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Archives and Records Staff

DDA #0001

DRR good to 7/1/2021

Leasing: PR

Analyst: _____

Maps: JA

GIS: AS

MF110727

State Lease	Control	Base File	County
MF110727	04-019591	131797	REEVES
MF110727	04-019608	130293	REEVES

Survey	PUBLIC SCHOOL LAND	
Block	C-21	
Block Name		
Township		
Section/Tract	11	
Land Part		
Part Description	SW/4, NW/4	
Acres	320	
Depth Below	Depth Above	Depth Other
0	Surface - 10,813'	
Name	VERITAS 321 ENERGY PARTNERS, L	
Lease Date	4/6/2010	
Primary Term	5 yrs	
Bonus (\$)	\$178,240.00	
Rental (\$)	\$5.00	
Lease Royalty	0.2500	

ATTENTION FILE USERS!
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CONTENTS OF FILE NO. MF- 110727

1. BID FORM	04/06/10	Scanned PJ	4-9-2019
2. OIL & GAS LEASE	04/06/10	18. Division Order	8-22-19
3. TRANSMITTAL LETTER	05/01/10	Scanned PJ	9-13-2019
4. CERTIFIED COPY OF LEASE	7/2/10	19. Termination Packet	8/16/22
5. RENTAL PAYMENT - 2 nd yr.	3/24/11	20. Partial Release - Depths	10/24/22
6. Cert of Feet	8/15/11	Scanned PJ	28 Oct 2022
See MF 110720 #7 for Assignment		21 Comm Application Approval	9/20/23
7. Delay Rental - 3 rd yr.	3/12/12	Scanned sm	09/25/2023
8. Rental Payment - 4 th yr.	03/11/2013	22. Recor Billing	3/31/2025
Scanned PJ	4-26-13	Scanned WUI	4-1-2025
See #14 in M-110580 For Zena Unit #6435			
9. Rentals - 5 th yr.	03/06/2014		
Scanned PJ	3-4-15		
10. Min Roy Pymt	3-4-15		
See #21 in M-110580 For Amd to Zena Unit			
Scanned PJ	6-4-15		
11. Assign ID # 9494 (WE)			
EOG to Resolute			12-9-15
See #s 44-50 in M-110580 For Zena Unit in Fo.			
See #69 in M-110580 For 2017 Plan of Dev. Zena Unit			
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12. E-Mail From Resolute	4/3/17		
13. Ltr. to Resolute	4/6/17		
14. Pooling Agmt Packet	# 8382		
Iron City Horiz. Unit			4/6/17
Scanned PJ	6-1-2017		
See #s 74 & 89 in M-110580 For the			
2nd Amd to Zena Unit & 2018 Plan of Dev.			
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15. Notice: Cimarex and Resolute Merger			3/22/19
16. DRR Form & Bonus			3/22/19
17. Letter accepting DRR Bonus			3/22/19
See #101 in M-110580 for 2019 Plan of Dev.			
Zena Unit			

Commissioner of the TX General Land Office

3/31/2010

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
4/6/2010	Bill	MGL #41 Bonus Amount	178,240.00	178,240.00		178,240.00
				Check Amount		178,240.00

(WNB) Veritas 321 EP MGL #41, Blk C-21, PSL sy, Sec 11, W/2, 320 a

178,240.00

Commissioner of the TX General Land Office

3/31/2010

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
4/6/2010	Bill	MGL # 41 Sales Fee	2,673.60	2,673.60		2,673.60
				Check Amount		2,673.60

State Lease Number
M- 110727
For GLO Use Only



APRIL 6, 2010

OIL AND GAS LEASE BID APPLICATION

APPLICANT AGREEMENT

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

APPLICANT IDENTIFICATION TO APPEAR ON LEASE (type/print)

Name: Veritas 321 Energy Partners, LP
 Address: P.O. Box 173
 City: Midland State: TX Zip: 79702-0173
 Telephone: (432) 682-4002 (Include +4 Code)

AREA DESCRIPTION

County(ies): Reeves Survey/Area: PSL Sy (If Applicable)
 Block/Tsp.: Blk. C-21 Section/Tract: Sec. 11, W/2 Acres: 320
 (If Applicable)

BID SUBMISSION

(A) Bonus Amount (\$ 178,240)
One Hundred Seventy Eight Thousand, Two Hundred Forty Dollars
 (type/print above)

(B) Sales Fee Amount (\$ 2,673.60)
Two Thousand Six Hundred Seventy Three & 60/100 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.

41

APPLICANT NAME

Veritas 321 Energy Partners, LP
 (same as above)

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

(\$ 178,240)

STATE OF TEXAS
 TAX I.D. #

(must be an 11-digit number)

SIGNATURE OF
 AGENT

(signature)

Kenneth C. Dickerson
 (type/print name)



2673.60

10706332

10706331

4300



10100335

10100335

File No. MF 110727
Bid form
Date Filed: 9/6/10
Jerry Patterson, Commissioner
By [Signature]

1

10100335

The State of Texas



Austin, Texas

OIL AND GAS LEASE NO. M-110727

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:

WEST ONE-HALF (W/2) OF SECTION 11, BLOCK C21, PUBLIC SCHOOL LAND SURVEY, REEVES COUNTY, TEXAS, CONTAINING APPROXIMATELY 320 ACRES, AS SHOWN ON THE OFFICIAL MAP OF REEVES COUNTY, TEXAS NOW ON FILE IN THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS,

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

WHEREAS, after all bids and remittances which were received up to said time have been duly considered by the Commissioner of the General Land Office and the School Land Board at a regular meeting thereof in the General Land Office, on the **6th day of April, 2010**, hereinafter the "effective date" and it was found and determined that **VERITAS 321 ENERGY PARTNERS, LP** whose address is **P.O. BOX 173, MIDLAND, TEXAS 79702-0173** had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of **One Hundred Seventy-Eight Thousand Two Hundred Forty And 00/100 Dollars (\$178,240.00)**, receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto the above mentioned bidder the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

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

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

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

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

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

(A) OIL: As a royalty on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, **1/4** part of the gross production or the market value thereof, at the option of the Lessor, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity in the general area where produced and when run, or 2) the highest market price thereof offered or paid in the general area where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is the greater. Lessee agrees that before any gas produced from the land hereby leased is sold, used or processed in a plant, it will be run free of cost to Lessor through an adequate oil and gas separator of conventional type or other equipment at least as efficient to the end that all liquid hydrocarbons recoverable from the gas by such means will be recovered. Upon written consent of Lessor, the requirement that such gas be run through such a separator or other equipment may be waived upon such terms and conditions as prescribed by Lessor.

(B) NON-PROCESSED GAS: As a royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (A) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons or other products) **1/4** part of the gross production or the market value thereof, at the option of the Lessor, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is greater provided that the maximum pressure base in measuring the gas under this lease contract shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to test made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

(C) PROCESSED GAS: As a royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons, $\frac{1}{4}$ part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the Lessor. All royalties due herein shall be based on one hundred percent (100%) of the total plant production of residue gas attributable to gas produced from this lease, and on fifty percent (50%) or that percent accruing to Lessee, whichever is the greater, of the total plant production of liquid hydrocarbons, attributable to the gas produced from this lease; provided that if liquid hydrocarbons are recovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid hydrocarbons shall be fifty percent (50%) or the highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at arms' length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in the industry), whichever is the greater. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest market price paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area or 2) the gross price paid or offered for such residue gas (or the weighted average gross selling price for the respective grades of liquid hydrocarbons), whichever is the greater. In no event, however, shall the royalties payable under this paragraph be less than the royalties which would have been due had the gas not been processed.

(D) OTHER PRODUCTS: As a royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be "casinghead," "dry" or any other gas, by fractionating, burning or any other processing, $\frac{1}{4}$ part of gross production of such products, or the market value thereof, at the option of Lessor, such market value to be determined as follows:

- (1) On the basis of the highest market price of each product, during the same month in which such product is produced, or
- (2) On the basis of the average gross sale price of each product for the same month in which such products are produced; whichever is the greater.

(E) VARIABLE ROYALTY: (i) Subject to the other provisions of this lease, it is hereby provided that in the event production in paying quantities is established pursuant to the terms of this lease and such production is brought on line and sales thereof are commenced within eighteen (18) months of the effective date hereof, the royalty rate provided herein shall be reduced to 20%, and shall apply to each subsequent well drilled and produced on the land covered by this lease. Provided that, if during such eighteen (18) month term during which Lessee may earn a reduced royalty rate of 20% as herein provided, Lessee should drill in good faith and complete the first well as a dry hole on the land covered by this lease, Lessee may receive a three (3) month extension of the term in which to earn a reduced royalty rate by giving notice to the Commissioner of the General Land Office, commencing drilling operations on an additional well prior to the expiration of such three (3) month period and prosecuting diligently and in good faith the drilling of such additional well and completing same so that production in paying quantities is established and so that such production is brought on line and sales thereof are commenced prior to the expiration of such three (3) month extension period.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14. USE OF WATER; SURFACE: Lessee shall have the right to use water produced on said land necessary for operations hereunder and solely upon the leased premises; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for water flood operations without the prior written consent of Lessor. Subject to its obligation to pay surface damages, Lessee shall have the right to use so much of the surface of the land that may be reasonably necessary for drilling and operating wells and transporting and marketing the production therefrom, such use to be conducted under conditions of least injury to the surface of the land. Lessee shall pay surface damages in an amount set by the General Land Office fee schedule which is effective on the date when the activity requiring the payment of surface damages occurs.

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

(A) UPLANDS: Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries so as to protect livestock against loss, damage or injury; and upon completion or abandonment of any well or wells, Lessee shall fill and level all slush pits and cellars and completely clean up the drilling site of all rubbish thereon.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28. ANTIQUITIES CODE: In the event that any feature of archeological or historical interest on Permanent School Fund Land is encountered during the activities authorized by this lease, Lessee will immediately cease activities and will immediately notify the General Land Office (ATTN: Archaeologist, Asset Management Division, 1700 N. Congress Ave., Austin, Texas 78701) and the Texas Historical Commission (P.O. Box 12276, Austin, TX 78711) so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate. Lessee is expressly placed on notice of the National Historical Preservation Act of 1966 (PB-89-66, 80 Statute 915; 16 U.S.C.A. 470) and the Antiquities Code of Texas, Chapter 191, Tex. Nat. Code Ann. (Vernon 1993 & Supp. 1998). On state-owned land not dedicated to the Permanent School Fund, lessee shall notify the Texas Historical Commission before breaking ground at a project location. An archaeological survey might be required by the commission before construction of the project can commence. Further, in the event that any site, object, location, artifact or other feature of archaeological, scientific, educational, cultural or historic interest is encountered during the activities authorize by this lease, lessee will immediately notify lessor and the Texas Historical Commission so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate.

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

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

2.

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 110727
Lease
Date Filed: 4/6/10
Jery Patterson, Commissioner
By [Signature]

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. 41**, which has been assigned the lease number **M-110727**.

State Lease M-110727 is enclosed and serves as your receipt for your bid. This lease form must be fully executed by the lessee, and then recorded in the County Clerk's office of the county or counties in which lands covered by the lease are located. After signing and recording the lease, please submit a certified copy of the recorded lease to the attention of the undersigned. These requirements are material provisions of the lease; therefore, please return the certified copy at your earliest convenience.

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

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

Sincerely,

Robert B. Hatter, Director
Mineral Leasing Division

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

3.
File No. MF110727

Letter

Date Filed: 5/1/10

Jerry Patterson, Commissioner

By [Signature]

FILE # 1789

Lease Form
Revised 10/99
Surveyed School Land

The State of Texas



Austin, Texas

OIL AND GAS LEASE NO. M-110727

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:

WEST ONE-HALF (W/2) OF SECTION 11, BLOCK C21, PUBLIC SCHOOL LAND SURVEY, REEVES COUNTY, TEXAS, CONTAINING APPROXIMATELY 320 ACRES, AS SHOWN ON THE OFFICIAL MAP OF REEVES COUNTY, TEXAS NOW ON FILE IN THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS,

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

WHEREAS, after all bids and remittances which were received up to said time have been duly considered by the Commissioner of the General Land Office and the School Land Board at a regular meeting thereof in the General Land Office, on the 6th day of April, 2010, hereinafter the "effective date" and it was found and determined that VERITAS 321 ENERGY PARTNERS, LP whose address is P.O. BOX 173, MIDLAND, TEXAS 79702-0173 had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon

NOW, THEREFORE, I, Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of **One Hundred Seventy-Eight Thousand Two Hundred Forty And 00/100 Dollars (\$178,240.00)**, receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto the above mentioned bidder the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

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

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

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

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

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

(A) **OIL**: As a royalty on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, 1/4 part of the gross production or the market value thereof, at the option of the Lessor, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity in the general area where produced and when run, or 2) the highest market price thereof offered or paid in the general area where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is the greater. Lessee agrees that before any gas produced from the land hereby leased is sold, used or processed in a plant, it will be run free of cost to Lessor through an adequate oil and gas separator of conventional type or other equipment at least as efficient to the end that all liquid hydrocarbons recoverable from the gas by such means will be recovered. Upon written consent of Lessor, the requirement that such gas be run through such a separator or other equipment may be waived upon such terms and conditions as prescribed by Lessor.

(B) **NON-PROCESSED GAS**: As a royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (A) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons or other products) 1/4 part of the gross production or the market value thereof, at the option of the Lessor, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is greater provided that the maximum pressure base in measuring the gas under this lease contract shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to test made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.



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

(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 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 52.042-52.043, 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 auditing notice and audit hearings procedures. Said provisions are currently found at 31 Texas Administrative Code, Chapter 4, and Texas Natural Resources Code Sections 52.135 and 52.137 through 52.140. In the event this lease covers land franchised or leased or otherwise used by a navigation district or by the United States for the purpose of navigation or other purpose



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

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

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

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

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

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

28. ANTIQUITIES CODE: In the event that any feature of archeological or historical interest on Permanent School Fund Land is encountered during the activities authorized by this lease, Lessee will immediately cease activities and will immediately notify the General Land Office (ATTN: Archaeologist, Asset Management Division, 1700 N. Congress Ave., Austin, Texas 78701) and the Texas Historical Commission (P.O. Box 12276, Austin, TX 78711) so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate. Lessee is expressly placed on notice of the National Historical Preservation Act of 1966 (PB-89-66, 80 Statute 915; 16 U.S.C.A. 470) and the Antiquities Code of Texas, Chapter 191, Tex. Nat. Code Ann. (Vernon 1993 & Supp. 1998). On state-owned land not dedicated to the Permanent School Fund, Lessee shall notify the Texas Historical Commission before breaking ground at a project location. An archaeological survey might be required by the commission before construction of the project can commence. Further, in the event that any site, object, location, artifact or other feature of archaeological, scientific, educational, cultural or historic interest is encountered during the activities authorized by this lease, Lessee will immediately notify lessor and the Texas Historical Commission so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate.

