



## CAUTION

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*Archives and Records Staff*

ONA #001  
#9858

MF110726

State Lease	Control	Base File	County
MF110726	04-020035	131207	REEVES

Survey	PUBLIC SCHOOL LAND	
Block	57	
Block Name		
Township		
Section/Tract	18	
Land Part		
Part Description		
Acres	640	
Depth Below	Depth Above	Depth Other
0	0	
Name	VERITAS 321 ENERGY PARTNERS, L	
Lease Date	4/6/2010	
Primary Term	5 yrs	
Bonus (\$)	\$356,480.00	
Rental (\$)	\$5.00	
Lease Royalty	0.2500	

Leasing: AS

Analyst: \_\_\_\_\_

Maps: AS

GIS: AS

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4. CERTIFIED COPY OF LEASE	7/2/10	13. Surface Damage Pmt	6-29-2021
5. RENTAL PAYMENT - 2 <sup>nd</sup> yr.	3/24/11	14. Surface Damage Pmt	6-29-2021
6. Cert. of Fact	2/19/11	Scanned W	7-7-2021
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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 #40 Bonus Amount	356,480.00	356,480.00		356,480.00
					Check Amount	356,480.00

**VERITAS 321 ENERGY PARTNERS, LP**

007819

Commissioner of the TX General Land Office

3/31/2010

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
4/6/2010	Bill	MGL #40 Sales Fee	5,347.20	5,347.20		5,347.20
				Check Amount		5,347.20

(WNB) Veritas 321 EP MGL #40, Blk 57, PSL Sy, Sec 18, All, 640 acres

5,347.20



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) 682-4002 (Include +4 Code)

**AREA DESCRIPTION**

County(ies): Reeves Survey/Area: PSL 5y (If Applicable)  
 Block/Tsp.: Blk. 57 Section/Tract: Sec. 18 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 (\$ 5,347.20)  
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.  
40

**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]  
 (signature)

Kenneth C. Dickerson  
 (type/print name)



10706330  
 5347.20

1.

PS

File No. MF 110726  
Bob Jones  
 Date Filed: 4/6/10  
 John Patterson, Commissioner  
 By [Signature]



4 0 1 0

# The State of Texas



## Austin, Texas

### OIL AND GAS LEASE NO. M-110726

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 18, 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 **6<sup>th</sup> 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 **6<sup>th</sup> 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 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 a workmanlike manner without interruptions totaling more than sixty (60) days. If such drilling or reworking operations result in the production of oil or gas, the lease shall remain in full force and effect for so long as oil or gas is produced from the leased premises in paying quantities or payment of shut-in oil or gas well royalties or payment of compensatory royalties is made as provided herein or as provided by law. If the drilling or reworking operations result in the completion of a well as a dry hole, the lease will not terminate if the Lessee commences additional drilling or reworking operations within sixty (60) days after the completion of the well as a dry hole, and this lease shall remain in effect so long as Lessee continues drilling or reworking operations in good faith and in a workmanlike manner without interruptions totaling more than sixty (60) days. Lessee shall give written notice to the General Land Office within thirty (30) days of any cessation of production.

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

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

**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/10726  
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. 40**, which has been assigned the lease number **M-110726**.

State Lease M-110726 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,

A handwritten signature in black ink, appearing to read "R. B. Hatter", is written over a horizontal line.

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

3

File No. MF 110726

*Letter*

Date Filed: 5/1/10  
Jerry Patterson, Commissioner

By *[Signature]*

FILE # 1788

Lease Form  
Revised 10-99  
Surveyed School Land

# The State of Texas



Austin, Texas

OIL AND GAS LEASE  
NO. M-110726

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 18, 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 6<sup>th</sup> 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 6<sup>th</sup> 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 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.



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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 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.



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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



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

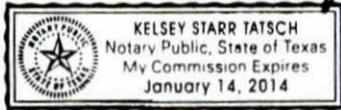
APPROVED  
Contents [initials]  
Legal [initials]  
DC [initials]  
Exec [initials]

STATE OF Texas  
COUNTY OF Midland

(CORPORATION ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared Kenneth C. Dickerson  
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. Mgr. of Veritas 321  
Energy Partners, L.P., a Texas Limited Partnership, on and acknowledged to me that he executed the same  
behalf of 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



[Signature]  
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 \_\_\_\_\_

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

FILE # 1788  
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 AM.  
BY: [Signature], DEPUTY DIANNE O. FLOREZ, COUNTY CLERK  
REEVES COUNTY, TEXAS



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

4.

File No. MF110726  
Certified lease  
 Date Filed: 7/2/10  
 Jerry Patterson, Commissioner  
 By JP

**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 354, THRU 359. **OFFICIAL PUBLIC RECORDS**

I hereby certified on 6/7/2010



DIANNE O. FLOREZ, COUNTY CLERK  
 REEVES COUNTY, TEXAS  
 BY Dalia Galindo 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-110726	12	04-06-2011	0089811	000

AGENCY LEASE NUMBER: M-110726

IN PAYMENT OF: DELAY RENTAL PAYMENT          DIVISION          : MIDLAND

FOR: DELAY RENTAL

RECORDED: Book 0844 Page 0354

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 18

11707671

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:

*MF*  
*110726*  
*P. 4/1/2011*

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

*X*  
*121*

CHECK NO.
114498



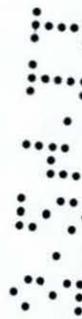
File No. MF- 110726

(5)

DENTAL PAYMENT

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

By: [Signature]





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 October 15, 1923, Section 18, Block 57, Public School Land Survey, 640.00 acres in Reeves County was awarded to ROBERT MELLOR, on his application filed in the Texas General Land Office on September 4, 1923, in School File 131207, and which application was filed to purchase said land under the provisions of Act of April 3, 1919, Chapter 163, without settlement, said tract applied for having been classified as Mineral & Grazing;

That the File Wrapper for School File 131207 is endorsed: "abst 4221," "(Stamped) LAND FORFEITED 7-1-27, J.T. Robison;"

\*\*\*\*\*

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-65938, covering "All of Section 18, Block 57, Public School Land, Reeves County, containing 640 acres, as shown on the official map of Reeves County, now on file in the General Land Office," to SUN OIL COMPANY, for a cash bonus of \$24,121.60, 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 5, 1971, in Mineral File M-65938;

That the File Wrapper for Mineral File M-65938 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

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

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

State Oil & Gas Lease M-78868, covering "All of Section 18, Block 57, Public School Land Survey, Reeves County, Texas, containing 640 acres, as shown on the official map of Reeves County, Texas, 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 6, 1979, in Mineral File M-78868;

That the File Wrapper for Mineral File M-78868 is endorsed: "(Stamped) EXPIRED;"

\*\*\*\*\*

That on April 3, 1984, 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, GARRY MAURO, Commissioner of the Texas General Land Office, executed and delivered State Oil & Gas Lease M-89962, covering "All of the PSL Survey No. 18, Block 57, Reeves County, Texas, containing 640 acres, as shown on the official map of Reeves County, Texas, now on file in the General Land Office, in Austin, Texas," to MARATHON OIL COMPANY, for a cash bonus of \$50,784.00, 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-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 April 3, 1984, in Mineral File M-89962;

That the File Wrapper for Mineral File M-89962 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-104577, covering "SECTION 18, 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 18, 2005, in Mineral File M-104577;

That the File Wrapper for Mineral File M-104577 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-110726, covering "SECTION 18, 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, 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 April 6, 2010, in Mineral File M-110726;

That the latest rental payment for State Oil & Gas Lease M-110726, 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.:	2011-88
Fee:	\$600.00
Files:	School File 131207, Mineral File M-65938, M-78868, M-89962, M-104577, M-110726

6.

