: 3-4-15
George P. Bush, Commissioner
By CBonh



P.O. Box 2267, Midland, Texas 79702
Phone: (432) 686-3600 Fax: (432) 686-3773

August 22, 2017

Texas General Land Office
Attention: Mr. J. Daryl Morgan
1700 North Congress Avenue
Austin, Texas 78701-1496

SENT VIA FEDEX

RE: **Signed by EOG – Pooling Agreement (GLO Unit No. 8553)**
State Streamer Unit
Reeves County, Texas

Dear Mr. Morgan:

Please find the enclosed duplicate originals of the above described Pooling Agreement, signed by EOG Resources, Inc. Once fully executed, please return one original in the enclosed envelope to my attention.

Should you have any questions, please contact Garrett Reeves at (432) 686-6949 or via email at garrett_reeves@eogresources.com.

Very truly yours,
EOG RESOURCES, INC.

A handwritten signature in blue ink that reads "Katherine Hathcock".

Katherine Hathcock
Land Tech – Midland Division
(432) 686-6905
katherine_hathcock@eogresources.com



71838

11

File No. M-110724

County

Ltr. From E, 06

Date Filed: 8/25/17

George P. Bush, Commissioner

By [Signature]



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

August 25, 2017

Ms. Katherine Hathcock
EOG Resources, Inc.
P. O. Box 2267
Midland, Texas 79702

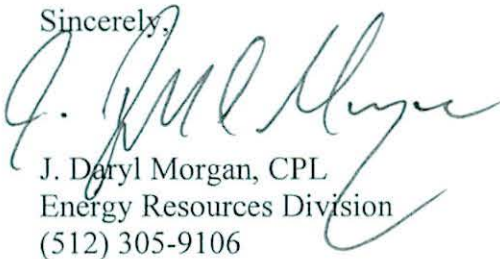
Re: Pooling Agreement
State Streamer Unit
GLO Unit No. 8553
Reeves County, Texas

Dear Ms. Hathcock:

Enclosed is a duplicate original of the above referenced Pooling Agreement that has been executed by George P. Bush, Commissioner of the Texas General Land Office ("GLO"). We have retained the other original of the Pooling Agreement for our files. Please refer to the referenced GLO Unit No. when filing Royalty Reports with the GLO.

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

Sincerely,



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

Enclosure

File No. M-110724

Ltr. to GOB County

Date Filed: 8/25/17

George P. Bush, Commissioner

By [Signature]

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

UPA179580

Unit Number 8553
Operator Name EOG Resources, Inc. Effective Date 06/20/2017
Customer ID C000027065 Unitized For Oil And Gas
Unit Name State Streamer Unit Term
County 1 Reeves RRC District 1 08 Old Unit Number Inactive Status Date
County 2 RRC District 2
County 3 RRC District 3
County 4 RRC District 4
Unit type Permanent
State Net Revenue Interest Oil 0.19099571
State Part in Unit 1.00000000
Unit Depth Specified Depths Well
From Depth Surface Formation Base of Wolfcamp
To Depth 16463 Participation Basis Surface Acreage
If Exclusions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF110724	1	644.320000	1,374.540000	0.46875318	O/G	0.25000000	0.11718830	No
MF110726	2	81.390000	1,374.540000	0.05921254	O/G	0.25000000	0.01480313	No
MF111079	3	648.830000	1,374.540000	0.47203428	O/G	0.12500000	0.05900429	No

API Number

Remarks:

Prepared By:

GLO Base Updated By:

RAM Approval By:

GIS By:

Well Inventory By:

Prepared Date:

GLO Base Date:

RAM Approval Date:

GIS Date:

WI Date:

06/20/2017

06/20/2017

07/06/17

08/29/2017

06/20/2017

Pooling Committee Report

To: School Land Board

UPA179580

Date of Board Meeting: 06/20/2017

Unit Number: 8553

Effective Date: 06/20/2017

Unit Expiration Date:

Applicant: EOG Resources, Inc.

Attorney Rep:

Operator: EOG Resources, Inc.,

Unit Name: State Streamer

Field Name:

County: Reeves

<u>Lease Type</u>	<u>Lease Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres In Unit</u>	<u>Royalty Participation</u>
RAL	MF111079	0.12500000	05/14/2013	3 years	9,200.000000	648.830000	0.05900429
U Fee	MF110724	0.25000000	04/06/2015	5 years	640.000000	644.320000	0.11718830
U Fee	MF110726	0.25000000	04/06/2015	5 years	640.000000	81.390000	0.01480313

Private Acres:	0.000000
State Acres:	1374.540000
Total Unit Acres:	1374.540000

<u>Participation Basis:</u>	Surface Acreage
Surface Acreage	
<u>State Acreage:</u>	100.00%
<u>State Net Revenue Interest:</u>	19.10%

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

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Yes	704 acres for a 10,000 foot lateral (FTP to LTP).

Working File Number: UPA179580

REMARKS:

- EOG Resources, Inc. is requesting permanent oil and gas pooling from the Surface to the base of the Wolfcamp formation as seen on the HNG Oil Company Sabine State 12 # 1 well log (API 42-389-30505) in order to test the Wolfcamp formation.
- The applicant plans to spud the first unit well on November 10, 2017 with a proposed total depth of 10,400 feet TVD. A 10,000 foot lateral is expected to be drilled.
- With Board approval of the unit, the State's unit royalty participation will be 19.1%.
- 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 June 20, 2018 and the three additional unit wells will be spud by or before June 20, 2021 or the unit will decrease in size to +/- 340 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.



Mary Smith - Office of the Attorney General

Date



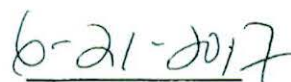
Robert Hatter - General Land Office



Date



Diane Morris - Office of the Governor



Date

G.W. CASE
A-1994

J.C. VICK
A-2511

J.C. VICK
A-2512

1

6

5

J.R. MEEKER
A-6001

STATE
A-4597

STATE
A-4898

MF110724

F.W.
ESTILL
A-5981

L.E. SCOTT
A-3615

12

7

8

8

MF111079

STATE
A-3572

J.A.
WHITE
A-1878

MF111079

G.P.
HILL
A-5978

STATE
A-5300

H.N.
ELLIOTT
A-4556

13

18

17

STATE
A-3571

STATE
A-4221

MF110726

MF11107

STATE

CULBERSON
COUNTY

REEVES
COUNTY

A.B. CAROTHERS
A-4437

A.B. CAROTHERS
A-4441

A.B. CAROTHERS
A-4442

Unit #8553
EOG Resources, Inc.
State Streamer Unit
Phantom (Wolfcamp) Field
Reeves County, Texas

2,000 1,000 0 2,000 Feet

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



Map Generated by:
Mark Conway
Enterprise Technology Solutions/GIS
June 2017

POOLING AGREEMENT
EOG RESOURCES, INC.
STATE STREAMER UNIT
GLO UNIT NO. 8553
REEVES COUNTY, TEXAS

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

PURPOSES:

1.

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

UNIT DESCRIPTION:

2.

The oil and gas leases, which are included within the pooled unit, are listed on the attached Exhibit "A", to which leases and the records thereof reference is here made for all pertinent purposes. The pooled unit shall consist of all of the lands described in Exhibit "B" attached hereto and made a part hereof. A plat of the pooled unit is attached hereto as Exhibit "C". 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 to the stratigraphic equivalent of the base of the Wolfcamp Formation, which is seen at a depth of 16,463 feet MD on the Gamma Ray log of the EOG Resources, Inc., Sabine-State 12, #1 well, API No. 42-389-30505 ("unitized interval").

POOLING AND EFFECT:

4.

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

- (a) The unit, to the extent as above described, shall be operated as an entirety for the exploration, development and production of the pooled mineral, rather than as separate tracts.
- (b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement. In the event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional 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 without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that, except as may otherwise be provided in each State Lease, the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.
- (g) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than 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 June 20, 2017.

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 Reeves County, Texas, and a certified copy thereof filed in the General Land Office at any time after the cessation of production on said unit or the completion of a dry hole thereon prior to production or upon such other date as may be approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns.

RATIFICATION/WAIVER:

12.

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

SUBJECT TO EXPLORATION AGREEMENT:

13.

This Pooling Agreement is subject to that certain Unit Agreement for the Development and Operation of the Zena Unit dated September 10, 2013, by and between the State of Texas and EOG Resources, Inc., said Agreement and the amendments thereto being on file in the Archives and Records of the Texas General Land Office in Mineral File M-110580.

COUNTERPARTS:

14.

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

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

Date Executed

8/24/17

STATE OF TEXAS

Legal
Content
Geology
Executive

[Signature]

By:

[Signature]
George P. Bush, Commissioner
of the General Land Office

Date Executed

EOG RESOURCES, INC.

By:

[Signature]
Ezra Jacob
Vice President & General Manager *[Signature]*

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 20th day of June, 2017, 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.

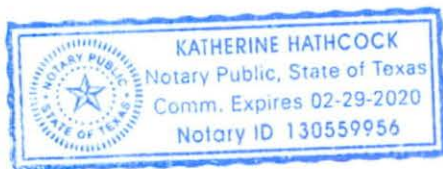
IN TESTIMONY WHEREOF, witness my hand this the 24th day of August, 2017.

Stephanie Crenshaw
Secretary of the School Land Board

STATE OF TEXAS

COUNTY OF Midland

This instrument was acknowledged before me on August 11, 2017, by Ezra Jacob
as VP & GM of EOG Resources, Inc., a Delaware
corporation, on behalf of said corporation.



Katherine Hathcock
Notary Public in and for the State of Texas

Addendum "A"

To that certain Pooling Agreement for the State Streamer 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 in the attached Exhibit "C". Lessee agrees to drill a minimum of four (4) horizontal wells within 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 343.635 acres per well drilled in the unit, as close as is reasonably practicable in 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 conduct drilling operations in the following manner:

- First well – Spud on or before June 20, 2018;
- Second well – Spud on or before June 20, 2021;
- Third well – Spud on or before June 20, 2021;
- Fourth well – Spud on or before June 20, 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 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"

POOLING AGREEMENT
EOG RESOURCES, INC.
STATE STREAMER UNIT
GLO UNIT NO. 8553
REEVES COUNTY, TEXAS

Oil and Gas Leases:

1. State Lease Number: M-110724
EOG Lease Number: 0089809-000
Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas
Lessee: Veritas 321 Energy Partners, LP
Lease Date: April 6, 2010
Recording: Vol. 844, Pg. 342, Official Public Records, Reeves County, Texas
2. State Lease Number: M-110726
EOG Lease Number: 0089811-000
Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas
Lessee: Veritas 321 Energy Partners, LP
Lease Date: April 6, 2010
Recording: Vol. 844, Pg. 354, Official Public Records, Reeves County, Texas
3. State Lease Number: MF-111079
EOG Lease Number: 0089825-000
Lessor: State of Texas, acting by and through its agent, BP America Production Company
Lessee: EOG Resources, Inc.
Lease Date: May 14, 2010
Recording: Vol. 844, Pg. 454, Official Public Records, Reeves County, Texas



EXHIBIT "B"

POOLING AGREEMENT
EOG RESOURCES, INC.
STATE SREAMER UNIT
GLO UNIT NO. 8553
REEVES COUNTY, TEXAS

Legal Description:

Metes and Bounds Description of a 1374.54 acre unit located within all of Section 6, A-4898, all of Section 7, A-1878 and a portion of Section 18, Block 57, P.S.L. Survey, Loving County, Texas.

BEGINNING at the calculated Northeast corner of said Section 6, also being the Northeast corner of this unit, from which a brass cap found for the Northeast corner of Section 5, Block 57, P.S.L. Survey A-6001, bears: S 88°46'34" E, a distance of 5279.36 feet;

Thence S 01°39'35" W, a distance of 5309.25 feet;

Thence S 01°39'35" W, a distance of 5334.98 feet to a calculated corner, from which a monument found for the Southeast corner of Section 17, Block 57, P.S.L. Survey A-3243, bears: S 44°06'12" E, a distance of 7423.71 feet;

Thence S 01°39'35" W, a distance of 669.10 feet; being the Southeast corner of this unit;

Thence N 88°42'21" W, a distance of 5299.01 feet; being the Southwest corner of this unit;

Thence N 01°39'33" E, a distance of 669.10 feet to a calculated corner, from which a stone mound found for the Northwest corner of Section 14, Block 56, P.S.L. Survey A-4450, bears: N 88°32'23" W, a distance of 10550.31 feet;

Thence N 01°42'58" E, a distance of 5337.87 feet;

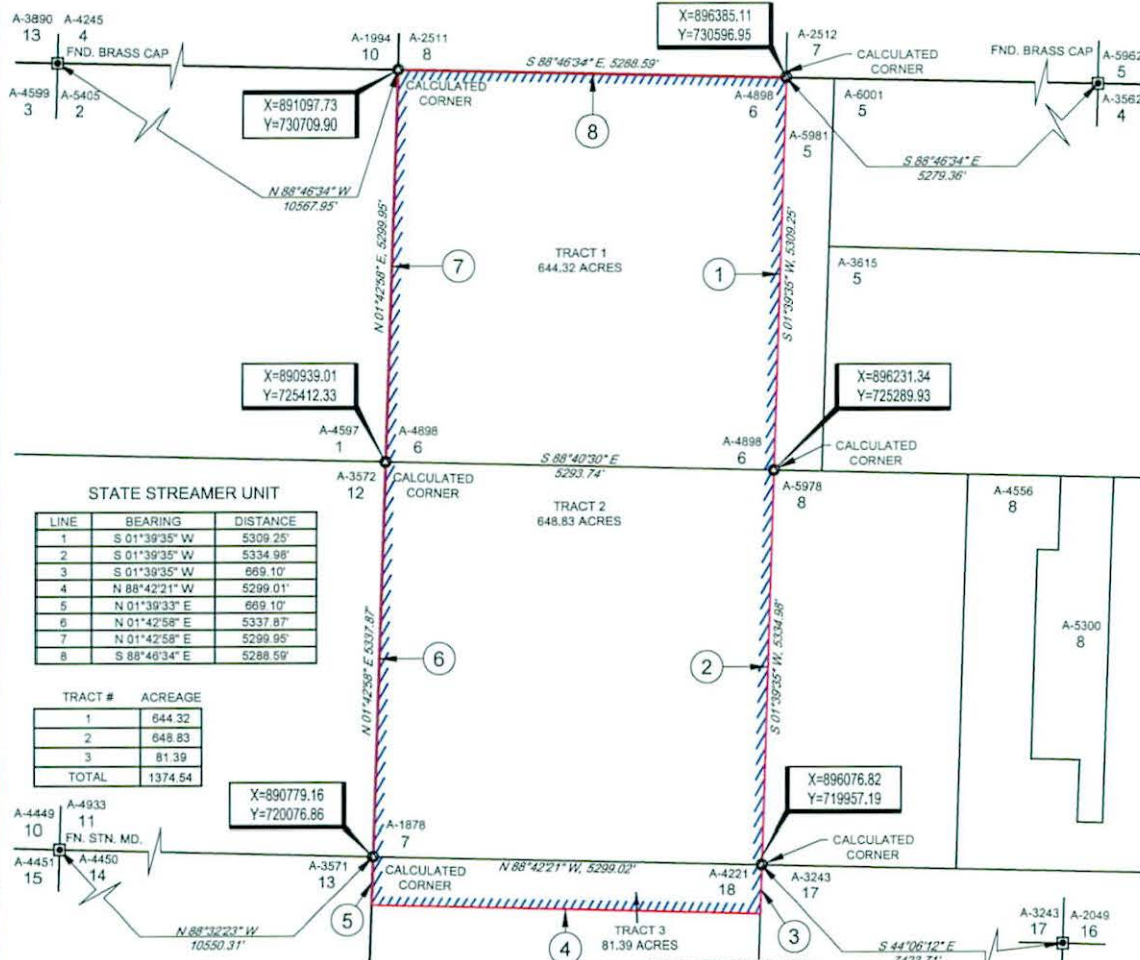
Thence N 01°42'58" E, a distance of 5299.95 feet to a calculated corner for the Northwest corner of this unit, from which a brass cap found for the Northwest corner of Section 2, Block 56, P.S.L. Survey A-5405, bears: N 88°46'34" W, a distance of 10567.95 feet;

Thence S 88°46'34" E, a distance of 5288.59 feet, which is the Point of Beginning, containing 1374.54 acres.

Bearings and Distances cited within this description are grid, based upon the Texas State Plane Coordinate System, Central Zone, North American Datum 1927, U.S. Survey feet.