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

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



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



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

Ventus 321 Energy Partners L.P.
By: Ventus 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]

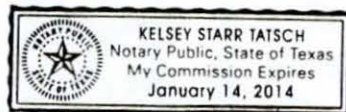
STATE OF Texas
COUNTY OF Midland

(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 Ventus 321 GP, LLC, Sole Gen. Mgr. of Ventus 321 Energy Partners LP a Texas Limited Partnership, on behalf of said Partnership. 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 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 the _____ day of _____, 20____

Notary Public in and for _____

6

FILE # 1789

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

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. MF110727
Certified lease
Date Filed: 7/2/10
Jerry Patterson, Commissioner
By [Signature]

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

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office, found in VOL 844, PAGE 360, THRU 365. OFFICIAL PUBLIC RECORDS

I hereby certify on 6/7/2010



DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS
By [Signature] DAVIDA GARCIA, DEPUTY

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-110727	12	04-06-2011	0089812	.000

AGENCY LEASE NUMBER: M-110727

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

RECORDED: Book 0844 Page 0360

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

PROSPECT: ZENA 320.000

BASIN/LANDMAN: *

LEGAL (Part of): PSL SUR 11, BLK C21 ABST/ID# 4154BLK C21 Sec 11 QQ W2

FOR THE CREDIT OF: PAYMENT

STATE OF TEXAS (BA# 040650L) \$1,600.00

GENERAL LAND OFFICE

STEPHEN F AUSTIN BLDG

1700 N CONGRESS AVE

AUSTIN

TAX ID: 00-0000000 ACCT:

TX 78711-2873

(DPS# 004796B)

TOTAL BANK SERVICE CHARGE

\$.00

TOTAL AMOUNT PAID

\$1,600.00

ME
110727

11707672

P. 4/1/2011

X
12/1

CHECK NO.
114499

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110727	12	04-06-2011	0089812	000

AGENCY LEASE NUMBER: M-110727

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

RECORDED: Book 0844 Page 0360

TRACT: 1 COUNTRY: US STATE: TX COUNTY: REEVES NET ACRES
PROSPECT: ZENA 320.000
BASIN/LANDMAN: *
LEGAL (Part of): PSL SUR 11, BLK C21 ABST/ID# 4154BLK C21 Sec 11 QQ W2

FOR THE CREDIT OF: PAYMENT

STATE OF TEXAS (BA# 040650L) \$1,600.00
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 \$1,600.00

PLEASE SIGN THIS RECEIPT COPY AND RETURN

CHECK NO.
114499

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-110727	12	04-06-2011	0089812	000

ON BEHALF OF EOG RESOURCES, INC
DATE 03-01-2011

CHECK NO. 114499

CITIBANK DELAWARE

AMOUNT
*****\$1,600.00

One thousand six 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 24 2011 BY DE RENTAL PAYMENT

(5)

File No. MF- 110727

DENTAL PAYMENT

Date Filed: 3/24/11

Jerry E. Patterson, Commissioner

By *ma*

9785051

9785051

9785051

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

August 24, 2011

I, Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas, do hereby certify that the papers, records, and documents of said office show;

That on October 11, 1922, NW/4 of Section 11, Block C21, Public School Land Survey, 160.00 acres in Reeves County was awarded to W.H. BROWNING, JR., on his application filed in the Texas General Land Office on September 2, 1922, in School File 130293, and which application was filed to purchase said land under the provisions of the 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 130293 is endorsed: "abst 4154," "(Stamped) LAND FORFEITED 7-1-27, J.T. Robison, Comr.,"

That on May 31, 1924, SW/4 of Section 11, Block C21, Public School Land Survey, 160.00 acres in Reeves County was awarded to C.E. Wagoner, on his application filed in the Texas General Land Office on May 2, 1924, in School File 131797, and which application was filed to purchase said land under the provisions of the Act of April 3, 1919, Chapter 163, without settlement, said tract applied for having been classified as Mineral & Grazing;

That the "old" File Wrapper for School File 131797 is endorsed: "abst 4245," "(Stamped) LAND FORFEITED 7-1-27, J.T. Robison, Comr.;"

That the "new" File Wrapper for School File 131797 is endorsed: "abst 4245," "M & G," "(Stamped) LAND FORFEITED 7-1-27;"

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-65929, covering "W/2 of Section 11, Block C-21, Public School Land, Reeves County, containing 320 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

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

\$12,060.80, with a primary term of Five (5) years, an annual delay rental of \$5.00 per acre, and a royalty to the State of One-Sixth (1/6) of the production of oil and gas from the tract, and, upon the payment of the cash bonus due, and the 1.0% statutory sale fee when required, a copy of the lease was filed in the Texas General Land Office on May 4, 1971, in Mineral File M-65929;

That the File Wrapper for Mineral File M-54929 is endorsed: "(Stamped) EXPIRED;"

That on April 6, 1982, pursuant to Chapter 32 and Subchapters A-E, G, and H of Chapter 52 of the Natural Resources Code, and subject to all rules and regulations promulgated by the Commissioner of the Texas General Land Office and/or the School Land Board, pursuant thereto, and all other applicable statutes and amendments to said Natural Resources Code, BOB ARMSTRONG, Commissioner of the Texas General Land Office, executed and delivered State Oil & Gas Lease M-87816, covering "W/2 of Public School Land Survey No. 11, Block C-21, Reeves County, Texas, containing 320 acres, as shown on the official map of Reeves County, Texas, now on file in the General Land Office," to THE SUPERIOR OIL COMPANY, for a cash bonus of \$17,792.00, 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, 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 April 6, 1982, in Mineral File M-87816;

That the File Wrapper for Mineral File M-87816 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-104591, covering "WEST ONE-HALF (W/2) OF SECTION 11, BLOCK C21, PUBLIC SHOOOL LAND SURVEY, REEVES COUNTY, TEXAS, CONTAINING APPROXIMATELY 320 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, for a cash bonus of \$99,520.00, 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-104591;

That the File Wrapper for Mineral File M-104591 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,

• Peggy Lavine
August 24, 2011

JERRY E. PATTERSON, Commissioner of the Texas General Land Office, executed and delivered State Oil & Gas Lease M-110727, covering "WEST ONE-HALF (W/2) OF SECTION 11, BLOCK C21, PUBLIC SHOOT LAND SURVEY, REEVES COUNTY, TEXAS, CONTAINING APPROXIMATELY 320 ACRES, AS SHOWN ON THE OFFICIAL MAP OF REEVES COUNTY, TEXAS NOW ON FILE IN THE TEXAS GENERAL LAND OFFICE," to VERITAS 321 ENERGY PARTNERS, for a cash bonus of \$178,240.00, with a primary term of Five (5) years, an annual delay rental of \$5.00 per acre, and a royalty to the State of One-Fourth (1/4) of the production of oil and gas from the tract, subject to the variable royalty reduction provision, and, upon the payment of the cash bonus due, and the 1.5% statutory sale fee when required, a copy of the lease was filed in the Texas General Land Office on July 2, 2010, in Mineral File M-110727;

That the latest rental payment for State Oil & Gas Lease M-110727, 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.:	2011-89
Fee:	\$600.00
Files:	School File 130293, 131797, Mineral File M-65929, M-87816, M-104591, M-110727

6.

File No. 110727

Cont of Fact

Date Filed: 8/19/11

Jerry E. Patterson, Commissioner
By W. [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-110727	12	04-06-2012	0089812	000

AGENCY LEASE NUMBER: M-110727

IN PAYMENT OF: DELAY RENTAL PAYMENT DIVISION : MIDLAND

FOR: DELAY RENTAL

12708488

RECORDED: Book 0844 Page 0360

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

PROSPECT: ZENA 320.000

BASIN/LANDMAN: *

LEGAL (Part of): PSL SUR 11, BLK C21 ABST/ID# 4154BLK C21 Sec 11 Q0 W2

FOR THE CREDIT OF: PAYMENT

STATE OF TEXAS (BA# 040650L) \$1,600.00

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

\$1,600.00

3rd yr Rental

(P)
(A) (G)

X 121

CHECK NO.

123128



EOG Resources, Inc.

P.O. Box 4362

Houston, TX 77210-4362



9171 9010 1424 1000 1083 62

123128 0089812-000 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.	123128
Lease No.	0089812-000
Payment Type	Delay Rental
Division:	Midland
Month	04/2012

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-110727	12	04-06-2012	0089812	000

AGENCY LEASE NUMBER: M-110727

IN PAYMENT OF: DELAY RENTAL PAYMENT DIVISION : MIDLAND

FOR: DELAY RENTAL

RECORDED: Book 0844 Page 0360

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

PROSPECT: ZENA 320.000

BASIN/LANDMAN: *

LEGAL (Part of): PSL SUR 11, BLK C21 ABST/ID# 4154BLK C21 Sec 11 Q0 W2

FOR THE CREDIT OF: PAYMENT

STATE OF TEXAS (BA# 040650L) \$1,600.00

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 \$1,600.00

COPY

PLEASE SIGN THIS RECEIPT COPY AND RETURN

CHECK NO.

123128

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-110727	12	04-06-2012	0089812	000

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

CITIBANK DELAWARE

CHECK NO. 123128

AMOUNT
*****\$1,600.00

One thousand six 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 PO RENTAL PAYMENT

01010

⑦

File No. MF 110727
Delay Rental

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

188

COPIES

1508488

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-110727	12	04-06-2013	0089812	.000

AGENCY LEASE NUMBER: M-110727

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

13707551

RECORDED: Book 0844 Page 0360

TRACT: 1 COUNTRY: US STATE: TX COUNTY: REEVES NET ACRES
PROSPECT: ZENA 320.000
BASIN/LANDMAN: *

LEGAL (Part of): PSL SUR 11, BLK C21 ABST/ID# 4154BLK C21 Sec 11 QO W2

FOR THE CREDIT OF: PAYMENT

STATE OF TEXAS (BA# 040650L) \$8,000.00

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

TAX ID: 00-0000000 ACCT:

TX 78711-2873

(9)

(DPS# 004796B)

TOTAL BANK SERVICE CHARGE \$.00
TOTAL AMOUNT PAID \$8,000.00

X

121



CHECK NO.

134591

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110727	12	04-06-2013	0089812	.000

AGENCY LEASE NUMBER: M-110727

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

13707551

RECORDED: Book 0844 Page 0360

TRACT: 1 COUNTRY: US STATE: TX COUNTY: REEVES NET ACRES
PROSPECT: ZENA 320.000
BASIN/LANDMAN: *
LEGAL (Part of): PSL SUR 11, BLK C21 ABST/ID# 4154BLK C21 Sec 11 Q0 W2

FOR THE CREDIT OF: PAYMENT

STATE OF TEXAS (BA# 040650L) \$8,000.00
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 \$8,000.00

X 121

CHECK NO.
134591

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.

13707551

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110727	12	04-06-2013	0089812	.000

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

CHECK NO. 134591 62-20 311

CITIBANK DELAWARE

Eight thousand and 00/100 Dollars

AMOUNT
*****\$8,000.00

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



00134591

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-110727	12	04-06-2013	0089812	000

AGENCY LEASE NUMBER: M-110727

IN PAYMENT OF: DELAY RENTAL PAYMENT

DIVISION

: MIDLAND

FOR: DELAY RENTAL

RECORDED: Book 0844 Page 0360

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

PROSPECT: ZENA 320.000

BASIN/LANDMAN: *

LEGAL (Part of): PSL SUR 11, BLK C21 ABST/ID# 4154BLK C21 Sec 11 QQ W2

FOR THE CREDIT OF:

PAYMENT

STATE OF TEXAS

(BA# 040650L)

\$8,000.00

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

\$8,000.00

PLEASE SIGN THIS RECEIPT COPY AND RETURN

CHECK NO.

134591

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

 **EOG resources**

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110727	12	04-06-2013	0089812	000

ON BEHALF OF EOG RESOURCES, INC

DATE 03-01-2013

CITIBANK DELAWARE

CHECK NO. 134591

AMOUNT

*****\$8,000.00

Eight thousand and 00/100 Dollars

PAY TO
THE ORDER
OF

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

BY _____

NON-NEGOTIABLE

RECEIPT OF ABOVE DESCRIBED CHECK IS HEREBY ACKNOWLEDGED

DATE _____

BY _____

File No. MF 110727

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-110727	12	04-06-2014	0089812	000

AGENCY LEASE NUMBER: M-110727

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

RECORDED: Book 0844 Page 0360

TRACT: 1 COUNTRY: US STATE: TX COUNTY: REEVES NET ACRES
PROSPECT: ZENA 320.000
BASIN/LANDMAN: *

LEGAL (Part of): PSL SUR 11, BLK C21 ABST/ID# 4154 Grantee Blk C21 Sec 11
QQ W2

FOR THE CREDIT OF:

PAYMENT

RENTAL PAYMENT

STATE OF TEXAS
GENERAL LAND OFFICE
STEPHEN F AUSTIN BLDG
1700 N CONGRESS AVE
AUSTIN

(BA# 040650L)

\$8,000.00

TX 78711-2873

ACCT:

(DPS# 004796B)

TOTAL BANK SERVICE CHARGE

\$.00

TOTAL AMOUNT PAID

\$8,000.00

5th yr.
P

14708614

121

CHECK NO.

141758

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110727	12	04-06-2014	0089812	000

AGENCY LEASE NUMBER: M-110727

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

RECORDED: Book 0844 Page 0360

TRACT: 1 COUNTRY: US STATE: TX COUNTY: REEVES NET ACRES
PROSPECT: ZENA 320.000
BASIN/LANDMAN: *
LEGAL (Part of): PSL SUR 11, BLK C21 ABST/ID# 4154 Grantee Blk C21 Sec 11
QQ W2

14708614

FOR THE CREDIT OF: PAYMENT
STATE OF TEXAS (BA# 040650L) \$8,000.00
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 \$8,000.00

121

CHECK NO.
141758

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

EOG resources

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

14708614

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110727	12	04-06-2014	0089812	000

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

CHECK NO. 141758

62-20
311

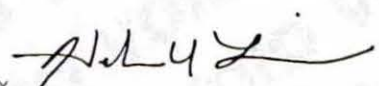
CITIBANK DELAWARE

Eight thousand and 00/100 Dollars

PAY TO THE ORDER OF

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

AMOUNT
*****\$8,000.00

BY 

CITIBANK DELAWARE
NEWCASTLE DE 19720

00141758

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-110727	12	04-06-2014	0089812	000

AGENCY LEASE NUMBER: M-110727

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

RECORDED: Book 0844 Page 0360

TRACT: 1 COUNTRY: US STATE: TX COUNTY: REEVES NET ACRES
PROSPECT: ZENA 320.000
BASIN/LANDMAN: *
LEGAL (Part of): PSL SUR 11, BLK C21 ABST/ID# 4154 Grantee Blk C21 Sec 11
QQ W2

FOR THE CREDIT OF: PAYMENT

STATE OF TEXAS (BA# 040650L) \$8,000.00
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 \$8,000.00

PLEASE SIGN THIS RECEIPT COPY AND RETURN

CHECK NO.

141758

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-110727	12	04-06-2014	0089812	000

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

CHECK NO. 141758

CITIBANK DELAWARE

AMOUNT

*****\$8,000.00

Eight 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 03/06/2014 BY [Signature]

File No. MF110 727

⑨

Rentals - 5th yr.

Date Filed: 03/06/2014

Jerry E. Patterson, Commissioner

By JEP

2. 0.77

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110727	00	04-06-2015	0089812	000

AGENCY LEASE NUMBER: M-110727

IN PAYMENT OF: MINIMUM ROYALTY PAYMENT
FOR: MINIMUM ROYALTY

DIVISION : MIDLAND

RECORDED: Book 0844 Page 0360

15708615
Zena Unit 6435

TRACT: 1 COUNTRY: US STATE: TX COUNTY: REEVES NET ACRES
PROSPECT: ZENA 320.000
BASIN/LANDMAN: *
LEGAL (Part of): PSL SUR 11, BLK C21 ABST/ID# 4154 Grantee Blk C21 Sec 11
QQ W2

FOR THE CREDIT OF:

PAYMENT

STATE OF TEXAS (BA# 040650L) \$1,600.00
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 \$1,600.00

CHECK NO.
150226

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

EOG resources

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

15708615

LEASE DATE	LESSOR	NUMBER OF MONTHS	MONTHS BEGINNING	LEASE NUMBER	SUF
04-06-2010	ST TX M-110727	00	04-06-2015	0089812	000

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

CHECK NO. 150226

62-20
311

CITIBANK DELAWARE

One thousand six hundred and 00/100 Dollars

PAY TO
THE ORDER
OF

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

AMOUNT
*****\$1,600.00

CITIBANK DELAWARE
NEW CASTLE DE 19720

BY

[Signature]

00150226

Rec'd 8-4-15

[Signature]

File No. MF 110727

Mr Roy Pymt County

Date Filed: 3-4-15

George P. Bush, Commissioner

By CBonn



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

December 9, 2015

Lynn Ahlfenger
Resolute Natural Resources Southwest, LLC
1700 Lincoln St, Ste 2800
Denver, CO 80202

RE: GLO Assignment ID #9494 – MF110727 - Reeves County

Dear Ms. Ahlfenger:

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

Assignment of Oil and Gas Lease, effective July 1, 2015, from EOG Resources, Inc., as assignor to Resolute Natural Resources Southwest, LLC, as assignee. As filed for record in Reeves County in Vol 1197 at Page 0141.