File No. 110726

Cont of fact

Date Filed: 8/9/11

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-110726	12	04-06-2012	0089811	000

AGENCY LEASE NUMBER: M-110726

IN PAYMENT OF: DELAY RENTAL PAYMENT      DIVISION      : MIDLAND

FOR: DELAY RENTAL

RECORDED: Book 0844 Page 0354

12708489

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 18

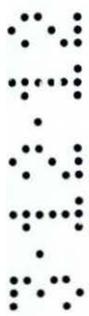
FOR THE CREDIT OF:      PAYMENT

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:

3rd Yr Rental  
P  
AG

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

121



CHECK NO.
123127

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



9171 9010 1424 1000 1083 55

123127 0089811-000 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.	123127
Lease No.	0089811-000
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-110726	12	04-06-2012	0089811	000

AGENCY LEASE NUMBER: M-110726  
 IN PAYMENT OF: DELAY RENTAL PAYMENT DIVISION : MIDLAND  
 FOR: DELAY RENTAL

RECORDED: Book 0844 Page 0354

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 18

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.
123127

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-110726	12	04-06-2012	0089811	000

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

CITIBANK DELAWARE

CHECK NO. 123127

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 PS RENTAL PAYMENT

01915

7

File No. MF110726  
Delay Rental

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

182

Coleman

182

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-110726	12	04-06-2013	0089811	000

AGENCY LEASE NUMBER: M-110726

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

13707550

RECORDED: Book 0844 Page 0354

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 18

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.
134590

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110726	12	04-06-2013	0089811	.000

AGENCY LEASE NUMBER: M-110726  
 IN PAYMENT OF: DELAY RENTAL PAYMENT DIVISION : MIDLAND  
 FOR: DELAY RENTAL

13707550

RECORDED: Book 0844 Page 0354

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 18

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.  
134590

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.

13707550

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110726	12	04-06-2013	0089811	.000

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

CHECK NO. 134590 62-20 311

CITIBANK DELAWARE

\*\*\*Sixteen thousand and 00/100 Dollars\*\*\*

AMOUNT  
\*\*\*\*\*\$16,000.00

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

CITIBANK DELAWARE  
 NEW CASTLE DE 19720



00134590

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-110726	12	04-06-2013	0089811	000

AGENCY LEASE NUMBER: M-110726  
 IN PAYMENT OF: DELAY RENTAL PAYMENT DIVISION : MIDLAND  
 FOR: DELAY RENTAL

RECORDED: Book 0844 Page 0354

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 18

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

*Handwritten signature and scribbles on the left margin.*

**PLEASE SIGN THIS RECEIPT COPY AND RETURN**

CHECK NO. 134590
---------------------

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-110726	12	04-06-2013	0089811	000

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

CITIBANK DELAWARE

CHECK NO. 134590

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

**NON-NEGOTIABLE**  
 BY \_\_\_\_\_

**RECEIPT OF ABOVE DESCRIBED CHECK IS HEREBY ACKNOWLEDGED**  
 DATE \_\_\_\_\_ BY \_\_\_\_\_

File No. MF110726

⑧

Rental Payment

Date Filed: 03/11/2013

Jerry E. Patterson, Commissioner

By *JEP*

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-110726	12	04-06-2014	0089811	000

AGENCY LEASE NUMBER: M-110726

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

RECORDED: Book 0844 Page 0354

14708621

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 18

### RENTAL PAYMENT

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:

5th yr.

Ⓟ

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

121

CHECK NO.
141757

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110726	12	04-06-2014	0089811	000

AGENCY LEASE NUMBER: M-110726  
 IN PAYMENT OF: DELAY RENTAL PAYMENT DIVISION : MIDLAND  
 FOR: DELAY RENTAL

RECORDED: Book 0844 Page 0354

14708621

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 18

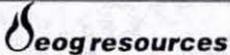
FOR THE CREDIT OF: PAYMENT  
 STATE OF TEXAS (BA# 040650L ) \$16,000.00  
 GENERAL LAND OFFICE  
 STEPHEN F AUSTIN BLDG  
 1700 N CONGRESS AVE  
 AUSTIN TX 78711-2873  
 ACCT:

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

121

CHECK NO.
141757

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.

14708621

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110726	12	04-06-2014	0089811	000

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

CHECK NO. 141757

62-20  
311

CITIBANK DELAWARE

\*\*\*Sixteen thousand and 00/100 Dollars\*\*\*

AMOUNT
*****\$16,000.00

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

CITIBANK DELAWARE  
 NEW CASTLE DE 19720



00141757

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-110726	12	04-06-2014	0089811	000

AGENCY LEASE NUMBER: M-110726  
 IN PAYMENT OF: DELAY RENTAL PAYMENT DIVISION : MIDLAND  
 FOR: DELAY RENTAL

RECORDED: Book 0844 Page 0354

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 18

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.
141757

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-110726	12	04-06-2014	0089811	000

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

CHECK NO. 141757

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. ME110726 9  
Rentals - 5<sup>th</sup> yr.

Date Filed: 03/06/2014

Jerry E. Patterson, Commissioner

By JEP

3 074

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-110726	00	04-06-2015	0089811	000

AGENCY LEASE NUMBER: M-110726  
 IN PAYMENT OF: MINIMUM ROYALTY PAYMENT DIVISION : MIDLAND  
 FOR: MINIMUM ROYALTY

*Zena Unit # 6435*

RECORDED: Book 0844 Page 0354

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 18

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.
150225



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-110726	00	04-06-2015	0089811	000

ON BEHALF OF EOG RESOURCES INC  
 DATE 03-01-2015

CHECK NO. 150225

<sup>62-20</sup>/<sub>311</sub>

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**

CITIBANK DELAWARE  
 NEW CASTLE DE 19720

**RECEIPT OF ABOVE DESCRIBED CHECK IS HEREBY ACKNOWLEDGED**

DATE 3-4-15 BY [Signature]

10

110726

file NO. 110726

mta roy symt County

Date Filed: 3-4-75

George P. Bush, Commissioner

*CBorn*

2 472

## 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 110726 ✓

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-110726	00	04-06-2017	0089811	000

AGENCY LEASE NUMBER: M-110726  
 IN PAYMENT OF MINIMUM ROYALTY PAYMENT DIVISION : MIDLAND  
 FOR: MINIMUM ROYALTY

RECORDED: Book 0844 Page 0354

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 18

FOR THE CREDIT OF: PAYMENT 17710598

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*  
*128*  
*RRC 04-020035*  
*LT OF*  
*Rev GLA*

CHECK NO.  
201955

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

17710598

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110726	00	04-06-2017	0089811	000

ON BEHALF OF EOG RESOURCES INC  
 DATE 03-29-2017

CHECK NO. 201955

62-20  
311

CITIBANK DELAWARE

AMOUNT  
 \*\*\*\*\*\$3,200.00

NOT VALID AFTER 180 DAYS

\*\*\*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 *Robert L. West*

CITIBANK DELAWARE  
 NEWCASTLE DE 19720

⑈00201955⑈

File No. MF 110726

Mr Roy Pymt  
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](http://www.usps.com)®

OFFICIAL USE

Postage

\$

Certified Fee

Return Receipt Fee

(Endorsement Required)

Restricted Delivery Fee

(Endorsement Required)

Total Postage & Fees

\$

MF 110580

MF 110924

Postmark  
Here

MF 110726

MF 111079

MP 111927

ATTN: Mike Cawley

Sent To

EOG Resources, Inc

Street, Apt. No.;

or PO Box No.

1111 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

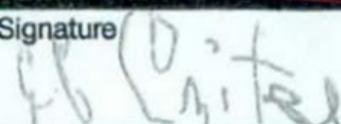
## 2. Article Number (Transfer from service label)

7011 1150 0001 2420 2577

**COMPLETE THIS SECTION ON DELIVERY**

## A. Signature

X

  
 M Crites

- Agent  
 Addressee

## B. Received by (Printed Name)

M Crites

## C. Date of Delivery

7-26-11

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

MF  
 110726



## 3. Service Type

- |  |   |
|--|---|
| <input type="checkbox"/> Adult Signature                         | <input type="checkbox"/> Priority Mail Express®                     |
| <input type="checkbox"/> Adult Signature Restricted Delivery     | <input type="checkbox"/> Registered Mail™                           |
| <input type="checkbox"/> Certified Mail®                         | <input type="checkbox"/> Registered Mail Restricted Delivery        |
| <input type="checkbox"/> Certified Mail Restricted Delivery      | <input type="checkbox"/> Return Receipt for Merchandise             |
| <input type="checkbox"/> Collect on Delivery                     | <input type="checkbox"/> Signature Confirmation™                    |
| <input type="checkbox"/> Collect on Delivery Restricted Delivery | <input type="checkbox"/> Signature Confirmation Restricted Delivery |

stricted Delivery



# Texas General Land Office

## Reconciliation Billing

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

George P. Bush, Commissioner

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	<b>\$11,301.31</b>

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	<b>\$11,301.31</b>
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	<b>\$250,085.29</b>

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.
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- For other royalty reporting questions, visit <http://www.glo.texas.gov>, call (512) 463-6850 or email us at [glo123@glo.texas.gov](mailto:glo123@glo.texas.gov).