EXHIBIT "C"
STATE STREAMER UNIT
SECTIONS 6, 7 & 18, BLOCK 57
J.A. WHITE SURVEY, A-1878
REEVES COUNTY, TEXAS



LINE	BEARING	DISTANCE
1	S 01°39'35" W	5309.25'
2	S 01°39'35" W	5334.98'
3	S 01°39'35" W	669.10'
4	N 88°42'21" W	5299.01'
5	N 01°39'33" E	669.10'
6	N 01°42'58" E	5337.87'
7	N 01°42'58" E	5299.95'
8	S 88°46'34" E	5288.59'

TRACT #	ACREAGE
1	644.32
2	648.83
3	81.39
TOTAL	1374.54

TRACT DESCRIPTION
 Metes and Bounds Description of a 1374.54 acre unit located within all of Section 6, A-4898, all of Section 7, A-1878 and a portion of Section 18, Block 57, P.S.L. Survey, Loving County, Texas.

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Thence S 01°39'35" W, a distance of 5309.25 feet;
 Thence S 01°39'35" W, a distance of 5334.98 feet to a calculated corner, from which a monument found for the Southeast corner of Section 17, Block 57, P.S.L. Survey A-3243, bears: S 44°06'12" E, a distance of 7423.71 feet;
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Bearings and Distances cited within this description are based upon the Texas State Plane Coordinate System, Central Zone, North American Datum 1983, U.S. Survey Feet.

LEGEND:	
	Section Line
	Unit Boundary
	Calculated Corner
	Monument

SCALE:	1" = 2000'
DATE:	03/22/2017
COGO:	LOVING
BO_STATE_STREAMER_UNIT	
DRAWN BY:	GLH

ORIGINAL DOC. SIZE: 8.5"x14"



1400 EVERMAN
 PARKWAY, Ste. 197 • FT. WORTH, TEXAS 76140 TELEPHONE:
 (817) 744-7512 • FAX (817) 744-7548
 TEXAS FIRM REGISTRATION NO. 10042504
 2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705
 TELEPHONE: (432) 682-1653 OR (800) 767-1653 • FAX (432) 682-1743
 TEXAS FIRM REGISTRATION NO. 10042500
 WWW.TOPOGRAPHIC.COM



Texas Reg. No. 5857

THE INFORMATION IN THIS DRAWING WAS DERIVED FROM FIELD NOTES OR ELECTRONIC DATA OF AN ACTUAL ON-THE-GROUND SURVEY MADE UNDER MY SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. THE INFORMATION HEREON IS FOR RIGHT-OF-WAY ACQUISITION PURPOSES ONLY AND DOES NOT CONSTITUTE A COMPLETE BOUNDARY SURVEY AS DEFINED BY THE T.B.P.L.S. "PROFESSIONAL LAND SURVEYING PRACTICES ACT". ALL LANDOWNER INFORMATION, PROPERTY LINES, AND DESCRIPTIONS ARE SHOWN BASED ON DATA PROVIDED BY EOG RESOURCES, INC.

All Coordinates are in NAD 27 TX-C Zone unless otherwise noted.

71090

13

File No. M-110724
Pooling Agmt. Packet # 8553
State Steamer Unit
Date Filed: 8/25/17
George P. Bush, Commissioner
By [Signature]



P.O. Box 2267, Midland, Texas 79702
Phone: (432) 686-3600 Fax: (432) 686-3773

September 14, 2017

Texas General Land Office
Attention: J. Daryl Morgan
1700 North Congress Avenue
Austin, Texas 78701-1496

SENT VIA FEDEX

RE: **Certified Copy for Your Records**
Pooling Agreement – State Streamer Unit – GLO Unit. No. 8553
Zena Prospect, Reeves County, Texas *M-110724*
EOG Contract Number K0017328-000

Mr. Morgan:

Please find the enclosed Certified Copy of the above-described Pooling Agreement that has been filed in Reeves County, Texas, as instrument number 17-15168.

Should you have any questions or concerns, please contact Garrett Reeves at (432) 686-6949 or via email at garrett_reeves@eogresources.com.

Very truly yours,
EOG RESOURCES, INC.

Katherine Hathcock

Katherine Hathcock
Land Tech – Midland Division
(432) 686-6905
katherine_hathcock@eogresources.com

File No. M-110724

County

Ltr. From EOB

Date Filed: 9/18/17

George P. Bush, Commissioner

By [Signature]

POOLING AGREEMENT
EOG RESOURCES, INC.
STATE STREAMER UNIT
GLO UNIT NO. 8553
REEVES COUNTY, TEXAS

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

PURPOSES:

1.

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

UNIT DESCRIPTION:

2.

The oil and gas leases, which are included within the pooled unit, are listed on the attached Exhibit "A", to which leases and the records thereof reference is here made for all pertinent purposes. The pooled unit shall consist of all of the lands described in Exhibit "B" attached hereto and made a part hereof. A plat of the pooled unit is attached hereto as Exhibit "C". 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 to the stratigraphic equivalent of the base of the Wolfcamp Formation, which is seen at a depth of 16,463 feet MD on the Gamma Ray log of the EOG Resources, Inc., Sabine-State 12, #1 well, API No. 42-389-30505 ("unitized interval").

POOLING AND EFFECT:

4.

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

- (a) The unit, to the extent as above described, shall be operated as an entirety for the exploration, development and production of the pooled mineral, rather than as separate tracts.
- (b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement. In the event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional 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 without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that, except as may otherwise be provided in each State Lease, the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.
- (g) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than 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 June 20, 2017.

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 Reeves County, Texas, and a certified copy thereof filed in the General Land Office at any time after the cessation of production on said unit or the completion of a dry hole thereon prior to production or upon such other date as may be approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns.

RATIFICATION/WAIVER:

12.

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

SUBJECT TO EXPLORATION AGREEMENT:

13.

This Pooling Agreement is subject to that certain Unit Agreement for the Development and Operation of the Zena Unit dated September 10, 2013, by and between the State of Texas and EOG Resources, Inc., said Agreement and the amendments thereto being on file in the Archives and Records of the Texas General Land Office in Mineral File M-110580.

COUNTERPARTS:

14.

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

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

Date Executed

8/24/17

Legal
Content
Geology
Executive

[Signature]

STATE OF TEXAS

By:

[Signature]
George P. Bush, Commissioner
of the General Land Office

Date Executed

EOG RESOURCES, INC.

By:

[Signature]
Ezra Jacob

Its: Vice President & General Manager

[Signature]

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 20th day of June, 2017, 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 20th day of August, 2017.

Stephanie Crenshaw
Secretary of the School Land Board

STATE OF TEXAS

COUNTY OF Midland

This instrument was acknowledged before me on August 11, 2017, by Ezra Jacob
as VP & GM of EOG Resources, Inc., a Delaware
corporation, on behalf of said corporation.



Katherine Hathcock
Notary Public in and for the State of Texas

Addendum "A"

To that certain Pooling Agreement for the State Streamer 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 in the attached Exhibit "C". Lessee agrees to drill a minimum of four (4) horizontal wells within 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 343.635 acres per well drilled in the unit, as close as is reasonably practicable in the shape of a rectangle surrounding the wells. In the event that Lessee choses 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:

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- First well – Spud on or before June 20, 2018;
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End of Addendum "A"

True & Correct Copy of a
document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 5 of 9

EXHIBIT "A"

POOLING AGREEMENT
EOG RESOURCES, INC.
STATE STREAMER UNIT
GLO UNIT NO. 8553
REEVES COUNTY, TEXAS

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Lessee: Veritas 321 Energy Partners, LP
Lease Date: April 6, 2010
Recording: Vol. 844, Pg. 342, Official Public Records, Reeves County, Texas
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EOG Lease Number: 0089811-000
Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas
Lessee: Veritas 321 Energy Partners, LP
Lease Date: April 6, 2010
Recording: Vol. 844, Pg. 354, Official Public Records, Reeves County, Texas
3. State Lease Number: MF-111079
EOG Lease Number: 0089825-000
Lessor: State of Texas, acting by and through its agent, BP America Production Company
Lessee: EOG Resources, Inc.
Lease Date: May 14, 2010
Recording: Vol. 844, Pg. 454, Official Public Records, Reeves County, Texas

True & Correct Copy of a
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Dianne O. Florez, County Clerk
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BEGINNING at the calculated Northeast corner of said Section 6, also being the Northeast corner of this unit, from which a brass cap found for the Northeast corner of Section 5, Block 57, P.S.L. Survey A-6001, bears: S 88°46'34" E, a distance of 5279.36 feet;

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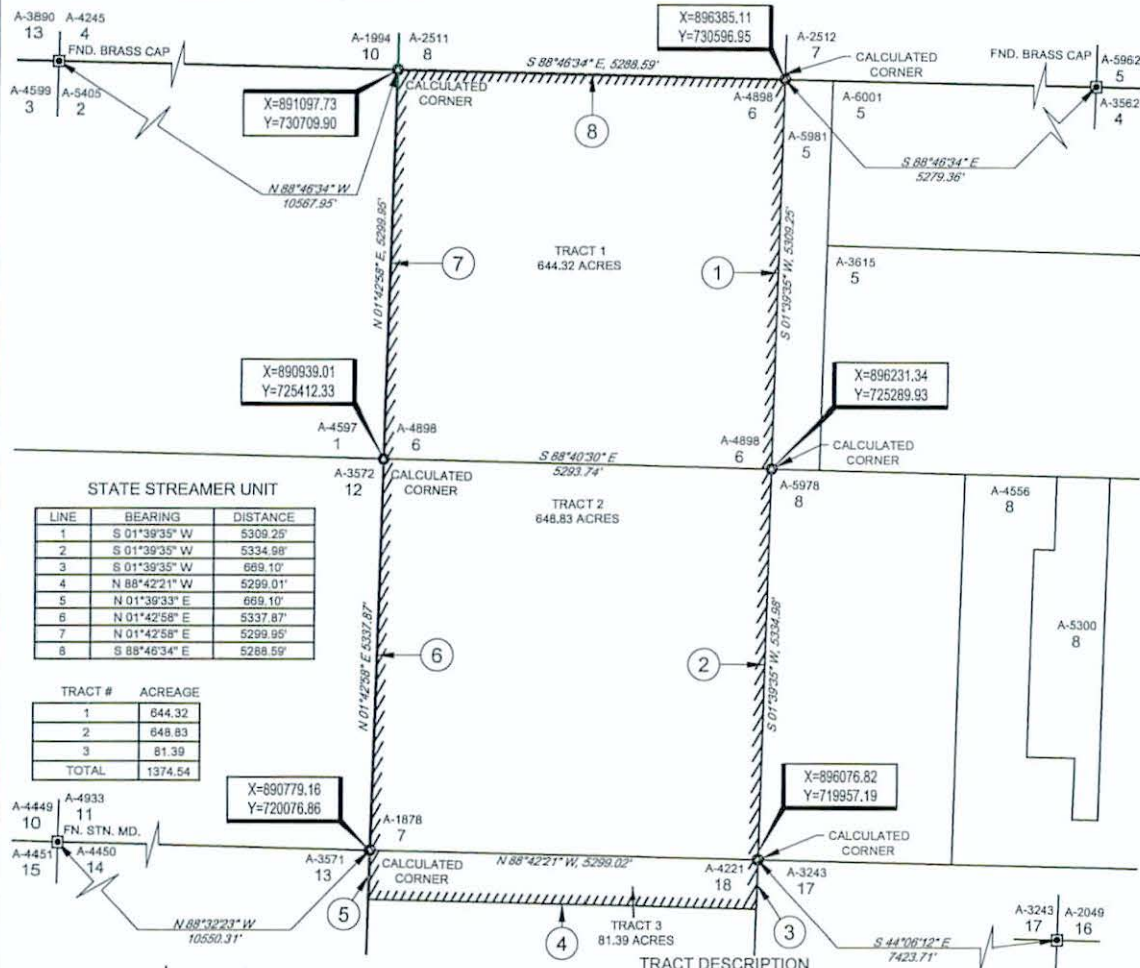
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SECTIONS 6, 7 & 18, BLOCK 57
J.A. WHITE SURVEY, A-1878
REEVES COUNTY, TEXAS

eog resources, inc.



TRACT DESCRIPTION
 Metes and Bounds Description of a 1374.54 acre unit located within all of Section 6, A-4898, all of Section 7, A-1878 and a portion of Section 18, Block 57, P.S.L. Survey, Loving County, Texas.

BEGINNING at the calculated Northeast corner of said Section 6, also being the Northeast corner of this unit, from which a brass cap found for the Northeast corner of Section 5, Block 57, P.S.L. Survey A-6001, bears: S 88°46'34" E, a distance of 5279.36 feet;

Thence S 01°39'35" W, a distance of 5309.25 feet;
 Thence S 01°39'35" W, a distance of 5334.98 feet to a calculated corner, from which a monument found for the Southeast corner of Section 17, Block 57, P.S.L. Survey A-3243, bears: S 44°06'12" E, a distance of 7423.71 feet;
 Thence S 01°39'35" W, a distance of 669.10 feet; being the Southeast corner of this unit;
 Thence N 88°42'21" W, a distance of 5299.01 feet; being the Southwest corner of this unit;
 Thence N 01°39'33" E, a distance of 669.10 feet to a calculated corner, from which a stone mound found for the Northwest corner of Section 14, Block 56, P.S.L. Survey A-4450, bears: N 88°32'23" W, a distance of 10550.31 feet;
 Thence N 01°42'58" E, a distance of 5337.87 feet;
 Thence N 01°42'58" E, a distance of 5299.95 feet to a calculated corner for the Northwest corner of this unit, from which a brass cap found for the Northwest corner of Section 2, Block 56, P.S.L. Survey A-5405, bears: N 88°46'34" W, a distance of 10567.95 feet;
 Thence S 88°46'34" E, a distance of 5288.59 feet, which is the Point of Beginning, containing 1374.54 acres.

Bearings and Distances cited within this description are based upon the Texas State Plane Coordinate System, Central Zone, North American Datum 1983, U.S. Survey Feet.



LEGEND:
 — Section Line
 - - - - - Unit Boundary
 ● Calculated Corner
 ■ Monument

SCALE: 1" = 2000'
DATE: 03/22/2017
COGO: LOVING
BO_STATE_STREAMER_UNIT
DRAWN BY: GLH
 ORIGINAL DOC. SIZE: 8.5"x14"

TOPOGRAPHIC
 LOYALTY INNOVATION LEGACY
 1400 EVERMAN
 PARKWAY, Ste. 197 • FT. WORTH, TEXAS 76140 TELEPHONE:
 (817) 744-7512 • FAX (817) 744-7548
 TEXAS FIRM REGISTRATION NO. 10042504
 2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705
 TELEPHONE: (432) 682-1653 OR (800) 767-1653 • FAX (432) 682-1743
 TEXAS FIRM REGISTRATION NO. 10042500
 WWW.TOPOGRAPHIC.COM

Texas Reg. No. 5857

THE INFORMATION IN THIS DRAWING WAS DERIVED FROM FIELD NOTES OR ELECTRONIC DATA OF AN ACTUAL, ON-THE-GROUND SURVEY MADE UNDER MY SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. THE INFORMATION HEREON IS FOR RIGHT-OF-WAY ACQUISITION PURPOSES ONLY AND DOES NOT CONSTITUTE A COMPLETE BOUNDARY SURVEY AS DEFINED BY THE T.B.P.L.S. "PROFESSIONAL LAND SURVEYING PRACTICES ACT". ALL LANDOWNER INFORMATION, PROPERTY LINES, AND DESCRIPTIONS ARE SHOWN BASED ON DATA PROVIDED BY EOG RESOURCES, INC.
 All Coordinates are in NAD 27 TX-C Zone unless otherwise noted.