Filing fees of \$25.00 were received in connection with the above assignment. Please feel free to contact me if you have any questions.

Best Regards,

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

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

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

512.463.5001 • 800.998.4GLO

glo.texas.gov

Resolute

December 3, 2015

Commissioner of the Texas
General Land Office
P O Box 12873
Austin, TX 78711-2873

TD 9494

Re: Certified Document

Gentlemen,

Enclosed please find a check in the amount of \$25.00 to file the enclosed certified document with your office. This Assignment covers Lease M-110727, located in Block C-21, PSL Survey, Sec. 11: W2, Reeves County, Texas.

Thank you for your assistance and if you have any questions, please feel free to contact me at 303)573-4886x1280, or by e-mail LAhlfenger@ResoluteEnergy.com.

Sincerely yours,



Lynn Ahlfenger
Sr. Lease Analyst

/la
Enclosures

RESOLUTE NATURAL RESOURCES

1700 Lincoln Street

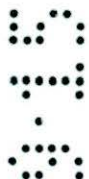
Suite 2800

Denver CO 80203

Resolute

Check Number 1000106968

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
06076-111315-CKRQ	11/13/2015	DOCUMENT FEES	25.00	0.00	25.00



16704227

06076

Owner

Check Date: 11/23/2015

Check Amount

25.00

129

ASSIGNMENT AND CONVEYANCE

ID# 9494
MF 110727
elf 7-1-15

STATE OF TEXAS §
COUNTY OF REEVES §

THIS ASSIGNMENT AND CONVEYANCE (this "Assignment"), is made and effective as of 8:00AM EST on July 1, 2015. **EOG Resources, Inc.**, whose address is P.O. Box 2267, Midland, TX 79702, who shall herein after be called "**Grantor**," for \$10.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound by this instrument, hereby ASSIGNS, TRANSFERS, and CONVEYS to **Resolute Natural Resources Southwest, LLC**, whose address is 1700 Lincoln Street, Suite 2800 Denver, CO 80203, and who shall herein after be called "Grantee", the following described properties, rights and interests located in Reeves County, Texas:

In accordance with that certain Letter Agreement dated July 16, 2015, by and between EOG Resources, Inc. and Resolute Natural Resources Southwest, LLC ("Letter Agreement"), Grantor delivers to Grantee an assignment of all of its right, title and interest in and to the oil and gas leases listed on Exhibit "A" insofar and only insofar as such leases relate to the lands and depths described in Exhibit "A" ("Leases") attached hereto and made a part hereof;

The Leases do not include claims, causes in action and similar rights to payment or performance, arising, occurring or existing in favor of Grantor prior to the date of this Assignment or arising out of the ownership or operation of the Leases prior to the date of this Assignment, including without limitation all contract rights, claims, receivables, payables, revenues, recoupment rights, recovery rights, accounting adjustments, mispayments, erroneous payments, or other claims of any nature relating and accruing to any time period prior to the date of this Assignment.

TO HAVE AND TO HOLD the Leases unto Grantee, its successors and assigns forever. Grantor does hereby warrant, in accordance with the Letter Agreement, that title to the Leases is free and clear of all liens, claims, security interests, mortgages, charges and encumbrances arising by, through or under Grantor, but not otherwise. Grantee is hereby subrogated to all covenants and warranties of title by third parties given or made to Grantor or their predecessors in title in respect of any of the Leases.

This Assignment is made subject to the Letter Agreement, which contains certain representations, warranties and agreements between the parties concerning the Leases, some of which may survive the delivery of this Assignment, as provided in the Letter Agreement, and are incorporated into this Assignment as if restated in full in this Assignment. Notwithstanding the foregoing, third parties may conclusively rely on this Assignment to vest title to the Leases in Grantee. In the event of any conflict between this Assignment and the Letter Agreement, the terms set forth in the Letter Agreement will prevail.

Grantor will sign, acknowledge, and deliver to Grantee, from time to time, all such other and additional conveyances, instruments, notices, division orders, transfer order, releases, acquittances, and other documents, and will do all such other and further acts and things as may be reasonably necessary to more fully and effectively grant, convey and assign the Leases to Grantee.

This Assignment may be signed in multiple counterparts, all of which are identical and constitute one and the same instrument.

GRANTOR:

EOG Resources, Inc.

By: [Signature]
Name: Ezra Jacob
Title: Vice President and General Manager

GRANTEE:

Resolute Natural Resources Southwest, LLC

By: _____
Name: Bill Alleman
Title: VP-Land



TRUE & CORRECT
COPY OF
ORIGINAL FILED IN
REEVES COUNTY
CLERKS OFFICE

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ASSIGNMENT AND CONVEYANCE

STATE OF TEXAS §
COUNTY OF REEVES §

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This Assignment may be signed in multiple counterparts, all of which are identical and constitute one and the same instrument.

GRANTOR:

EOG Resources, Inc.

By: _____
Name: Ezra Yacob
Title: Vice President and General Manager

GRANTEE:

Resolute Natural Resources Southwest, LLC

By: 
Name: Bill Alleman
Title: VP-Land *SDP*



TRUE & CORRECT
COPY OF
ORIGINAL FILED IN
REEVES COUNTY
CLERKS OFFICE

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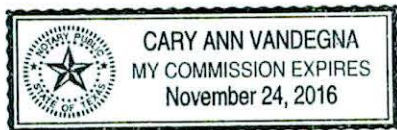
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STATE OF TEXAS
COUNTY OF MIDLAND

This instrument was acknowledged before me on this 26th day of August, 2015 by Ezra Yacob as Vice President and General Manager of EOG Resources, Inc., a Delaware corporation, on behalf of said corporation.



Cary Ann Vandegna
Notary Public
My Commission Expires: 11/24/16

STATE OF COLORADO
CITY & COUNTY OF DENVER

On this this ____ day of August, 2015, before me personally appeared BILL ALLEMAN, to me known to be the VICE PRESIDENT – LAND of Resolute Natural Resources Southwest, LLC, the limited liability company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year herein first so above written.

My commission Expires: _____

Notary Public



TRUE & CORRECT
COPY OF
ORIGINAL FILED IN
REEVES COUNTY
CLERKS OFFICE

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STATE OF TEXAS
COUNTY OF MIDLAND

This instrument was acknowledged before me on this ____ day of _____, 2015 by Ezra Yacob as Vice President and General Manager of EOG Resources, Inc., a Delaware corporation, on behalf of said corporation.

Notary Public
My Commission Expires:

STATE OF COLORADO
CITY & COUNTY OF DENVER

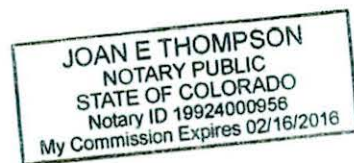
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IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year herein first so above written.

My commission Expires:

2/16/2016

Joan E. Thompson
Notary Public



TRUE & CORRECT
COPY OF
ORIGINAL FILED IN
REEVES COUNTY
CLERKS OFFICE

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EXHIBIT "A"

ATTACHED TO AND MADE PART OF ASSIGNMENT AND CONVEYANCE DATED EFFECTIVE AS OF JULY 1 2015, BETWEEN RESOLUTE NATURAL RESOURCES SOUTHWEST, LLC AND EOG RESOURCES, INC.

Leases

EOG Lease No.: 0089812-000
GLO Lease No.: M-110727 ✓
Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas
Lessee: Veritas 321 Energy Partners, LP
Date: April 6, 2010
Recording: Volume 844, Page 360 of the Official Public Records of Reeves County, Texas
Description: W/2 of Section 11, Block C21, PSL Survey, Reeves County, Texas

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TRUE & CORRECT
COPY OF
ORIGINAL FILED IN
REEVES COUNTY
CLERKS OFFICE

By: NJ

Inst No. 15-08526
DIANNE O. FLOREZ
COUNTY CLERK
2015 Sep 21 at 09:11 AM
REEVES COUNTY, TEXAS
DEPUTY

File No. MF 110727
Assign #9494 (W.I.)
EOG to Resolve
Date Filed: 12-8-15
George P. Bush, Commissioner
By CBonn

75 842

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. 191 PAGE 141 THRU 145

I hereby certified on 5th Nov 2015
DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS
BY Elizabeth Wright DEPUTY



Rusty Robinson

From: Rusty Robinson
Sent: Friday, March 31, 2017 10:22 AM
To: daryl.morgan@GLO.TEXAS.GOV
Subject: FW: Resolute: Iron City State L05H (State of TX Pooling Agreement)
Attachments: Executed Copy by Resolute - ST. of TX Pooling Agreement - IRON CITY Unit.pdf

H1
Daryl- ^{HERE ARE 7}

~~I am sending~~ two (2) originals of the attached pooling agreement to your attention. Both agreements have been executed on behalf of Resolute. You'll see that I have added Exhibit's A thru D. All of the exhibits were made as per the provisions in your agreement. They should meet to your satisfaction from other pooling agreements we have done together. But, please confirm.

Once executed by the State, please forward one (1) signed original to my attention and we will get this recorded in Reeves County.

Thank you,
Rusty

J. Russell Robinson
Senior Petroleum Landman
RESOLUTE NATURAL RESOURCES SOUTHWEST, LLC
1700 Lincoln Street, Suite 2800
Denver, CO 80203
303-534-4600 (Main)
303-573-4886 ext. 1300 (Direct)
303-520-6800 (Mobile)
RRobinson@ResoluteEnergy.com

From: Rusty Robinson
Sent: Friday, March 31, 2017 10:11 AM
To: joy.mccauley@glo.texas.gov
Subject: Resolute: Iron City State L05H (Notification of Spud)

Joy-
Let this email serve as required notification to the State of Texas General Land Office that Resolute plans to spud its Iron City State L05H Well on or before April 15th.

This well is a 521.29 acre pooled unit consisting of the following lands in Block C-21, Reeves County, TX:

- W/2 of Section 11 (320.57 acres more or less)
- Portion of Section 12 (200.72 acres more or less)

The State of Texas owns "fee" lands in this pooled unit currently under lease:

- W/2 of Section 11 Lease MF #110727

As you know Resolute successfully pooled the above lease with the State of Texas which the State has labeled GLO Unit #8382.



I assume your well data requirement sheet has not changed. Please advise if it has.

Thank you,
Rusty

J. Russell Robinson
Senior Petroleum Landman
RESOLUTE NATURAL RESOURCES SOUTHWEST, LLC
1700 Lincoln Street, Suite 2800
Denver, CO 80203
303-534-4600 (Main)
303-573-4886 ext. 1300 (Direct)
303-520-6800 (Mobile)
RRobinson@ResoluteEnergy.com

This e-mail message and any attachments are for the sole use of the intended recipient(s) and may contain confidential, privileged, and proprietary information of Resolute Energy Corporation. Any unauthorized review, use, disclosure or distribution may be prohibited under law. If you are not the intended recipient, please contact the sender by reply E-mail of any erroneous transmission, and destroy the original E-mail, any attachments, and all copies of the original message. Thank you.

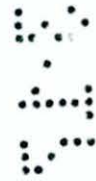
File No. M-110727

E-Mail From Regolute County

Date Filed: 4/6/17

George P. Bush, Commissioner

By [Signature]





TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

April 6, 2017

Mr. J. Russell Robinson
Resolute Natural Resources Southwest, LLC
1700 Lincoln Street, Suite 2800
Denver, Colorado 80203

Re: Pooling Agreement
Iron City Horizontal Unit
GLO Unit No. 8382
Reeves County, Texas

Dear Mr. Robinson:

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

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

Sincerely,

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

Enclosure

13

File No. M-110727

County

Ltr. to Resolve

Date Filed: 4/6/17

George P. Bush, Commissioner

By 

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

UPA179453

Unit Number 8382
Operator Name Resolute Natural Resources Southwest, LLC Effective Date 03/07/2017
Customer ID C000051892 Unitized For Oil And Gas
Unit Name Iron City State Unit Unit Term
County 1 Reeves RRC District 1 08 Old Unit Number Inactive Status Date
County 2 RRC District 2
County 3 RRC District 3
County 4 RRC District 4
Unit type Permanent
State Net Revenue Interest Oil 0.15373880
State Part in Unit 0.61495521
Unit Depth Specified Depths Well
From Depth Surface Formation
To Depth 100 feet below total depth drilled Participation Basis Surface Acreage

If Exclusions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
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MF110727	1	320.570000	521.290000	0.61495521	O/G	0.25000000	0.15373880	No
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API Number
4238935590

Remarks:

Prepared By:

GLO Base Updated By:

RAM Approval By:

GIS By:

Well Inventory By:

Prepared Date:

GLO Base Date:

RAM Approval Date:

GIS Date:

WI Date:

03/07/2017

03/07/2017

3/13/17

05/22/2017

03/07/2017

Pooling Committee Report

To: School Land Board

UPA179453

Date of Board Meeting: 03/07/2017

Unit Number: 8382

Effective Date: 03/07/2017

Unit Expiration Date:

Applicant: Resolute Natural Resources Southwest, LLC

Attorney Rep:

Operator: Resolute Natural Resources Southwest, LLC, Denver

Unit Name: Iron City State Unit

Field Name: PHANTOM (WOLFCAMP)

County: Reeves

<u>Lease Type</u>	<u>Lease Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres In Unit</u>	<u>Royalty Participation</u>
U Fee	MF110727	0.25000000	04/06/2015	5 years	320.000000	320.570000	0.15373880

Private Acres:	200.720000
State Acres:	320.570000
Total Unit Acres:	521.290000

<u>Participation Basis:</u>	Surface Acreage
Surface Acreage	
<u>State Acreage:</u>	61.50%
<u>State Net Revenue Interest:</u>	15.37%

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

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Yes	704 acres for a 8,000 foot lateral (FTP to LTP).

Working File Number: UPA179453

REMARKS:

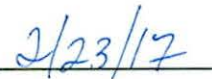
- Resolute Natural Resources Southwest, LLC is requesting permanent oil and gas pooling from the Surface to 100 feet below the deepest depth drilled in order to test the Wolfcamp formation.
- The applicant plans to spud the first unit well on April 1, 2017 with a proposed total depth of 10,800 feet TVD. A 8,000 foot lateral is expected to be drilled.
- With Board approval of the unit the State's unit royalty participation will be 15.34%.
- The State will participate on a unitized basis from the date of first production.
- The applicant agrees to spud a second unit well by or before March 7, 2020 or the unit will decrease in size to +/- 260 acres.
- State Lease MF110727 will be removed from the Zena Unit upon first production of the first unit well or within six months of the spud date of the first unit well, whichever occurs first.