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-----  
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	\$11,070.25	\$4,528.99	\$126,301.74
Total Due		\$9,969.64	\$207,296.50	\$22,117.40	\$10,701.75	<b>\$250,085.29</b>
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
<b>TOTALS</b>		<b>0</b>				<b>\$0.00</b>	<b>\$1,171,905.72</b>	<b>\$1,162,249.13</b>	<b>\$9,656.59</b>			<b>\$965.66</b>	<b>\$679.06</b>	<b>\$11,301.31</b>

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/rac/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  
 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
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	\$63.18	1	\$27,303.37	\$3,412.82	\$0.00	\$3,412.82	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
<b>TOTALS</b>		<b>2,353</b>				<b>\$142,768.04</b>	<b>\$17,846.02</b>	<b>\$0.00</b>	<b>\$17,846.02</b>			<b>\$1,795.65</b>	<b>\$1,133.80</b>	<b>\$20,775.47</b>

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, 8-283310, 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	\$6.55	\$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
<b>TOTALS</b>		<b>104</b>				<b>\$6,490.06</b>	<b>\$811.27</b>	<b>\$0.00</b>	<b>\$811.27</b>			<b>\$200.00</b>	<b>\$51.04</b>	<b>\$1,062.31</b>

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/rrac/forms/penalty-interest-assessment-rules.pdf>

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

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
<b>TOTALS</b>		<b>320</b>				<b>\$20,561.22</b>	<b>\$2,570.14</b>	<b>\$0.00</b>	<b>\$2,570.14</b>			<b>\$285.67</b>	<b>\$163.80</b>	<b>\$3,009.61</b>

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>

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
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
<b>TOTALS</b>		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:  
<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	08-283711	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	\$198.67	\$0.00	\$198.67	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
<b>TOTALS</b>		<b>206</b>				<b>\$12,429.70</b>	<b>\$1,653.69</b>	<b>\$0.00</b>	<b>\$1,653.69</b>			<b>\$210.29</b>	<b>\$101.74</b>	<b>\$1,866.72</b>

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:  
<http://www.glo.texas.gov/energy-business/oil-gas/rrac/forms/penalty-interest-assessment-rules.pdf>

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

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
<b>TOTALS</b>		<b>402</b>				<b>\$24,318.06</b>	<b>\$3,039.75</b>	<b>\$0.00</b>	<b>\$3,039.75</b>			<b>\$309.87</b>	<b>\$198.46</b>	<b>\$3,548.08</b>

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:  
<http://www.glo.texas.gov/energy-business/oil-gas/rrac/forms/penalty-interest-assessment-rules.pdf>

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

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
<b>TOTALS</b>		<b>138</b>				<b>\$8,949.80</b>	<b>\$1,118.73</b>	<b>\$0.00</b>	<b>\$1,118.73</b>			<b>\$128.34</b>	<b>\$66.53</b>	<b>\$1,313.60</b>

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/rroc/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
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
<b>TOTALS</b>		<b>235</b>				<b>\$15,150.49</b>	<b>\$1,893.80</b>	<b>\$0.00</b>	<b>\$1,893.80</b>			<b>\$209.95</b>	<b>\$113.00</b>	<b>\$2,216.75</b>

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:  
<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: 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
<b>TOTALS</b>		<b>277</b>				<b>\$18,675.92</b>	<b>\$4,668.98</b>	<b>\$0.00</b>	<b>\$4,668.98</b>			<b>\$466.90</b>	<b>\$252.24</b>	<b>\$5,388.12</b>

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:  
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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
<b>TOTALS</b>		<b>35</b>				<b>\$2,359.45</b>	<b>\$589.86</b>	<b>\$0.00</b>	<b>\$589.86</b>			<b>\$75.00</b>	<b>\$31.87</b>	<b>\$696.73</b>

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>

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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
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	\$387,213.63	\$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	\$251.80
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
<b>TOTALS</b>		<b>6,086</b>				<b>\$393,309.06</b>	<b>\$49,163.64</b>	<b>\$0.00</b>	<b>\$49,163.64</b>			<b>\$4,940.17</b>	<b>\$2,911.68</b>	<b>\$57,015.49</b>

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
<b>TOTALS</b>		<b>209</b>				<b>\$13,458.43</b>	<b>\$1,682.31</b>	<b>\$0.00</b>	<b>\$1,682.31</b>			<b>\$190.72</b>	<b>\$100.38</b>	<b>\$1,973.41</b>

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 GLO 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
<b>TOTALS</b>		<b>279</b>				<b>\$18,806.80</b>	<b>\$2,350.85</b>	<b>\$0.00</b>	<b>\$2,350.85</b>			<b>\$235.09</b>	<b>\$127.01</b>	<b>\$2,712.95</b>

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:  
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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	\$9,033.89	\$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
<b>TOTALS</b>		<b>435</b>				<b>\$29,153.16</b>	<b>\$3,644.15</b>	<b>\$0.00</b>	<b>\$3,644.15</b>			<b>\$364.42</b>	<b>\$199.37</b>	<b>\$4,207.94</b>

COMMENTS: BILLING ON DIFFERENCE FROM ROYALTIES DUE TO THE GLO VERSUS PAID FOR RRC ID# 08285009 & b284838 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:  
<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
Oct-17	08-283711	20	1	\$48.44	1	\$968.92	\$121.12	\$0.00	\$121.12	603	4.75%	\$25.00	\$9.57	\$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
<b>TOTALS</b>		<b>193</b>				<b>\$11,651.48</b>	<b>\$1,456.44</b>	<b>\$0.00</b>	<b>\$1,456.44</b>			<b>\$208.08</b>	<b>\$95.37</b>	<b>\$1,759.89</b>

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:  
<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: 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
<b>TOTALS</b>		<b>368</b>				<b>\$22,278.46</b>	<b>\$2,784.81</b>	<b>\$0.00</b>	<b>\$2,784.81</b>			<b>\$288.08</b>	<b>\$181.81</b>	<b>\$3,254.70</b>

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:  
<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: 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
<b>TOTALS</b>		<b>27,987</b>				<b>\$79,757.17</b>	<b>\$9,969.64</b>	<b>\$0.00</b>	<b>\$9,969.64</b>			<b>\$996.96</b>	<b>\$381.18</b>	<b>\$11,347.78</b>

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:  
<http://www.glo.texas.gov/energy-business/oil-gas/rrac/forms/penalty-interest-assessment-rules.pdf>

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

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	\$290,943.58	\$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	3,366	1	\$76.13	1	\$256,275.26	\$32,034.41	\$0.00	\$32,034.41	299	5.50%	\$3,203.44	\$1,158.50	\$36,396.35
<b>TOTALS</b>		<b>11,838</b>				<b>\$885,620.00</b>	<b>\$110,702.50</b>	<b>\$0.00</b>	<b>\$110,702.50</b>			<b>\$11,070.26</b>	<b>\$4,528.99</b>	<b>\$126,301.74</b>

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

12

File No. MF110726

Reconciliation Billings County

Date Filed: 7/22/2019

George P. Bush, Commissioner

By VD

EOG RESOURCES, INC.  
P.O. BOX 4362  
HOUSTON, TEXAS 77210-4362

20705175

CHECK No. 1192918777

VENDOR No. 356744

01/15/20

PAGE 1 OF 2

2100020 01 SD T 5711 009 -P00020 C06



TEXAS GENERAL LAND OFFICE  
ATTENTION ENERGY RESOURCES  
MINERAL LEASING  
P O BOX 12873  
AUSTIN TX 78711-2873

VOUCHER NO.	INVOICE NO.	INVOICE DATE	DESCRIPTION	NET AMOUNT
810772	JAN1320	01/13/20	VOUCHERS PAYABLE	20,697.24
			MF110726	166
			TOTAL CHECK AMOUNT	USD X 20,697.24



SD2100020-0001\_of\_0001 5711-00000020 (F30D)

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS

SD2100020-0001 04 0001 5711-00-00020 (P&D)

THIS AREA INTENTIONALLY LEFT BLANK



EOG Resources, Inc.  
5509 Champions Drive  
Midland, Texas 79706  
(432) 686-3600

January 20, 2020

Texas General Land Office  
Attn: Energy Resources & Mineral Leasing  
P.O. Box 12873  
Austin, TX 78711

RE: ST OF TX M-110726 – Surface Damages  
EOG Contract No. 0089811-000  
Reeves County, Texas

To Whom It May Concern,

Enclosed please find the following check number, representing payment to you for the above referenced contract and surface damages described:

State Streamer Unit #2H thru 9H Flow Lines  
2H-5H: 101.95 rods x \$23 = \$2,344.85 x 4 lines = \$9,379.40  
6H-9H: 224.97 rods x \$23 = \$5,174.31 x 4 lines = \$20,697.24  
Total: \$20,697.24

Should you have any questions, please contact Josh Pitman, Right-of-way and Lease Opns. Rep II, at (432) 238-3797 or by email at [Josh\\_Pitman@eogresources.com](mailto:Josh_Pitman@eogresources.com).