Y:\SURVEY\EOG_MIDLAND\STATE_STREAMER\FINAL_PRODUCTS\BO_STATE_STREAMER_UNIT.DWG 1/8/2017 7:43:11 AM eadwh

True & Correct Copy of a
 document on file at
 Reeves County Texas,
 Dianne O. Florez, County Clerk
 Page 8 of 9



Inst No. 17-15168
DIANNE O. FLOREZ
COUNTY CLERK
2017 Sep 12 at 10:06 AM
REEVES COUNTY, TEXAS
By: MS Abaldana DEPUTY

Please Send Recorded Documents To:
OG Resources, Inc.
Attn: Katherine Hathcock
5509 Champions Drive
Midland, TX 79706-2843

THIS STATE OF TEXAS
COUNTY OF REEVES, I, Dianne O. Florez, Clerk of the County Court in and
for said County do hereby certify that the foregoing is a true and correct copy of
the original as the same was filed for record in my office this _____ day of _____
at _____, Texas, and that the same is to be recorded in the
Records of the County of Reeves, Texas.
In testimony whereof, I have hereunto set my hand and official seal at Texas, Texas
this _____ day of _____, 2017.
Dianne O. Florez, County Clerk
REEVES COUNTY, TEXAS

True & Correct Copy of a
document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 9 of 9

15

File No. M-110724

County

Cert. Copy of State Streamer Unit

9/18/17

Date Filed:

George P. Bush, Commissioner

By

RP

2017

THE STATE OF TEXAS
COUNTY OF REEVES

I, Dianne O. Florez, Clerk of the County Court in and for said County and State do hereby certify that the foregoing is a true and correct copy of Pooling Agreement dated August 24, 2017, filed for record in my office this 12th day of September at 1006 AM, under Clerk's File No. 17-15168, to be recorded in the Official Public Records

Records of Reeves County, Texas.

TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas this 12th day of September, 2017.

By Msaldana Deputy,

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

Carl Bonn

From: Stephanie Overton
Sent: Friday, July 21, 2017 1:00 PM
To: Carl Bonn
Subject: Re: MF RE: Emailing - EOG.pdf - MF110720 to MF6 - Reeves Co

MF 110720 ✓

Cash Management has the checks. They would like us to confirm what the checks are for so they can be coded properly. Are they for minimum royalty or delay rental?

From: Carl Bonn
Sent: Friday, July 21, 2017 10:50 AM
To: Stephanie Overton
Subject: MF RE: Emailing - EOG.pdf - MF110720 to MF6 - Reeves Co

Stephanie,
I can just file the scanned copies. Did you send the checks to my attention?
Thanks,
Carl Bonn, CPL
Energy Resources/Mineral Leasing
Texas General Land Office
1700 North Congress, Rm 847B
Austin, Texas 78701
(512) 463-5407 - carl.bonn@glo.texas.gov

From: Stephanie Overton
Sent: Thursday, July 20, 2017 2:46 PM
To: Carl Bonn <Carl.Bonn@GLO.TEXAS.GOV>
Subject: Emailing - EOG.pdf

Good afternoon Carl,

Please confirm the attached 7 checks from EOG Resources are for minimum royalty.

Thank you

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110724	00	04-06-2017	0089809	000

AGENCY LEASE NUMBER: M-110724

IN PAYMENT OF: MINIMUM ROYALTY PAYMENT DIVISION : MIDLAND
FOR: MINIMUM ROYALTY

RECORDED: Book 0844 Page 0342

TRACT: 1 COUNTRY: US STATE: TX COUNTY: REEVES

NET ACRES

PROSPECT: ZENA

640.000

BASIN/LANDMAN: *

LEGAL (Part of): STATE ABST/ID# 77777 Grantee Blk 57 Sec 6

17710601

FOR THE CREDIT OF:

PAYMENT

STATE OF TEXAS

(BA# 040650L)

\$3,200.00

GENERAL LAND OFFICE

STEPHEN F AUSTIN BLDG

1700 N CONGRESS AVE

AUSTIN

TX 78711-2873

ACCT:

(DPS# 004796B)

TOTAL BANK SERVICE CHARGE

\$.00

TOTAL AMOUNT PAID

\$3,200.00

C-27065

122

CHECK NO.
201953

This blue check contains multiple fraud deterrent security features, all features detailed on back of check.

THE AMOUNT OF THIS CHECK IS IN PAYMENT OF MINIMUM ROYALTY PAYMENT

DUE PARTY OR PARTIES UNDER OIL & GAS

LEASE DESCRIBED FOR THE PERIOD STATED

17710601

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110724	00	04-06-2017	0089809	000

ON BEHALF OF EOG RESOURCES INC

DATE 03-29-2017

CHECK NO. 201953

62-20
311

CITIBANK DELAWARE

Three thousand two hundred and 00/100 Dollars

PAY TO
THE ORDER
OF

COMMISSIONER OF GENERAL
LAND OFFICE STATE OF TEXAS
STEPHEN F AUSTIN BUILDING
1700 N CONGRESS AVENUE
AUSTIN TX 78701-0000

AMOUNT

*****\$3,200.00

NOT VALID AFTER 180 DAYS

CITIBANK DELAWARE
NEWCASTLE DE 19720

BY

Robert L. West

000201953

(16)

File No. MF 110724

Man Ray Print

by EOG

Date Filed: 10-24-17

George P. Bush, Commissioner

By 

U.S. Postal Service™

CERTIFIED MAIL™ RECEIPT

(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com®

OFFICIAL USE

Postage

\$

MF 110580

Certified Fee

MF 110724

Postmark

Return Receipt Fee
(Endorsement Required)

Here

Restricted Delivery Fee
(Endorsement Required)

MF 110726

MF 111079

Total Postage & Fees

\$

MP 111927

ATTN: Mike Cawley

Sent To

EOG Resources, Inc

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

111 Bagby Sky Lobby 2

City, State, ZIP+4

Houston, Tx 77002-2548

7011 1150 0001 2420 2577 .

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

806 Resources Inc
 Attn: Mike Cawley
 1111 Bagby Sky Lobby 2
 Houston, TX 77002-2548



9590 9402 1749 6074 7757 66

2. Article Number (Transfer from service label)

7011 1150 0001 2420 2577

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☒ Agent☐ Addressee

B. Received by (Printed Name)

M Crites

C. Date of Delivery

7-26-09

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below:

☐ No

MF
 110724

JUL 26 2009
 110724

3. Service Type

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

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

stricted Delivery



Texas General Land Office

Reconciliation Billing

George P. Bush, Commissioner

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

EOG Resources, Inc.
Attn: Mike Cawley
1111 Bagby Sky Lobby 2
Houston, TX 77002-2548

Billing Date: 7/22/2019
Billing Due Date: 8/21/2019
Customer Number: C000027065

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
19I00583	MF110580	\$0.00	\$9,656.59	\$965.66	\$679.06	\$11,301.31
Total Due		\$0.00	\$9,656.59	\$965.66	\$679.06	\$11,301.31

Penalty and interest have been calculated thru 7/31/2019. Payment remitted after 7/31/2019 will result in additional penalty and interest charges.

Contact Info: David Jacquet (512) 463-5262 or david.jacquet@glo.texas.gov

NOTICE

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

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

Detach and return with payment

Reconciliation Billing

EOG Resources, Inc.

Billing Date: 7/22/2019

Billing Due Date: 8/21/2019

Customer Number: C000027065

Remit Payment To:

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
19I00583	MF110580	\$0.00	\$9,656.59	\$965.66	\$679.06	\$11,301.31
Total Due		\$0.00	\$9,656.59	\$965.66	\$679.06	\$11,301.31
Amt. Paid						



Texas General Land Office

George P. Bush, Commissioner

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

EOG Resources, Inc.
Attn: Mike Cawley
1111 Bagby Sky Lobby 2
Houston, TX 77002-2548

Billing Date: 7/22/2019
Billing Due Date: 8/21/2019
Customer Number: C000027065

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
19I00584	MF110580	\$0.00	\$17,846.02	\$1,795.65	\$1,133.80	\$20,775.47
19I00585	MF110580	\$0.00	\$811.27	\$200.00	\$51.04	\$1,062.31
19I00586	MF110580	\$0.00	\$2,570.14	\$285.67	\$153.80	\$3,009.61
19I00587	MF110580	\$0.00	\$1,419.56	\$141.96	\$73.48	\$1,635.00
19I00588	MF110580	\$0.00	\$1,553.69	\$210.29	\$101.74	\$1,865.72
19I00589	MF110580	\$0.00	\$3,039.75	\$309.87	\$198.46	\$3,548.08
19I00590	MF110580	\$0.00	\$1,118.73	\$128.34	\$66.53	\$1,313.60
19I00591	MF110580	\$0.00	\$1,893.80	\$209.95	\$113.00	\$2,216.75
19I00592	MF110724	\$0.00	\$4,668.98	\$466.90	\$252.24	\$5,388.12
19I00593	MF110726	\$0.00	\$589.86	\$75.00	\$31.87	\$696.73
19I00594	MF111079	\$0.00	\$49,163.64	\$4,940.17	\$2,911.68	\$57,015.49
19I00595	MF111079	\$0.00	\$1,682.31	\$190.72	\$100.38	\$1,973.41
19I00596	MF111079	\$0.00	\$2,350.85	\$235.09	\$127.01	\$2,712.95
19I00597	MF111079	\$0.00	\$3,644.15	\$364.42	\$199.37	\$4,207.94
19I00598	MF111079	\$0.00	\$1,456.44	\$208.08	\$95.37	\$1,759.89
19I00599	MF111079	\$0.00	\$2,784.81	\$288.08	\$181.81	\$3,254.70
19I00603	MF111927	\$9,969.64	\$0.00	\$996.96	\$381.18	\$11,347.78
19I00604	MF111927	\$0.00	\$110,702.50	\$11,070.25	\$4,528.99	\$126,301.74
Total Due		\$9,969.64	\$207,296.50	\$22,117.40	\$10,701.75	\$250,085.29

Penalty and interest have been calculated thru 7/31/2019. Payment remitted after 7/31/2019 will result in additional penalty and interest charges.

Contact Info: David Jacquet (512) 463-5262 or david.jacquet@glo.texas.gov

NOTICE

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- Please do not update GLO3 report to include billed royalty, penalty or interest. This receivable has already been recorded.
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This notice does not constitute an Audit Billing Notice as defined in Section 52.135 of the Texas Natural Resources Code and, consequently, does not preclude the TGLO from conducting further examinations of these leases, time periods or issues.

Detach and return with payment



Texas General Land Office

Reconciliation Billing

George P. Bush, Commissioner

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

Reconciliation Billing

EOG Resources, Inc.

Billing Date: 7/22/2019

Billing Due Date: 8/21/2019

Customer Number: C000027065

Remit Payment To:

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
19I00584	MF110580	\$0.00	\$17,846.02	\$1,795.65	\$1,133.80	\$20,775.47
19I00585	MF110580	\$0.00	\$811.27	\$200.00	\$51.04	\$1,062.31
19I00586	MF110580	\$0.00	\$2,570.14	\$285.67	\$153.80	\$3,009.61
19I00587	MF110580	\$0.00	\$1,419.56	\$141.96	\$73.48	\$1,635.00
19I00588	MF110580	\$0.00	\$1,553.69	\$210.29	\$101.74	\$1,865.72
19I00589	MF110580	\$0.00	\$3,039.75	\$309.87	\$198.46	\$3,548.08
19I00590	MF110580	\$0.00	\$1,118.73	\$128.34	\$66.53	\$1,313.60
19I00591	MF110580	\$0.00	\$1,893.80	\$209.95	\$113.00	\$2,216.75
19I00592	MF110724	\$0.00	\$4,668.98	\$466.90	\$252.24	\$5,388.12
19I00593	MF110726	\$0.00	\$589.86	\$75.00	\$31.87	\$696.73
19I00594	MF111079	\$0.00	\$49,163.64	\$4,940.17	\$2,911.68	\$57,015.49
19I00595	MF111079	\$0.00	\$1,682.31	\$190.72	\$100.38	\$1,973.41
19I00596	MF111079	\$0.00	\$2,350.85	\$235.09	\$127.01	\$2,712.95
19I00597	MF111079	\$0.00	\$3,644.15	\$364.42	\$199.37	\$4,207.94
19I00598	MF111079	\$0.00	\$1,456.44	\$208.08	\$95.37	\$1,759.89
19I00599	MF111079	\$0.00	\$2,784.81	\$288.08	\$181.81	\$3,254.70
19I00603	MF111927	\$9,969.64	\$0.00	\$996.96	\$381.18	\$11,347.78
19I00604	MF111927	\$0.00	\$110,702.50	\$11,070.15	\$4,528.99	\$126,301.74
Total Due		\$9,969.64	\$207,296.50	\$22,117.40	\$10,701.75	\$250,085.29
Amt. Paid						

Customer ID: C000027065
 Invoice Number:
 GLO Lease: MF110580
 GLO Review: EOG RESOURCES INC
 Review Period: SEP 2017 Through AUG 2018

Category Oil
 Auditor/AE: DJACQUET
 Billing Date: 7/2/2019
 P&I Calculation Date: 7/31/2019
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Dec-17	08-285366	0	1	\$0.00	1	\$0.00	\$463,130.03	\$458,759.14	\$4,370.89	541	5.50%	\$437.09	\$317.46	\$5,125.44
Jan-18	08-286366	0	1	\$0.00	1	\$0.00	\$708,775.69	\$703,489.99	\$5,285.70	513	5.50%	\$528.57	\$361.60	\$6,175.87
TOTALS		0				\$0.00	\$1,171,905.72	\$1,162,249.13	\$9,656.59			\$965.66	\$679.06	\$11,301.31

COMMENTS: BILLING ON UNDER PAID ROYALTIES FOR RRC ID# 08-285366, 08-270487, 08-283303, 08-283304, 08-283305, 08-283306, 08-283307, 08-283308, 08-283309, 08-283310, 283311, 08-283314, 08-283336, 08-283662, 08-283711, 08-285134, 08-285135, 08-285136, 08-285137, 08-283337, 08-283132, 08-283183, 08-285228, 08-285229, 08-285240, 08-285337, 08-285338, 08-283711, 08-284605 & 08-284118.

COLUMN (3) VOLUMES - NO VOLUMES ARE SHOWN, BILLING IS FOR ROYALTIES ON THE VOLUMES REPORTED TO THE GLO VERSUS WHAT WAS PAID.
 COLUMNS (5) & (6) NO PRICES OR BTU FACTORS SHOWN BILLING IS FOR ROYALTIES ON THE VOLUMES REPORTED TO THE GLO VERSUS WHAT WAS PAID TO THE GLO.
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy-business/oil-gas/trac/forms/penalty-interest-assessment-rules.pdf>
 COLUMN (15) NEGATIVE VALUES IN COLUMN INDICATES THAT ROYALTIES WERE OVERPAID

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

ATTN: STEPHANIE TOY
 CERTIFIED MAIL: 7011 1150 0001 2420 2577

Customer ID: C000027065
 Invoice Number:
 GLO Lease: MF110580
 EOG RESOURCES INC
 Review Period: SEP 2017 Through AUG 2018

Category Oil
 Auditor/AE: DJACQUET
 Billing Date: 7/5/2019
 P&I Calculation Date: 7/31/2019
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Sep-17	08-270487	23	1	\$49.27	1	\$1,115.36	\$139.42	\$0.00	\$139.42	633	4.75%	\$25.00	\$10.41	\$174.83
Oct-17	08-270487	78	1	\$48.71	1	\$3,775.25	\$471.91	\$0.00	\$471.91	603	4.75%	\$47.19	\$33.41	\$552.51
Nov-17	08-270487	791	1	\$53.79	1	\$42,527.49	\$5,315.94	\$0.00	\$5,315.94	572	5.50%	\$531.59	\$410.93	\$6,258.46
Feb-18	08-270487	341	1	\$62.89	1	\$21,432.28	\$2,679.04	\$0.00	\$2,679.04	482	5.50%	\$267.90	\$170.76	\$3,117.70
Mar-18	08-270487	432	1	\$63.19	1	\$27,303.37	\$3,412.92	\$0.00	\$3,412.92	452	5.50%	\$341.29	\$202.11	\$3,956.32
Apr-18	08-270487	393	1	\$66.17	1	\$25,974.39	\$3,246.80	\$0.00	\$3,246.80	421	5.50%	\$324.68	\$177.11	\$3,748.59
May-18	08-270487	296	1	\$69.65	1	\$20,639.89	\$2,579.99	\$0.00	\$2,579.99	391	5.50%	\$258.00	\$129.07	\$2,967.06
TOTALS		2,353				\$142,768.04	\$17,846.02	\$0.00	\$17,846.02			\$1,795.65	\$1,133.80	\$20,775.47

COMMENTS: BILLING ON DIFFERENCE FROM ROYALTIES DUE TO THE GLO VERSUS PAID FOR RRC ID# 08-270487, 08-283303, 08-283304, 08-283305, 08-283306, 08-283307, 08-283308, 08-283309, 08-283310, 08-283311, 08-283314, 08-283336, 08-283662, 08-285134, 08-285135, 08-285136, 08-285137 & 08-285336.
 COLUMN (3) VOLUMES - REPRESENTS UNDER REPORTED SALES VOLUMES REPORTED TO GLO VERSUS REPORTED TO THE RRC.
 COLUMNS (5) & (6) THE PRICES - AVERAGE FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE GLO ON THE GLO1 REPORTS..
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy-business/oil-gas/rac/forms/penalty-interest-assessment-rules.pdf>

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

ATTN: STEPHANIE TOY
 CERTIFIED MAIL: 7011 1150 0001 2420 2577

Customer ID: C000027065
 Invoice Number:
 GLO Lease: MF110580
 GLO Review: EOG RESOURCES INC
 Review Period: SEP 2017 Through AUG 2018

Category Oil
 Auditor/AE: DJACQUET
 Billing Date: 7/5/2019
 P&I Calculation Date: 7/31/2019
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Oct-17	08-283337	6	1	\$48.92	1	\$277.16	\$34.65	\$0.00	\$34.65	603	4.75%	\$25.00	\$2.45	\$62.10
Nov-17	08-283337	14	1	\$55.85	1	\$768.87	\$96.11	\$0.00	\$96.11	572	5.50%	\$25.00	\$7.43	\$128.54
Dec-17	08-283337	13	1	\$57.01	1	\$721.81	\$90.23	\$0.00	\$90.23	541	5.50%	\$25.00	\$8.55	\$121.78
Jan-18	08-283337	11	1	\$62.88	1	\$684.45	\$85.56	\$0.00	\$85.56	513	5.50%	\$25.00	\$5.85	\$116.41
Feb-18	08-283337	14	1	\$64.07	1	\$876.36	\$109.55	\$0.00	\$109.55	482	5.50%	\$25.00	\$6.98	\$141.53
Mar-18	08-283337	18	1	\$63.74	1	\$1,169.33	\$146.17	\$0.00	\$146.17	452	5.50%	\$25.00	\$8.66	\$179.83
Apr-18	08-283337	18	1	\$67.03	1	\$1,181.23	\$147.65	\$0.00	\$147.65	421	5.50%	\$25.00	\$8.05	\$180.70
May-18	08-283337	11	1	\$70.57	1	\$810.84	\$101.35	\$0.00	\$101.35	391	5.50%	\$25.00	\$5.07	\$131.42
TOTALS		104				\$6,490.06	\$811.27	\$0.00	\$811.27			\$200.00	\$51.04	\$1,062.31

COMMENTS: BILLING ON DIFFERENCE FROM ROYALTIES DUE TO THE GLO VERSUS PAID FOR RRC ID# 08-283337 UNIT 7825.