POOLING COMMITTEE RECOMMENDATION:

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



Mary Smith - Office of the Attorney General



Date



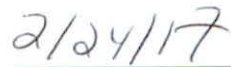
Robert Hatter - General Land Office



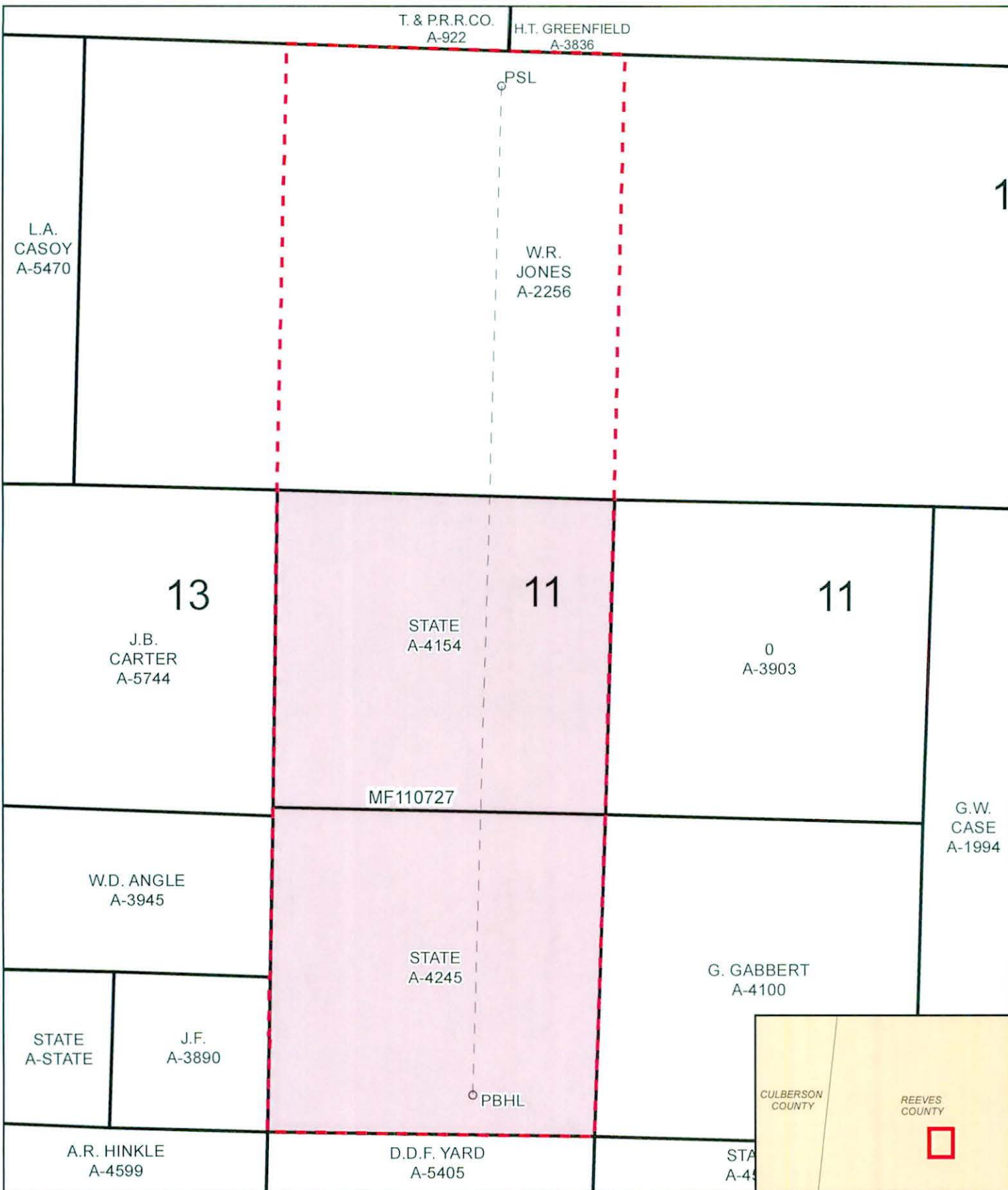
Date



Diane Morris - Office of the Governor



Date



Unit #8382
Resolute Natural Resources Southwest, LLC
Iron City State Unit
Phantom (Wolfcamp) Field
Reeves County, Texas

1,000 500 0 1,000 Feet

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



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

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POOLING AGREEMENT
RESOLUTE NATURAL RESOURCES SOUTHWEST, LLC
IRON CITY HORIZONTAL UNIT
GLO UNIT NO. 8382
REEVES COUNTY, TEXAS

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

PURPOSES:

1.

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

UNIT DESCRIPTION:

2.

The oil and gas leases, which are included within the pooled unit, are listed on the attached Exhibit "A", to which leases and the records thereof reference is here made for all pertinent purposes. The pooled unit shall consist of all of the lands described in Exhibit "B" attached hereto and made a part hereof. A plat of the pooled unit is attached hereto as Exhibit "C". The unit description is subject to the provisions of Paragraph 9.

MINERAL POOLED:

3.

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

POOLING AND EFFECT:

4.

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

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

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

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

ALLOCATION OF PRODUCTION:

5.

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

TAKING ROYALTY IN KIND:

6.

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

EFFECTIVE DATE:

7.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of March 7, 2017.

TERM:

8.

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

SPECIAL TERMS AND CONDITIONS:

9.

Notwithstanding anything contained herein to the contrary, if a second unit well is not spud on or before March 7, 2020, then effective on that date, the pooled unit will be reduced in size from 521.29 acres to approximately 260 acres around the first unit well as shown on the plat attached as Exhibit "D". Once actual drilling operations have been commenced on a well, Lessee shall continue drilling and completion operations thereafter on such well with due diligence, as a reasonable prudent operator would under the same or similar circumstances. State Lease M-110727 is amended such that the termination provisions of Paragraph 7.(A) and (B) do not become effective until July 1, 2019.

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STATE LAND:

10.

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

DISSOLUTION:

11.

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

RATIFICATION/WAIVER:

12.

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

COUNTERPARTS:

13.

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

SUBJECT TO EXPLORATION AGREEMENT:

14.

State Lease M-110727, as more particularly described in Exhibit "A" is subject to that certain Unit Agreement for the Development and Operation of the Zena Unit dated September 10, 2013, by and between the State of Texas and EOG Resources, Inc., said Agreement and the amendments thereto being on file in the Archives and Records of the Texas General Land Office in Mineral File M-110580. It is hereby agreed that upon first production of the first unit well on the Iron City Horizontal Unit or within six months of the spud date of said well, whichever occurs first, then effective on that date State Lease M-110727 shall be removed from and no longer subject to the terms and conditions of the Zena Unit.

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

Date Executed

4/5/17

STATE OF TEXAS

Legal
Content
Geology
Executive

[Signature]

By:

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

Date Executed

March 31, 2017

RESOLUTE NATURAL RESOURCES SOUTHWEST, LLC

By:

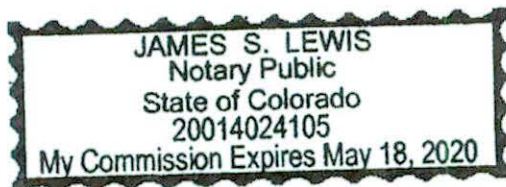
[Signature]
Bill Alleman, Vice President - Land

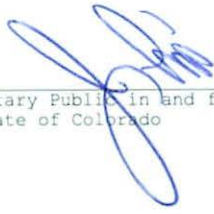
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STATE OF COLORADO

CITY & COUNTY OF DENVER

This instrument was acknowledged before me on MARCH 31ST, 2017, by Bill Alleman as Vice President - Land for Resolute Natural Resources Southwest, LLC, a limited liability company on behalf of said company.




Notary Public in and for the
State of Colorado

CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 7th day of March, 2017, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the _____ day of _____, 2017.

Secretary of the School Land Board



Exhibit A

Attached to and made a part of that certain Pooling Agreement for Horizontal Wells IRON CITY Horizontal Unit

			Gross Surface Acres In Tract	Proportion of Tract acres to total Unit acres
Tract 1: 200.72 acres, more or less, out of Section 12, Block C-21, PSL Survey			200.72	38.5045%
Tract 2: W/2 of Section 11, Block C-21, PSL Survey, being 320.57 acres, more or less			320.57	61.4955%
TOTAL GROSS SURFACE ACRES IN UNIT:			521.29	100.0000%
TRACT 1:	Comprising 38.5045% of said Unit and containing the following lands:			
200.72 acres, more or less, out of Section 12, Block C-21, PSL Survey, Reeves County, Texas				
Lease #	Lessor Full Name	Lessee	Lease Date	Recorded Book-Page
TX00968.001	Allan L. Newsom, individually and as A/I/F for Eva Powell Linn, deceased (now Kay Ryan); John Jay Doles; Vance Wayne Farrell; James Martin Farrell; and Donna K. Moore	Petro-Hunt LLC; now Resolute Natural Resources Southwest, LLC	02/06/2009	817-696; as amended and extended
TX00968.002	Allan L. Newsom as A/I/F for Karen D. Funk	Petro-Hunt LLC; now Resolute Natural Resources Southwest, LLC	05/25/2010	859-76; as amended and extended
TRACT 2:	Comprising 61.4955% of said Unit and containing the following lands:			
W/2 of Section 11, Block C-21, PSL Survey, being 320.57 acres, more or less, Reeves County, Texas				
Lease #	Lessor Full Name	Lessee	Lease Date	Recorded Book-Page
TXO1200.000	State of Texas; MF 110727	Veritas 321 Energy Partners, LP; now Resolute Natural Resources Southwest, LLC	04/06/10	844-360



Exhibit B
Iron City Horizontal Unit

521.29 Acre Unit in Sections 11 & 12, Block C-21, Public School Land, Reeves County, Texas.

Tract 1

Metes and Bounds Description for a 200.72 Acre Tract in Section 12, Block C-21, Public School Land, Reeves County, Texas.

Boundary being more fully described as follows:

Beginning at (N: 10582038.5', E: 1178943.6') a 3/8" Iron Rod found in the north line of said Section 12 at the southwest corner of Section 48 and the southeast corner of Section 47, Block 57, Township 3, for a point in the north line of this tract;

Thence South 88°26'24" East, a distance of 962.3 feet to a point in the north line of said Section 12 and the south line of said Section 48, for the northeast corner of this tract;

Thence South 01°41'55" West, a distance of 3302.4 feet to a point in the south line of said Section 12 and the north line of Section 11, this Block, for the southeast corner of this tract;

Thence North 88°50'03" West with the south line of said Section 12 and the north line of said Section 11, a distance of 2637.6 feet to a point in said south line of Section 12 at the northwest corner of Section 11 and the northeast corner of Section 13, this Block, for the southwest corner of this tract;

Thence North 01°43'21" East, a distance of 3330.4 feet to a point in the north line of said Section 12 and the south line of said Section 47, for the northwest corner of this tract;

Thence South 88°06'18" East with the north line of said Section 12 and the south line of said Section 47, a distance of 1673.8 feet to the Point of Beginning.

Containing 200.72 surface acres of land. Bearings, distances, and coordinates are relative to the Texas Coordinate System, NAD 83, Central Zone.

Tract 2

Metes and Bounds Description for a 320.57 Acre Tract in Section 12, Block C-21, Public School Land, Reeves County, Texas.

Boundary being more fully described as follows:

Beginning at (N: 10573476.3', E: 1177011.6') the calculated common corner of Sections 2 and 3, Block 56, Public School Land Survey, and the common corner of said Section 12 and Section 13, this Block, for the southwest corner of this tract;

Thence North 01°43'21" East with the west line of said Section 12 and the east line of said Section 13, a distance of 5291.1 feet to a point in said south line of Section 12 at the northwest corner of Section 11 and the northeast corner of Section 13, for the northwest corner of this tract;

Thence South 88°50'03" East with the south line of said Section 12 and the north line of said Section 11, a distance of 2637.6 feet to a point in said south line of Section 12 at the north mid-point of Section 11, for the northeast corner of this tract;

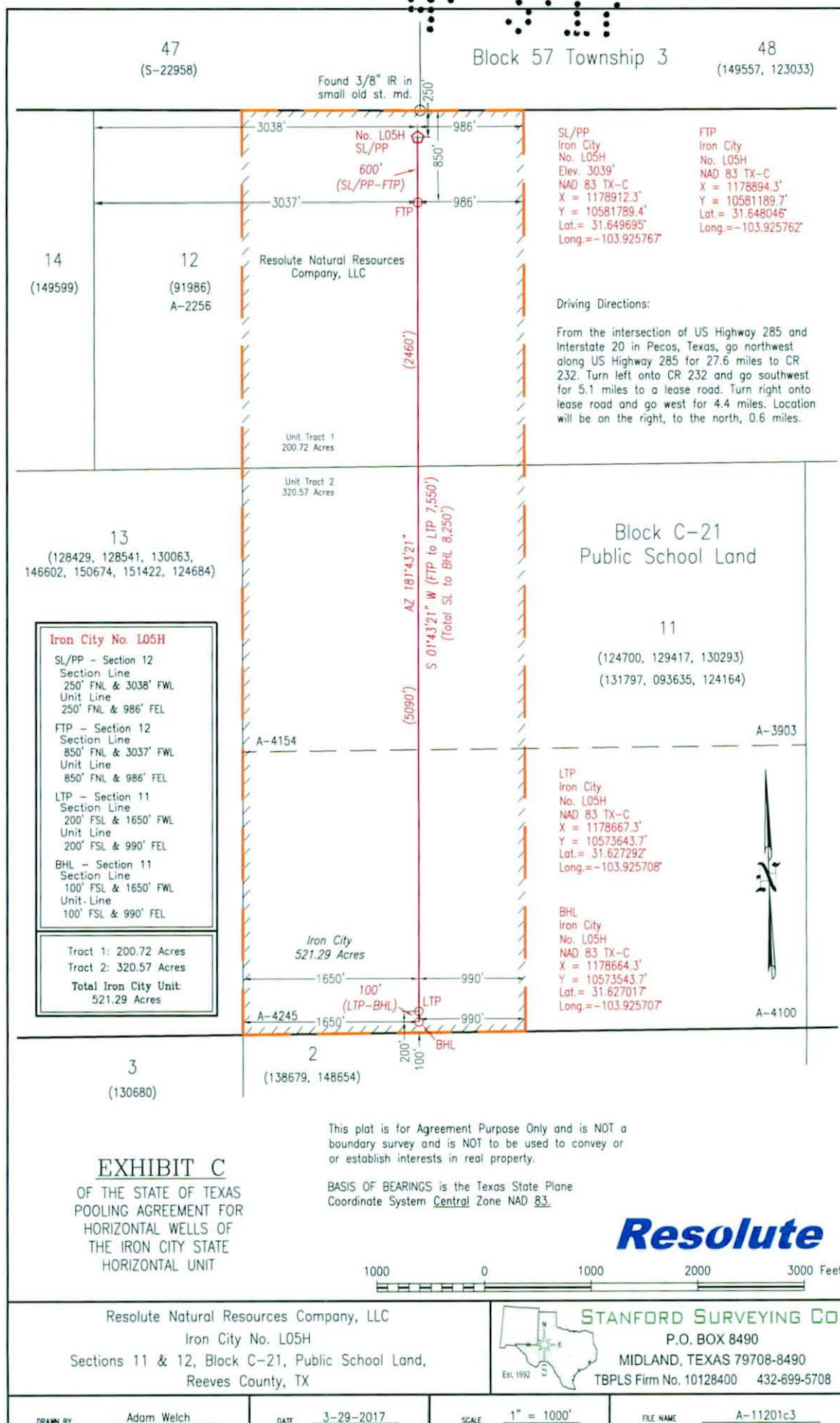
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Thence South 01°41'55" West, a distance of 5289.4 feet to a point in the north line of said Section 2, Block 56, at the south mid-point of said Section 11, for the southeast corner of this tract;

Thence North 88°52'14" West with the north line of said Section 2 and the south line of said Section 11, a distance of 2639.8 feet to the Point of Beginning.

Containing 320.57 surface acres of land. Bearings, distances, and coordinates are relative to the Texas Coordinate System, NAD 83, Central Zone.

Tracts 1 & 2 containing a total of 521.29 surface acres of land, more or less.