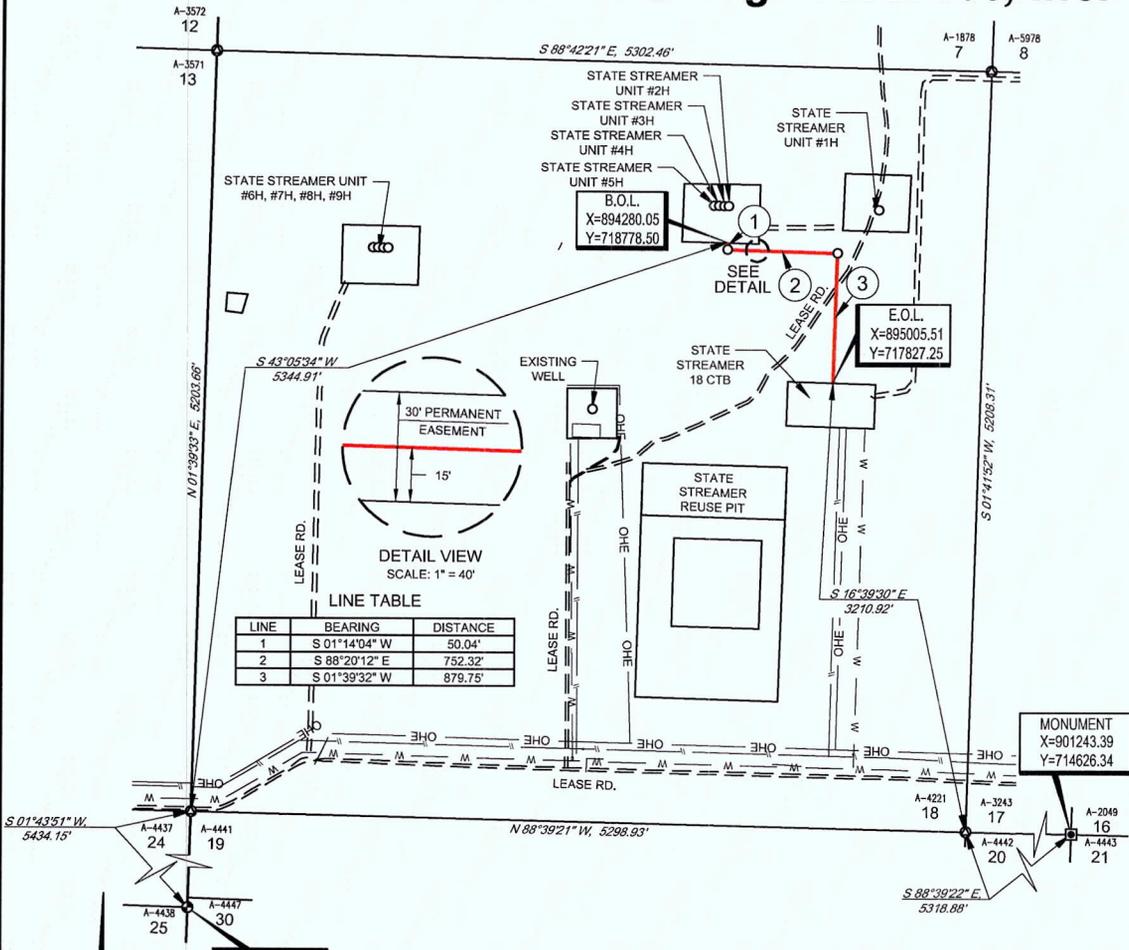
Sincerely,  
EOG RESOURCES, INC.

A handwritten signature in blue ink, appearing to read "Taylor Bellows".

Taylor Bellows  
Land Tech – Midland Division



STATE STREAMER UNIT #2H-5H 4" FLOW LINE  
SECTION 18, BLOCK 57,  
PUBLIC SCHOOL LAND SURVEY, A-4221  
REEVES COUNTY, TEXAS



LINE TABLE

LINE	BEARING	DISTANCE
1	S 01°14'04" W	50.04'
2	S 88°20'12" E	752.32'
3	S 01°39'32" W	879.75'

CENTERLINE DESCRIPTION

Centerline description of a 4" flow line easement thirty feet in width and being fifteen feet right and left of the following described centerline in Section 18, Block 57, Public School Land Survey, A-4221, Reeves County, Texas:

BEGINNING (B.O.L. X=894280.05 Y=718778.50) within said Section 18, from which the calculated Southwest corner of said Section 18, bears: S 43°05'34" W, a distance of 5,344.91 feet;

Thence S 01°14'04" W, a distance of 50.04 feet;  
Thence S 88°20'12" E, a distance of 752.32 feet;

Thence S 01°39'32" W, a distance of 879.75 feet, the End of this description, within said Section 18, from which the calculated Southeast corner of said Section 18, bears: S 16°39'30" E, a distance of 3,210.92 feet.

The above surveyed baseline traverses said Section 18 for a total distance 1682.11 feet or 101.95 rods

All bearings, distances, and coordinates contained herein are grid, based upon the Texas Coordinate System of 1927 (commonly, Texas State Plane Coordinate System), Central Zone, in U.S. Survey Feet.

LEGEND:

- Block Line
- Section Line
- Surveyed Baseline
- Edge of Easement
- Fence Line
- Overhead Electric
- Existing Water Line
- Existing Pipeline
- Roadway
- Point of Intersection
- Monument
- Calculated Corner
- Iron Pipe Found

SCALE: 1" = 1000'