COLUMN (3) VOLUMES - REPRESENTS UNDER REPORTED SALES VOLUMES REPORTED TO GLO VERSUS REPORTED TO THE RRC.
 COLUMNS (5) & (6) THE PRICES - AVERAGE FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE GLO ON THE GLO1 REPORTS..
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy-business/oil-gas/rac/forms/penalty-interest-assessment-rules.pdf>

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

ATTN: STEPHANIE TOY
 CERTIFIED MAIL: 7011 1150 0001 2420 2577

Customer ID: C000027065
 Invoice Number:
 GLO Lease: MF110580
 GLO Review: EOG RESOURCES INC
 Review Period: SEP 2017 Through AUG 2018

Category Oil
 Auditor/AE: DJACQUET
 Billing Date: 7/5/2019
 P&I Calculation Date: 7/31/2019
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Oct-17	08-283182	10	1	\$48.92	1	\$472.83	\$59.10	\$0.00	\$59.10	603	4.75%	\$25.00	\$4.18	\$88.28
Nov-17	08-283182	33	1	\$55.85	1	\$1,851.71	\$231.46	\$0.00	\$231.46	572	5.50%	\$25.00	\$17.89	\$274.35
Dec-17	08-283182	31	1	\$57.01	1	\$1,739.76	\$217.47	\$0.00	\$217.47	541	5.50%	\$25.00	\$15.79	\$258.26
Jan-18	08-283182	26	1	\$62.88	1	\$1,643.48	\$205.43	\$0.00	\$205.43	513	5.50%	\$25.00	\$14.05	\$244.48
Feb-18	08-283182	33	1	\$64.07	1	\$2,139.32	\$267.42	\$0.00	\$267.42	482	5.50%	\$26.74	\$17.05	\$311.21
Mar-18	08-283182	37	1	\$63.74	1	\$2,352.19	\$294.02	\$0.00	\$294.02	452	5.50%	\$29.40	\$17.41	\$340.83
Apr-18	08-283182	69	1	\$67.03	1	\$4,651.63	\$581.45	\$0.00	\$581.45	421	5.50%	\$58.15	\$31.72	\$671.32
May-18	08-283182	81	1	\$70.57	1	\$5,710.29	\$713.79	\$0.00	\$713.79	391	5.50%	\$71.38	\$35.71	\$820.88
TOTALS		320				\$20,561.22	\$2,570.14	\$0.00	\$2,570.14			\$285.67	\$153.80	\$3,009.61

COMMENTS: BILLING ON DIFFERENCE FROM ROYALTIES DUE TO THE GLO VERSUS PAID FOR RRC ID# 08-283182, 08-283183, 08-285228, 08-285229 & 08-285240 UNIT 8181.

COLUMN (3) VOLUMES - REPRESENTS UNDER REPORTED SALES VOLUMES REPORTED TO GLO VERSUS REPORTED TO THE RRC.
 COLUMNS (5) & (6) THE PRICES - AVERAGE FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE GLO ON THE GLO1 REPORTS..
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy-business/oil-gas/rac/forms/penalty-interest-assessment-rules.pdf>

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ATTN: STEPHANIE TOY
 CERTIFIED MAIL: 7011 1150 0001 2420 2577

Customer ID: C000027065
 Invoice Number:
 GLO Lease: MF110580
 GLO Review: EOG RESOURCES INC
 Review Period: SEP 2017 Through AUG 2018

Category Oil
 Auditor/AE: DJACQUET
 Billing Date: 7/5/2019
 P&I Calculation Date: 7/31/2019
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Apr-18	08-285337	63	1	\$69.00	1	\$4,355.88	\$544.48	\$0.00	\$544.48	421	5.50%	\$54.45	\$29.70	\$628.63
May-18	08-285337	97	1	\$72.50	1	\$7,000.67	\$875.08	\$0.00	\$875.08	391	5.50%	\$87.51	\$43.78	\$1,006.37
TOTALS		160				\$11,356.55	\$1,419.56	\$0.00	\$1,419.56			\$141.96	\$73.48	\$1,635.00

COMMENTS: BILLING ON UNDER PAID ROYALTIES FOR RRC ID# 08-285337 & 08-285338 UNIT 8744.

COLUMN (3) VOLUMES - NO VOLUMES ARE SHOWN, BILLING IS FOR ROYALTIES ON THE VOLUMES REPORTED TO THE GLO VERSUS WHAT WAS PAID.
 COLUMNS (5) & (6) NO PRICES OR BTU FACTORS SHOWN BILLING IS FOR ROYALTIES ON THE VOLUMES REPORTED TO THE GLO VERSUS WHAT WAS PAID TO THE GLO.
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
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ATTN: STEPHANIE TOY
 CERTIFIED MAIL: 7011 1150 0001 2420 2577

Customer ID: C000027065
 Invoice Number:
 GLO Lease: MF110580
 GLO Review: EOG RESOURCES INC
 Review Period: SEP 2017 Through AUG 2018

Category Oil
 Auditor/AE: DJACQUET
 Billing Date: 7/5/2019
 P&I Calculation Date: 7/31/2019
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Oct-17	08-283711	21	1	\$48.44	1	\$1,033.63	\$129.20	\$0.00	\$129.20	603	4.75%	\$25.00	\$9.15	\$163.35
Nov-17	08-283711	51	1	\$55.85	1	\$2,823.06	\$352.88	\$0.00	\$352.88	572	5.50%	\$35.29	\$27.28	\$415.45
Dec-17	08-283711	21	1	\$55.81	1	\$1,156.98	\$144.62	\$0.00	\$144.62	541	5.50%	\$25.00	\$10.50	\$180.12
Jan-18	08-283711	20	1	\$60.90	1	\$1,200.98	\$150.12	\$0.00	\$150.12	513	5.50%	\$25.00	\$10.27	\$185.39
Feb-18	08-283711	25	1	\$63.29	1	\$1,590.99	\$198.87	\$0.00	\$198.87	482	5.50%	\$25.00	\$12.68	\$236.55
Mar-18	08-283711	28	1	\$64.62	1	\$1,802.96	\$225.37	\$0.00	\$225.37	452	5.50%	\$25.00	\$13.35	\$263.72
Apr-18	08-283711	23	1	\$67.24	1.00	\$1,537.23	\$192.15	\$0.00	\$192.15	421	5.50%	\$25.00	\$10.48	\$227.63
May-18	08-283711	18	1	\$70.74	1	\$1,283.86	\$160.48	\$0.00	\$160.48	391	5.50%	\$25.00	\$8.03	\$193.51
TOTALS		206				\$12,429.70	\$1,553.69	\$0.00	\$1,553.69			\$210.29	\$101.74	\$1,865.72

COMMENTS: BILLING ON DIFFERENCE FROM ROYALTIES DUE TO THE GLO VERSUS PAID FOR RRC ID# 08-283711 UNIT 8894.

COLUMN (3) VOLUMES - REPRESENTS UNDER REPORTED SALES VOLUMES REPORTED TO GLO VERSUS REPORTED TO THE RRC.
 COLUMNS (5) & (6) THE PRICES - AVERAGE FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE GLO ON THE GLO1 REPORTS..
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ATTN: STEPHANIE TOY
 CERTIFIED MAIL: 7011 1150 0001 2420 2577

Customer ID: C000027065
 Invoice Number:
 GLO Lease: MF110580
 GLO Review: EOG RESOURCES INC
 Review Period: SEP 2017 Through AUG 2018

Category Oil
 Auditor/AE: DJACQUET
 Billing Date: 7/5/2019
 P&I Calculation Date: 7/31/2019
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Oct-17	08-283712	34	1	\$48.44	1	\$1,645.51	\$205.69	\$0.00	\$205.69	603	4.75%	\$25.00	\$14.56	\$245.25
Nov-17	08-283712	81	1	\$55.85	1	\$4,508.20	\$563.52	\$0.00	\$563.52	572	5.50%	\$56.35	\$43.56	\$663.43
Dec-17	08-283712	54	1	\$55.81	1	\$2,993.47	\$374.18	\$0.00	\$374.18	541	5.50%	\$37.42	\$27.18	\$438.78
Jan-18	08-283712	46	1	\$60.90	1	\$2,791.34	\$348.92	\$0.00	\$348.92	513	5.50%	\$34.89	\$23.87	\$407.68
Feb-18	08-283712	49	1	\$63.29	1	\$3,119.13	\$389.89	\$0.00	\$389.89	482	5.50%	\$38.99	\$24.85	\$453.73
Mar-18	08-283712	62	1	\$64.62	1	\$4,030.94	\$503.87	\$0.00	\$503.87	452	5.50%	\$50.39	\$29.84	\$584.10
Apr-18	08-283712	50	1	\$67.24	1.00	\$3,346.17	\$418.27	\$0.00	\$418.27	421	5.50%	\$41.83	\$22.82	\$482.92
May-18	08-283712	27	1	\$70.74	1	\$1,883.30	\$235.41	\$0.00	\$235.41	391	5.50%	\$25.00	\$11.78	\$272.19
TOTALS		402				\$24,318.06	\$3,039.75	\$0.00	\$3,039.75			\$309.87	\$198.46	\$3,548.08

COMMENTS: BILLING ON DIFFERENCE FROM ROYALTIES DUE TO THE GLO VERSUS PAID FOR RRC ID# 08-283712 UNIT 8896.

COLUMN (3) VOLUMES - REPRESENTS UNDER REPORTED SALES VOLUMES REPORTED TO GLO VERSUS REPORTED TO THE RRC.
 COLUMNS (5) & (6) THE PRICES - AVERAGE FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE GLO ON THE GLO1 REPORTS..
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ATTN: STEPHANIE TOY
 CERTIFIED MAIL: 7011 1150 0001 2420 2577

Customer ID: C000027065
 Invoice Number:
 GLO Lease: MF110580
 GLO Review: EOG RESOURCES INC
 Review Period: SEP 2017 Through AUG 2018

Category Oil
 Auditor/AE: DJACQUET
 Billing Date: 7/5/2019
 P&I Calculation Date: 7/31/2019
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Jan-18	08-284605	28	1	\$60.90	1	\$1,719.82	\$214.98	\$0.00	\$214.98	513	5.50%	\$25.00	\$14.71	\$254.69
Feb-18	08-284605	27	1	\$63.29	1	\$1,712.98	\$214.12	\$0.00	\$214.12	482	5.50%	\$25.00	\$13.65	\$252.77
Mar-18	08-284605	35	1	\$64.62	1	\$2,267.19	\$283.40	\$0.00	\$283.40	452	5.50%	\$28.34	\$16.78	\$328.52
Apr-18	08-284605	28	1	\$67.24	1	\$1,884.60	\$235.58	\$0.00	\$235.58	421	5.50%	\$25.00	\$12.85	\$273.43
May-18	08-284605	19	1	\$70.74	1	\$1,365.21	\$170.65	\$0.00	\$170.65	391	5.50%	\$25.00	\$8.54	\$204.19
TOTALS		138				\$8,949.80	\$1,118.73	\$0.00	\$1,118.73			\$128.34	\$66.53	\$1,313.60

COMMENTS: BILLING ON DIFFERENCE FROM ROYALTIES DUE TO THE GLO VERSUS PAID FOR RRC ID# 08-284605 UNIT 8906.

COLUMN (3) VOLUMES - REPRESENTS UNDER REPORTED SALES VOLUMES REPORTED TO GLO VERSUS REPORTED TO THE RRC.
 COLUMNS (5) & (6) THE PRICES - AVERAGE FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE GLO ON THE GLO1 REPORTS..
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT.
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ATTN: STEPHANIE TOY
 CERTIFIED MAIL: 7011 1150 0001 2420 2577

Customer ID: C000027065
 Invoice Number:
 GLO Lease: MF110580
 GLO Review: EOG RESOURCES INC
 Review Period: SEP 2017 Through AUG 2018

Category Oil
 Auditor/AE: DJACQUET
 Billing Date: 7/5/2019
 P&I Calculation Date: 7/31/2019
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Dec-17	08-284118	6	1	\$55.69	1	\$353.88	\$44.23	\$0.00	\$44.23	541	5.50%	\$25.00	\$3.21	\$72.44
Jan-18	08-284118	41	1	\$61.50	1	\$2,532.89	\$316.61	\$0.00	\$316.61	513	5.50%	\$31.66	\$21.66	\$369.93
Feb-18	08-284118	48	1	\$62.16	1	\$2,997.69	\$374.71	\$0.00	\$374.71	482	5.50%	\$37.47	\$23.88	\$436.06
Mar-18	08-284118	61	1	\$63.87	1	\$3,893.76	\$486.72	\$0.00	\$486.72	452	5.50%	\$48.67	\$28.82	\$564.21
Apr-18	08-284118	48	1	\$67.24	1	\$3,247.92	\$405.99	\$0.00	\$405.99	421	5.50%	\$40.60	\$22.15	\$468.74
May-18	08-284118	30	1	\$70.74	1	\$2,124.35	\$265.54	\$0.00	\$265.54	391	5.50%	\$26.55	\$13.28	\$305.37
TOTALS		235				\$15,160.49	\$1,893.80	\$0.00	\$1,893.80			\$209.95	\$113.00	\$2,216.75

COMMENTS: BILLING ON DIFFERENCE FROM ROYALTIES DUE TO THE GLO VERSUS PAID FOR RRC ID# 08-284118 UNIT 8907.