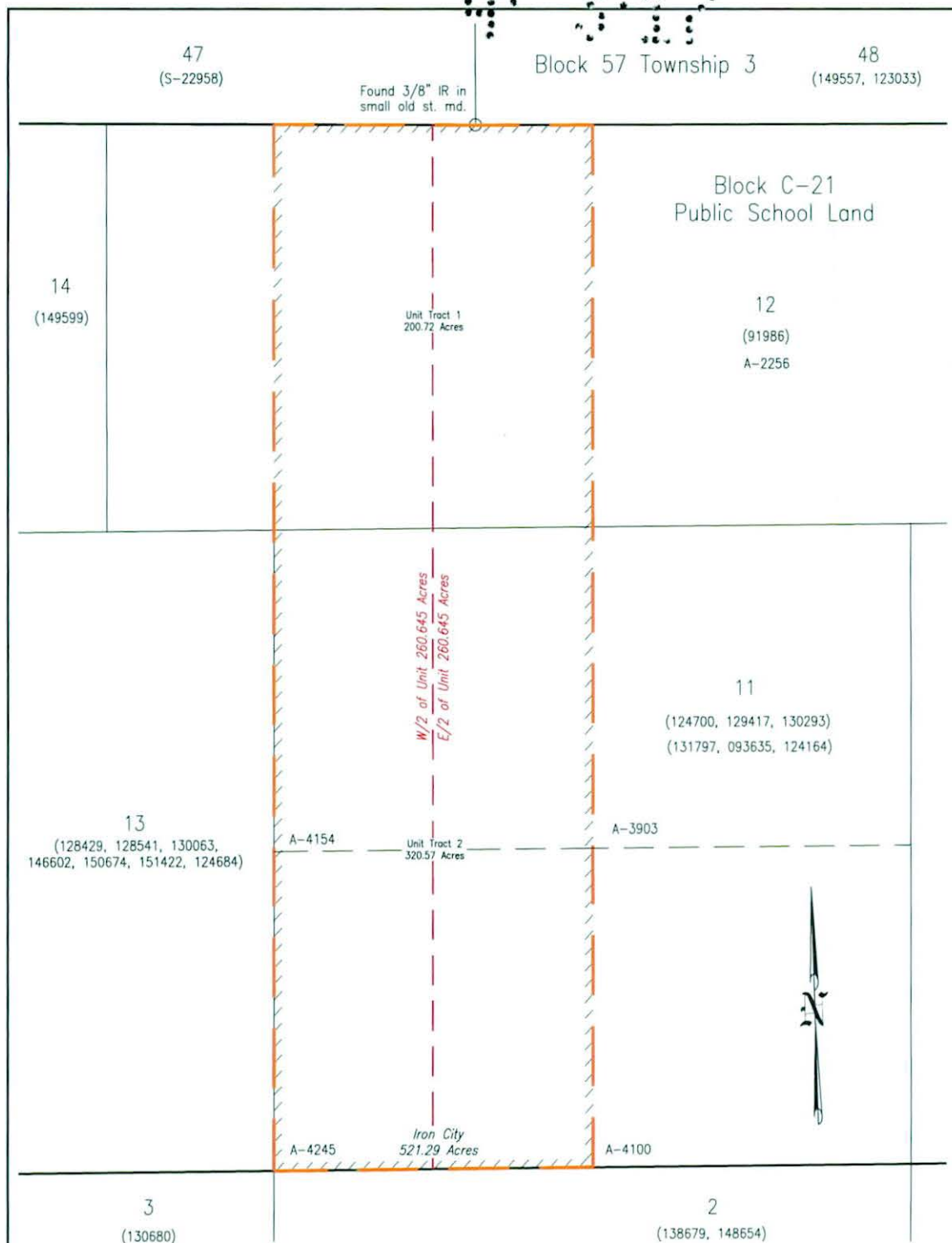


EXHIBIT D
OF THE STATE OF TEXAS
POOLING AGREEMENT FOR
HORIZONTAL WELLS OF
THE IRON CITY STATE
HORIZONTAL UNIT

This plot is for Agreement Purpose Only and is NOT a
boundary survey and is NOT to be used to convey or
or establish interests in real property.

BASIS OF BEARINGS is the Texas State Plane
Coordinate System Central Zone NAD 83.

Resolute



Resolute Natural Resources Southwest, LLC
Iron City Unit - 521.29 Acres
Sections 11 & 12, Block C-21, Public School Land,
Reeves County, TX



STANFORD SURVEYING CO.
P.O. BOX 8490
MIDLAND, TEXAS 79708-8490
TBPLS Firm No. 10128400 432-699-5708

DRAWN BY Adam Welch

DATE 3-29-2017

SCALE 1" = 1000'

FILE NAME A-11201b_2

File No. M- 110727
Pooling Agmt. Packet # 8382
Iron City Horiz. Unit
Date Filed: 4/6/17
George P. Bush, Commissioner
By [Signature]





Cimarex announces closing of the acquisition of Resolute Energy

3/1/2019

DENVER, March 1, 2019 /PRNewswire/ -- Cimarex Energy Co. (NYSE: XEC) announced that it completed its acquisition of Resolute Energy Corporation (NYSE: REN) ("Resolute") on March 1, 2019.

Resolute stockholders were able to elect to receive all cash, all stock or a combination of the two, subject to proration, so that the aggregate merger consideration consisted of no more than 60 percent shares of Cimarex Common Stock and 40 percent cash, based on the closing sale price for shares of Cimarex Common Stock on November 16, 2018. Following proration, Cimarex issued approximately 5.7 million shares of Cimarex Common Stock and paid \$325.6 million in cash to former holders of Resolute Common Stock and Resolute Equity Awards. At closing the total amount of funds necessary to pay the cash portion of the merger consideration, pay transaction fees and expenses and repay in full the amount outstanding under Resolute's revolving credit facility was approximately \$615 million, which Cimarex funded with cash on hand. In connection with the merger and concurrently with the closing, Cimarex also deposited funds sufficient to redeem any \$600 million 8.50% Senior Notes of Resolute outstanding on April 1, 2019, using cash on hand and borrowings under Cimarex's revolving credit facility, satisfying and discharging the indenture governing the 8.50% Senior Notes. As of March 1, 2019, we had \$525 million in borrowings outstanding under our revolving credit facility, leaving an unused borrowing availability of \$722.5 million.

Tom Jorden, Chairman and CEO of Cimarex stated, "We are ready to get to work on the high-quality assets we acquired from Resolute and are commencing completion operations on wells on the acquired acreage in the next few days." He went on to say, "Cimarex is committed to cash flow neutrality in 2019, including payment of our common stock dividend. We can achieve this at a \$52.50 NYMEX oil price and grow oil production."

In our recently provided 2019 production guidance, Cimarex assumed a contribution from the Resolute assets for the month of March of 28,000 barrels of oil equivalent per day (including 12,000 barrels of oil per day). This estimate takes into account volumes that are expected to be shut in to accommodate nearby completion operations. Cimarex estimates combined year over year production growth of 18 percent at the midpoint of guidance, with oil expected to grow 23 percent at the midpoint.

About Cimarex

Denver-based Cimarex is an independent oil and gas exploration and production company with principal operations in the Permian Basin and Mid-Continent areas of the U.S. For more information, visit <https://www.cimarex.com>. The company's common stock is traded on the NYSE under the ticker symbol "XEC."

Forward Looking Statements

This press release contains forward-looking statements, including statements regarding projected results and future events. These forward-looking statements are based on management's judgment as of the date of this press release and include certain risks and uncertainties. Please refer to the company's Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC, and other filings including our Current Reports on Form 8-K and Quarterly Reports on Form 10-Q, for a description of certain risk factors that may affect these forward-looking statements.

Actual results may differ materially from company projections and other forward-looking statements and can be affected by a variety of factors outside the control of the company including among other things: oil, NGL and natural gas price levels and volatility; higher than expected costs and expenses, including the availability and cost of services and materials; to successfully integrate the business of Resolute; compliance with environmental and other regulations; costs and availability of third party facilities for gathering, processing, refining and transportation; risks associated with operating in one major geographic area; environmental liabilities; the ability to receive drilling and other permits and rights-of-way in a timely manner; development drilling and testing results; declines in the values of our oil and gas properties resulting in impairments; the potential for production decline rates to be greater than expected; performance of acquired properties and newly drilled wells; regulatory approvals, including regulatory restrictions on federal lands; legislative or regulatory changes, including initiatives related to hydraulic fracturing, emissions and disposal of produced water; unexpected future capital expenditures; economic and competitive conditions; the availability and cost of capital; the ability to obtain industry partners to jointly explore certain prospects, and the willingness and ability of those partners to meet capital obligations when requested; changes in estimates of proved reserves; derivative and hedging activities; the success of the company's risk management activities; title to properties; litigation; the ability to complete property sales or other transactions; the effectiveness of controls over financial reporting; and other factors discussed in the company's reports filed with the SEC. Cimarex Energy Co. encourages readers to consider the risks and uncertainties associated with projections and other forward-looking statements. In addition, the company assumes no obligation to publicly revise or update any forward-looking statements based on future events or circumstances.

View original content:<http://www.prnewswire.com/news-releases/cimarex-announces-closing-of-the-acquisition-of-resolute-energy-300804956.html>

SOURCE Cimarex Energy Co.

File No. MF 110727
Notice: Cimarex County
and Resolute merger
Date Filed: 3/22/19
George P. Bush, Commissioner
By SSD



Texas General Land Office
George P. Bush, Commissioner
1700 North Congress Avenue
Austin, Texas 78701-1495

DEEP RIGHTS RETENTION PAYMENT FORM

Complete a separate form for each State Mineral File (MF). Multiple undivided interest leases, in the common mineral file, for which retention is being requested, may be listed together.

Mail or Deliver with Attention to: Energy Resources

STATE LEASE # MF 110727		<u>County</u> Reeves	<u>Gross Acres</u> 320.57	<u>Net Acres</u> 320.57	<u>Tract Part (Ex. NW/4)</u> W/2
Section: 11	Block: C-21	Survey: PSL Survey		Township:	Abstract: 5154, 4245
<u>Agent for State (Lessor)</u> Commissioner of the GLO			<u>Operator</u> Cimarex Energy Co.		

FOR EACH WELL, PROVIDE THE FOLLOWING:

- "As-Drilled" Plat (horizontal wells must have lateral length set out on the plat)
- P-15 as submitted to RRC where required by RRC Field Rules

<u>Contact</u> Matt Bruns	<u>Date</u> 03/14/2019
<u>Landman</u>	<u>Company</u> Cimarex Energy Co.
<u>Title</u> 432-571-7887	<u>Mailing Address</u> 600 N. Marienfeld, Ste. 600
<u>Telephone Number</u> mbruns@cimarex.com	<u>City, State, Zip</u> Midland, TX 79701
<u>E-Mail Address</u>	

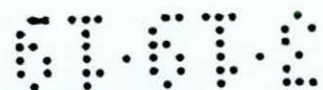
<u>Deep Rights Retention Bonus Work-Up</u>
Type of State Lease: (RAL, Fee, Free Royalty) Fee
Total Eligible Acres: 320.57
Total Amount Due: \$89,120.00
Check # 0001768486
<i>If there are undivided interests; there may be multiple checks</i>

For General Land Office Use Only:	Received: <u>3/19/19</u>	Payment Register No.: <u>19708129</u>
Amount: \$ <u>89,120.00</u>	Lease Type: <u>Upland Fee</u>	Unit No.: <u>8382</u>



AGENT FOR STATE (LESSOR)				
(if multiple undivided interests are included; list below)				
Lease MF# & Undivided Interest Alpha #	Name of Agent for State of Texas	Original Bonus to State in \$	Bonus Amount Due One half (½) of Original (based on acres being retained)	Undivided Interest Net Acres
M-110727	Commissioner of GLO	\$178,240.00	\$89,120.00	320.57
Deep Rights Retention Bonus Due to State TOTAL:			\$89,120.00	
Undivided Interest Net Acres TOTAL:				320.57

Copy and Complete Additional Sheets as Necessary



WELL INFORMATION

Copy and Complete Additional Sheets as Necessary

<u>WELL NAME & NO.</u> Iron City L05H		<u>API</u> 42-389-35590	<u>DISTRICT</u> 8	<u>RRC ID</u> 284479	<u>SPUD DATE</u> 4/4/2017	<u>COMPLETION DATE</u> 6/9/2017
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>W/2</u> Section: <u>12</u> Block: <u>C-21</u> Township: _____ Survey: <u>PSL Survey</u> Abstract: <u>2256</u>			OIL ☐ VERTICAL ☐ GAS ☒ HORIZONTAL ☒ FIELD NAME & NUMBER: <u>Phantom (Wolfcamp) 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 521.29	<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 320.57		<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 200.72		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 10,110'	
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u> 7,550'	<u>LENGTH OF LATERAL ON STATE LAND</u> 5,033'		<u>LENGTH OF LATERAL ON PRIVATE LAND</u> 2,516.67'		
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> 12/2018	<u>VOLUME</u> 10,237 BOE	<u>MONTH/YEAR</u> 1/2019	<u>VOLUME</u> 12,830 BOE	<u>MONTH/YEAR</u> 2/2019	<u>VOLUME</u> 11,451 BOE

<u>WELL NAME & NO.</u> Iron City C105SL		<u>API</u> 42-389-37621	<u>DISTRICT</u> 8	<u>RRC ID</u> 284479	<u>SPUD DATE</u> 10/8/2018	<u>COMPLETION DATE</u> 11/25/2018
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>W/2</u> Section: <u>12</u> Block: <u>C-21</u> Township: _____ Survey: <u>PSL Survey</u> Abstract: <u>2256</u>			OIL ☐ VERTICAL ☐ GAS ☒ HORIZONTAL ☒ FIELD NAME & NUMBER: <u>Phantom (Wolfcamp) 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 521.29	<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 320.57		<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 200.72		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 10,633'	
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u> 8,199'	<u>LENGTH OF LATERAL ON STATE LAND</u> 5,466'		<u>LENGTH OF LATERAL ON PRIVATE LAND</u> 2,733'		
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> 12/2018	<u>VOLUME</u> 7,285 BOE	<u>MONTH/YEAR</u> 1/2019	<u>VOLUME</u> 63,668 BOE	<u>MONTH/YEAR</u> 2/2019	<u>VOLUME</u> 77,102 BOE



CIMAREX

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

WELLS FARGO BANK NA

19708129

56-382/412

Present for payment within 180 days.

Vendor No.	Check No.	Check Date	Check Amount
023492	0001768486	03/12/2019	*****\$89,120.00

PAY Eighty Nine Thousand One Hundred Twenty Dollars and Zero Cents

TO THE
ORDER
OF
STATE OF TEXAS
1700 N CONGRESS AVE STE 840
AUSTIN TX 78701-1495

S. Mark April
Sherrill M. Nitta

SIGNATURE HAS A COLORED BACKGROUND - BORDER CONTAINS MICROPRINTING

⑈0001768486⑈

PLEASE DETACH AT PERFORATION ABOVE

CIMAREX

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

(303) 295-3995

PLEASE DETACH AT PERFORATION ABOVE

Check Number 0001768486

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ217031119b	03/11/2019		89,120.00	0.00	89,120.00
19708129 121					

023492

Vendor

Check Date: 03/12/2019

Check Amount

+ 89,120.00

File No. MF 110727
DRR Form + Bonus County

Date Filed: 3/22/19
George P. Bush, Commissioner
By SSD

2-19-19



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

March 22, 2019

Mr. Matt Bruns
Cimarex Energy Co.
600 N. Marienfeld Street, Suite 600
Midland, TX 79701

RE: MF110727 – State Fee Lease
Deep Rights Retention, Reeves County, Texas
320.57 acres, W/2 of Section 11, Block C-21, PSL Survey, A-5154 and A-4245
Well: Iron City L05H, API 42-389-35590, RRC 08-284479
Iron City C105SL, API 42-389-37621, RRC 08-284479

Dear Mr. Bruns,

The Deep Rights Retention check in the amount of \$89,120.00 has been accepted per paragraph #9, Special Terms and Conditions of the Pooling Agreement for the Iron City Horizontal Unit #8382, which extended the termination provisions of Paragraph 7. (A) and (B) of the Lease and will retain the deep rights until July 1, 2021 for State Lease MF110727. Enclosed is a copy of the check received on March 19, 2019.

If you have any questions, please feel free to contact me.