DATE: 11/21/19

COGO: REEVES

EP\_STATE\_STREAMER\_UNIT\_2H-5H\_4INCH\_FL

DRAWN BY: MML



Texas Reg. No. 5069

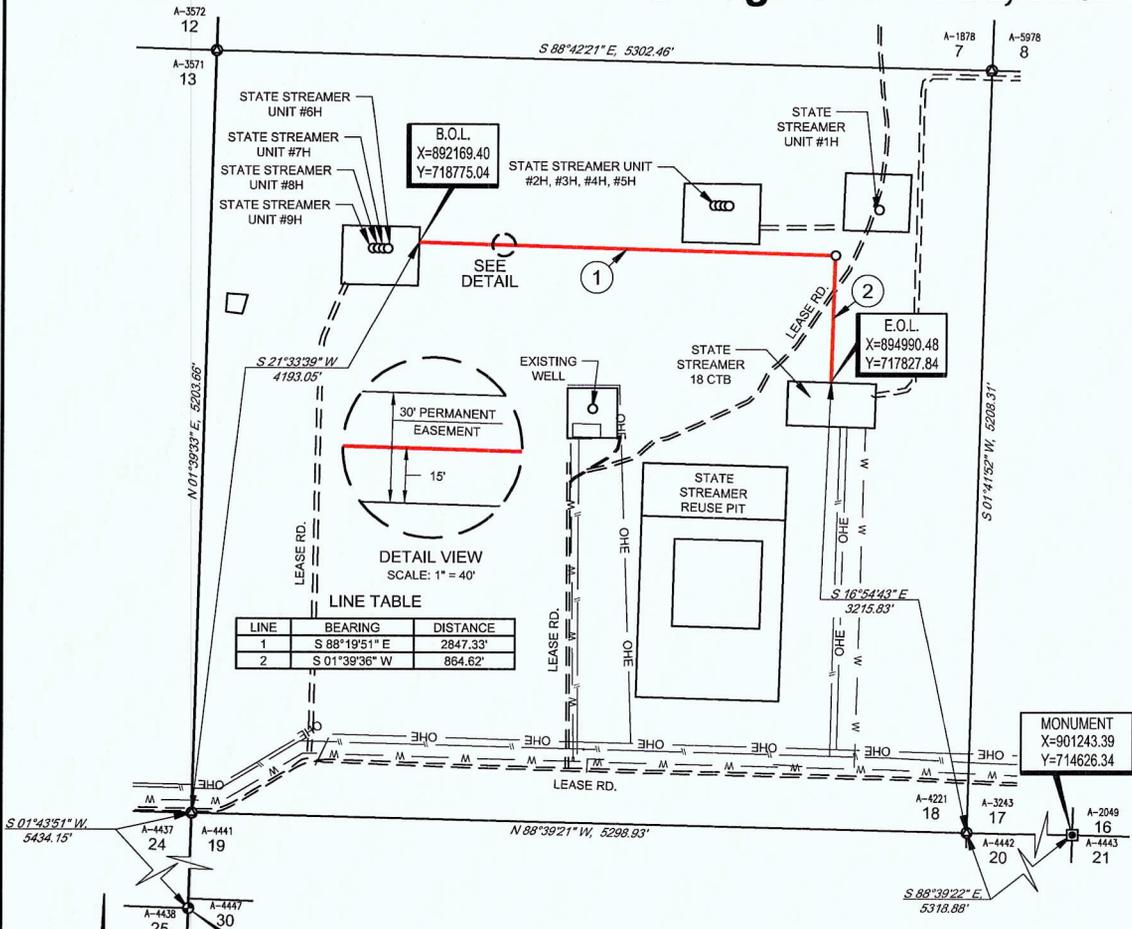
**TOPOGRAPHIC**  
LOYALTY INNOVATION LEGACY

1400 EVERMAN PARKWAY, Ste. 146 • FT. WORTH, TEXAS 76140  
TELEPHONE: (817) 744-7512 • FAX (817) 744-7554  
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

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.

STATE STREAMER UNIT #6H-9H 4" FLOW LINE  
SECTION 18, BLOCK 57,  
PUBLIC SCHOOL LAND SURVEY, A-4221  
REEVES COUNTY, TEXAS



LINE TABLE

LINE	BEARING	DISTANCE
1	S 88°19'51" E	2847.33'
2	S 01°39'36" W	864.62'

CENTERLINE DESCRIPTION

Centerline description of a 4" flow line easement thirty feet in width and being fifteen feet right and left of the following described centerline in Section 18, Block 57, Public School Land Survey, A-4221, Reeves County, Texas:

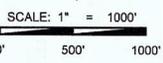
BEGINNING (B.O.L. X=976735.95 Y=863403.81) within said Section 18, from which the calculated Southwest corner of said Section 18, bears: S 21°33'39" W, a distance of 4,193.05 feet;

Thence S 88°19'51" E, a distance of 2847.33 feet;

Thence S 01°39'36" W, a distance of 864.62 feet, the End of this description, within said Section 18, from which the calculated Southeast corner of said Section 18, bears: S 16°54'43" E, a distance of 3,215.83 feet.

The above surveyed baseline traverses said Section 18 for a total distance 3,711.95 feet or 224.97 rods

All bearings, distances, and coordinates contained herein are grid, based upon the Texas Coordinate System of 1927 (commonly, Texas State Plane Coordinate System), Central Zone, in U.S. Survey Feet.



LEGEND:

- Block Line
- Section Line
- Surveyed Baseline
- Edge of Easement
- Fence Line
- X
- OHE Overhead Electric
- w Existing Water Line
- Existing Pipeline
- Roadway
- Point of Intersection
- Monument
- Calculated Corner
- Iron Pipe Found

SCALE: 1" = 1000'

DATE: 11/21/19

COGO: REEVES

EP\_STATE\_STREAMER\_UNIT\_6H-9H\_4INCH\_FL

DRAWN BY: MML



Texas Reg. No. 5069

ORIGINAL DOC. SIZE: 8.5"x14"

**TOPOGRAPHIC**  
LOYALTY INNOVATION LEGACY

1400 EVERMAN PARKWAY, Ste. 146 • FT. WORTH, TEXAS 76140  
TELEPHONE: (817) 744-7512 • FAX (817) 744-7554  
TEXAS FIRM REGISTRATION NO. 10042594  
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

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.

09.09.1

File No. MF110726

Reeves County

Surface Damage Pmt

Date Filed: 6-29-2021

George P. Bush, Commissioner

By VB



EOG Resources, Inc.  
5509 Champions Drive  
Midland, Texas 79706  
(432) 686-3600

November 16, 2020

Texas General Land Office  
Attn: Energy Resources & Mineral Leasing  
P.O. Box 12873  
Austin, TX 78711

**RE: ST TX MF-110726**  
EOG Contract No. 0089811-000  
Project State Oredigger Unit Flowline and Gas Lift

To Whom It May Concern,

Enclosed please find Check Number 1192987433 in the amount of \$18,800.00, representing payment for surface damages related to Lease No. ST TX MF-110726 detailed below:

Unit #1H 2H - 3,580.22 feet @ \$1/foot = \$3,580.22 by 2 lines = \$7,160.44  
Unit #3H thru 5H & 9H - 1,659.03 feet @ \$1/foot = \$1,659.03 by 3 Lines = \$4,977.09  
Gas lift line - 1,659.03 feet @ \$1/foot = \$1,659.03  
Total of \$15,455.59 / 50% interest = **Amount Due: \$7,727.80**

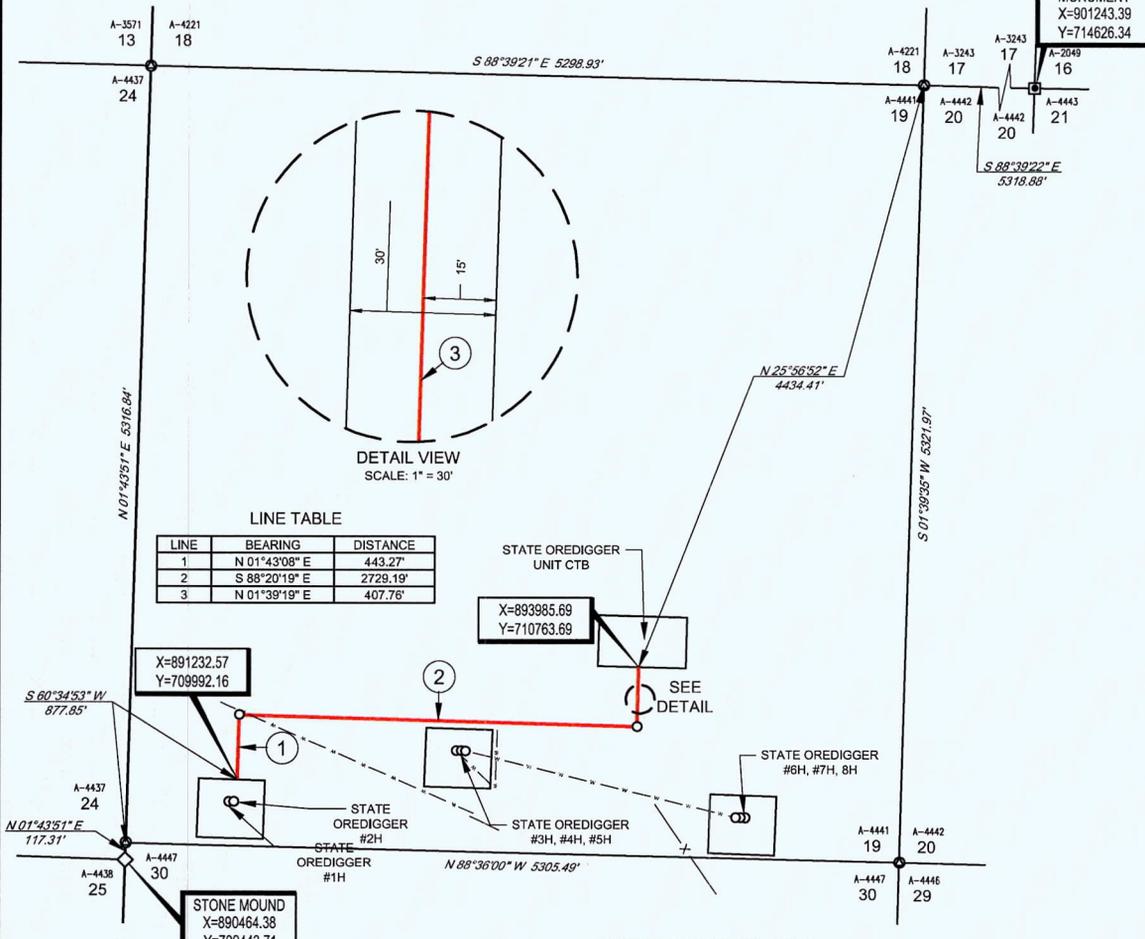
Should you have any questions or need anything further, please contact Landon Jones, Landman, at (432) 258-4770 or [Landon\\_Jones@eogresources.com](mailto:Landon_Jones@eogresources.com).