COLUMN (3) VOLUMES - REPRESENTS UNDER REPORTED SALES VOLUMES REPORTED TO GLO VERSUS REPORTED TO THE RRC.
 COLUMNS (5) & (6) THE PRICES - AVERAGE FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE GLO ON THE GLO1 REPORTS..
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
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ATTN: STEPHANIE TOY
 CERTIFIED MAIL: 7011 1150 0001 2420 2577

Customer ID: C000027065
 Invoice Number:
 GLO Lease: MF110724
 GLO Review: EOG RESOURCES INC
 Review Period: SEP 2017 Through AUG 2018

Category Oil
 Auditor/AE: DJACQUET
 Billing Date: 7/5/2019
 P&I Calculation Date: 7/31/2019
 Royalty Rate: 25.00%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Mar-18	08-284854	69	1	\$63.63	1	\$4,394.31	\$1,098.58	\$0.00	\$1,098.58	452	5.50%	\$109.86	\$65.06	\$1,273.50
Apr-18	08-284854	113	1	\$67.00	1	\$7,580.46	\$1,895.11	\$0.00	\$1,895.11	421	5.50%	\$189.51	\$103.37	\$2,187.99
May-18	08-284854	95	1	\$70.36	1	\$6,701.16	\$1,675.29	\$0.00	\$1,675.29	391	5.50%	\$167.53	\$83.81	\$1,926.63
TOTALS		277				\$18,675.92	\$4,668.98	\$0.00	\$4,668.98			\$466.90	\$252.24	\$5,388.12

COMMENTS: BILLING ON DIFFERENCE FROM ROYALTIES DUE TO THE GLO VERSUS PAID FOR RRC ID# 08-284854 UNIT 8553.

COLUMN (3) VOLUMES - REPRESENTS UNDER REPORTED SALES VOLUMES REPORTED TO GLO VERSUS REPORTED TO THE RRC.
 COLUMNS (5) & (6) THE PRICES - AVERAGE FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE GLO ON THE GLO1 REPORTS..
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy-business/oil-gas/rac/forms/penalty-interest-assessment-rules.pdf>

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

ATTN: STEPHANIE TOY
 CERTIFIED MAIL: 7011 1150 0001 2420 2577

Customer ID: C000027065
 Invoice Number:
 GLO Lease: MF110726
 GLO Review: EOG RESOURCES INC
 Review Period: SEP 2017 Through AUG 2018

Category Oil
 Auditor/AE: DJACQUET
 Billing Date: 7/5/2019
 P&I Calculation Date: 7/31/2019
 Royalty Rate: 25.00%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Mar-18	08-284854	9	1	\$63.63	1	\$555.40	\$138.85	\$0.00	\$138.85	452	5.50%	\$25.00	\$8.22	\$172.07
Apr-18	08-284854	14	1	\$67.00	1	\$957.56	\$239.39	\$0.00	\$239.39	421	5.50%	\$25.00	\$13.06	\$277.45
May-18	08-284854	12	1	\$70.36	1	\$846.48	\$211.62	\$0.00	\$211.62	391	5.50%	\$25.00	\$10.59	\$247.21
TOTALS		35				\$2,359.45	\$589.86	\$0.00	\$589.86			\$75.00	\$31.87	\$696.73

COMMENTS: BILLING ON DIFFERENCE FROM ROYALTIES DUE TO THE GLO VERSUS PAID FOR RRC ID# 08-284854 UNIT 8553.

COLUMN (3) VOLUMES - REPRESENTS UNDER REPORTED SALES VOLUMES REPORTED TO GLO VERSUS REPORTED TO THE RRC.
 COLUMNS (5) & (6) THE PRICES - AVERAGE FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE GLO ON THE GLO1 REPORTS.
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy-business/oil-gas/trac/forms/penalty-interest-assessment-rules.pdf>

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

ATTN: STEPHANIE TOY
 CERTIFIED MAIL: 7011 1150 0001 2420 2577

Customer ID: C000027065
 Invoice Number:
 GLO Lease: MF111079
 GLO Review: EOG RESOURCES INC
 Review Period: SEP 2017 Through AUG 2018

Category Oil
 Auditor/AE: DJACQUET
 Billing Date: 7/5/2019
 P&I Calculation Date: 7/31/2019
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Jan-18	08-284605	26	1	\$60.90	1	\$1,568.70	\$196.09	\$0.00	\$196.09	513	5.50%	\$25.00	\$13.41	\$234.50
Feb-18	08-284605	25	1	\$63.29	1	\$1,562.47	\$195.31	\$0.00	\$195.31	482	5.50%	\$25.00	\$12.45	\$232.76
Mar-18	08-284605	5,992	1	\$64.62	1	\$397,213.63	\$48,401.70	\$0.00	\$48,401.70	452	5.50%	\$4,840.17	\$2,866.31	\$56,108.18
Apr-18	08-284605	26	1	\$67.24	1	\$1,719.01	\$214.88	\$0.00	\$214.88	421	5.50%	\$25.00	\$11.72	\$251.60
May-18	08-284605	18	1	\$70.74	1	\$1,245.25	\$155.66	\$0.00	\$155.66	391	5.50%	\$25.00	\$7.79	\$188.45
TOTALS		6,086				\$393,309.06	\$49,163.64	\$0.00	\$49,163.64			\$4,940.17	\$2,911.68	\$57,015.49

COMMENTS: BILLING ON DIFFERENCE FROM ROYALTIES DUE TO THE GLO VERSUS PAID FOR RRC ID# 08-284605 UNIT 8906.

COLUMN (3) VOLUMES - REPRESENTS UNDER REPORTED SALES VOLUMES REPORTED TO GLO VERSUS REPORTED TO THE RRC.
 COLUMNS (5) & (6) THE PRICES - AVERAGE FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE GLO ON THE GLO1 REPORTS..
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy-business/oil-gas/rac/forms/penalty-interest-assessment-rules.pdf>

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ATTN: STEPHANIE TOY
 CERTIFIED MAIL: 7011 1150 0001 2420 2577

Customer ID: C000027065
 Invoice Number:
 GLO Lease: MF111079
 GLO Review: EOG RESOURCES INC
 Review Period: SEP 2017 Through AUG 2018

Category Oil
 Auditor/AE: DJACQUET
 Billing Date: 7/5/2019
 P&I Calculation Date: 7/31/2019
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Dec-17	08-284118	6	1	\$55.69	1	\$314.37	\$39.30	\$0.00	\$39.30	541	5.50%	\$25.00	\$2.85	\$67.15
Jan-18	08-284118	37	1	\$61.50	1	\$2,250.09	\$281.26	\$0.00	\$281.26	513	5.50%	\$28.13	\$19.24	\$328.63
Feb-18	08-284118	43	1	\$62.16	1	\$2,662.99	\$332.87	\$0.00	\$332.87	482	5.50%	\$33.29	\$21.22	\$387.38
Mar-18	08-284118	54	1	\$63.87	1	\$3,458.55	\$432.32	\$0.00	\$432.32	452	5.50%	\$43.23	\$25.60	\$501.15
Apr-18	08-284118	43	1	\$67.24	1	\$2,885.28	\$360.66	\$0.00	\$360.66	421	5.50%	\$36.07	\$19.67	\$416.40
May-18	08-284118	27	1	\$70.74	1	\$1,887.16	\$235.90	\$0.00	\$235.90	391	5.50%	\$25.00	\$11.80	\$272.70
TOTALS		209				\$13,458.43	\$1,682.31	\$0.00	\$1,682.31			\$190.72	\$100.38	\$1,973.41

COMMENTS: BILLING ON DIFFERENCE FROM ROYALTIES DUE TO THE GLO VERSUS PAID FOR RRC ID# 08-284118 UNIT 8907.

COLUMN (3) VOLUMES - REPRESENTS UNDER REPORTED SALES VOLUMES REPORTED TO GLO VERSUS REPORTED TO THE RRC.
 COLUMNS (5) & (6) THE PRICES - AVERAGE FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE GLO ON THE GLO1 REPORTS..
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
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ATTN: STEPHANIE TOY
 CERTIFIED MAIL: 7011 1150 0001 2420 2577

Customer ID: C000027065
 Invoice Number:
 GLO Lease: MF111079
 GLO Review: EOG RESOURCES INC
 Review Period: SEP 2017 Through AUG 2018

Category Oil
 Auditor/AE: DJACQUET
 Billing Date: 7/5/2019
 P&I Calculation Date: 7/31/2019
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Mar-18	08-284854	70	1	\$63.63	1	\$4,425.22	\$553.15	\$0.00	\$553.15	452	5.50%	\$55.32	\$32.76	\$641.23
Apr-18	08-284854	114	1	\$67.00	1	\$7,633.52	\$954.19	\$0.00	\$954.19	421	5.50%	\$95.42	\$52.05	\$1,101.66
May-18	08-284854	96	1	\$70.36	1	\$6,748.06	\$843.51	\$0.00	\$843.51	391	5.50%	\$84.35	\$42.20	\$970.06
TOTALS		279				\$18,806.80	\$2,350.85	\$0.00	\$2,350.85			\$235.09	\$127.01	\$2,712.95

COMMENTS: BILLING ON DIFFERENCE FROM ROYALTIES DUE TO THE GLO VERSUS PAID FOR RRC ID# 08-284854 UNIT 8553.

COLUMN (3) VOLUMES - REPRESENTS UNDER REPORTED SALES VOLUMES REPORTED TO GLO VERSUS REPORTED TO THE RRC.
 COLUMNS (5) & (6) THE PRICES - AVERAGE FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE GLO ON THE GLO1 REPORTS..
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy-business/oil-gas/trac/forms/penalty-interest-assessment-rules.pdf>

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ATTN: STEPHANIE TOY
 CERTIFIED MAIL: 7011 1150 0001 2420 2577

Customer ID: C000027065
 Invoice Number:
 GLO Lease: MF111079
 GLO Review: EOG RESOURCES INC
 Review Period: SEP 2017 Through AUG 2018

Category Oil
 Auditor/AE: DJACQUET
 Billing Date: 7/5/2019
 P&I Calculation Date: 7/31/2019
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Mar-18	08-285009	142	1	\$63.82	1	\$9,033.69	\$1,129.21	\$0.00	\$1,129.21	452	5.50%	\$112.92	\$66.87	\$1,309.00
Apr-18	08-285009	176	1	\$67.18	1	\$11,829.33	\$1,478.67	\$0.00	\$1,478.67	421	5.50%	\$147.87	\$80.66	\$1,707.20
May-18	08-285009	117	1	\$70.58	1	\$8,290.14	\$1,036.27	\$0.00	\$1,036.27	391	5.50%	\$103.63	\$51.84	\$1,191.74
TOTALS		435				\$29,153.16	\$3,644.15	\$0.00	\$3,644.15			\$364.42	\$199.37	\$4,207.94

COMMENTS: BILLING ON DIFFERENCE FROM ROYALTIES DUE TO THE GLO VERSUS PAID FOR RRC ID# 08285009 & b284836 UNIT8835.

COLUMN (3) VOLUMES - REPRESENTS UNDER REPORTED SALES VOLUMES REPORTED TO GLO VERSUS REPORTED TO THE RRC.
 COLUMNS (5) & (6) THE PRICES - AVERAGE FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE GLO ON THE GLO1 REPORTS.,
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
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ATTN: STEPHANIE TOY
 CERTIFIED MAIL: 7011 1150 0001 2420 2577

Customer ID: C000027065
 Invoice Number:
 GLO Lease: MF111079
 GLO Review: EOG RESOURCES INC
 Review Period: SEP 2017 Through AUG 2018

Category Oil
 Auditor/AE: DJACQUET
 Billing Date: 7/5/2019
 P&I Calculation Date: 7/31/2019
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Oct-17	08-283711	20	1	\$48.44	1	\$968.92	\$121.12	\$0.00	\$121.12	603	4.75%	\$25.00	\$8.57	\$154.69
Nov-17	08-283711	47	1	\$55.85	1	\$2,646.33	\$330.79	\$0.00	\$330.79	572	5.50%	\$33.08	\$25.57	\$389.44
Dec-17	08-283711	19	1	\$55.81	1	\$1,085.08	\$135.63	\$0.00	\$135.63	541	5.50%	\$25.00	\$9.85	\$170.48
Jan-18	08-283711	18	1	\$60.90	1	\$1,125.95	\$140.74	\$0.00	\$140.74	513	5.50%	\$25.00	\$9.63	\$175.37
Feb-18	08-283711	24	1	\$63.29	1	\$1,490.79	\$186.35	\$0.00	\$186.35	482	5.50%	\$25.00	\$11.88	\$223.23
Mar-18	08-283711	26	1	\$64.62	1	\$1,689.90	\$211.24	\$0.00	\$211.24	452	5.50%	\$25.00	\$12.51	\$248.75
Apr-18	08-283711	21	1	\$67.24	1.00	\$1,441.00	\$180.13	\$0.00	\$180.13	421	5.50%	\$25.00	\$9.83	\$214.96
May-18	08-283711	17	1	\$70.74	1	\$1,203.49	\$150.44	\$0.00	\$150.44	391	5.50%	\$25.00	\$7.53	\$182.97
TOTALS		193				\$11,651.48	\$1,456.44	\$0.00	\$1,456.44			\$208.08	\$95.37	\$1,759.89

COMMENTS: BILLING ON DIFFERENCE FROM ROYALTIES DUE TO THE GLO VERSUS PAID FOR RRC ID# 08-283711 UNIT 8894.

COLUMN (3) VOLUMES - REPRESENTS UNDER REPORTED SALES VOLUMES REPORTED TO GLO VERSUS REPORTED TO THE RRC.
 COLUMNS (5) & (6) THE PRICES - AVERAGE FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE GLO ON THE GLO1 REPORTS..
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
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ATTN: STEPHANIE TOY
 CERTIFIED MAIL: 7011 1150 0001 2420 2577

Customer ID: C000027065
 Invoice Number:
 GLO Lease: MF111079
 GLO Review: EOG RESOURCES INC
 Review Period: SEP 2017 Through AUG 2018

Category Oil
 Auditor/AE: DJACQUET
 Billing Date: 7/5/2019
 P&I Calculation Date: 7/31/2019
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Oct-17	08-283712	31	1	\$48.44	1	\$1,507.51	\$188.44	\$0.00	\$188.44	603	4.75%	\$25.00	\$13.34	\$226.78
Nov-17	08-283712	74	1	\$55.85	1	\$4,130.12	\$516.27	\$0.00	\$516.27	572	5.50%	\$51.63	\$39.91	\$607.81
Dec-17	08-283712	49	1	\$55.81	1	\$2,742.00	\$342.75	\$0.00	\$342.75	541	5.50%	\$34.28	\$24.89	\$401.92
Jan-18	08-283712	42	1	\$60.90	1	\$2,557.37	\$319.67	\$0.00	\$319.67	513	5.50%	\$31.97	\$21.87	\$373.51
Feb-18	08-283712	45	1	\$63.29	1	\$2,857.70	\$357.21	\$0.00	\$357.21	482	5.50%	\$35.72	\$22.77	\$415.70
Mar-18	08-283712	57	1	\$64.62	1	\$3,692.78	\$461.60	\$0.00	\$461.60	452	5.50%	\$46.16	\$27.34	\$535.10
Apr-18	08-283712	46	1	\$67.24	1.00	\$3,065.58	\$383.20	\$0.00	\$383.20	421	5.50%	\$38.32	\$20.90	\$442.42
May-18	08-283712	24	1	\$70.74	1	\$1,725.38	\$215.67	\$0.00	\$215.67	391	5.50%	\$25.00	\$10.79	\$251.46
TOTALS		368				\$22,278.46	\$2,784.81	\$0.00	\$2,784.81			\$288.08	\$181.81	\$3,254.70

COMMENTS: BILLING ON DIFFERENCE FROM ROYALTIES DUE TO THE GLO VERSUS PAID FOR RRC ID# 08-283712 UNIT 8896.

COLUMN (3) VOLUMES - REPRESENTS UNDER REPORTED SALES VOLUMES REPORTED TO GLO VERSUS REPORTED TO THE RRC.
 COLUMNS (5) & (6) THE PRICES - AVERAGE FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE GLO ON THE GLO1 REPORTS..
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
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ATTN: STEPHANIE TOY
 CERTIFIED MAIL: 7011 1150 0001 2420 2577

Customer ID: C000027065
 Invoice Number:
 GLO Lease: MF111927
 GLO Review: EOG RESOURCES INC
 Review Period: SEPT 2017 - AUG 2018

Category Gas
 Auditor/AE: DJACQUET
 Billing Date: 7/5/2019
 P&I Calculation Date: 7/31/2019
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Jun-18	08-285523	3,878	1	\$2.86	1	\$11,607.03	\$1,450.88	\$0.00	\$1,450.88	350	5.50%	\$145.09	\$63.62	\$1,659.59
Jul-18	08-285523	14,068	1	\$2.77	1	\$39,506.75	\$4,938.34	\$0.00	\$4,938.34	319	5.50%	\$493.83	\$193.47	\$5,625.64
Aug-18	08-285523	10,041	1	\$2.81	1	\$28,643.38	\$3,580.42	\$0.00	\$3,580.42	289	5.50%	\$358.04	\$124.09	\$4,062.55
TOTALS		27,987				\$79,757.17	\$9,969.64	\$0.00	\$9,969.64			\$996.96	\$381.18	\$11,347.78

COMMENTS: BILLING ON UNDER PAID ROYALTIES FOR RRC ID# 08-285523 UNIT 9337..