Best regards,

Susan S. Draughn, Landman
Energy Resources/Mineral Leasing
Direct: 512.463.6521
Email: susan.draughn@glo.texas.gov

Enclosure

File No. MF 110727
Letter accepting _____ County
DRR Bonus
Date Filed: 3/22/19
George P. Bush, Commissioner
By SSD



CIMAREX ENERGY CO
202 S Cheyenne Ave, Suite 1000
Tulsa, OK 74103

NADOA Model Form Division Order (Adopted 9/95)



unit 8382
MF110727

Date: 04/30/2019

Effective Date: 11/01/2016

030618

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

Description: IRON CITY L05H - GAS - ENT

Complete Property Description Listed Below

Production: ☐ X Oil ☐ X Gas ☐ Other: _____

Owner

COMMISSIONER OF THE GENERAL

Owner Number: 030618

Interest Type: STATE OF TEXAS ROYALTY

Interest Type Code: STA1

Decimal Interest: 0.15373880 ✓

Property Description

Property: 421050-012.01

IRON CITY L05H

Operator: RESOLUTE NATURAL RESOURCES

Location: Reeves, TX

Map Reference Information

Reeves, TX US

Survey: PSL

-Block: C21Lot: Sec: 12 Qtr/Qtr:

SEC 12 Blk C-21 - NE/4 NW/4

The undersigned certifies the ownership of the decimal interest in production proceeds as described payable by (Payor): **CIMAREX ENERGY CO**

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

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned.

The undersigned agrees to indemnify and reimburse Payor any amount attributable to an interest to which the undersigned is not entitled.

Payor may accrue proceeds until the total amount equals \$100.00, or as required by applicable state statute.

This Division Order does not amend any lease or operating agreement between the undersigned and the lessee or operator or any other contracts for the purchase of oil or gas.

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

SPECIAL CLAUSE: Cimarex Energy Co acquired Resolute Energy Corp effective March 1, 2019 - Gas & Oil decimal are the same

Owner(s) Signature(s): x _____ x _____

Owner(s) Tax I.D. Number(s): _____

Owner(s) Daytime Phone #: _____

Owner(s) FAX Number: _____

Owner(s) Email Address: _____

KEEP THIS COPY

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number. Failure to comply will result in 28% tax withholding and will not be refundable by Payor.



CIMAREX ENERGY CO
202 S Cheyenne Ave, Suite 1000
Tulsa, OK 74103



NADOA Model Form Division Order (Adopted 9/95)

Date: 04/30/2019

Effective Date: 01/01/2017

030618

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

Description: IRON CITY STATE C105SL - GAS - ENT

Complete Property Description Listed Below

Production: ☒ X Oil ☒ X Gas ☐ Other: _____

Owner COMMISSIONER OF THE GENERAL Owner Number: 030618 Interest Type: STATE OF TEXAS ROYALTY Decimal Interest: 0.15373880		Interest Type Code: STA1
--	--	--------------------------

Property Description			
Property:	421050-013.01	IRON CITY STATE C105SL	
Operator:	RESOLUTE NATURAL RESOURCES	Location:	Reeves, TX
Map Reference Information			
Reeves, TX US		Survey: PSL	-Block: C21Lot: Sec: 12 Qtr/Qtr:
SEC:12 BLK:C21 SRV:PSL ABS:2256 250 FN 3058 FW			

The undersigned certifies the ownership of the decimal interest in production proceeds as described payable by (Payor): **CIMAREX ENERGY CO**

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

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This Division Order does not amend any lease or operating agreement between the undersigned and the lessee or operator or any other contracts for the purchase of oil or gas.

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

SPECIAL CLAUSE: Cimarex Energy Co acquired Resolute Energy Corp effective March 1, 2019 - Gas & Oil decimal are the same

Owner(s) Signature(s): x _____ x _____

Owner(s) Tax I.D. Number(s): _____

Owner(s) Daytime Phone #: _____

Owner(s) FAX Number: _____

Owner(s) Email Address: _____

KEEP THIS COPY

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in 28% tax withholding and will not be refundable by Payor.

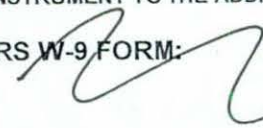


INSTRUCTIONS TO ALL INTEREST OWNERS

Read Carefully Before Signing the Instrument

- SIGNATURE:** Individuals: Sign name as shown in the instrument.
- Corporations: If signing for a corporation, please provide the name and title of the signatory party.
- SIGNATURE BY SECOND PARTY:** If the instrument is signed by agent, attorney-in-fact, guardian, estate representative, trustee or any other party other than the named interest owner, we must have evidence of the rights vested in the signatory party.
- MORTGAGE STIPULATION** If your interest is subject to a mortgage(s), please have the mortgagee(s) execute the document in the space(s) provided below your signature. If the mortgage(s) has been released, please provide us with a copy of the RECORDED release(s).
- MAILING ADDRESS:** If the checks should be mailed to a different address than shown with your name, please insert the address change. Print or type. Do not abbreviate. If you are already receiving checks from this company, be sure to use the same address to which we are now mailing checks.
- PAYMENT POLICY:** Payments are made upon accrual of \$100.00, or when proceeds for six (6) months have accumulated. An owner has the option of requesting to be paid monthly for proceeds totaling \$25.00. Should you require payments on the optional basis, please send us your written request.
- PROPERTY NUMBER:** On the left portion of the instrument you will find the number assigned to this well. This number will appear on the statement attached to your check and should always be used when corresponding with this company.
- CHANGE OF ADDRESS:** You should notify us promptly of any change in mailing address. This notice must be over your own signature, or the signature of your appointed agent. Always include your Owner Number (which will appear on your check from this company) and your old address, then state your new address with zip code.

THIS INSTRUMENT SHOULD NOT BE ALTERED IN ANY WAY UNLESS ACCOMPANIED BY DOCUMENTARY EVIDENCE TO SUPPORT THE CHANGE. FAILURE TO COMPLY WITH THESE INSTRUCTIONS MAY DELAY PAYMENT. RETURN THE EXECUTED INSTRUMENT TO THE ADDRESS BELOW. KEEP ONE (1) COPY FOR YOUR RECORDS.

IRS W-9 FORM:  FEDERAL LAW REQUIRES YOU TO FURNISH YOUR SOCIAL SECURITY NUMBER. IN ADDITION TO INSERTING IT ON THE ENCLOSED DIVISION ORDER YOU MUST ALSO COMPLETE AND SIGN THE ENCLOSED IRS W-9 FORM AND RETURN IT WITH THE EXECUTED DIVISION ORDER.

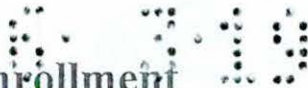
CIMAREX ENERGY CO.
DIVISION ORDER DEPARTMENT
202 SOUTH CHEYENNE AVE, SUITE 1000
TULSA, OK 74103-3001
ATTENTION: Paula Staires
(918) 560-7269 – Phone
(918) 295-1896 – Fax
E-Mail: pstaires@cimarex.com



REVENUE INTEREST OWNER COMMON QUESTIONS AND ANSWERS

- **Revenue check schedule**
Revenue checks are issued monthly on the 15th. If the amount of revenue due is less than \$100.00, payment is withheld until the amount due equals or exceeds \$100.00, subject to state regulations. All checks less than \$100.00 are issued in December on an annual basis.
- **Check not on schedule**
If payment is delayed more than 10 days, you should contact us to see if a check was issued.
- **Check Lost, stolen or outdated**
~~Immediately notify us in writing~~ of lost or stolen checks so we may issue a replacement check. If the check is stale dated, return it to us without defacing it so a replacement may be issued.
- **Determine interest value**
The evaluation or appraisal of interest requires geologic or engineering review and judgement. Therefore, we do not attempt such evaluations for interest owners. An appraisal can be obtained by contacting the services of an independent geologist, petroleum engineer or royalty broker. Revenue resulting from sales from the property is an important factor in evaluating royalty interests. Your check stubs or detail statements provide payment history for this analysis.
- **Requirements if Sell interest**
Because the sale of a royalty interest usually represents a real property transaction, we will need a certified copy of the deed recorded in the county where the property is located. For additional information about our requirements, please contact our Division Order Department.
- **Requirements for Death of Owner**
When an interest owner dies, an authorized representative or relative of the deceased must immediately notify the Division Order Department in writing. The deceased owner's name and owner number must appear in the notification as they appear on the revenue checks. State requirements differ, but generally a Will, Letters Testamentary, and/or other documents issued by the court are required to change royalty ownership records. Cimarex Energy Co does NOT accept Heirship Affidavits.
- **Change of Address**
You should notify us of any changes in address. Failure to report changes may delay delivery of your revenue checks and in many cases force us to place the revenue in suspense until we are notified of the change. Reinstatement of payment will resume upon receipt of an authorized address change. For your protection, changes of address must be made in writing. With your notification, please include your owner number, social security or tax identification number, old address and new address, including zip code. Please send your change of address to the attention of the Division Order Department. Form available at <https://www.cimarex.com/owner-information/>.

Direct Deposit Enrollment



Request Type: ☐ New or Updated Enrollment ☐ Cancellation
(If you are adding a well to an existing owner number you do not need to complete this form)

To enroll in direct deposit directly into your bank account, please complete and sign this application and submit it along with a voided check or deposit ticket for your account. Payments will settle to your bank account on the second business day after the 14th of each month. The enrollment process may take up to 50 days. In an effort to go green, paper statements will no longer be mailed. The detail will be available online at www.cimarex.com. Click on the owner information tab and then owner login. You will be prompted to contact PDS Energy for a login name and password.

Owner Information

Incomplete forms will not be processed

		X X X X X
Owner / Company Name	Owner No from Remittance	Federal Tax ID or SSN (last 4 digits)

Mailing Address

Contact Information (if different than authorizer below)

Name	Phone Number	Email Address

Bank Information

Bank Name	Bank Routing # (9 digits)	
Name on Account	Account #	Account Type: Checking or Savings

Authorization

I am an authorized representative of the company listed above and I hereby authorize Cimarex Energy Co and its subsidiaries to deposit payments into the account listed above. This agreement simply allows for a direct deposit in lieu of paper check payments. This authorization will remain in effect until your 30 day written notification of change or cancellation has been received by Cimarex. I agree to submit changes to the above remittance contact information in writing to Cimarex. It is agreed that Cimarex will not be held liable for any interest or other claim arising from failing to submit changes to the payment instruction or error in the payment instructions provided.

Signature	Title (If Company)	Date
Printed Name	Phone Number	Email Address

Return To

Cimarex Energy Co.
Attn: Treasury Dept.
1700 Lincoln Street, Suite 3700
Denver, CO 80203-4537

Fax (303) 285-0229
Email: treasury@cimarex.com



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

August 21, 2019

Jeanine Hale-Hill
Division Order Analyst
Cimarex Energy Co
202 S Cheyenne Ave, Suite 1000
Tulsa, OK 74103-3001

Re: State Lease No. MF110727 Iron City L05H and C105SL Unit 8382

Dear Mrs. Hale-Hill:

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

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

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

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

Thank you,

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

File No. MF 110727Reeves CountyDivision OrderFiled: 8-22-19

George P. Bush, Commissioner

VR



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

August 16, 2022

Certified USPS # 7011 1150 0001 2419 7989

Cimarex Energy Co.

Re: Partial Release of State Lease No. MF 110727 GLO Unit No. 8382
Iron City State Well No. C105SLH / API No. 42-389-37621 / RRC Lease No. 08-286502
Being 320 acres, more or less, of the W/2 of Section 11, Block C21, PSL Survey, Reeves
County, Texas

To Cayla Gorski,

The Texas General Land Office (GLO) has completed a review of the above captioned State Lease and its associated Unit of which Resolute Natural Res. Co., LLC and Cimarex Energy Co. through the 2019 merger is the current listed operator. The review of our internal records indicated that the GLO has not received a Partial Release as required under the Retained Acreage Clause located in Paragraph No. 7 of the above referenced State Lease and Unit. Said partial release date appears to be effective as of July 21, 2021.

In accordance with Paragraph No. 7 (A) and (B) of the State Lease dated April 6, 2010 and Paragraph No. 9 of the Pooling Agreement for GLO Unit No. 8382, it appears the above referenced State Lease terminated below 10,813' as being depicted in the Iron City State Well No. L05H (API No. 42-389-37621), said well being the deepest well drilled, as reflected in the QES Survey Completion Report and 100' below the deepest well drilled.

Please provide the GLO with a Partial Release of the above referenced State Lease and Unit as to the terminated depths as required under Paragraph No. 7 and 9, effective as of the date of said termination. Additionally, Title 31, §9.92, of the Texas Administrative Code requires that a recorded original or certified copy of the Partial Release, along with a filing fee of twenty-five dollars (\$25.00) for each State Lease affected by said Partial Release, is to be filed with our office.

Should you disagree with this assessment please provide evidence to the GLO at the address shown below within thirty (30) days of receipt of this letter. If you have questions concerning this matter, please feel free to e-mail me at the address below my signature.

Regards,

Kirstin Scherer
Energy Resources
Kirstin.Scherer@glo.texas.gov

Company: Resolute Energy Corporation
Project: Reeves County, Tx
Site: Sec 11 & 12, Block C-21, Public School Land
Well: Iron City State # C105SL
Wellbore: Sidetrack #1
Design: Sidetrack #1

Local Co-ordinate Reference: Well Iron City State # C105SL
TVD Reference: WELL @ 3060.0usft (RKB 21')
MD Reference: WELL @ 3060.0usft (RKB 21')
North Reference: Grid
Survey Calculation Method: Minimum Curvature
Database: EDM 5000.1 Single User Db

MD (usft)	Inc (°)	Azi (azimuth) (°)	TVD (usft)	N/S (usft)	E/W (usft)	Closure Distance (usft)	Closure Azimuth (°)
17,032.0	90.00	180.30	10,604.5	-6,546.4	-213.1	6,549.8	181.86
17,127.0	90.30	178.60	10,604.3	-6,641.3	-212.2	6,644.7	181.83
17,222.0	89.90	177.70	10,604.1	-6,736.3	-209.2	6,739.5	181.78
17,317.0	90.10	178.60	10,604.1	-6,831.2	-206.1	6,834.4	181.73
17,412.0	89.80	176.70	10,604.2	-6,926.2	-202.2	6,929.1	181.67
17,507.0	90.20	178.60	10,604.2	-7,021.1	-198.3	7,023.9	181.62
17,554.0	89.90	180.30	10,604.1	-7,068.1	-197.9	7,070.8	181.60
17,601.0	90.00	182.10	10,604.2	-7,115.1	-198.8	7,117.8	181.60
17,696.0	90.10	183.50	10,604.1	-7,209.9	-203.5	7,212.8	181.62
17,791.0	90.20	183.90	10,603.8	-7,304.7	-209.6	7,307.8	181.64
17,886.0	90.30	185.80	10,603.4	-7,399.4	-217.6	7,402.6	181.68
17,981.0	90.20	184.70	10,603.0	-7,494.0	-226.3	7,497.4	181.73
18,076.0	90.10	183.30	10,602.8	-7,588.8	-233.0	7,592.3	181.76
18,171.0	90.20	184.20	10,602.5	-7,683.6	-239.2	7,687.3	181.78
18,266.0	90.70	183.30	10,601.8	-7,778.4	-245.4	7,782.2	181.81
18,361.0	90.40	182.80	10,600.9	-7,873.2	-250.4	7,877.2	181.82
18,456.0	90.60	182.80	10,600.0	-7,968.1	-255.1	7,972.2	181.83
18,551.0	90.00	181.70	10,599.5	-8,063.0	-258.8	8,067.2	181.84
18,646.0	90.40	180.70	10,599.2	-8,158.0	-260.8	8,162.2	181.83
18,677.0	89.60	180.60	10,599.2	-8,189.0	-261.2	8,193.2	181.83
18,731.0	89.60	180.60	10,599.6	-8,243.0	-261.7	8,247.1	181.82

TD @ 18731.0' MD / 10599.6' TVD

Design Annotations					
Measured Depth (usft)	Vertical Depth (usft)	Local Coordinates		Comment	
		+N/-S (usft)	+E/-W (usft)		
12,187.0	10,617.1	-1,706.3	-56.9	ST1 Tie In @ 12187.0' MD / 10617.6' TVD	
18,731.0	10,599.6	-8,243.0	-261.7	TD @ 18731.0' MD / 10599.6' TVD	