Sincerely,  
EOG RESOURCES, INC.

A handwritten signature in blue ink that reads "Taylor Bellows".

Taylor Bellows  
Land Tech – Midland Division

STATE OREDIGGER 1H-2H FLOWLINE  
SECTION 19, BLOCK 57  
P.S.L. SURVEY, A-4441  
REEVES COUNTY, TEXAS



**CENTERLINE DESCRIPTION**

Centerline description of a flowline thirty feet in width and being fifteen feet right and left of the following described centerline in Section 19, Block 57, P.S.L. Survey, A-4441, Reeves County, Texas:

BEGINNING at a point within said Section 19, whence the calculated Southwest corner of said Section 19, bears S 60°34'53" W, a distance of 877.85 feet;

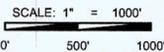
THENCE North 01°43'08" East, a distance of 443.27 feet;  
THENCE South 88°20'19" East, a distance of 2,729.19 feet;

THENCE North 01°39'19" East, a distance of 407.76 feet, the **End** of this description, at a point within said Section 19, whence the calculated Northeast corner of Section 19, bears N 25°56'52" E, a distance of 4,434.41 feet.

This description contains 3,580.22 feet or 216.98 rods

All bearings are relative to GRID NORTH and were determined by GPS observation.

Bearings and distances shown are relative to NAD 83 TX-C Zone.



**LEGEND:**

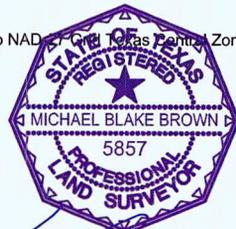
- Section Line
- Block Line
- Surveyed Baseline
- Fence
- Existing Water Line
- Stone Mound
- Calculated Corner
- Monument

SCALE:	1" = 1000'
DATE:	03/04/19
COGO:	REEVES
EP_STATE_OREDIGGER_UNIT_1H-2H_FL	
DRAWN BY:	TRG

ORIGINAL DOC. SIZE: 8.5"x14"

**TOPOGRAPHIC**  
LOYALTY INNOVATION LEGACY

1400 EVERMAN PARKWAY, Ste. 146 • FT. WORTH, TEXAS 76140  
TELEPHONE: (817) 744-7512 • FAX (817) 744-7554  
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

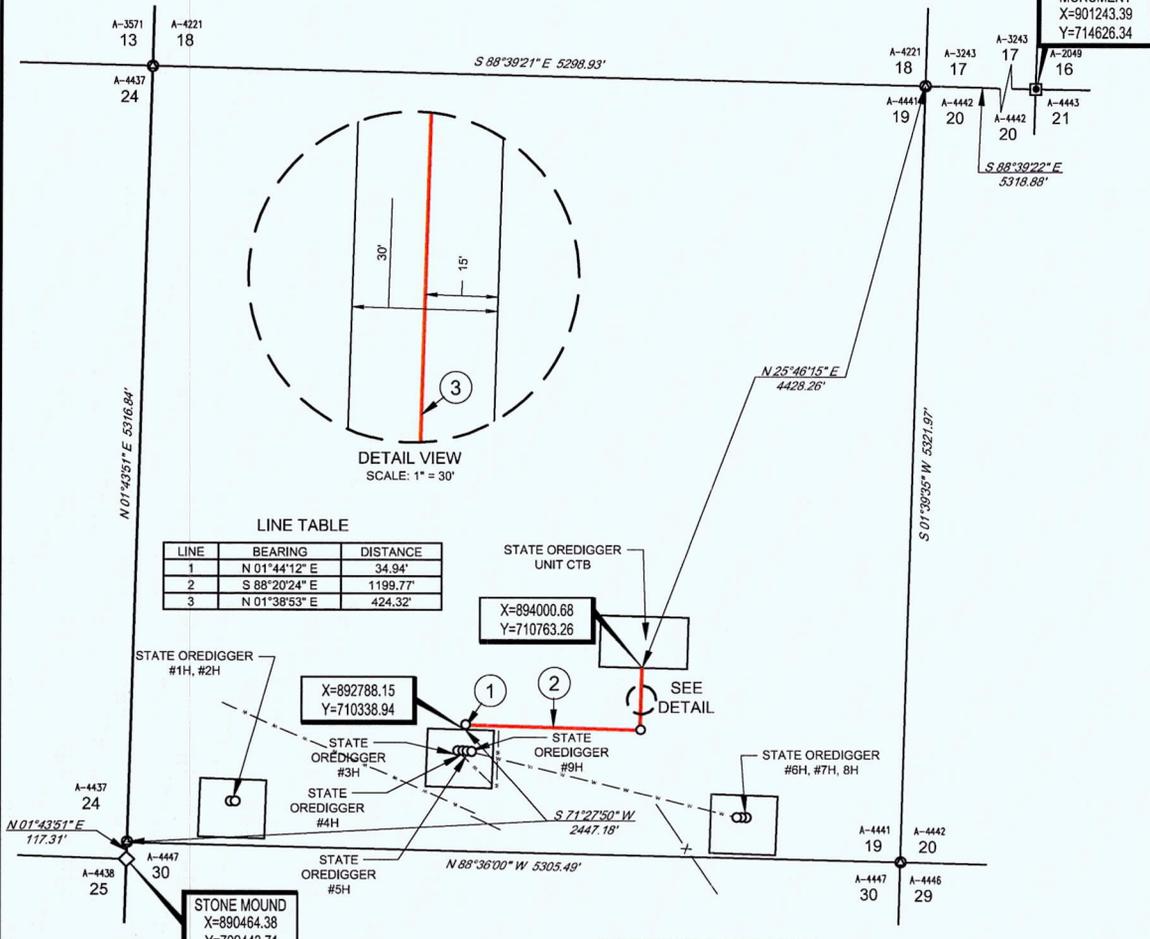


Texas Reg. No. 5857

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.

STATE OREDIGGER 3H-5H, 9H FLOWLINE  
SECTION 19, BLOCK 57  
P.S.L. SURVEY, A-4441  
REEVES COUNTY, TEXAS



**CENTERLINE DESCRIPTION**

Centerline description of a flowline thirty feet in width and being fifteen feet right and left of the following described centerline in Section 19, Block 57, P.S.L. Survey, A-4441, Reeves County, Texas:

**BEGINNING** at a point within said Section 19, whence the calculated Southwest corner of said Section 19, bears S 71°27'50" W, a distance of 2,447.18 feet;

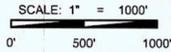
**THENCE** North 01°44'12" East, a distance of 34.94 feet;  
**THENCE** South 88°20'24" East, a distance of 1,199.77 feet;

**THENCE** North 01°38'53" East, a distance of 424.32 feet, the **End** of this description, at a point within said Section 19, whence the calculated Northeast corner of Section 19, bears N 25°46'15" E, a distance of 4,428.26 feet.

This description contains 1,659.03 feet or 100.55 rods

All bearings are relative to GRID NORTH and were determined by GPS observation.

Bearings and distances shown are relative to NAD 83 Texas Central Zone.