COLUMN (3) VOLUMES - REPRESENTS THE UNDER REPORTED VOLUMES TO THE GLO VERSUS WHAT WAS REPORTED TO THE RRC. (INCORRECT TPF (0.22080613) USED CORRECT TPF (0.33271164)
 COLUMNS (5) & (6) THE PRICES AND BTU FACTORS WERE DETERMINED BY USING THE AVERAGE PRICES AND BTU FACTOR REPORTED ON THE GLO2 REPORTS.
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
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ATTN: STEPHANIE TOY
 CERTIFIED MAIL: 7011 1150 0001 2420 2577

Customer ID: C000027065
 Invoice Number:
 GLO Lease: MF111927
 GLO Review: EOG RESOURCES INC
 Review Period: SEP 2017 Through AUG 2018

Category Oil
 Auditor/AE: DJACQUET
 Billing Date: 7/5/2019
 P&I Calculation Date: 7/31/2019
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Jun-18	08-285523	4,071	1	\$71.48	1	\$280,943.58	\$36,367.95	\$0.00	\$36,367.95	360	5.50%	\$3,636.80	\$1,649.51	\$41,654.26
Jul-18	08-285523	4,402	1	\$76.88	1	\$338,401.14	\$42,300.14	\$0.00	\$42,300.14	329	5.50%	\$4,230.01	\$1,720.98	\$48,251.13
Aug-18	08-285523	3,385	1	\$76.13	1	\$255,275.28	\$32,034.41	\$0.00	\$32,034.41	299	5.50%	\$3,203.44	\$1,158.50	\$36,396.35
TOTALS		11,838				\$885,620.00	\$110,702.50	\$0.00	\$110,702.50			\$11,070.25	\$4,528.99	\$126,301.74

COMMENTS: BILLING ON DIFFERENCE FROM ROYALTIES DUE TO THE GLO VERSUS PAID FOR RRC ID# 08-285523 UNIT 9337.

COLUMN (3) VOLUMES - REPRESENTS UNDER REPORTED SALES VOLUMES REPORTED TO GLO VERSUS REPORTED TO THE RRC. (INCORRECT TPF (0.22080613) USED CORRECT TPF (0.33271164)
 COLUMNS (5) & (6) THE PRICES - AVERAGE FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE GLO ON THE GLO1 REPORTS.
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy-business/oil-gas/rac/forms/penalty-interest-assessment-rules.pdf>

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

ATTN: STEPHANIE TOY
 CERTIFIED MAIL: 7011 1150 0001 2420 2577

File No. MF110 724 17

Reconciliation Billing, County

Date Filed: 7/22/2019

George P. Bush, Commissioner

By VD

EQG RESOURCES, INC.
P.O. BOX 4362
HOUSTON, TEXAS 77211 4362

✓ MF 110724
MF 110726
MF 11079

17711868

CHECK No. 1192603645

VENDOR No. 062038

04/19/17

PAGE 1 OF 2

2100015 01 SD

T 5776

009

-P00015



TEXAS GENERAL LAND OFFICE
1700 NORTH CONGRESS AVE
AUSTIN TX 78701

VOUCHER NO.	INVOICE NO.	INVOICE DATE	DESCRIPTION	NET AMOUNT
625595	APR1817	04/18/17	VOUCHERS PAYABLE	28,046.00
TOTAL CHECK AMOUNT				USD 28,046.00



161

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS.

SD2100015-0001_of_0001 5776-00000015 (F30D)

SECRET

THIS AREA INTENTIONALLY LEFT BLANK



P.O. Box 2267, Midland, Texas 79702
Phone: (432) 686-3600 Fax: (432) 686-3773

April 26, 2017

Texas General Land Office
Attention: George Martin
1700 North Congress Ave
Austin, Texas 78701

SENT VIA FEDEX

RE: Damage Payment
State of Texas Lease: SL20130040
EOG Wells: State Streamer Unit #1H - #2H
0090069-000, Reeves County, Texas

Dear Mr. Martin:

Enclosed is an EOG Resources, Inc. check number 1192603645 in the amount of \$28,046.00 for payment in regards to the Surface/Subsurface Lease for Disposal of Produced Water described above. See details below:

State Streamer Unit #1H - #2H Locations

Well Pad =	\$26,000.00
Access Road: 51.50 rods @ \$40.00/rod =	\$2,750.00
	\$28,046.00

Please acknowledge receipt of this payment by signing in the space provided below and return one copy of this letter to my attention in the enclosed envelope. If you have any questions, please contact Michael Yemm, Surface Landman for EOG Resources, Inc., at (432) 556-7258 or via email at michael_yemm@eogresources.com.

Very truly yours,
EOG RESOURCES, INC.

Katherine Hathcock

Katherine Hathcock
Land Tech – Midland Division

Payment in the amount of \$28,046.00 was received this _____ day of _____, 2017.

Texas General Land Office

By: _____

Name: _____

File No. MF11 0724

Reeves County

Surface Damage Pmt

Date Filed: 6-29-2021

George P. Bush, Commissioner

By VR

4537

JOBE RANCH FAMILY LIMITED PARTNERSHIP
Texas General Land Office

004202

4/13/2021

State Streamer Unit #2-3-4H Wells - 540 yds at \$6/yd
State Absaroka #711-732-761H - 1100 yds at \$6/yd
State Johnny Cash #731-732-752H - 60 yds at \$6/yd

1,620.00
2,750.00
180.00

21707369

1101

Chase Checking Acco Payments for Caliche Used

X 4,550.00

JOBE RANCH FAMILY LIMITED PARTNERSHIP

1150 SOUTHVIEW DRIVE
EL PASO, TX 79928
(915) 298-9900



JPMorgan Chase Bank, N.A.

www.Chase.com

32-61/1110 21707369

004202

4/13/2021

PAY TO THE
ORDER OF

Texas General Land Office

\$ **4,550.00

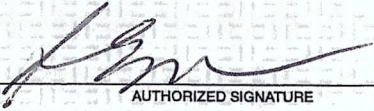
Four Thousand Five Hundred Fifty and 00/100*****

DOLLARS

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

MEMO

Payments for Caliche Used


AUTHORIZED SIGNATURE

⑈004202⑈

JOBE RANCH FAMILY LIMITED PARTNERSHIP

Texas General Land Office

4/13/2021

004202

State Streamer Unit #2-3-4H Wells - 540 yds at \$6/yd
State Absaroka #711-732-761H - 1100 yds at \$6/yd
State Johnny Cash #731-732-752H - 60 yds at \$6/yd

1,620.00
2,750.00
180.00

21707369

141

Chase Checking Acco Payments for Caliche Used

X 4,550.00

JOBE RANCH FAMILY LIMITED PARTNERSHIP

INVOICE 2021-02-001

INVOICE DATE – February 26, 2021

CUSTOMER

EOG Resources, Inc.
C/o Mr. Landon Jones
5509 Champions Drive
Midland, Texas 79706

TERMS – Due upon receipt

Billing for Caliche taken during February 2021 from the State Streamer Well Pad

Description	Amount
Caliche from Section 12:	
540 cubic yards @ \$6.00 per cubic yard – Off Lease	<u>\$3,240.00</u>
Net amount due	\$3,240.00

JRFLP will pay to the Texas GLO any royalties due as a result of this invoice.

JOBE RANCH FAMILY LIMITED PARTNERSHIP

INVOICE 2021-02-002

INVOICE DATE – February 26, 2021

CUSTOMER

EOG Resources, Inc.
C/o Mr. Landon Jones
5509 Champions Drive
Midland, Texas 79706

TERMS – Due upon receipt

**Billing for Caliche taken during February 2021 from the State Johnny Cash
Well Pad**

Description	Amount
Caliche from Section 12:	
60 cubic yards @ \$6.00 per cubic yard – Off Lease	<u>\$360.00</u>
Net amount due	\$360.00

JRFLP will pay to the Texas GLO any royalties due as a result of this invoice.

JOBE RANCH FAMILY LIMITED PARTNERSHIP

INVOICE 2021-02-003

INVOICE DATE – February 26, 2021

CUSTOMER

EOG Resources, Inc.
C/o Mr. Landon Jones
5509 Champions Drive
Midland, Texas 79706

TERMS – Due upon receipt

**Billing for Caliche taken during February 2021 from the State Absaroka
Well Pad**

Description**Amount**

Caliche from Section 12:

1,100 cubic yards @ \$5.00 per cubic yard – On Lease

\$5,500.00**Net amount due****\$5,500.00**

JRFLP will pay to the Texas GLO any royalties due as a result of this invoice.

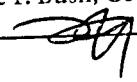
File No. MF110724

County

Surface Dmg Pmt

Date Filed: 9/15/21

George P. Bush, Commissioner

By 

Matthew Scott

From: Matthew Scott
Sent: Monday, November 6, 2023 2:20 PM
To: Lisa Youngblood
Cc: Robert Hatter; Brian Raygon
Subject: 08-9961 11-6-23 Commingling & Gas Lift Approval St Loonie St Streamer
Attachments: 08-9961 11-6-23 COMMINGLING & GAS LIFT APPROVAL ST LOONIE ST STREAMER.pdf; GLO Application_State Loonie CTB.pdf

Ms. Youngblood,

Thank you for submitting the application, per attachment "GLO Application_State Loonie CTB.pdf", to (a) commingle production from GLO Units 10907 (State Loonie Unit) and 8553 (State Streamer) at the State Loonie CTB and (b) the request to use gas lift as an artificial lift method in the 10907 (State Loonie Unit) and 8553 (State Streamer) wells.

Please find attached the approval of the application, dated 11/6/2023, for the surface commingling of the production from the Unit 10907 (State Loonie Unit) and 8553 (State Streamer) wells listed in the application and as part of RRC P17A 08-9961.

Gas Lift

In addition, as Lessee and operator of GLO Unit 10907 (State Loonie Unit) and 8553 (State Streamer) it was requested that the GLO approve of the use of gas lift as a form of artificial lift to produce those wells.

The GLO approves of the use of gas lift to produce the unit well(s) from

- a) the portion of state mineral leases MF110720 and MF110722 that are pooled in Unit 10907 (State Loonie Unit), and
- b) the portion of state mineral leases MF110724, MF1100726, and MF111079 that are pooled in Unit 8553 (State Streamer) that are included in the scope of RRC P-17A 08-9961.

Thank you,

Matthew

Matthew T. Scott, P.E.
Petroleum Engineer
(512) 463-5296
Energy Resources Division
Texas General Land Office
Commissioner Dawn Buckingham, M.D.

From: Lisa Youngblood <Lisa_Youngblood@eogresources.com>
Sent: Monday, November 6, 2023 7:35 AM
To: Matthew Scott <Matthew.Scott@glo.texas.gov>
Subject: [EXTERNAL] RE: GLO Application - State Loonie CTB

Hi Mr. Scott,

Thank you for the review, I re-verified this with our landman and he agreed. I have updated the report accordingly.

Thank you,

Lisa Youngblood
Regulatory Specialist



5509 Champions Drive | Midland, TX 79706
Building 1, Room 3003
Direct Line (432) 247-6331
Cell Phone (432) 241-1259
Lisa_youngblood@eogresources.com

From: Matthew Scott <Matthew.Scott@glo.texas.gov>
Sent: Thursday, November 2, 2023 8:44 AM
To: Lisa Youngblood <Lisa_Youngblood@eogresources.com>
Subject: RE: GLO Application - State Loonie CTB

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Ms. Youngblood,

I reviewed the application documents and found that the NRI reported on the GLO Lease List for Unit 10907 (State Loonie Unit) is incorrect at 0.12500000 as the unit pooled two Upland Fee leases and thus the NRI = 0.25000000. Please verify with your Production/Revenue Accounting staff that the DO and lease royalty has been reported with an NRI = 0.2500 and then revise the GLO Lease List accordingly.

Thank you,

Matthew

From: Lisa Youngblood <Lisa_Youngblood@eogresources.com>
Sent: Monday, October 16, 2023 7:17 AM
To: Matthew Scott <Matthew.Scott@glo.texas.gov>
Subject: [EXTERNAL] RE: GLO Application - State Loonie CTB

Hi Mr. Scott,

I apologize, in the last email I named the CTB incorrectly, I hope you had a nice weekend.

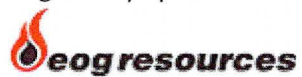
I have completed the State Loonie CTB gas lift commingle application. In this application we are requesting permission to utilize gas lift, using off-lease gas and surface commingling. Provided in the document attached are the following items; GLO application page, GLO lease list, most updated P-17A, and a facility process flow diagram.

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

Thank you,

Lisa Youngblood

Regulatory Specialist



5509 Champions Drive | Midland, TX 79706

Building 1, Room 3003

Direct Line (432) 247-6331

Cell Phone (432) 241-1259

Lisa_youngblood@eogresources.com

CAUTION: This email originated from OUTSIDE of the Texas General Land Office. Links or attachments may be dangerous. Please be careful clicking on any links or opening any attachments.

CAUTION: This email originated from OUTSIDE of the Texas General Land Office. Links or attachments may be dangerous. Please be careful clicking on any links or opening any attachments.



Texas General Land Office
Application to Surface Commingle State Leases

Application Revision
April 15, 2023

Provide a GLO Lease List that includes all applicable mineral lease, GLO pooled unit, PSA, and i-Nut information for all wells in the scope of an RRC Form P-17/17A or a request to utilize gas lift, and process flow diagram(s) showing the unique meter identification number or serial number for all flow meters used to identify a meter in the field and the unique identification number for each piece of major equipment (i.e., pressure vessel, heater treater, compressor, VRU, tank, flare, etc.). **Each facility that commingles production must have: (1) all the Oil (O), Gas (G), and Water (W) meters and/or GLO pre-approved full well stream/multi-phase flow meters (MPFM) necessary for the measurement and allocation of production, (2) all meters necessary to measure lease use volumes (fuel, vent, flare, and instrument gas), (3) lift gas supply and distribution meters and individual well lift gas supply meters, and (4) all sales/custody transfer meters.**

Certifications Form P-17/P-17A District: 8 Permit Number: 9961 Effective Month/Year: 05/2022

- ☒ All State lease oil and gas separators are of ample capacity as required by 31 Texas Administrative Code (TAC) §9.35(a)(2) and the terms of any lease that is the subject of this commingling.
- ☒ If applicable, the appropriate Form P-17 or P-17A has been filed with the Railroad Commission of Texas with respect to all leases associated with this application, and the GLO has been furnished with a copy.
- ☒ All non-sales (e.g., fuel, instrument, vent, flash, flare, and lift gas) dispositions of hydrocarbon are metered as required by 31 TAC §9.35(a)(2) and the terms of any lease that is the subject of this commingling. If any required meters are missing, they will be installed within 12 months of the date of this application.
- ☒ All sales dispositions of hydrocarbon are metered as required by 31 TAC §9.35(a)(2) and pursuant to the terms of any lease that is the subject of this commingling.
- ☒ No material changes to the commingled facility or equipment as represented in this application will be made without prior written permission of the GLO.
- ☐ Where applicable, the Lessee has obtained prior written permission to inject recycled or off-lease gas for secondary or enhanced recovery operations or for gas lift purposes as an artificial lift method, and all gas supply and distribution points are metered per 31 TAC §9.35(a)(2). If gas is not injected into a formation or utilized for gas lift, then leave the check box blank.
- ☒ Lessee requests permission to recycle gas or utilize gas lift pursuant to the terms of each state lease, with all gas supply and distribution points metered, on the following state leases and/or units as follows: _____
State Loonie Unit 10907 and State Streamer Unit 8553
- ☒ I acknowledge and agree that royalty is due on 100% of the hydrocarbons produced from each lease and that the GLO will use molecular (component) balance software to verify the fractionated value of all processed gas. The GLO acknowledges that nothing in this statement is intended to amend or modify any lease that is the subject of this commingling. Gas royalty payment will be due on a molecular balance basis for non-processed gas and processed gas irrespective of the method of allocation I have used to report such production if underpayment is discovered during an audit.