110727

Company:	Resolute Energy Corporation	Local Co-ordinate Reference:	Well Iron City State # C105SL
Project:	Reeves County, Tx	TVD Reference:	WELL @ 3060.0usft (RKB 21')
Site:	Sec 11 & 12, Block C-21, Public School Land	MD Reference:	WELL @ 3060.0usft (RKB 21')
Well:	Iron City State # C105SL	North Reference:	Grid
Wellbore:	Wellbore #1	Survey Calculation Method:	Minimum Curvature
Design:	Wellbore #1	Database:	EDM 5000.1 Single User Db

Survey								
MD (usft)	Inc (°)	Azi (azimuth) (°)	TVD (usft)	N/S (usft)	E/W (usft)	Closure Distance (usft)	Closure Azimuth (°)	
12,378.0	92.11	181.01	10,614.5	-1,897.2	-55.1	1,898.0	181.66	
12,473.0	90.55	181.62	10,612.3	-1,992.2	-57.3	1,993.0	181.65	
12,567.0	90.36	184.76	10,611.6	-2,086.0	-62.5	2,086.9	181.72	
12,662.0	90.15	184.16	10,611.2	-2,180.7	-69.9	2,181.8	181.84	
12,757.0	89.38	182.91	10,611.6	-2,275.5	-75.8	2,276.8	181.91	
12,852.0	87.31	182.19	10,614.3	-2,370.4	-80.0	2,371.7	181.93	
12,948.0	0.00	360.00	10,677.2	-2,430.4	-82.3	2,431.8	181.94	
13,002.0	88.50	182.00	10,712.2	-2,464.4	-83.5	2,465.8	181.94	
OH TD @ 12935.0' MD / 10618.2' TVD								

Design Annotations					
Measured Depth (usft)	Vertical Depth (usft)	Local Coordinates			
		+N/-S (usft)	+E/-W (usft)	Comment	
168.0	168.0	-0.1	-0.2	First QES Survey @ 168.0' MD / 168.0' TVD	
13,002.0	10,712.2	-2,464.4	-83.5	OH TD @ 12935.0' MD / 10618.2' TVD	

110727

19

File No. MF 110727
Reeves County
Termination Packet
Date Filed: 08/16/2022
By GPB George P. Bush, Commissioner



Coterra Energy Inc.
600 N. Marienfeld Street, Suite 600
Midland, TX 79701

Main 432.571.7800
coterra.com

October 6, 2022

Attn: Kirstin Scherer- Energy Resources/Mineral Leasing
Texas General Land Office
1700 N. Congress Ave., Suite 840
Austin, Texas 78701

Re: Partial Release of Oil and Gas Lease
MF-110727
W/2 Section 11, Block C-21, PSL Survey,
Reeves County, Texas

Kirstin,

Enclosed please find a certified recorded copy of the Partial Release of Oil and Gas Lease covering the W/2 of Section 11, Block C-21, PSL Survey, Reeves County, Texas, as executed by Resolute Natural Resources Southwest, LLC. Also enclosed is the associated \$25.00 check for the filing fee.

If you have any questions or concerns, please do not hesitate to contact me at (432)-571-7874, or at Cayla.Gorski@coterra.com.

Sincerely,
Resolute Natural Resources Southwest, LLC
Coterra Energy Inc.

A handwritten signature in blue ink, appearing to read "Cayla Gorski", is written over a faint circular stamp.

Cayla Gorski
Landman- Permian Exploration

Enclosures



165716	Vendor	Check Date: 10/04/2022	Check Amount	25.00
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CIMAREX ENERGY CO
 1700 LINCOLN STREET SUITE 3700
 DENVER CO 80203-4518



(303) 295-3995

Check Number 0001833044

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21710032022d	10/03/2022		25.00	0.00	25.00

23701012

165716

 Vendor

Check Date: 10/04/2022

Check Amount 

25.00

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

PARTIAL RELEASE OF OIL AND GAS LEASE

STATE OF TEXAS §
 §
COUNTY OF REEVES §

RESOLUTE NATURAL RESOURCES SOUTHWEST, LLC (hereinafter the "Lessee"), a Delaware limited liability company, whose address is 600 N. Marienfeld St., Suite 600, Midland, TX 79701, does hereby release, remise, relinquish, and surrender unto the Lessor named below or their successors-in-interest, all of its right, title and interest in and to the Oil and Gas Lease described below ("the Lease"), INsofar AND ONLY INsofar AS the Lease covers the lands and depths described below for such Lease, it being Lessee's intent to reserve and retain all portions of the Lease not included within the legal description below:

GLO Lease No.: MF-110727
Lease Dated: April 6, 2010
Original Lessor: The State of Texas, by and through Jerry E. Patterson,
Commissioner of the General Land Office of the State of Texas
Original Lessee: Veritas 321 Energy Partners, LP
Current Lessee: Resolute Natural Resources Southwest, LLC
Recorded: Volume 844, Page 360, Official Public Records of Reeves County,
Texas
Description: West half (W/2) of Section 11, Block C-21, PSL Survey, Reeves
County, Texas, containing 320.00 acres, more or less; INsofar
AND ONLY INsofar AS the Lease covers depths BELOW
10,813 feet TVD, being 100 feet below the deepest total depth
drilled in the Iron City State C105SL (API: 42-389-37621), as seen
on the QES Directional Drilling, Inc. MWD directional survey
dated 11/22/2018, as filed with the Railroad Commission of Texas
for the completion of the Iron City State C105SL (API: 42-389-
37621).

RESOLUTE NATURAL RESOURCES SOUTHWEST, LLC expressly retains and reserves all right, title and interest in and to the Lease as to those depths from the surface of the Earth down to and including 10,813 feet, being 100 feet below the total depth drilled in the Iron City State C105SLH (API: 42-389-37621).

Partial Release of Oil and Gas Lease- Reeves Co., TX

Page 1 of 2



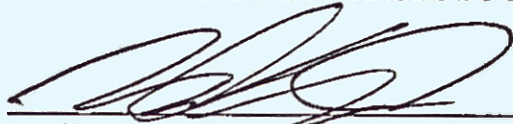
True & Correct Copy of a
Document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 1 of 3

IN WITNESS WHEREOF, this instrument is executed on the date reflected in the acknowledgement below, but it shall be effective for all purposes as of July 1, 2021.

CURRENT LESSEE:

RESOLUTE NATURAL RESOURCES SOUTHWEST, LLC

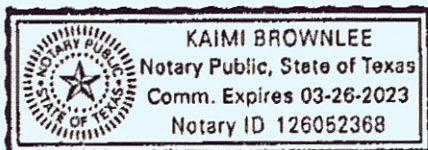
By:

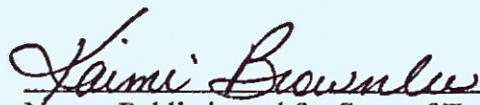

Bradley Cantrell, Attorney-in-Fact *cg*
BC

ACKNOWLEDGEMENT

STATE OF TEXAS §
§
COUNTY OF MIDLAND §

This instrument was acknowledged before me on this 1st day of September, 2022, by Bradley Cantrell, acting as Attorney-in-Fact, for Resolute Natural Resources Southwest, LLC, a Delaware limited liability company, on behalf of said company.




Notary Public in and for State of Texas

My Commission Expires: 3/26/2023

Partial Release of Oil and Gas Lease- Reeves Co., TX

Page 2 of 2



True & Correct Copy of a
document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 2 of 3



VG-3010-2022-2022006180

Reeves County
Dianne O. Florez
Reeves County Clerk

Instrument Number: 2022006180

Real Property Recordings
PARTIAL RELEASE OF LEASE

Recorded On: September 09, 2022 10:58 AM

Number of Pages: 3

" Examined and Charged as Follows: "

Total Recording: \$30.00



***** THIS PAGE IS PART OF THE INSTRUMENT *****
Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2022006180
Receipt Number: 20220909000005
Recorded Date/Time: September 09, 2022 10:58 AM
User: Rebecca G
Station: CLERK07

Record and Return To:

CIMAREX ENERGY CO/ ATTN CAYLA
600 N MARIENFELD STE 600 ATTN CAYLA GORSKI
MIDLAND TX 79701



STATE OF TEXAS
Reeves County

I hereby certify that this Instrument was filed in the File Number sequence on the date/time
printed hereon, and was duly recorded in the Official Records of Reeves County, Texas

Dianne O. Florez
Reeves County Clerk
Reeves County, TX

Dianne O. Florez



True & Correct Copy of a
Instrument on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 3 of 3

037 01

20

File No. MF 110727
Reeves County
Partial Release - Depths
Date Filed: 10/24/2022
By: (18) George P. Bush, Commissioner



CERTIFIED A TRUE AND CORRECT COPY
OF THE RECORD ON FILE IN MY OFFICE

Dianne O. Florez
Reeves County Clerk

10-5-2022 By: R. Shanks
Date Deputy Clerk

Matthew Scott

From: Matthew Scott
Sent: Wednesday, September 20, 2023 8:59 AM
To: Jesse Acosta
Cc: Robert Hatter; Brian Raygon
Subject: 08-9186 9-20-23 COMMINGLING APPLICATION APPROVAL WEST MUSTANG CTB
Attachments: 08-8196 9-20-23 COMMINGLING APPLICATION APPROVAL WEST MUSTANG CTB.pdf; Approved Flying Dog, Iron City, Harpoon, and Great Divide P17.pdf; Flying Dog, Iron City, Harpoon, and Great Divide COMMINGLE LEASE LIST Rev. 2.pdf; GLO Application.pdf; PROPOSED Flying Dog, Iron City, Harpoon, Great Divide PFD -9.5.23 R1 (1).pdf

Mr. Acosta,

Thank you for submitting the application to commingle production from GLO Unit 8382 (Iron City State Unit), Unit 7496 (Flying Dog Horizontal Unit), Unit 6833 (Great Divide Unit), and Unit 7063 (Harpoon Horizontal Unit) at the West Mustang CTB.

Please find attached the approval of the application dated 9/20/2023 for the surface commingling of the production from GLO Unit 8382, 7496, 6833, and 7063 at the West Mustang CTB listed in the application and as part of RRC P17 08-9186.

Thank you,

Matthew

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

From: Jesse Acosta <Jesse.Acosta@coterra.com>
Sent: Tuesday, September 19, 2023 11:21 AM
To: Matthew Scott <Matthew.Scott@glo.texas.gov>
Subject: [EXTERNAL] FW: GLO Surface Commingle Application-Iron City, Flying Dog, Great Divide and Harpoon-Resolute Natural Resources LLC- Reeves County-Revision 2

Mr. Scott,

Please see attached revised GLO surface commingle application to combine Resolute Natural Resources LLC's developments in Iron City, Flying Dog, Great Divide, and, Harpoon in Reeves County, Texas. Our production engineer has made the appropriate changes to the PFD and I have made changes to the commingle list.

-Signed GLO Application.
-Process Flow Diagram-Rev 2

-Approved P17 from the Texas Railroad Commission.
-GLO Commingle List Rev 2

Thanks

Jesse Acosta

From: Jesse Acosta
Sent: Wednesday, August 23, 2023 3:01 PM
To: Matthew Scott <Matthew.Scott@glo.texas.gov>
Subject: GLO Surface Commingle Application-Iron City, Flying Dog, Great Divide and Harpoon-Resolute Natural Resources LLC- Reeves County

Mr. Scott,

Please see attached GLO surface commingle application to combine Resolute Natural Resources LLC's developments in Iron City, Flying Dog, Great Divide, and, Harpoon in Reeves County, Texas.

-Signed GLO Application.
-Process Flow Diagram
-Approved P17 from the Texas Railroad Commission.
-GLO Commingle List

Thanks

Jesse Acosta



Jesse Acosta | Regulatory Analyst
T: 432-571-7871 | Jesse.Acosta@coterra.com | www.coterra.com
Coterra Energy Inc. | 6001 Deauville Blvd, Suite 300N | Midland, TX 79706

Coterra Energy Inc. is the result of the merger of Cimarex Energy Co. and Cabot Oil & Gas Corporation on October 1, 2021.

This message may contain confidential and/or privileged information. If you are not the addressee or authorized to receive this for the addressee, you must not use, copy, disclose or take any action based on this message or any information herein. If you have received this message in error, please advise the sender immediately by reply e-mail and delete this message.

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



Texas General Land Office
Application to Surface Commingle State Leases

Application Revision
April 15, 2023

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

Certifications Form P-17/P-17A District: 8 Permit Number: 9186 Effective Month/Year: 10/2022

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

Company Name, Address: Resolute Natural Resources Co LLC, 6001 Deauville Blvd, Suite 300N Midland, TX 79706

Responsible Official Name, Title: Jesse, Acosta, Regulatory, Analyst Signature: [Signature]

Date: 8/23/2023 Phone: (432) 571-7871 Email Address: Jesse.Acosta@Coterra.com

GLO Approval by: Matthew T. Scott Signature: [Signature] Date: 9/20/2023

GLO Notes: GLO Unit 8382 (Iron City State Unit), Unit 7496 (Flying Dog Horizontal Unit), 6833 (Great Divide Unit), and 7063 (Harpoon Horizontal Unit)

GLO LEASE LIST

REVISION: 4/15/2023

RRC Form P-17 Permit Operator Name	RRC Form P-17/17A Number	Application Date on P-17	RRC District
Resolute Natural Resources	9186	Oct-22	8

GLO LEASE LIST			SEE NOTE 3				SEE NOTE 1			SEE NOTE 2	
RRC Designated Field Name & (Reservoir)	RRC Lease Name	RRC Well Number	RRC Lease Number or Identifier	Wellbore 10 Digit API No.	RRC Form P-17 Action Status	RRC Lease Type (Oil/Gas)	State Mineral Lease No.	Production Sharing Agreement (PSA) Number	GLO Unit Name Per Unit Agreement	GLO Unit Number or PSA i-Nut Number	State Mineral Lease or Unit Decimal NRI
Phantom (Wolfcamp)	Iron City State	C105SL	268502	42-389-37621		Gas			Iron City Horizontal Unit	8382	0.15373880
Phantom (Wolfcamp)	Iron City State	L05H	284479	42-389-35590		Gas			Iron City Horizontal Unit	8382	0.15373880
Phantom (Wolfcamp)	Flying Dog	1401BH	284571	42-389-34773	New	Gas			Flying Dog Horizontal Unit	7496	0.05161859
Phantom (Wolfcamp)	Great Divide	1402BR	284497	42-389-34574	New	Gas			Great Divide Unit	6833	0.03389850
Phantom (Wolfcamp)	Harpoon	1401BH	285367	42-389-34253	New	Gas			Harpoon Horizontal Unit	7063	0.04982934
Phantom (Wolfcamp)	Harpoon	L05H	284530	42-389-35530	New	Gas			Harpoon Horizontal Unit	7063	0.04982934
		SEE NOTE 4	SEE NOTE 3				SEE NOTE 1	SEE NOTE 1		SEE NOTE 1	SEE NOTE 2

ALL RRC FIELD NAMES, RRC LEASE NAMES, RRC LEASE & DP NUMBERS, API NUMBERS, MINERAL LEASE NUMBERS, PSA NUMBERS, UNIT NAMES, UNIT NUMBERS, AND NRIS IN THE TABLE ABOVE WERE CREATED FOR EXAMPLE PURPOSES ONLY.

NOTES:

1. ENTER THE STATE MINERAL LEASE NUMBER WHERE THE PRODUCTIVE FIELD INTERVAL OF THE WELL IS LOCATED WITHIN THE PHYSICAL BOUNDARY OF THE LEASE TRACT.

IF DUE TO HORIZONTAL SEVERANCE OR DEPTH LIMITATIONS SEVERAL LEASES EXIST WITHIN A COMMON WELLBORE, THEN ENTER THE MINERAL LEASE NUMBER FOR THE RRC DESIGNATED PRODUCING FIELD AND RESERVOIR INTERVAL.

IF A VERTICAL WELL, HORIZONTAL WELL, OR DIRECTIONAL WELL IS INCLUDED IN THE SCOPE OF A POOLED UNIT THAT INCLUDES MULTIPLE STATE AND PRIVATE LEASES, THEN LEAVE THE MINERAL LEASE NUMBER BLANK AND ENTER THE GLO UNIT NAME, NUMBER, AND UNIT NET ROYALTY INTEREST (NRI) IN THE APPROPRIATE COLUMNS.

IF THE WELLBORE OF A HORIZONTAL WELL OR DIRECTIONAL WELL TRAVERSES MULTIPLE STATE AND PRIVATE MINERAL LEASES AND THE WELLBORE IS NOT INCLUDED IN A GLO POOLED UNIT, THEN ENTER EITHER:

(A) THE PSA NUMBER AND LOWEST LEVEL BASE MINERAL FILE NUMBER FOR THAT PSA BASED ON SHARED AREA AND ITS APPLICABLE NRI BASED ON ACREAGE PARTICIPATION IN THE APPROPRIATE COLUMNS, OR
(B) THE PSA NUMBER, LOWEST LEVEL BASE MINERAL FILE NUMBER, AND THE ASSOCIATED I-NUT NUMBER (ELSE "PENDING" IF THE I-NUT NUMBER HAS NOT YET BEEN ASSIGNED) FOR EACH ALLOCATION WELL WELLBORE BASED ON LENGTH OF LATERAL OR HORIZONTAL DRAINHOLE AREA IN THE PRODUCTIVE INTERVAL AND THE APPLICABLE STATE NRI FOR THAT WELLBORE IN THE APPROPRIATE COLUMNS.

2. ENTER THE STATE'S (GLO) NET MINERAL LEASE INTEREST (8 DECIMAL PLACES PER DIVISION ORDER) FOR THAT STATE LEASE ELSE ENTER THE POOLED UNIT, PSA, OR I-NUT NET ROYALTY INTEREST ASSOCIATED WITH: (A) A GLO POOLED UNIT, (B) A PSA BASED ON SHARED AREA, OR (C) A PSA FOR ONE OR MORE ALLOCATION WELLS WITH AN NRI DETERMINED FOR EACH INDIVIDUAL WELL AND REPORTED BY I-NUT NUMBER COMPLETION. IF AN ALLOCATION WELL THAT IS ALLOCATED BASED ON LENGTH OF LATERAL HAS NOT BEEN DRILLED, IS PENDING COMPLETION, OR WAS RECENTLY COMPLETED, AND THE NRI HAS NOT YET BEEN DEFINED THEN ENTER "EST" FOLLOWED BY AN ESTIMATE OF THE NRI BASED ON THE PROPOSED OR PLANNED LENGTH OF LATERAL OR BASED ON OTHER SIMILAR EXISTING COMPLETIONS.

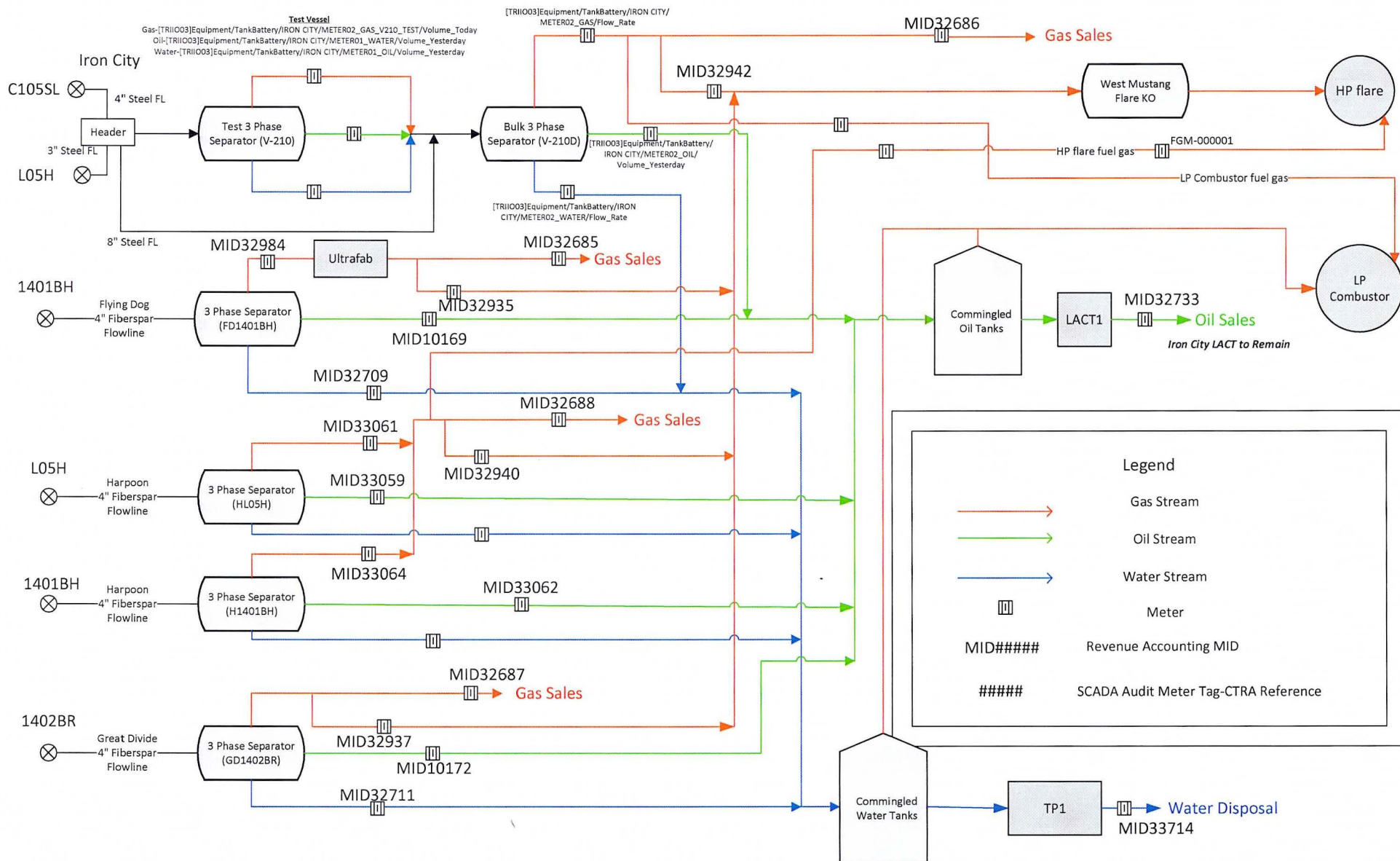
AN I-NUT NUMBER IS A UNIQUE NUMBER THAT IS ASSIGNED TO EACH API WELLBORE THAT IS DRILLED AS AN ALLOCATION WELL WITH ALLOCATION BASED ON THE LENGTH OF LATERAL OR HORIZONTAL DRAINHOLE AREA WITHIN THE PRODUCTIVE RESERVOIR THAT IS AUTHORIZED PER A SPECIFIC UPLANDS LEASE PRODUCTION SHARING AGREEMENT (PSA). A HIGHWAY ROW (HROW) AND OTHER STATE AGENCY LANDS TYPE LEASE WILL NOT BE ASSOCIATED WITH A PSA. IF AN APPLICATION TO COMMINGLE STATE LEASES IS SUBMITTED AND AN I-NUT NUMBER HAS NOT YET BEEN ASSIGNED BY GLO STAFF, THEN ENTER "PENDING" AS THE REFERENCE PSA I-NUT NUMBER.

I-NUT IS AN ACRONYM FOR "INTERNAL NON-UNIT TRANSACTION" THAT IS ASSIGNED BY GLO STAFF TO AN ALLOCATION WELL PER A SPECIFIC PRODUCTION SHARING AGREEMENT (PSA) THAT IS ASSOCIATED WITH ONE OR MORE STATE LEASES. GLO STAFF VERIFIES/DETERMINES THE NRI BASED ON AS-DRILLED LENGTH OF LATERAL INFORMATION PROVIDED BY THE LESSEE AND THE PARTICIPATION FACTOR OF EACH CONTRIBUTING STATE LEASE DEFINED BY THE APPLICABLE PSA.

PRODUCTION SHARING AGREEMENT (PSA) NUMBERS ARE TYPICALLY ASSOCIATED WITH PERMANENT SCHOOL FUND (PSF) LANDS, (I.E., RIVERS, CREEKS, BAYS, GULF OF MEXICO, RELINQUISHMENT ACT LANDS, SCHOOL FEE, FREE ROYALTY, SURFACE SOLD MINERALS RESERVED, ETC.). HOWEVER, OTHER STATE AGENCY LANDS (I.E., HROW, TDCJ, TXDOT, ETC.) WILL NOT HAVE PSA NUMBERS ASSIGNED. PSA DOCUMENTS ARE AVAILABLE VIA THE SCANNED BASE MINERAL FILE DOCUMENTS ACCESSED VIA THE GLO PUBLIC GIS MAP VIEWER. IF NOT AVAILABLE FROM YOUR PRODUCTION REVENUE ACCOUNTING, DIVISION ORDER ANALYSTS, OR LANDMAN STAFF OR FILE RECORDS FOR A MINERAL LEASE TRACT.

3. IF A RRC LEASE NUMBER IS PENDING ASSIGNMENT OR THE WELL HAS NOT BEEN COMPLETED THEN ENTER "DP" FOLLOWED BY THE RRC DRILLING PERMIT NUMBER ASSIGNED BY THE RRC.
4. ALL WELLS ASSOCIATED WITH EACH RRC LEASE NUMBER INCLUDED IN THE SCOPE OF A COMMINGLING PERMIT SHALL BE INCLUDED ON THE GLO LEASE LIST SUBMITTED WITH THE APPLICATION TO COMMINGLE STATE LEASES.

THE NOTES SECTION ABOVE IS FOR INFORMATION AND GUIDANCE ONLY AND THUS MAY BE DELETED FROM THE GLO LEASE LIST THAT IS SUBMITTED TO THE GLO AS PART OF AN APPLICATION REQUEST TO COMMINGLE STATE LEASES.





RAILROAD COMMISSION OF TEXAS

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

Form P-17

Rev. 03/2019

**EXCEPTION TO STATEWIDE RULES 26 AND/OR 27
COMMINGLE PERMIT APPLICATION**

☐ New
☒ Amended Existing Permit
No. 9188
Effective Month/Year of Requested
Exception: 10/2022
District 8
County Reeves

SECTION 1. OPERATOR INFORMATION

Operator Name: Resolute Natural Resources Co LLC Operator P-5 No.: 703352
Operator Address: 800 N Marlenfold Ste 800 Midland, TX 79701

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

Gatherer Name: Eagleclaw Midstream Ventures LLC Gatherer P-5 No.: 238465
Gatherer Address: 500 W Illinois Ave Ste 700 Midland, TX 79701

Gatherer E-mail Address:

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

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

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

SECTION 4. NOTICE REQUIREMENTS AND ALLOCATION METHOD.

If you are seeking an exception to Rule 26 or 27 pursuant to subsection (d) of Rule 26, 21-day notice is required and applies to all wells proposed for commingling.

☒ The royalty interests and working interests are not the same with respect to identity and percentage; and the production stream from each tract and each Commission-designated reservoir is not measured separately therefore, I have provided the required 21-day notice pursuant to subsection (d) of Rule 26.

Production will be allocated by: ☐ W-10 (oil) ☐ W-2 retest (oil) ☐ PD Meter (oil & condensate) ☐ G-10 (gas) ☒ Other Allocation Meter (oil & gas)

SECTION 5. ☐ Any one of the wells proposed for commingling produces from a Commission-designated reservoir for which special field rules regarding surface commingling have been adopted. (Additional notice may be required; see instructions)

SECTION 6. ☐ Wells proposed for commingling have an operator's name other than the applicant listed in SECTION 1. (See instructions)

SECTION 7. ☐ For oil production, the production from all oil wells on each oil lease is to be commingled. (See instructions)

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

DISTRICT	RRC IDENTIFIER	ACTION	LEASE AND FIELD NAME	WELL NO.
8	268502	☒ Existing ☐ Add ☐ Delete	Iron City State	C105SL
8	284479	☒ Existing ☐ Add ☐ Delete	Iron City State	L05H
8	284571	☐ Existing ☒ Add ☐ Delete	Flying Dog	1401BH
8	284497	☐ Existing ☒ Add ☐ Delete	Great Divide	1402BR

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

FEE: \$150 Filing Fee + \$225 Surcharge = \$375 total remittance required (See Statewide Rule 78)

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

Signature: _____ Title: Regulatory Analyst Date: 9/22/2022

Operator E-mail Address: Jersin.Acosta@Coterra.Com Operator Phone No. 4325717871

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

RRC USE ONLY

Commingling Permit No. 9186 Approval date: 10/20/22 Approved by: _____

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

FORM P-17 ATTACHMENT

ATTACHMENT FOR
APPLICATION FOR EXCEPTION TO
STATEWIDE RULES STATEWIDE 26 AND/OR 27
COMMINGLE PERMIT APPLICATION

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

[illegible]



Texas General Land Office
Application to Surface Commingle State Leases

Application Revision
April 15, 2023

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

Certifications Form P-17/P-17A District: 8 Permit Number: 9186 Effective Month/Year: 10/2022

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

Company Name, Address: Resolute Natural Resources Co LLC, 6001 Deauville Blvd, Suite 300N Midland, TX 79706

Responsible Official Name, Title: Jesse, Acosta, Regulatory, Analyst Signature: [Signature]

Date: 8/23/2023 Phone: (432) 571-7871 Email Address: Jesse.Acosta@Coterra.com

GLO Approval by: _____ Signature: _____ Date: _____

GLO Notes:

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File No. MF110727

County

Comm Application Apprvl 9/20/23

Date Filed: 9/20/23

Commissioner Dawn Buckingham, M.D.

By: AT



Texas General Land Office

Reconciliation Billing

Commissioner Dawn Buckingham, M.D.

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

Cimarex Energy Co.
Attn: Tran Chu
6001 Deauville Blvd. Suite 300 N
Midland, TX 79706-2671

Billing Date: 3/19/2025
Billing Due Date: 4/18/2025
Customer Number: C000044010

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
25I00514	MF110727	\$0.00	\$12,703.40	\$1,270.34	\$621.25	\$14,594.99
Total Due		\$0.00	\$12,703.40	\$1,270.34	\$621.25	\$14,594.99

Penalty and interest have been calculated thru 3/31/2025. Payment remitted after 3/31/2025 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

Cimarex Energy Co.

Billing Date: 3/19/2025

Billing Due Date: 4/18/2025

Customer Number: C000044010

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
25I00514	MF110727	\$0.00	\$12,703.40	\$1,270.34	\$621.25	\$14,594.99
Total Due		\$0.00	\$12,703.40	\$1,270.34	\$621.25	\$14,594.99
Amt. Paid						

Customer ID: C000044010
Invoice Number:
GLO Lease: MF110727
GLO Review: Cimarex Energy Co
Review Period: Sept 2023 - Aug 2024

Category Oil
Auditor/AE: ECortez
Billing Date: 3/17/2025
P&I Calculation Date: 3/31/2025
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
May-24	08-284479	645	1	\$78.770	1	\$50,813.58	\$12,703.40	\$0.00	\$12,703.40	269	8.50%	\$1,270.34	\$621.25	\$14,594.99
TOTALS		645				\$50,813.58	\$12,703.40	\$0.00	\$12,703.40			\$1,270.34	\$621.25	\$14,594.99

COMMENTS: BILLING ON UNDER REPORTED OIL VOLUMES TO THE GLO FOR STATE LEASE MF110727 (08-284479, 08-286502)

COLUMN (3) UNDER REPORTED VOLUME: 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/rac/forms/penalty-interest-assessment-rules.pdf>

FOR QUESTIONS REGARDING THIS INVOICE PLEASE E-MAIL: 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 and eric.cortez@glo.texas.gov
NOTING YOUR COMPANY NAME, CUSTOMER ID, INVOICE NUMBER(S) AND AMOUNT OF PAYMENT.

EMAIL: Chinedu.Achebe@coterra.com Leroy.Cantu@coterra.com Tran.Chu@coterra.com Casey.Voss@coterra.com Mary.Russell@coterra.com

File No. MF 110 727

County

Recon Billing

Date Filed: 3/31/2025

Commissioner Dawn Buckingham, M.D.

By: VP