**LEGEND:**

- Section Line
- Block Line
- Surveyed Baseline
- - - Fence
- - - Existing Water Line
- ◆ Stone Mound
- Calculated Corner
- Monument

SCALE:	1" = 1000'
DATE:	03/04/19
COGO:	REEVES
EP_STATE_OREDIGGER_UNIT_3H-5H_FL	
DRAWN BY:	TRG

ORIGINAL DOC. SIZE: 8.5"x14"



1400 EVERMAN PARKWAY, Ste. 146 • FT. WORTH, TEXAS 76140  
TELEPHONE: (817) 744-7512 • FAX (817) 744-7554  
TEXAS FIRM REGISTRATION NO. 10042504  
2803 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.

EOG RESOURCES, INC.  
P.O. BOX 4362  
HOUSTON, TEXAS 77210-4362

CHECK No. 1192987432

VENDOR No. 356744

11/12/20

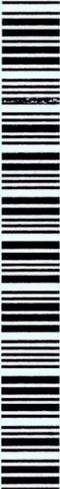
PAGE 1 OF 2

2100023 01 SD T 5921 009 -P00023 C06



TEXAS GENERAL LAND OFFICE  
ATTENTION ENERGY RESOURCES  
MINERAL LEASING  
P O BOX 12873  
AUSTIN TX 78711-2873

VOUCHER NO.	INVOICE NO.	INVOICE DATE	DESCRIPTION	NET AMOUNT
408234	NOV1120	11/11/20	VOUCHERS PAYABLE  21702597	X 7,727.80  161
			TOTAL CHECK AMOUNT	USD 7,727.80



DETACH AND RETAIN THIS STUB FOR YOUR RECORDS.

SD2100023-0001\_of\_0001 5921-00000023 (F30)





EOG Resources, Inc.  
5509 Champions Drive  
Midland, Texas 79706  
(432) 686-3600

*Surface Damages*

May 6, 2022

*MF 110726*

Texas General Land Office  
1700 N. Congress Ave.  
Austin, Texas 78701-1496

*✓ Done 5/11/22*

**RE: State Streamer 752H & 753H flow lines and gas  
State Loonie 732H, 711H, 752H and State Streamer 751H flow lines & gas lift**

To Whom It May Concern,

Enclosed please find the following check number for surface damages. EOG is operating under lease rights.

Check #1193102393 – 104.35 rods X \$85 = \$8,869.75 X 3 (2 flowlines and 1 gas lift line) - \$26,609.25 ✓  
Check #1193102394 – 160.37 rods X \$85 = \$13,631.45 X 5 (4 flowlines and 1 gas lift line) - \$68,157.25

Should you have any questions, please contact Benjamin Trees, Sr. ROW and Lease Operations Rep. at (432) 686-6946 or [benjamin\\_trees@eogresources.com](mailto:benjamin_trees@eogresources.com).

Kindest Regards,

EOG Resources, Inc.  
Surface Land Department



*5/10/22*  
*Carl Bonn*

## Carl Bonn

---

**From:** Taylor Bellows <Taylor\_Bellows@eogresources.com>  
**Sent:** Tuesday, May 10, 2022 6:00 PM  
**To:** Carl Bonn; Benjamin Trees  
**Subject:** [EXTERNAL] RE: Surface Damages Payments w/out MF#'s - Reeves County

Please see the check info and State Lease No. listed below. I also included further detailed info to assist in payment allocation. If you still require plats or anything else, please let us know!

**Check No. 1193102393 in the amount of \$26,609.25**

**State Lease No. M-110726**

Section 18, Blk 57, PSL Survey, A-4221, Reeves County, Texas

Project: State Streamer #752H & 753H flow lines & gas lift

Payment: 104.35 rods per line at \$85/rod x (5) lines = \$26,609.25 ✓

**Check No. 119310294 in the amount of \$68,157.25**

**State Lease No. M-110722**

Section 12, Blk 56, PSL Survey, A-3572, Reeves County, Texas

Project: State Loonie Unit #752H 732H 711H 751H 731H & State Streamer #751H flow lines & gas lift

Payment: 160.37 rods per line at \$85/rod x (5) lines = \$68,157.25 ✓

Thank you,

**Taylor Bellows**  
Land Tech - Midland Division  
Office: (432) 686-6982

EOG Resources, Inc.  
5509 Champions Drive  
Midland, Texas 79706  
email: [Taylor\\_Bellows@eogresources.com](mailto:Taylor_Bellows@eogresources.com)



**From:** Carl Bonn <Carl.Bonn@GLO.TEXAS.GOV>  
**Sent:** Tuesday, May 10, 2022 3:37 PM  
**To:** Benjamin Trees <Benjamin\_Trees@eogresources.com>  
**Cc:** Taylor Bellows <Taylor\_Bellows@eogresources.com>  
**Subject:** RE: Surface Damages Payments w/out MF#'s - Reeves County

**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.

Ok thank you –  
Say Taylor you may try using our GIS Mapping tool below link:  
<https://gisweb.glo.texas.gov/glomaps/index.html>  
And be glad to help you navigate the site. First – check box in upper right hand corner for Energy Resources.

EOG RESOURCES, INC.  
P.O. BOX 4362  
HOUSTON, TEXAS 77210-4362

CHECK No. 1193102393

VENDOR No. 356744

05/03/22

PAGE 1 OF 2

2100050 01 SD T 5787 009 -P00050 C06



TEXAS GENERAL LAND OFFICE  
ATTENTION ENERGY RESOURCES  
MINERAL LEASING  
P O BOX 12873  
AUSTIN TX 78711-2873

MF 110726

VOUCHER NO.	INVOICE NO.	INVOICE DATE	DESCRIPTION	NET AMOUNT
537511	MAY0222	05/02/22	VOUCHERS PAYABLE	26,609.25
22709374				
100				
			TOTAL CHECK AMOUNT	USD 26,609.25



DETACH AND RETAIN THIS STUB FOR YOUR RECORDS.



EOG RESOURCES, INC.  
P.O. BOX 4362  
HOUSTON, TEXAS 77210-4362

VENDOR No. 356744

62-20  
311

No. 1193102393

22709374

05/03/22

\$\$\$\$\$\$\$\$\$26,609.25

NOT VALID AFTER 6 MONTHS

PAY TO THE  
ORDER OF

TEXAS GENERAL LAND OFFICE  
ATTENTION ENERGY RESOURCES  
MINERAL LEASING  
P O BOX 12873  
AUSTIN, TX 78711 2873

Robert L. Wat  
AUTHORIZED SIGNATURE

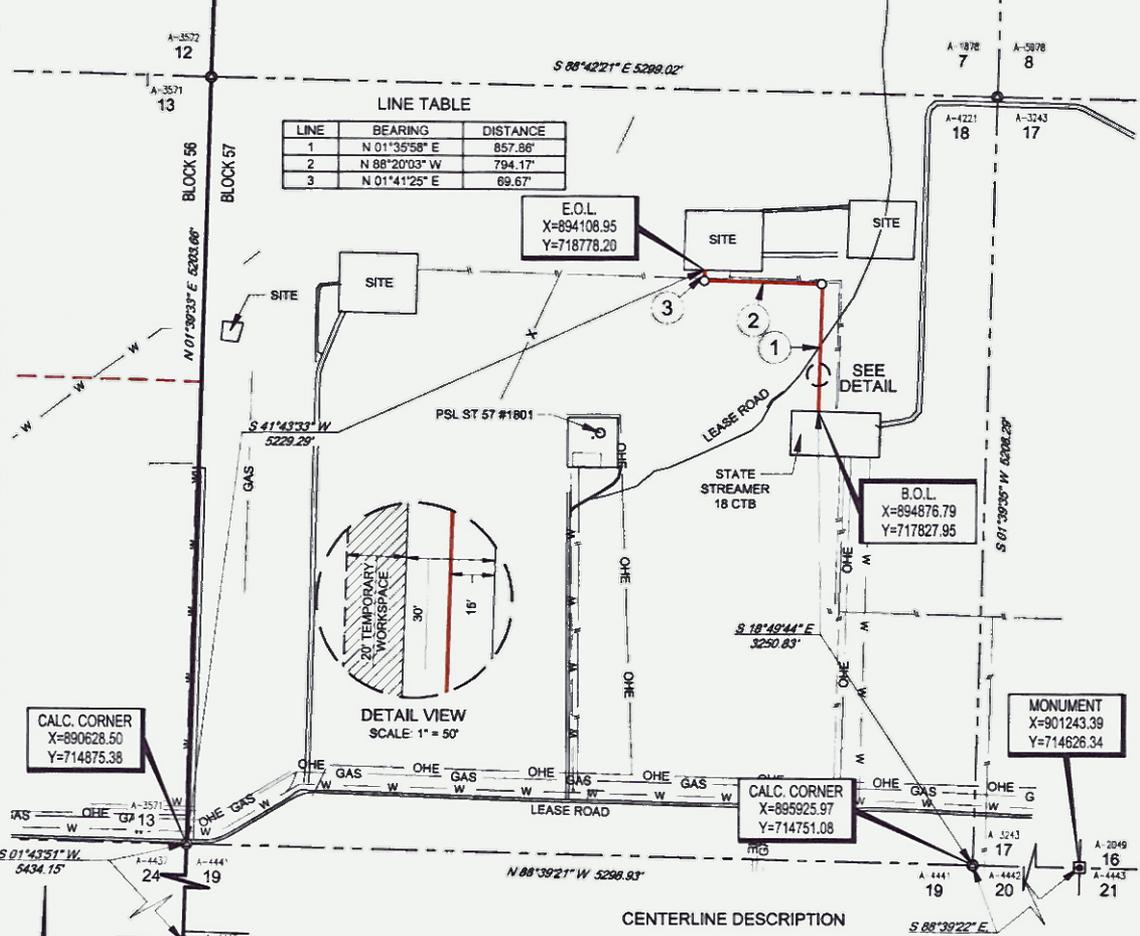
Twenty-six Thousand Six Hundred Nine and 25/100 Dollars