Company Name, Address: EOG Resources, Inc. 5509 Champions Drive, Midland, TX 79705

Responsible Official Name, Title: Lisa Youngblood, Regulatory Specialist Signature: Lisa Youngblood

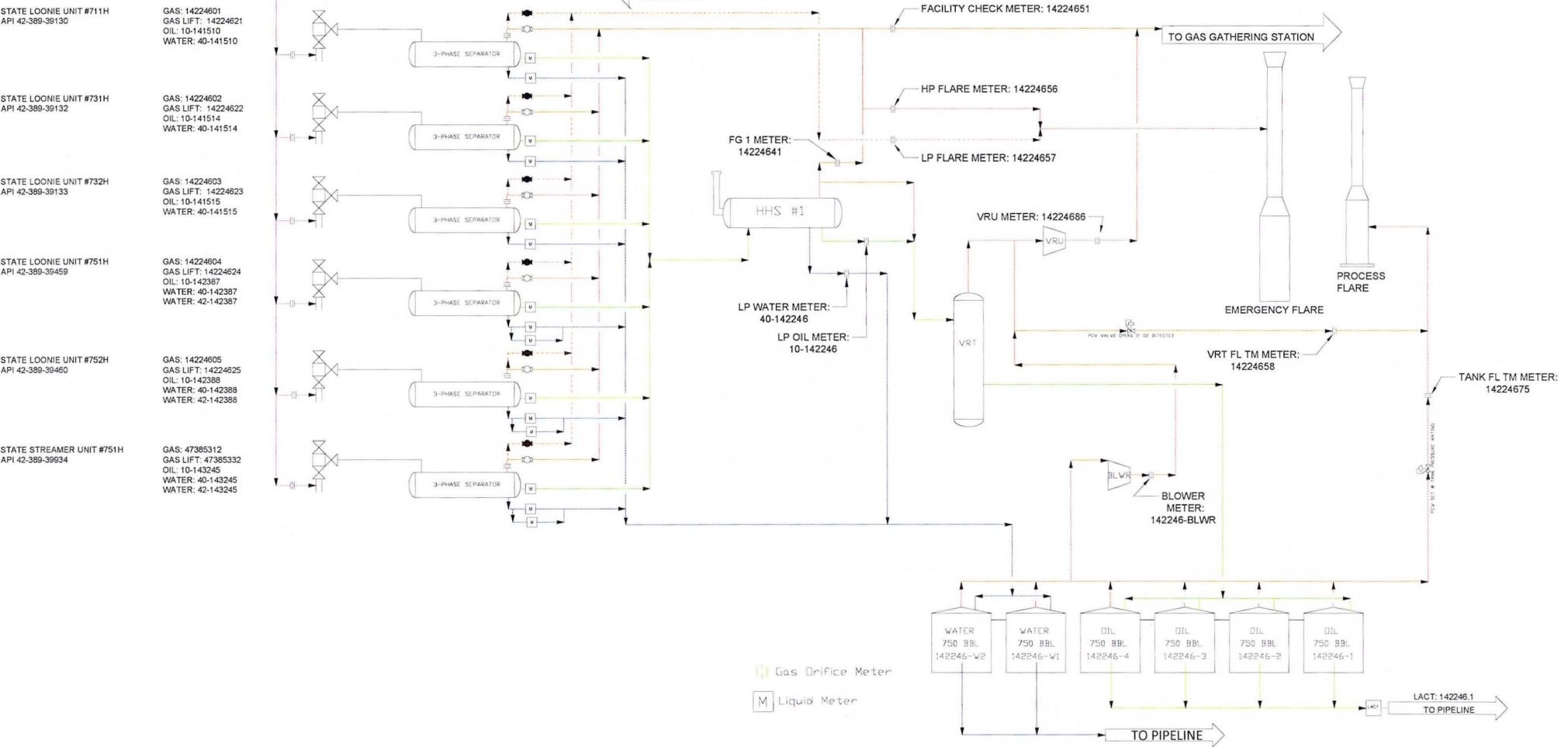
Date: 10/10/2023 Phone: 432-247-6331 Email Address: lisa_youngblood@eogresources.com

GLO Approval by: Matthew T. Scott Signature: Matthew T. Scott Date: 11/6/2023

GLO Notes: Surface commingling of the GLO Unit 10907 (State Loonie Unit) and 8553 (State Streamer) wells and gas lift in the GLO Unit 10907 (State Loonie Unit) and 8553 (State Streamer) wells.

RRC Form P-17 Permit Operator Name	RRC Form P-17/17A Number	Application Date on P-17	RRC District
EOG Resources, Inc.	9961	05/2022	District 8

GLO LEASE LIST				SEE NOTE 3			SEE NOTE 1		SEE NOTE 2		
RRC Designated Field Name & (Reservoir)	RRC Lease Name	RRC Well Number	RRC Lease Number or Identifier	Wellbore 10 Digit API No.	RRC Form P-17 Action Status	RRC Lease Type (Oil/Gas)	State Mineral Lease No.	Production Sharing Agreement (PSA) Number	GLO Unit Name Per Unit Agreement	GLO Unit Number or PSA i-Nut Number	State Mineral Lease or Unit Decimal NRI
Phantom (Wolfcamp)	STATE LOONIE UNIT	711H	293506	4238939130	Approved	Gas			State Loonie Unit	10907	0.25000000
Phantom (Wolfcamp)	STATE LOONIE UNIT	731H	293507	4238939132	Approved	Gas			State Loonie Unit	10907	0.25000000
Phantom (Wolfcamp)	STATE LOONIE UNIT	732H	293508	4238939133	Approved	Gas			State Loonie Unit	10907	0.25000000
Phantom (Wolfcamp)	STATE LOONIE UNIT	751H	293534	4238939459	Approved	Gas			State Loonie Unit	10907	0.25000000
Phantom (Wolfcamp)	STATE LOONIE UNIT	752HR	293504	4238940006	Approved	Gas			State Loonie Unit	10907	0.25000000
Phantom (Wolfcamp)	STATE STREAMER UNIT	751H	293315	4238939934	Approved	Gas			State Streamer	8553	0.19099572
		SEE NOTE 4	SEE NOTE 3				SEE NOTE 1	SEE NOTE 1		SEE NOTE 1	SEE NOTE 2



*11111111 Meter Numbers will be provided after the facility has been built or upgraded.

STATE LOONIE CTB PROCESS FLOW A-3572, BLK-56, SEC-12 LAT / LONG: 31.600736, -103.908568		
EOG RESOURCES MIDLAND DIVISION	BY: DKT	rev. 00 08/11/2023



RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78711-2967

Form P-17A

Rev. 03/2019

**APPLICATION FOR COMMINGLE PERMIT
PURSUANT TO STATEWIDE
RULES 26 AND OR 27**

☐ New
☒ Amended Existing Permit
No. 9961
Effective Month/Year of Requested
Exception: 5 / 2022
District 08
County Reeves

It

SECTION 1. OPERATOR INFORMATION

Operator Name: EOG Resources, Inc. Operator P-5 No.: 253162

Operator Address: P.O. Box 2267 Midland, TX. 79702-2267

SECTION 2. GATHERER (of oil or condensate) INFORMATION (not required if 3b is checked)

Gatherer Name: EOG Resources Marketing, LLC Gatherer P-5 No.: 253120

Gatherer Address: P.O. Box 4362 Houston, TX. 77210-4362

Gatherer E-mail Address:

(Optional - If provided, e-mail address will become part of this public record.)

SECTION 3. APPLICATION APPLIES TO (CHECK ALL THAT APPLY): ☒ OIL ☒ CASINGHEAD GAS ☒ GAS WELL GAS ☒ CONDENSATE

- a) ☒ Gas well full well stream into common separation and storage facility with liquids reported on Form PR.
b) ☐ Gas well full well stream into a gasoline plant/common separation and storage facility with liquids reported on Form R-3 Serial # _____ (If full well stream is checked, the results of periodic tests to determine the number of stock tank barrels of liquid hydrocarbons recovered per 1,000 standard cubic feet of gas must be reported on Form G-10 in accordance with SWR 55. Attach an explanation of any exceptions to SWR 55.)
c) ☐ Condensate and low-pressure Gas Well Gas are commingled into low-pressure separation and storage facilities.
d) ☐ This request is for off lease: ☐ Storage ☐ Separation ☐ Metering
e) ☒ This application is for common storage.
f) ☐ This application is for common separation.
g) ☐ This application is for casinghead gas metering by: ☐ Deduct Metering ☐ Allocation by well test ☐ Other _____
h) ☐ This application is for gas well gas metering by: ☐ Deduct Metering ☐ Allocation by well test ☐ Other _____

SECTION 4. COMMINGLING PURSUANT TO §3.26(b) or §3.27(e) - (CHECK ALL THAT APPLY)a) ☒ The production stream from each tract and each Commission-designated reservoir is measured separately before combining it with a stream from another tract or Commission-designated reservoir.Production will be allocated by: ☐ W-10 (oil) ☐ W-2 retest (oil) ☒ PD Meter (oil & condensate) ☐ G-10 (gas) ☐ Other _____b) ☐ The tracts and Commission-designated reservoirs have identical royalty interest and working interest ownership in identical percentages.Production will be allocated by: ☐ W-10 (oil) ☐ W-2 retest (oil) ☐ PD Meter (oil & condensate) ☐ G-10 (gas) ☐ Other _____**SECTION 5.** ☐ Any one of the wells proposed for commingling produces from a Commission-designated reservoir for which special field rules regarding surface commingling have been adopted. (Notice may be required; see instructions)**SECTION 6.** ☐ Wells proposed for commingling have an operator's name other than the applicant listed in SECTION 1. (See instructions)**SECTION 7.** ☐ For oil production, the production from all oil wells on each oil lease is to be commingled. (See instructions)**SECTION 8. IDENTIFY LEASES AS SHOWN ON COMMISSION RECORDS (attach additional pages as needed)**

DISTRICT	RRC IDENTIFIER	ACTION	LEASE AND FIELD NAME	WELL NO.
08	293506	☒ Existing ☐ Add ☐ Delete	State Loonie Unit; Phantom (Wolfcamp)	711H
08	DP 864501	☐ Existing ☐ Add ☒ Delete	State Loonie Unit; Phantom (Wolfcamp)	712H
08	DP 864505	☐ Existing ☐ Add ☒ Delete	State Loonie Unit; Phantom (Wolfcamp)	713H
08	293507	☒ Existing ☐ Add ☐ Delete	State Loonie Unit; Phantom (Wolfcamp)	731H

ATTACH ADDITIONAL PAGES AS NEEDED. ☐ No additional pages ☒ Additional pages 1 (# of additional pages)

CERTIFICATE: I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge. I certify that all requests for related required approvals from other affected state agencies have been submitted and that I understand that any authorization granted by Commission approval of this application is contingent upon the approvals from other affected state agencies being obtained.

Signature Kristina Agee Title Regulatory Specialist Date 8/7/2023Operator E-mail Address: kristina.agee@eoqresources.com Operator Phone No. 432-686-6996

(Optional - If provided, e-mail address will become part of this public record.)

RRC USE ONLY

Commingling Permit No. 9961Approval date: 8/21/23Approved: [Signature]

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

FORM P-17A ATTACHMENT

**ATTACHMENT FOR
COMMINGLE PERMIT PURSUANT
TO STATEWIDE RULES 26 AND OR 27**

SECTION 8. (CONT'D) IDENTIFY LEASES AS SHOWN ON COMMISSION RECORDS (attach additional pages as needed)

[illegible]



Texas General Land Office
Application to Surface Commingle State Leases

Application Revision
April 15, 2023

Provide a GLO Lease List that includes all applicable mineral lease, GLO pooled unit, PSA, and i-Nut information for all wells in the scope of an RRC Form P-17/17A or a request to utilize gas lift, and process flow diagram(s) showing the unique meter identification number or serial number for all flow meters used to identify a meter in the field and the unique identification number for each piece of major equipment (i.e., pressure vessel, heater treater, compressor, VRU, tank, flare, etc.). **Each facility that commingles production must have: (1) all the Oil (O), Gas (G), and Water (W) meters and/or GLO pre-approved full well stream/multi-phase flow meters (MPFM) necessary for the measurement and allocation of production, (2) all meters necessary to measure lease use volumes (fuel, vent, flare, and instrument gas), (3) lift gas supply and distribution meters and individual well lift gas supply meters, and (4) all sales/custody transfer meters.**

Certifications Form P-17/P-17A District: 8 Permit Number: 9961 Effective Month/Year: 05/2022

- ☒ All State lease oil and gas separators are of ample capacity as required by 31 Texas Administrative Code (TAC) §9.35(a)(2) and the terms of any lease that is the subject of this commingling.
- ☒ If applicable, the appropriate Form P-17 or P-17A has been filed with the Railroad Commission of Texas with respect to all leases associated with this application, and the GLO has been furnished with a copy.
- ☒ All non-sales (e.g., fuel, instrument, vent, flash, flare, and lift gas) dispositions of hydrocarbon are metered as required by 31 TAC §9.35(a)(2) and the terms of any lease that is the subject of this commingling. If any required meters are missing, they will be installed within 12 months of the date of this application.
- ☒ All sales dispositions of hydrocarbon are metered as required by 31 TAC §9.35(a)(2) and pursuant to the terms of any lease that is the subject of this commingling.
- ☒ No material changes to the commingled facility or equipment as represented in this application will be made without prior written permission of the GLO.
- ☐ Where applicable, the Lessee has obtained prior written permission to inject recycled or off-lease gas for secondary or enhanced recovery operations or for gas lift purposes as an artificial lift method, and all gas supply and distribution points are metered per 31 TAC §9.35(a)(2). If gas is not injected into a formation or utilized for gas lift, then leave the check box blank.
- ☒ Lessee requests permission to recycle gas or utilize gas lift pursuant to the terms of each state lease, with all gas supply and distribution points metered, on the following state leases and/or units as follows: _____
State Loonie Unit 10907 and State Streamer Unit 8553
- ☒ I acknowledge and agree that royalty is due on 100% of the hydrocarbons produced from each lease and that the GLO will use molecular (component) balance software to verify the fractionated value of all processed gas. The GLO acknowledges that nothing in this statement is intended to amend or modify any lease that is the subject of this commingling. Gas royalty payment will be due on a molecular balance basis for non-processed gas and processed gas irrespective of the method of allocation I have used to report such production if underpayment is discovered during an audit.

Company Name, Address: EOG Resources, Inc. 5509 Champions Drive, Midland, TX 79705

Responsible Official Name, Title: Lisa Youngblood, Regulatory Specialist Signature: Lisa Youngblood

Date: 10/10/2023 Phone: 432-247-6331 Email Address: lisa_youngblood@eogresources.com

GLO Approval by: _____ Signature: _____ Date: _____

GLO Notes:

20

File No. MF 110724

County

Comm 3 Gas Lift Approval 10/6/23

Date Filed: 12/11/23

Commissioner Dawn Buckingham, M.D.

By: AS

Matthew Scott

From: Matthew Scott
Sent: Thursday, January 4, 2024 2:10 PM
To: Lisa Youngblood
Cc: Robert Hatter; Brian Raygon
Subject: 08-9585 1-4-24 Commingling Exemption & Gas Lift Approval 8553 ST Streamer
Attachments: 08-9585 1-4-23 COMMINGLING EXEMPTION & GAS LIFT APPROVAL ST STREAMER 18.pdf; GLO Application_State Streamer.pdf

Ms. Youngblood,

Thank you for (a) your exemption notice concerning the GLO Unit 8553 (State Streamer) wells that are commingled at the State Streamer 18 CTB and (b) the request to use gas lift as an artificial lift method in the Unit 8553 wells.

The GLO acknowledges your surface commingling exemption notification in the attachment "GLO Application_State Streamer 18 CTB.pdf" and agrees, pursuant to the exemption in 31 TAC §9.35(a)(4)(C), that EOG Resources, Inc. is deemed to have permission to surface commingle production of the Unit 8553 wells in the scope of commingling permit 08-9585.

The State's net revenue interest in the Unit 8553 (State Streamer) wells that are commingled at the State Streamer 18 CTB in the scope of commingling permit 08-9585 are all equal (NRI = 0.19099571).

Gas Lift

In addition, as Lessee and operator of GLO Unit 8553, it was requested that the GLO approve of the use of gas lift as a form of artificial lift to produce the unit wells.

The GLO approves of the use of gas lift to produce the Unit 8553 well(s) from the portion of state mineral leases MF110724, MF110726, and MF11079 that are included in the scope of RRC P-17A 08-9585.

Thank you,

Matthew

From: Lisa Youngblood <Lisa_Youngblood@eogresources.com>
Sent: Thursday, December 7, 2023 1:29 PM
To: Matthew Scott <Matthew.Scott@glo.texas.gov>
Subject: [EXTERNAL] GLO Application - State Streamer 18 CTB

Hi Mr. Scott,

I have completed the State Streamer 18 CTB gas lift commingle application. In this application we are requesting permission to utilize gas lift, using off-lease gas and surface commingling under the exemption 31 TAC §9.35(a)(4)(C). Provided in the document attached are the following items; GLO application page, GLO lease list, most updated P-17A, a facility process flow diagram and an exemption letter.

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

Thank you,

Lisa Youngblood

Regulatory Specialist



5509 Champions Drive | Midland, TX 79706

Building 1, Room 3003

Direct Line (432) 247-6331

Cell Phone (432) 241-1259

Lisa_youngblood@eogresources.com

CAUTION: This email originated from OUTSIDE of the Texas General Land Office. Links or attachments may be dangerous. Please be careful clicking on any links or opening any attachments.



Texas General Land Office
Application to Surface Commingle State Leases

Application Revision
April 15, 2023

Provide a GLO Lease List that includes all applicable mineral lease, GLO pooled unit, PSA, and i-Nut information for all wells in the scope of an RRC Form P-17/17A or a request to utilize gas lift, and process flow diagram(s) showing the unique meter identification number or serial number for all flow meters used to identify a meter in the field and the unique identification number for each piece of major equipment (i.e., pressure vessel, heater treater, compressor, VRU, tank, flare, etc.). **Each facility that commingles production must have: (1) all the Oil (O), Gas (G), and Water (W) meters and/or GLO pre-approved full well stream/multi-phase flow meters (MPFM) necessary for the measurement and allocation of production, (2) all meters necessary to measure lease use volumes (fuel, vent, flare, and instrument gas), (3) lift gas supply and distribution meters and individual well lift gas supply meters, and (4) all sales/custody transfer meters.**

Certifications Form P-17/P-17A District: 8 Permit Number: 9585 Effective Month/Year: 02/2021

- ☒ All State lease oil and gas separators are of ample capacity as required by 31 Texas Administrative Code (TAC) §9.35(a)(2) and the terms of any lease that is the subject of this commingling.
- ☒ If applicable, the appropriate Form P-17 or P-17A has been filed with the Railroad Commission of Texas with respect to all leases associated with this application, and the GLO has been furnished with a copy.
- ☒ All non-sales (e.g., fuel, instrument, vent, flash, flare, and lift gas) dispositions of hydrocarbon are metered as required by 31 TAC §9.35(a)(2) and the terms of any lease that is the subject of this commingling. If any required meters are missing, they will be installed within 12 months of the date of this application.
- ☒ All sales dispositions of hydrocarbon are metered as required by 31 TAC §9.35(a)(2) and pursuant to the terms of any lease that is the subject of this commingling.
- ☒ No material changes to the commingled facility or equipment as represented in this application will be made without prior written permission of the GLO.
- ☐ Where applicable, the Lessee has obtained prior written permission to inject recycled or off-lease gas for secondary or enhanced recovery operations or for gas lift purposes as an artificial lift method, and all gas supply and distribution points are metered per 31 TAC §9.35(a)(2). If gas is not injected into a formation or utilized for gas lift, then leave the check box blank.
- ☒ Lessee requests permission to recycle gas or utilize gas lift pursuant to the terms of each state lease, with all gas supply and distribution points metered, on the following state leases and/or units as follows: _____
State Streamer - 8553
- ☒ I acknowledge and agree that royalty is due on 100% of the hydrocarbons produced from each lease and that the GLO will use molecular (component) balance software to verify the fractionated value of all processed gas. The GLO acknowledges that nothing in this statement is intended to amend or modify any lease that is the subject of this commingling. Gas royalty payment will be due on a molecular balance basis for non-processed gas and processed gas irrespective of the method of allocation I have used to report such production if underpayment is discovered during an audit.

Company Name, Address: EOG Resources, Inc. 5509 Champions Drive, Midland, TX 79705

Responsible Official Name, Title: Lisa Youngblood, Regulatory Specialist Signature: Lisa Youngblood

Date: 12/7/2023 Phone: 432-247-6331 Email Address: lisa_youngblood@eogresources.com

GLO Approval by: Matthew T. Scott Signature: Matthew T. Scott Date: 1/4/2024

GLO Notes: Surface commingling exemption per 9.35(a)(4)(C), due to same NRI, and gas lift in the GLO 8553 (State Streamer) wells.

RRC Form P-17 Permit Operator Name	RRC Form P-17/17A Number	Application Date on P-17	RRC District
EOG Resources, Inc.	9585	03/2021	District 8

GLO LEASE LIST				SEE NOTE 3		SEE NOTE 1			SEE NOTE 2		
RRC Designated Field Name & (Reservoir)	RRC Lease Name	RRC Well Number	RRC Lease Number or Identifier	Wellbore 10 Digit API No.	RRC Form P-17 Action Status	RRC Lease Type (Oil/Gas)	State Mineral Lease No.	Production Sharing Agreement (PSA) Number	GLO Unit Name Per Unit Agreement	GLO Unit Number or PSA i-Nut Number	State Mineral Lease or Unit Decimal NRI
Phantom (Wolfcamp)	State Streamer Unit	1H	284854	4238935879	Approved	Gas			State Streamer	8553	0.19099572
Phantom (Wolfcamp)	State Streamer Unit	2H	290297	4238937970	Approved	Gas			State Streamer	8553	0.19099572
Phantom (Wolfcamp)	State Streamer Unit	3H	290298	4238937971	Approved	Gas			State Streamer	8553	0.19099572
Phantom (Wolfcamp)	State Streamer Unit	4H	290299	4238937972	Approved	Gas			State Streamer	8553	0.19099572
Phantom (Wolfcamp)	State Streamer Unit	5H	290341	4238937744	Approved	Gas			State Streamer	8553	0.19099572
Phantom (Wolfcamp)	State Streamer Unit	6H	290306	4238937745	Approved	Gas			State Streamer	8553	0.19099572
Phantom (Wolfcamp)	State Streamer Unit	7H	290357	4238937746	Approved	Gas			State Streamer	8553	0.19099572
Phantom (Wolfcamp)	State Streamer Unit	8H	290352	4238938600	Approved	Gas			State Streamer	8553	0.19099572
Phantom (Wolfcamp)	State Streamer Unit	9H	290301	4238938601	Approved	Gas			State Streamer	8553	0.19099572
Phantom (Wolfcamp)	State Streamer Unit	752H	293319	4238939935	Approved	Gas			State Streamer	8553	0.19099572
Phantom (Wolfcamp)	State Streamer Unit	753H	293320	4238939936	Approved	Gas			State Streamer	8553	0.19099572
		SEE NOTE 4	SEE NOTE 3				SEE NOTE 1	SEE NOTE 1		SEE NOTE 1	SEE NOTE 2

**RAILROAD COMMISSION OF TEXAS**

1701 N. Congress
P.O. Box 12967
Austin, Texas 78711-2967

Form P-17A

Rev. 03/2019

**APPLICATION FOR COMMINGLE PERMIT
PURSUANT TO STATEWIDE
RULES 26 AND OR 27**

☐ New
☒ Amended Existing Permit
No. 9585
Effective Month/Year of Requested
Exception: 2 / 2021
District 08
County Reeves

SECTION 1. OPERATOR INFORMATION						
Operator Name: EOG Resources, Inc.			Operator P-5 No.: 253162			
Operator Address: P.O. Box 2267 Midland, TX. 79702-2267						
SECTION 2. GATHERER (of oil or condensate) INFORMATION (not required if 3b is checked)						
Gatherer Name: EOG Resources Marketing, LLC			Gatherer P-5 No.: 253120			
Gatherer Address: P.O. Box 4362 Houston, TX. 77210-4362						
Gatherer E-mail Address: (Optional - If provided, e-mail address will become part of this public record.)						
SECTION 3. APPLICATION APPLIES TO (CHECK ALL THAT APPLY): ☒ OIL ☒ CASINGHEAD GAS ☒ GAS WELL GAS ☒ CONDENSATE						
a) ☒ Gas well full well stream into common separation and storage facility with liquids reported on Form PR.						
b) ☐ Gas well full well stream into a gasoline plant/common separation and storage facility with liquids reported on Form R-3 Serial # _____ (If full well stream is checked, the results of periodic tests to determine the number of stock tank barrels of liquid hydrocarbons recovered per 1,000 standard cubic feet of gas must be reported on Form G-10 in accordance with SWR 55. Attach an explanation of any exceptions to SWR 55.)						
c) ☐ Condensate and low-pressure Gas Well Gas are commingled into low-pressure separation and storage facilities.						
d) ☐ This request is for off lease: ☐ Storage ☐ Separation ☐ Metering						
e) ☒ This application is for common storage.						
f) ☐ This application is for common separation.						
g) ☐ This application is for casinghead gas metering by: ☐ Deduct Metering ☐ Allocation by well test ☐ Other _____						
h) ☐ This application is for gas well gas metering by: ☐ Deduct Metering ☐ Allocation by well test ☐ Other _____						
SECTION 4. COMMINGLING PURSUANT TO §3.26(b) or §3.27(e) - (CHECK ALL THAT APPLY)						
a) ☒ The production stream from each tract and each Commission-designated reservoir is measured separately before combining it with a stream from another tract or Commission-designated reservoir. Production will be allocated by: ☐ W-10 (oil) ☐ W-2 retest (oil) ☒ PD Meter (oil & condensate) ☐ G-10 (gas) ☐ Other _____						
b) ☐ The tracts and Commission-designated reservoirs have identical royalty interest and working interest ownership in identical percentages. Production will be allocated by: ☐ W-10 (oil) ☐ W-2 retest (oil) ☐ PD Meter (oil & condensate) ☐ G-10 (gas) ☐ Other _____						
SECTION 5. ☐ Any one of the wells proposed for commingling produces from a Commission-designated reservoir for which special field rules regarding surface commingling have been adopted. (Notice may be required; see instructions)						
SECTION 6. ☐ Wells proposed for commingling have an operator's name other than the applicant listed in SECTION 1. (See instructions)						
SECTION 7. ☐ For oil production, the production from all oil wells on each oil lease is to be commingled. (See instructions)						
SECTION 8. IDENTIFY LEASES AS SHOWN ON COMMISSION RECORDS (attach additional pages as needed)						
DISTRICT	RRC IDENTIFIER	ACTION			LEASE AND FIELD NAME	WELL NO.
08	284854	☒ Existing	☐ Add	☐ Delete	State Streamer Unit; Phantom (Wolfcamp)	1H
08	290297	☒ Existing	☐ Add	☐ Delete	State Streamer Unit; Phantom (Wolfcamp)	2H
08	290298	☒ Existing	☐ Add	☐ Delete	State Streamer Unit; Phantom (Wolfcamp)	3H
08	290299	☒ Existing	☐ Add	☐ Delete	State Streamer Unit; Phantom (Wolfcamp)	4H
ATTACH ADDITIONAL PAGES AS NEEDED. ☐ No additional pages ☒ Additional pages <u>1</u> (# of additional pages)						
CERTIFICATE: I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge. I certify that all requests for related required approvals from other affected state agencies have been submitted and that I understand that any authorization granted by Commission approval of this application is contingent upon the approvals from other affected state agencies being obtained.						
Signature <u>Kristina Agee</u> Title <u>Regulatory Specialist</u> Date <u>12/13/2022</u>						
Operator E-mail Address: <u>kristina.agee@eogresources.com</u> Operator Phone No. <u>432-686-6996</u> (Optional - If provided, e-mail address will become part of this public record.)						
RRC USE ONLY						
Commingling Permit No. <u>9585</u> Approval date: <u>1/5/23</u> <u>[Signature]</u>						

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

FORM P-17A ATTACHMENT

**ATTACHMENT FOR
COMMINGLE PERMIT PURSUANT
TO STATEWIDE RULES 26 AND OR 27**

SECTION 8. (CONT'D) IDENTIFY LEASES AS SHOWN ON COMMISSION RECORDS (attach additional pages as needed)

[illegible]



5509 Champions Dr, Midland, TX 79705
Phone: (432) 247-6331

Via email: matthew.scott@glo.texas.gov

Date: December 7, 2023

Re: State Streamer 18 CTB

Dear Mr. Scott:

Pursuant to 31 TAC §9.35(a)(4)(C), EOG Resources, Inc. ("EOG") hereby gives notice that it is deemed to have permission to commingle production from the following leases into its State Streamer CTB located in Section 18, Block 57, PSL, Mellor, Robert, Abstract # 4221, Reeves County, Texas:

- GLO Unit 8553: State Streamer, Dated June 20, 2017, covering 1374.54 acres including Section 6 and 7, Block 57, recorded in the Official Public Records of Reeves County, TX.

The State of Texas has a net revenue interest in the lease identified above and its net revenue interests is within the tolerance of 0.001. The single commingled property has a GLO NRI of 0.19099572.

For questions regarding this application, please contact me at 432-247-6331 or lisa_youngblood@eogresources.com

Kind regards,

EOG Resources, Inc.

By: Lisa Youngblood
Lisa Youngblood
Regulatory Specialist



Texas General Land Office
Application to Surface Commingle State Leases

Application Revision
April 15, 2023

Provide a GLO Lease List that includes all applicable mineral lease, GLO pooled unit, PSA, and i-Nut information for all wells in the scope of an RRC Form P-17/17A or a request to utilize gas lift, and process flow diagram(s) showing the unique meter identification number or serial number for all flow meters used to identify a meter in the field and the unique identification number for each piece of major equipment (i.e., pressure vessel, heater treater, compressor, VRU, tank, flare, etc.). **Each facility that commingles production must have: (1) all the Oil (O), Gas (G), and Water (W) meters and/or GLO pre-approved full well stream/multi-phase flow meters (MPFM) necessary for the measurement and allocation of production, (2) all meters necessary to measure lease use volumes (fuel, vent, flare, and instrument gas), (3) lift gas supply and distribution meters and individual well lift gas supply meters, and (4) all sales/custody transfer meters.**

Certifications Form P-17/P-17A District: 8 Permit Number: 9585 Effective Month/Year: 02/2021

- ☒ All State lease oil and gas separators are of ample capacity as required by 31 Texas Administrative Code (TAC) §9.35(a)(2) and the terms of any lease that is the subject of this commingling.
- ☒ If applicable, the appropriate Form P-17 or P-17A has been filed with the Railroad Commission of Texas with respect to all leases associated with this application, and the GLO has been furnished with a copy.
- ☒ All non-sales (e.g., fuel, instrument, vent, flash, flare, and lift gas) dispositions of hydrocarbon are metered as required by 31 TAC §9.35(a)(2) and the terms of any lease that is the subject of this commingling. If any required meters are missing, they will be installed within 12 months of the date of this application.
- ☒ All sales dispositions of hydrocarbon are metered as required by 31 TAC §9.35(a)(2) and pursuant to the terms of any lease that is the subject of this commingling.
- ☒ No material changes to the commingled facility or equipment as represented in this application will be made without prior written permission of the GLO.
- ☐ Where applicable, the Lessee has obtained prior written permission to inject recycled or off-lease gas for secondary or enhanced recovery operations or for gas lift purposes as an artificial lift method, and all gas supply and distribution points are metered per 31 TAC §9.35(a)(2). If gas is not injected into a formation or utilized for gas lift, then leave the check box blank.
- ☒ Lessee requests permission to recycle gas or utilize gas lift pursuant to the terms of each state lease, with all gas supply and distribution points metered, on the following state leases and/or units as follows: _____
State Streamer - 8553
- ☒ I acknowledge and agree that royalty is due on 100% of the hydrocarbons produced from each lease and that the GLO will use molecular (component) balance software to verify the fractionated value of all processed gas. The GLO acknowledges that nothing in this statement is intended to amend or modify any lease that is the subject of this commingling. Gas royalty payment will be due on a molecular balance basis for non-processed gas and processed gas irrespective of the method of allocation I have used to report such production if underpayment is discovered during an audit.

Company Name, Address: EOG Resources, Inc. 5509 Champions Drive, Midland, TX 79705

Responsible Official Name, Title: Lisa Youngblood, Regulatory Specialist Signature: Lisa Youngblood

Date: 12/7/2023 Phone: 432-247-6331 Email Address: lisa_youngblood@eogresources.com

GLO Approval by: _____ Signature: _____ Date: _____

GLO Notes:

21

File No. MF110724

County

Commingline EXMPTN Notice 3 Bas

Date Filed: 2/21/24 1st Apprvl 1/4/24

Commissioner Dawn Buckingham, M.D.

By: AS