CITIBANK, N.A.  
ONE PENN'S WAY, NEW CASTLE, DE 19720

OPERATIONS ACCOUNT

1193102393

STATE STREAMER UNIT #752H & #753H 4" FLOW LINE  
SECTION 18, BLOCK 57,  
PUBLIC SCHOOL LAND SURVEY, A-4221  
REEVES COUNTY, TEXAS



CALC. CORNER  
X=890628.50  
Y=714875.38

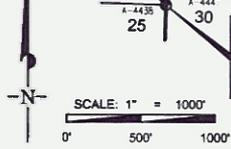
E.O.L.  
X=894108.95  
Y=718778.20

B.O.L.  
X=894876.79  
Y=717827.95

MONUMENT  
X=901243.39  
Y=714826.34

CALC. CORNER  
X=895925.97  
Y=714751.08

1" IRON PIPE IN  
STONE MOUND  
X=890464.38  
Y=709443.71



**LEGEND:**

- Block Line
- Section Line
- Surveyed Baseline
- Continued Baseline
- Edge of R-O-W
- Temp. Workspace
- Fence Line
- OHE Overhead Electric
- w Existing Water Line
- GAS Existing Pipeline
- Existing Pipeline
- Roadway
- Point of Intersection
- Monument
- Calculated Corner
- Iron Pipe Found

SCALE: 1" = 1000'

DATE: 04/12/2022

COGO: REEVES

EP\_STATE\_STREAMER\_UNIT\_752H\_753H\_4IN\_FL

DRAWN BY: CAR

ORIGINAL DOC. SIZE 8.5"x14"

**TOPOGRAPHIC**  
LOYALTY INNOVATION LEGACY

1400 EVERMAN PARKWAY, Ste. 146 - FT. WORTH, TEXAS 76140  
TELEPHONE (817) 744-7512 • FAX (817) 744-7554  
TEXAS FIRM REGISTRATION NO. 10042504

2803 NORTH BIG SPRING • MIDLAND, TEXAS 79705  
TELEPHONE (432) 882-1855 OR (800) 767-1853 • FAX (432) 882-1743  
TEXAS FIRM REGISTRATION NO. 10042500  
WWW.TOPOGRAPHIC.COM

**CENTERLINE DESCRIPTION**

Centerline description of a 4" flow line easement 30 feet in width and being 15 feet right and left of the following described centerline in Section 18, Block 57, Public School Land Survey, A-4221, Reeves County, Texas:

BEGINNING within said Section 18, from which the calculated Southeast corner, bears: S 18°49'44" E, a distance of 3,250.83 feet;

Thence N 01°35'58" E, a distance of 857.86 feet;

Thence N 88°20'03" W, a distance of 794.17 feet;

Thence N 01°41'25" E, a distance of 69.67 feet, the End of this description, within said Section 18, from which the calculated Southwest corner, bears: S 41°43'33" W, a distance of 5,229.29 feet.

This description contains 1,721.70 feet or 104.35 rods

All bearings are relative to GRID NORTH and were determined by GPS observation.

Bearings and distances shown are relative to NAD-27 Grid Texas Central Zone.



Texas Reg. No. 5069

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.

2013

15

File No. MF110726

Surface Runway County

Date Filed: 3-14-23

George P. Bush, Commissioner

By [Signature]



# Texas General Land Office Reconciliation Billing

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

Commissioner Dawn Buckingham, M.D.

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

Billing Date: 4/3/2024  
**Billing Due Date: 5/3/2024**  
Customer Number: C000027065

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
24I00581	MF110726	\$0.00	\$18,337.48	\$1,833.75	\$1,031.29	\$21,202.52
Total Due		\$0.00	\$18,337.48	\$1,833.75	\$1,031.29	<b>\$21,202.52</b>

Penalty and interest have been calculated thru 4/30/2024. Payment remitted after 4/30/2024 will result in additional penalty and interest charges.

### 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.

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: 4/3/2024  
Billing Due Date: 5/3/2024  
**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
24I00581	MF110726	\$0.00	\$18,337.48	\$1,833.75	\$1,031.29	\$21,202.52
Total Due		\$0.00	\$18,337.48	\$1,833.75	\$1,031.29	<b>\$21,202.52</b>
Amt. Paid						

Customer ID: C000027065  
 Invoice Number:  
 GLO Lease: MF110726  
 GLO Review: EOG RESOURCES, INC.  
 Review Period: Sept 2022 - Aug 2023

Category Oil  
 Auditor/AE: ECortez  
 Billing Date: 4/1/2024  
 P&I Calculation Date: 4/30/2024  
 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
Sep-22	08-284854	814	1	\$90.139	1	\$73,349.91	\$18,337.48	\$0.00	\$18,337.48	542	4.25%	\$1,833.75	\$1,031.29	\$21,202.52
<b>TOTALS</b>		814				\$73,349.91	\$18,337.48	\$0.00	\$18,337.48			\$1,833.75	\$1,031.29	\$21,202.52

COMMENTS: BILLING ON UNDER REPORTED OIL VOLUMES TO THE GLO FOR UNIT 8553 (08-284854, 08-290297, 08-290298, 08-290299, 08-290301, 08-290306, 08-290341, 08-290352, 08-290357, 08-293315, 08-293319, 08-293320)

COLUMN (3) UNDER REPORTED VOLUMES: REPORTED RRC VOLUMES MINUS REPORTED GLO1 VOLUMES  
 COLUMNS (5) & (6) REPORTED GLO1 PRICES WERE USED  
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENTS:  
<http://www.glo.texas.gov/energy-business/oil-gas/rrac/forms/penalty-interest-assessment-rules.pdf>

FOR QUESTIONS REGARDING THIS INVOICE PLEASE E-MAIL: [eric.cortez@glo.texas.gov](mailto:eric.cortez@glo.texas.gov)

NOTE 1: PAYMENT OF THIS INVOICE MAY BE MADE BY CHECK OR ACH DEBIT.  
 PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS.  
 WHEN PAYMENT IS REMITTED, PLEASE SEND AN EMAIL TO: [account.services@glo.texas.gov](mailto:account.services@glo.texas.gov) and [eric.cortez@glo.texas.gov](mailto:eric.cortez@glo.texas.gov)  
 NOTING YOUR COMPANY NAME, CUSTOMER ID, INVOICE NUMBER(S) AND AMOUNT OF PAYMENT.

EMAIL: Kaitlyn Marr  
[KAITLYN\\_MARR@EOGRESOURCES.COM](mailto:KAITLYN_MARR@EOGRESOURCES.COM)

Stephanie Toy  
[Stephanie\\_Toy@eogresources.com](mailto:Stephanie_Toy@eogresources.com)

File No. MF 110726 16

County

Recon Billings

Date Filed: 4/23/2024

Commissioner Dawn Buckingham, M.D.

By: