



CAUTION

Documents in this file have been placed in Table of Contents order and scanned.

Please help keep documents in content order and let the ScanLab know when new documents are added to this file.

Thank you for your assistance.

Archives and Records Staff

00A-0003

PARTIAL RELEASE
AS TO SECTION 41

JA
MC

Leasing: *Q*

Analyst: *Q*

Maps: *JA*

GIS: *MC*

DocuShare: _____

MF111900

State Lease	Control	Base File	County
MF111900	07-104527	144085	REEVES
MF111900	07-104581	144086	REEVES
MF111900	07-104607	144087	REEVES

Survey	PUBLIC SCHOOL LAND	
Block	57	
Block Name		
Township		
Section/Tract	33, 40, 41	
Land Part		
Part Description		
Acres	1288.28	
Depth Below	Depth Above	Depth Other

Name	CIMAREX ENERGY CO.
Lease Date	6/1/2010
Primary Term	5 yrs
Bonus (\$)	\$515,312.00
Rental (\$)	\$0.00
Lease Royalty	0.1250

ATTENTION FILE USERS!
This file has been placed in table
of contents order.
RETURN TO VAULT WITH
DOCUMENTS IN ORDER!

CONTENTS OF FILE NO. MF- 111900

① ORAL Sheet	09/14/2010	scanned PJ	7-12-2019
② Leases (2) A & B	11/17/2010	17. Damages Pmt	10/13/21
③ Cover Letter & Fees	09/08/2010	18. Damages Pmt	10/13/21
④ Final Letter	11/29/2011	19. Damages Pmt	10/13/21
5. Rental Payments-Lease A & B	04/03/2013	20. Damages Pmt	10/13/21
6-7 Leases A-B	11/17/10	Scanned VG	11-3-2021
Scanned PJ	4-15-13	21. Surface Damage Pmt	3-28-2022
8. Ltr, bonus, fees lease C	08/27/13	Scanned VG	3/29/2022
9. Lease C	08/27/13	22. Surface Damage Pmt	4-4-2022
10. Bonus, fees lease D	10/11/13	23. Surface Damage Pmt	4-4-2022
11. Lease D	10/11/13	Scanned VG	4/13/2022
Scanned PJ	10-31-13	24. Partial Release	7/31/2023
12. Ltr, bonus, fees lease E	12/20/13	Scanned SM	08/24/2023
13. Lease E	12/20/13	25. Recon Billing	6/4/2024
See #8 in M-111340 For Grisham State Unit #6741		Scanned SM	06/07/2024
Scanned PJ	7-17-14	26. Recon Billing	4/29/2025
14. Permit & W-1: 4A-389-34194	11/04/14	Scanned SM	04/30/2025
Scanned PJ	12-10-14		
15. Rentals 4 th yr Lease C, D, E	11/13/16		
Scanned PJ	3-4-16		
See #15 10-24 in M-111340 for info on the Grisham-State Unit			
See #26 in M-111340 for the 2017 Plan of Dev. For the Grisham State Unit & ONA's			
Scanned PJ	12-29-16		
16. Division Order	6-9-17		
Scanned PJ	7-13-2017		
See #28 in M-111340 For the 2018 Plan of Dev. For the Grisham State Unit			
Scanned PJ	11-28-2017		
See #29 in M-111340 For the 2019 Plan of Dev. - Grisham-State Unit			
Scanned PJ	1-14-2019		
See #32 in M-111340 For 3rd Amend to Grisham-State Unit			

RAL REVIEW SHEET

Transaction # 6882

Geologist: R. Widmayer

Lessor: Burchard, Bobby A. and Sammie W. Burchard, Trustees

Lease Date: 6/1/2010

UL ☐

Lessee: Cimarex Energy Co.

Gross Acres: 1932.42

Net Acres: 644.14

LEASE DESCRIPTION

County	PIN#	Base File No	Part	Sec.	Block	Twp	Survey	Abst#
REEVES	07-104527	144085	ALL	33	57	00	PUBLIC SCHOOL LAND	5040
REEVES	07-104581	144086	ALL	40	57	00	PUBLIC SCHOOL LAND	5044
REEVES	07-104607	144087	ALL	41	57	00	PUBLIC SCHOOL LAND	5042

TERMS OFFERED

Primary Term: 5 years

Bonus/Acre: \$400.00

Rental/Acre: \$1.00

Royalty: 1/4

TERMS RECOMMENDED

Primary Term: 5 years

Bonus/Acre: \$800.00

Rental/Acre: \$1.00

Royalty: 1/4

COMPARISONS

MF #	Lessee	Date	Term	Bonus/Ac.	Rental/Ac.	Royalty	Distance
MF106993	Pinnacle Land Services, Inc.	7/10/2006	5 years	\$325.00	\$1.00	1/4	Last Lease
Pending	Cimarex Energy	7-15-10	5 yrs	\$800.00	\$1.00	1/4	4 Miles North

Comments: 2nd and 3rd year rentals paid up. 4th year rental will be \$500.00 per acre and will pay up the 5th year. Also: LaRue Worley with 644.14 acres in this file.

Approved: m 8/25/10

RELINQUISHMENT ACT LEASE APPLICATION

Texas General Land Office

Jerry Patterson, Commissioner

TO: Jerry Patterson, Commissioner
Larry Laine, Chief Clerk
Bill Warnick, General Counsel
Louis Renaud, Deputy Commissioner

DATE: 24-Aug-10

FROM: Robert Hatter, Director of Mineral Leasing
Tracey Throckmorton, Geoscience Manager

Applicant:	Cimarex Energy Co.	County:	REEVES
Prim. Term:	5 years	Bonus/Acre	\$800.00
Royalty:	1/4	Rental/Acre	\$1.00

Consideration

Recommended: TH Date: 8/25/10

Not Recommended: _____

Comments: 2nd and 3rd year rentals paid up. 4th year rental will be \$500.00 per acre and will pay up the 5th year.
Also: LaRue Worley with 644.14 acres in this file.

Lease Form

Recommended: BH Date: 8/30/10

Not Recommended: _____

Comments:

Louis Renaud, Deputy Commissioner Date: 9-10-10

Recommended: CR

Not Recommended: _____

Bill Warnick, General Counsel Date: 9/13/10

Recommended: WFW

Not Recommended: _____

Larry Laine, Chief Clerk Date: 9/14/10

Approved: LL

Not Approved: _____

Jerry Patterson, Commissioner Date: 9/14/10

Approved: Jerry E. Patterson

Not Approved: _____

File No. 111900

RAL Sheet

Date Filed: 09/14/2010

Jerry E. Patterson, Commissioner

By GH

MF111900 A

121



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

Checking Account

WELLS FARGO BANK NA

11700232

56-382/412

Vendor No.	Check No.	Check Date	Check Amount
023492	0001333308	09/02/2010	*****\$257,656.00

PAY Two Hundred Fifty Seven Thousand Six Hundred Fifty Six Dollars and Zero Cents

TO THE
ORDER
OF

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

Paul Korus
Husni M. Nalla

0001333308

SIGNATURE HAS A COLORED BACKGROUND • BORDER CONTAINS MICROPRINTING

MF 111900 B

181



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

Checking Account

WELLS FARGO BANK NA

56-382/412

11700233

Vendor No.	Check No.	Check Date	Check Amount
023492	0001333307	09/02/2010	*****\$257,656.00

PAY

Two Hundred Fifty Seven Thousand Six Hundred Fifty Six Dollars and Zero Cents

TO THE
ORDER
OF

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

Paul Korus
Heidi M. Nilla

⑈0001333307⑈

HAS A COLORED BACKGROUND • BORDER CONTAINS MICROPRINTING



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

Check Number 0001327551

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ217072110A	07/21/2010		200.00	0.00	200.00

X
121

10710308

✓

023492 Vendor Check Date: 07/29/2010 Check Amount 200.00



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

Check Number 0001327552

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ217072110B	07/21/2010		50.00	0.00	50.00
11702509					
121					

023492

Vendor

Check Date: 07/29/2010

Check Amount

50.00

Cimarex Energy Co.

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800



September 7, 2010

The State of Texas - GLO

Attn: Drew Reid

P.O. Box 12873

Austin, TX 78711

RE: Bonus Consideration Checks
Leases – Burchard Living Trust and LaRue Worley
All of Secs 33, 40, 41, Blk 57, PSLs
Reeves County, TX

Dear Drew,

Please find enclosed check numbers 1333307 and 1333308, each in the amount of \$257,656.00, as payment in full for bonus consideration on Cimarex Energy Co.'s leases dated June 1, 2010, covering the above-referenced lands. The "Owners of the Soil" for these leases are LaRue Worley and The Burchard Living Trust.

Each of these leases read that bonus consideration is owed in the amount of \$400/net acre with a one-time rental payment being *PREPAID* in the amount of \$400/net acre. However, it is Cimarex's understanding that the State is requiring that the bonus consideration be calculated on the basis of \$800/net acre in order for these leases to be approved. Thus, the enclosed checks represent payment in full for bonus consideration for each of the leases @ \$800/net acre. Each lease covers 644.14 net acres, and as such, the State's share of the bonus consideration on each lease is calculated as follows: $644.14 \text{ net acres} \times \$800/\text{acre} = \$515,312$; $.50 \times \$515,312 = \$257,656.00$.

It is also Cimarex's understanding that in order for these leases to be perpetuated at the end of the third year, a one-time rental payment in the amount of \$500/net acre will be required for each lease prior to the expiration of the third year in order to maintain each lease for the fourth and fifth year, subject to the other terms and conditions of the leases. Thus, for each lease, the State's share of the rental payment is \$257,656.00.

The lease forms will be changed to reflect the terms discussed above. A recorded copy of the leases with the appropriate changes will be provided to the State when available.

If you have any questions, please contact me at the number below.

Sincerely,

A handwritten signature in blue ink, appearing to read "Todd Meador", written over a horizontal line.

Todd Meador

Landman

(432) 571-7858

Cimarex Energy Co.
600 N. Marienfeld St.
Suite 600
Midland, Texas 79701
PHONE 432.571.7800



November 11, 2010

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

**RE: Mineral Classified Leases
Sections 33, 40 and 41, Block 57, Public School Land Survey
Reeves County, TX**

Dear Mr. Reid,

Please find enclosed certified copies of two (2) leases filed of record in Reeves County, Texas covering the above captioned lands. Specifically, please find the following certified copies of leases:

- (1) Lessor: Larue Worley
Lease covering all of Sections 33, 40 and 41, Block 57, PSL Survey
Reeves County, TX,
Recorded: Book 855, P. 420
- (2) Lessor: Bobby A. Burchard & Sammie W. Burchard, Trustees of the Bobby A. Burchard & Sammie W. Burchard Living Trust
Lease covering all of Sections 33, 40 and 41, Block 57, PSL Survey
Reeves County, TX,
Recorded: Book 855, P. 430

Additionally, please find enclosed a \$50.00 check to cover the filing fee for each of the above leases.

Please respond with written verification of receipt of each of the above checks, along with written verification of receipt and acceptance of each of the above recorded leases. If I can be of further assistance, please contact me at the number below.

Sincerely,

A handwritten signature in dark ink, appearing to read "Todd Meador".

Todd Meador
(432) 571-7858

Drew Reid - Burchard Living Trust - Larue Worley Leases

From: "Todd Meador" <TMeador@cimarex.com>
To: "Drew Reid" <Drew.Reid@GLO.STATE.TX.US>
Date: 8/16/2010 2:32 PM
Subject: Burchard Living Trust - Larue Worley Leases
Attachments: Burchard-Worley Acreage Plat.pdf; Burchard-Worley Appeal Letter.pdf

Drew,

Please see attached Cimarex Energy Co.'s request for reconsideration as to approval for the Bobby Burchard & Sammie Burchard Living Trust and LaRue Worley Leases, covering Secs 33, 40 & 41, PSLs, Reeves County, TX. Let me know if there is any additional information I can provide.

Todd Meador



600 N. Marienfeld St., Suite 600
Midland, TX 79701
Direct: (432) 571-7858
Cell: (432) 260-8166
Fax: (432) 571-7840
tmeador@cimarex.com

Cimarex Energy Co.
600 N. Marionfeld St.
Suite 600
Midland, Texas 79701
PHONE 432.571.7800



August 16, 2010

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

**RE: (1) Bobby A Burchard & Sammie W. Burchard Living Trust Lease
(2) Larue Worley Lease
Secs 33, 40, & 41, Block 57, PSLs
Reeves County, TX**

Dear Mr. Reid,

In May, 2010, Cimarex Energy Co. (hereinafter, "Cimarex") reached an agreement with the above-referenced "Owners of the Soil" to lease the above-referenced lands. Cimarex learned last week that the terms of the agreement on the above-referenced mineral classified leases were deemed insufficient by the GLO. For the following reasons, Cimarex requests that the GLO reconsider its decision.

In May, Cimarex agreed with both the Bobby A. Burchard & Sammie W. Burchard Living Trust and LaRue Worley, by and through their agent Gary Covington (hereinafter, the "Covington Leases"), to lease all of their undivided interests in Sections 33, 40, & 41, Block 57, PSLs, Reeves County, Texas. Each of these two (2) leases is to cover an undivided 33 1/3% of the above captioned lands, or 644.14 net acres. The agreement is for the following terms:

Bonus Consideration:	\$400
Royalty:	1/4
Primary Term:	five (5) years
Rentals:	Lease to be paid up for years 1-3. A one-time rental payment of \$400/acre for years 4-5 to be <u>prepaid</u>

Contemporaneous with reaching an agreement with Gary Covington, Cimarex reached a separate agreement with JRC/RGC 34 Trade Tracts, Ltd. (hereinafter, "the JRC/RGC Leases"), acting through their agent Jefferson Realty, to lease 4071 acres of mineral classified lands in Sections 23, 24, 26, 34, 35, 38 & 47, Block 57, PSLs, Reeves County (see blue outline on the attached map). The lands covered by the JRC/RGC Leases are contiguous to the lands covered by the Covington Leases (and outlined on the attached map in red). The effective dates on the Covington Leases and the JRC/RGC Leases are exactly the same - June 1, 2010. Additionally, the terms for both sets of leases are identical.



In the case of both the JRC/RGC Leases and the Covington Leases, Cimarex promptly prepared the lease forms and immediately provided them to the respective agents for execution. The JRC/RGC Leases were promptly executed and returned to Cimarex. The JRC/RGC Leases were submitted for approval to the GLO in June 2010 and were approved shortly thereafter. However, despite continual communication with Mr. Covington, the Covington Leases were not promptly returned. This was due to a host of reasons all outside the control of Cimarex. (It is our understanding that LaRue Worley was on vacation part of June and July and also that Mr. Covington was also on vacation for parts of June and July.) In any event, the Covington Leases were not executed until July 1 and July 16. Cimarex did not receive the leases from Mr. Covington until July 21.

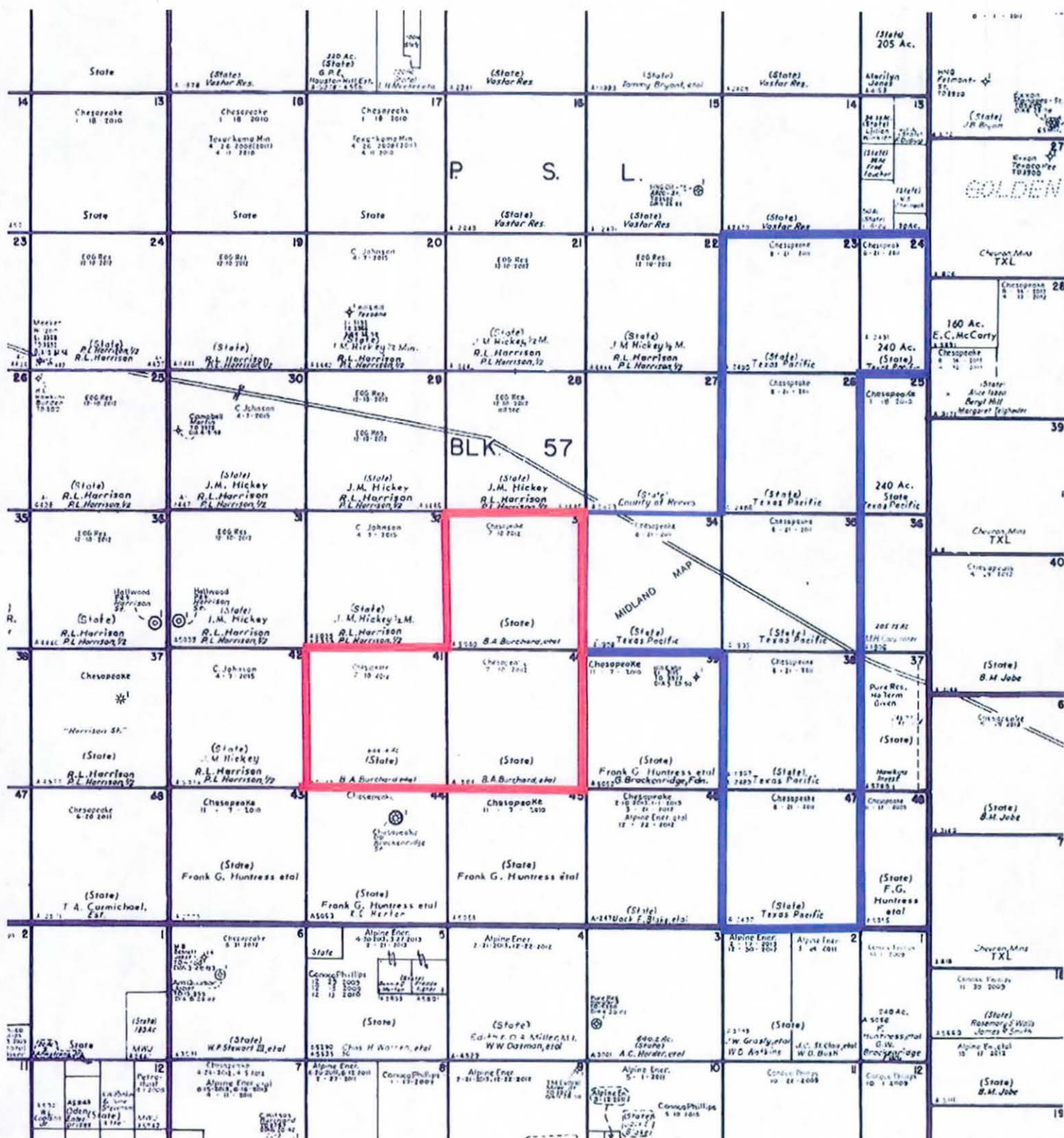
The operative fact with both the Covington Leases and the JRC/RGC Leases is that agreements on both were reached in May, 2010.

We respectfully request that the GLO reconsider this matter and grant approval of the Covington Leases as submitted. Cimarex is concerned that re-opening the lease process with Mr. Covington will result in another long delay. Cimarex is an active participant and has spent a significant amount of money in recent GLO sales, including \$3.6MM in the recent July sale. An active driller in Culberson and Reeves Counties at this time, Cimarex is developing its drilling schedule for potential future locations, including wells planned on the JRC/RGC acreage block. Cimarex feels that the Covington Leases would enhance our drilling program in Block 57 by securing critical offset acreage to our wells proposed on the JRC/RGC acreage. Cimarex respectfully requests that you reconsider the above-captioned leases for approval.

Sincerely,

A handwritten signature in black ink, appearing to read "T. Meador".

Todd Meador
Landman
(432) 571-7858



File No. 111900

Cover Letter & Fees

Date Filed: 09/08/2010

Jerry E. Patterson, Commissioner

By GH

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

November 29, 2011

Todd Meador
Cimarex Energy Co
600 N Marienfeld St, Suite 600
Midland, TX 79701

Re: **State Lease MF 111900**

Two Relinquishment Act Leases described on **Page 2** hereof
covering Sec 33, 40 & 41, Blk 57, PSL Survey

Dear Mr. Meador:

The certified copies of the Relinquishment Act leases covering the referenced tract have been approved and filed in our records under Mineral File numbers as set out on Page 2. **Please refer to these numbers when making payments to the State and in all future correspondence concerning the leases. Failure to include the mineral file numbers may delay processing of any payments towards the leases.**

There are several contractual and statutory responsibilities for the Lessee which are material provisions of the lease as outlined in the agreement such as Section 10(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 be submitted to the General Land Office as well. Examples are W-1, Application to Drill; W-2, Oil Well Completion Report and Log; G-1, Gas Well Completion Report and Log; W-3, Plugging Report; 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.

Chapter 52 of the Texas Natural Resources Codes specifies that the surface owner's right to receive a portion of the revenues generated by the lease shall be in lieu of all damages to the soil. Therefore, any payments made for surface use or damages other than the authorized damages set out in the lease form must be shared equally with the state.

Your remittances as set out on Page 2 have been applied to the State's portion of the cash bonus. Your remittances of **\$100.00** and **\$25.00** have been applied to the processing fee and filing fee.

Sincerely yours,

Drew Reid
Mineral Leasing
Energy Resources
(512) 475-1534
drew.reid@glo.state.tx.us

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

Todd Meador
November 29, 2011
Page 2

State Lease MF111900A

Lease dated June 1, 2010 recorded Book 855, Pg 430, Reeves
Bobby A. Burchard & Sammie W. Burchard Living Trust, agents for State
of Texas, Lessors
Bonus received \$257,656.00

State Lease MF111900B

Lease dated June 1, 2010 recorded Book 855, Pg 420, Reeves
LaRue Worley, agent for State of Texas, Lessor
Bonus received \$257,656.00

File No. 111900

(4)

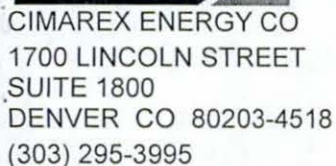
Final Letter

Date Filed: 11/29/2011

Jerry E. Patterson, Commissioner

By GH

121



56-382/412

13708877

Present for payment within 180 days.

Vendor No.	Check No.	Check Date	Check Amount
023492	0001497950	03/21/2013	*****\$161,035.00

PAY *One Hundred Sixty One Thousand Thirty Five Dollars and Zero Cents*

TO THE
ORDER
OF

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

Paul Korus

Sherri M. Nitta

SIGNATURE HAS A COLORED BACKGROUND • BORDER CONTAINS MICROPRINTING

11000 149795011

^PLEASE DETACH AT PERFORATION ABOVE^

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

^PLEASE DETACH AT PERFORATION ABOVE^

Check Number 0001497950

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21703042013W	03/04/2013		161,035.00	0.00	161,035.00
					13708877
					121

023492

Vendor

Check Date: 03/21/2013

Check Amount	161,035.00
--------------	------------

Cimarex Energy Co.

600 N. Marienfeld

Suite 600

Midland, TX 79701

MAIN 432.571.7800

FAX 432.571.7832



State of Texas
Attn: Drew Reid
1700 N Congress Ave, Suite 840
Austin, TX 78701-1495

Dear Mr. Reid,

Please find attached a check for \$161,035.00 exercising the rental payment for the 4th and 5th years on the current Mineral Classified Oil & Gas Lease. Your check represents 1/2 of the total rental paid ($644.14 \text{ nma} \times \$500 = \$322,070.00$).

State Lease MF 111900A

Dated June 1, 2010 recorded in Book 855, Page 430

Covering Sections 33, 40 and 41, Block 57, PSL Survey, Reeves County, TX

Bobby A. Burchard & Sammie W Burchard Living Trust, Agent for State of Texas, Lessor

Should you have any questions my e-mail address is, dfharris@cimarex.com.

Sincerely,

A handwritten signature in blue ink that reads "Debra".

Debra Harris
Petroleum Landman

Direct Line: 432-571-7871

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



Check Number 0001497949

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21703042013V	03/04/2013	MF 111900B (Q)	161,035.00	0.00	161,035.00
					13708883
					121

023492

Vendor

Check Date: 03/21/2013

Check Amount 161,035.00



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

WELLS FARGO BANK NA

55-382/412

13708883

Present for payment within 180 days.

Vendor No.	Check No.	Check Date	Check Amount
023492	0001497949	03/21/2013	*****\$161,035.00

PAY One Hundred Sixty One Thousand Thirty Five Dollars and Zero Cents

TO THE
ORDER
OF

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

Paul Korns
Sherril M. Nitta

SIGNATURE HAS A COLORED BACKGROUND - BORDER CONTAINS MICROPRINTING

⑈0001497949⑈

PLEASE DETACH AT PERFORATION ABOVE

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

PLEASE DETACH AT PERFORATION ABOVE



Check Number 0001497949

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21703042013V	03/04/2013		161,035.00	0.00	161,035.00

13708883

121

023492

Vendor

Check Date: 03/21/2013

Check Amount 161,035.00

Cimarex Energy Co.

600 N. Marienfeld

Suite 600

Midland, TX 79701

MAIN 432.571.7800

FAX 432.571.7832



State of Texas
Attn: Drew Reid
1700 N Congress Ave, Suite 840
Austin, TX 78701-1495

Dear Mr. Reid,

Please find attached a check for \$161,035.00 exercising the rental payment for the 4th and 5th years on the current Mineral Classified Oil & Gas Lease. Your check represents 1/2 of the total rental paid ($644.14 \text{ nma} \times \$500 = \$322,070.00$).

State Lease MF 111900B

Dated June 1, 2010 recorded in Book 855, Page 420

Covering Sections 33, 40 and 41, Block 57, PSL Survey, Reeves County, TX

LaRue Worley, Agent for State of Texas, Lessor

Should you have any questions my e-mail address is, dfharris@cimarex.com.

Sincerely,

A handwritten signature in blue ink that reads "Debra".

Debra Harris
Petroleum Landman

Direct Line: 432-571-7871

4. 3.13

File No. ME 111900
Rental Payments - Keasas A & B
Date Filed: 04/03/2013
By: Jerry E. Patterson, Commissioner

MF 111900A

FILE # 3913

General Land Office
Relinquishment Act Lease Form
Revised, September 1997

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 1st day of June, 2010, between the State of Texas, acting by and through its agent, Bobby A. Burchard & Sammie W. Burchard, Trustees of the Bobby A. Burchard & Sammie W. Burchard Living Trust of 305 E. 8th Street, Denver City, Texas 79323 (Give Permanent Address) said agent herein referred to as the owner of the soil (whether one or more), and Cimarex Energy Co. of 600 N. Marienfeld, Suite 600, Midland, Texas 79701 hereinafter called Lessee. (Give Permanent Address)

1. **GRANTING CLAUSE.** For and in consideration of the amounts stated below and of the covenants and agreements to be paid, kept and performed by Lessee under this lease, the State of Texas acting by and through the owner of the soil, hereby grants, leases and lets unto Lessee, for the sole and only purpose of prospecting and drilling for and producing oil and gas, laying pipe lines, building tanks, storing oil and building power stations, telephone lines and other structures thereon, to produce, save, take care of, treat and transport said products of the lease, the following lands situated in Reeves County, State of Texas, to-wit:

All of Sections 33, 40 and 41, Block 57, Public School Land Survey

containing 1.932.42 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Two Hundred fifty seven thousand, six hundred and fifty six dollars and 00/100
Dollars (\$257,656.00)

To the owner of the soil: Two Hundred fifty seven thousand, six hundred and fifty six dollars and 00/100
Dollars (\$257,656.00)

Total bonus consideration: Five hundred fifteen thousand, three hundred twelve dollars and 00/100
Dollars (\$515,312.00)

The total bonus consideration paid represents a bonus of Eight Hundred
Dollars (\$800.00) per acre, on 644.14 net acres.

2. **TERM.** Subject to the other provisions in this lease, this lease shall be for a term of five (5) years from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land. As used in this lease, the term "produced in paying quantities" means that the receipts from the sale or other authorized commercial use of the substance(s) covered exceed out of pocket operational expenses for the six months last past.



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3. **DELAY RENTALS.** If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the (See Exhibit A - Paragraph 41 for details on rental payments) _____ Bank, at _____, or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:

To the owner of the soil: _____ (Refer to Exhibit A - Paragraph 41)
Dollars (\$ _____)

To the State of Texas: _____ (Refer to Exhibit A - Paragraph 41)
Dollars (\$ _____)

Total Delay Rental: _____ (Refer to Exhibit A - Paragraph 41)
Dollars (\$ _____)

In a like manner and upon like payments or tenders annually, the commencement of a well may be further deferred for successive periods of one (1) year each during the primary term. All payments or tenders of rental to the owner of the soil may be made by check or sight draft of Lessee, or any assignee of this lease, and may be delivered on or before the rental paying date. If the bank designated in this paragraph (or its successor bank) should cease to exist, suspend business, liquidate, fail or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payments or tenders of rental until thirty (30) days after the owner of the soil shall deliver to Lessee a proper recordable instrument naming another bank as agent to receive such payments or tenders.

4. **PRODUCTION ROYALTIES.** Upon production of oil and/or gas, Lessee agrees to pay or cause to be paid one-half (1/2) of the royalty provided for in this lease to the Commissioner of the General Land Office of the State of Texas, at Austin, Texas, and one-half (1/2) of such royalty to the owner of the soil:

(A) **OIL.** Royalty payable on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also as all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, shall be 1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, 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 leased premises is sold, used or processed in a plant, it will be run free of cost to the royalty owners through an adequate oil and gas separator of conventional type, or other equipment at least as efficient, so that all liquid hydrocarbons recoverable from the gas by such means will be recovered. The requirement that such gas be run through a separator or other equipment may be waived, in writing, by the royalty owners upon such terms and conditions as they prescribe.

(B) **NON PROCESSED GAS.** 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) shall be 1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, 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 the greater; provided that the maximum pressure base in measuring the gas under this lease 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 tests 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.** Royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons shall be 1/4 part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office. 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 arm's 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.** 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 shall be 1/4 part of the gross production of such products, or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such market value to be determined as follows: 1) on the basis of the highest market price of each product for 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.

5. **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 under this lease in no event shall be less than an amount equal to the total annual delay rental herein provided; 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 the total annual rental less the amount of royalties paid during the preceding year. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre.



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6. **ROYALTY IN KIND.** Notwithstanding any other provision in this lease, at any time or from time to time, the owner of the soil or the Commissioner of the General Land Office may, at the option of either, upon not less than sixty (60) days notice to the holder of the lease, require that the payment of any royalties accruing to such royalty owner under this lease be made in kind. The owner of the soil's or the Commissioner of the General Land Office's right to take its royalty in kind shall not diminish or negate the owner of the soil's or the Commissioner of the General Land Office's rights or Lessee's obligations, whether express or implied, under this lease.

7. **NO DEDUCTIONS.** Lessee agrees that all royalties accruing under this lease (including those paid in kind) shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and otherwise making the oil, gas and other products hereunder ready for sale or use. Lessee agrees to compute and pay royalties on the gross value received, including any reimbursements for severance taxes and production related costs.

8. **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 any other provision of this lease, and subject to the written consent of the owner of the soil and the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises or for injection into any oil or gas producing formation underlying the leased premises after the liquid hydrocarbons contained in the gas have been removed; no royalties shall be payable on the recycled gas until it is produced and sold or used by Lessee in a manner which entitles the royalty owners to a royalty under this lease.

9. **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 to accrue 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.

10. (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) **PERMITS, 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. All applications, permits, reports or other filings that reference this lease or any specific well on the leased premises and that are submitted to the Texas Railroad Commission or any other governmental agency shall include the word "State" in the title. Additionally, in accordance with Railroad Commission rules, any signage on the leased premises for the purpose of identifying wells, tank batteries or other associated improvements to the land must also include the word "State." 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.

11. **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



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operations pursuant to Paragraph 13, using the expiration of the primary term as the date of cessation of production under Paragraph 13. 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.

12. DRILLING AND REWORKING AT EXPIRATION OF PRIMARY TERM. If, at the expiration of the primary term, neither oil nor gas is being produced on said land, but Lessee is then engaged in drilling or reworking operations thereon, this lease shall remain in force so long as operations on said well or for drilling or reworking of any additional wells are prosecuted in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days during any one such operation, and if they result in the production of oil and/or gas, so long thereafter as oil and/or gas is produced in paying quantities from said land, or payment of shut-in oil or gas well royalties or compensatory royalties is made as provided in this lease.

13. 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.

14. 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 double the annual rental provided in the lease, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre. 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. Such payment shall be made one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil. 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.

15. 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, one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil, 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 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. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 9 of this lease. None of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in Texas Natural Resources Code 52.173; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties can satisfy the obligation to drill offset wells.

16. 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 14 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 Texas Natural Resources Code 52.151-52.154, 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. 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. Notwithstanding the termination of this lease as to a portion of the lands covered hereby, Lessee shall nevertheless continue to have the right of ingress to and egress from the lands still subject to this lease for all purposes described in Paragraph 1 hereof, together with easements and rights-of-way for existing roads, existing pipelines and other existing facilities on, over and across all the lands described in Paragraph 1 hereof ("the retained lands"), for access to and from the retained lands and for the gathering or transportation of oil, gas and other minerals produced from the retained lands.



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(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 16 (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 Commissioner of the General Land Office. 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.

17. OFFSET WELLS. Neither the bonus, delay rentals, nor royalties paid, or to be paid, under this lease shall relieve Lessee of his obligation to protect the oil and gas under the above-described land from being drained. Lessee, sublessee, receiver or other agent in control of the leased premises shall drill as many wells as the facts may justify and shall use appropriate means and drill to a depth necessary to prevent undue drainage of oil and gas from the leased premises. In addition, if oil and/or gas should be produced in commercial quantities within 1,000 feet of the leased premises, or in any case where the leased premises is being drained by production of oil or gas, the Lessee, sublessee, receiver or other agent in control of the leased premises shall in good faith begin the drilling of a well or wells upon the leased premises within 100 days after the draining well or wells or the well or wells completed within 1,000 feet of the leased premises start producing in commercial quantities and shall prosecute such drilling with diligence. Failure to satisfy the statutory offset obligation may subject this lease and the owner of the soil's agency rights to forfeiture. Only upon the determination of the Commissioner of the General Land Office and with his written approval may the payment of compensatory royalty under applicable statutory parameters satisfy the obligation to drill an offset well or wells required under this paragraph.

18. FORCE MAJEURE. If, after a good faith effort, Lessee is prevented from complying with any express or implied covenant of this lease, from conducting drilling operations on the leased premises, or from producing oil or gas from the leased premises by reason of war, rebellion, riots, strikes, acts of God, or any valid order, rule or regulation of government authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended and Lessee shall not be liable for damages for failure to comply with such covenants; additionally, this lease shall be extended while Lessee is prevented, by any such cause, from conducting drilling and reworking operations or from producing oil or gas from the leased premises. However, nothing in this paragraph shall suspend the payment of delay rentals in order to maintain this lease in effect during the primary term in the absence of such drilling or reworking operations or production of oil or gas.

19. WARRANTY CLAUSE. The owner of the soil warrants and agrees to defend title to the leased premises. If the owner of the soil defaults in payments owed on the leased premises, then Lessee may redeem the rights of the owner of the soil in the leased premises by paying any mortgage, taxes or other liens on the leased premises. If Lessee makes payments on behalf of the owner of the soil under this paragraph, Lessee may recover the cost of these payments from the rental and royalties due the owner of the soil.

20. (A) PROPORTIONATE REDUCTION CLAUSE. If the owner of the soil owns less than the entire undivided surface estate in the above described land, whether or not Lessee's interest is specified herein, then the royalties and rental herein provided to be paid to the owner of the soil shall be paid to him in the proportion which his interest bears to the entire undivided surface estate and the royalties and rental herein provided to be paid to the Commissioner of the General Land Office of the State of Texas shall be likewise proportionately reduced. However, before Lessee adjusts the royalty or rental due to the Commissioner of the General Land Office, Lessee or his authorized representative must submit to the Commissioner of the General Land Office a written statement which explains the discrepancy between the interest purportedly leased under this lease and the actual interest owned by the owner of the soil. The Commissioner of the General Land Office shall be paid the value of the whole production allocable to any undivided interest not covered by a lease, less the proportionate development and production cost allocable to such undivided interest. However, in no event shall the Commissioner of the General Land Office receive as a royalty on the gross production allocable to the undivided interest not leased an amount less than the value of one-sixteenth (1/16) of such gross production.

(B) 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 and the owner of the soil in accordance with Natural Resources Code Sections 52.151-52.154, 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.

21. USE OF WATER. Lessee shall have the right to use water produced on said land necessary for operations under this lease except water from wells or tanks of the owner of the soil; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for waterflood operations without the prior consent of the owner of the soil.

22. AUTHORIZED DAMAGES. Lessee shall pay the owner of the soil for damages caused by its operations to all personal property, improvements, livestock and crops on said land.

23. PIPELINE DEPTH. When requested by the owner of the soil, Lessee shall bury its pipelines below plow depth.

24. WELL LOCATION LIMIT. No well shall be drilled nearer than two hundred (200) feet to any house or barn now on said premises without the written consent of the owner of the soil.



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25. 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. 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. Lessee shall, while conducting operations on the leased premises, keep said premises free of all rubbish, cans, bottles, paper cups or garbage, and upon completion of operations shall restore the surface of the land to as near its original condition and contours as is practicable. Tanks and equipment will be kept painted and presentable.

26. REMOVAL OF EQUIPMENT. Subject to limitations in this paragraph, Lessee shall have the right to remove machinery and fixtures placed by Lessee on the leased premises, including the right to draw and remove casing, within one hundred twenty (120) days after the expiration or the termination of this lease unless the owner of the soil grants Lessee an extension of this 120-day period. However, Lessee may not remove casing from any well capable of producing oil and gas in paying quantities. Additionally, Lessee may not draw and remove casing until after thirty (30) days written notice to the Commissioner of the General Land Office and to the owner of the soil. The owner of the soil shall become the owner of any machinery, fixtures, or casing which are not timely removed by Lessee under the terms of this paragraph.

27. (A) ASSIGNMENTS. Under the conditions contained in this paragraph and Paragraph 29 of this lease, the rights and estates of either party to this lease may be assigned, in whole or in part, and the provisions of this lease shall extend to and be binding upon their heirs, devisees, legal representatives, successors and assigns. However, a change or division in ownership of the land, rentals, or royalties will not enlarge the obligations of Lessee, diminish the rights, privileges and estates of Lessee, impair the effectiveness of any payment made by Lessee or impair the effectiveness of any act performed by Lessee. And no change or division in ownership of the land, rentals, or royalties shall bind Lessee for any purpose until thirty (30) days after the owner of the soil (or his heirs, devisees, legal representatives or assigns) furnishes the Lessee with satisfactory written evidence of the change in ownership, including the original recorded muniments of title (or a certified copy of such original) when the ownership changed because of a conveyance. A total or partial assignment of this lease shall, to the extent of the interest assigned, relieve and discharge Lessee of all subsequent obligations under this lease. If this lease is assigned in its entirety as to only part of the acreage, the right and option to pay rentals shall be apportioned as between the several owners ratably, according to the area of each, and failure by one or more of them to pay his share of the rental shall not affect this lease on the part of the land upon which pro rata rentals are timely paid or tendered; however, if the assignor or assignee does not file a certified copy of such assignment in the General Land Office before the next rental paying date, the entire lease shall terminate for failure to pay the entire rental due under Paragraph 3. Every assignee 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 assignee of the lease, including any liabilities to the State for unpaid royalties.

(B) ASSIGNMENT LIMITATION. Notwithstanding any provision in Paragraph 27(a), if the owner of the soil acquires this lease in whole or in part by assignment without the prior written approval of the Commissioner of the General Land Office, this lease is void as of the time of assignment and the agency power of the owner may be forfeited by the Commissioner. An assignment will be treated as if it were made to the owner of the soil if the assignee is:

- (1) a nominee of the owner of the soil;
- (2) a corporation or subsidiary in which the owner of the soil is a principal stockholder or is an employee of such a corporation or subsidiary;
- (3) a partnership in which the owner of the soil is a partner or is an employee of such a partnership;
- (4) a principal stockholder or employee of the corporation which is the owner of the soil;
- (5) a partner or employee in a partnership which is the owner of the soil;
- (6) a fiduciary for the owner of the soil; including but not limited to a guardian, trustee, executor, administrator, receiver, or conservator for the owner of the soil; or
- (7) a family member of the owner of the soil or related to the owner of the soil by marriage, blood, or adoption.

28. RELEASES. Under the conditions contained in this paragraph and Paragraph 29, Lessee may at any time execute and deliver to the owner of the soil and place of record a release or releases covering any portion or portions of the leased premises, and thereby surrender this lease as to such portion or portions, and be relieved of all subsequent obligations as to acreage surrendered. If any part of this lease is properly surrendered, the delay rental due under this lease shall be reduced by the proportion that the surrendered acreage bears to the acreage which was covered by this lease immediately prior to such surrender; however, such release will not relieve Lessee of any liabilities which may have accrued under this lease prior to the surrender of such acreage.

29. FILING OF ASSIGNMENTS AND RELEASES. If all or any part of this lease is assigned or released, such assignment or release must be recorded in the county where the land is situated, and the recorded instrument, or a copy of the recorded instrument certified by the County Clerk of the county in which the instrument is recorded, must be filed in the General Land Office within 90 days of the last execution date accompanied by the prescribed filing fee. If any such assignment is not so filed, the rights acquired under this lease shall be subject to forfeiture at the option of the Commissioner of the General Land Office.

30. DISCLOSURE CLAUSE. All provisions pertaining to the lease of the above-described land have been included in this instrument, including the statement of the true consideration to be paid for the execution of this lease and the rights and duties of the parties. Any collateral agreements concerning the development of oil and gas from the leased premises which are not contained in this lease render this lease invalid.

31. FIDUCIARY DUTY. The owner of the soil owes the State a fiduciary duty and must fully disclose any facts affecting the State's interest in the leased premises. When the interests of the owner of the soil conflict with those of the State, the owner of the soil is obligated to put the State's interests before his personal interests.

32. FORFEITURE. If Lessee shall fail or refuse to make the payment of any sum within thirty 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 if Lessee should 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



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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 under the terms of the Relinquishment Act. 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.

33. LIEN. In accordance with Texas Natural Resources Code 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 Texas Natural Resources Code 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, Chap. 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.

34. POOLING. Lessee is hereby granted the right to pool or unitize the royalty interest of the owner of the soil under this lease with any other leasehold or mineral interest for the exploration, development and production of oil or gas or either of them upon the same terms as shall be approved by the School Land Board and the Commissioner of the General Land Office for the pooling or unitizing of the interest of the State under this lease pursuant to Texas Natural Resources Code 52.151-52.154. The owner of the soil agrees that the inclusion of this provision in this lease satisfies the execution requirements stated in Texas Natural Resources Code 52.152.

35. INDEMNITY. Lessee hereby releases and discharges the State of Texas and the owner of the soil, their officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns, of and from all and any actions and causes of action of every nature, or other harm, including environmental harm, for which recovery of damages is sought, including, but not limited to, all losses and expenses which are caused by the activities of Lessee, its officers, employees, and agents arising out of, incidental to, or resulting from, the operations of or for Lessee on the leased premises hereunder, or that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement, or by any other negligent or strictly liable act or omission of Lessee. Further, Lessee hereby agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees and agents, their successors or assigns, against any and all claims, liabilities, losses, damages, actions, personal injury (including death), costs and expenses, or other harm for which recovery of damages is sought, under any theory including tort, contract, or strict liability, including attorneys' fees and other legal expenses, including those related to environmental hazards, on the leased premises or in any way related to Lessee's failure to comply with any and all environmental laws; those arising from or in any way related to Lessee's operations or any other of Lessee's activities on the leased premises; those arising from Lessee's use of the surface of the leased premises; and those that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement or any other act or omission of Lessee, its directors, officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns. Each assignee of this Agreement, or an interest therein, agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees, and agents in the same manner provided above in connection with the activities of Lessee, its officers, employees, and agents as described above. EXCEPT AS OTHERWISE EXPRESSLY LIMITED HEREIN, ALL OF THE INDEMNITY OBLIGATIONS AND/OR LIABILITIES ASSUMED UNDER THE TERMS OF THIS AGREEMENT SHALL BE WITHOUT LIMITS AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF (EXCLUDING PRE-EXISTING CONDITIONS), STRICT LIABILITY, OR THE NEGLIGENCE OF ANY PARTY OR PARTIES (INCLUDING THE NEGLIGENCE OF THE INDEMNIFIED PARTY), WHETHER SUCH NEGLIGENCE BE SOLE, JOINT, CONCURRENT, ACTIVE, OR PASSIVE.

36. ENVIRONMENTAL HAZARDS. Lessee shall use the highest degree of care and all reasonable safeguards to prevent contamination or pollution of any environmental medium, including soil, surface waters, groundwater, sediments, and surface or subsurface strata, ambient air or any other environmental medium in, on, or under, the leased premises, by any waste, pollutant, or contaminant. Lessee shall not bring or permit to remain on the leased premises any asbestos containing materials, explosives, toxic materials, or substances regulated as hazardous wastes, hazardous materials, hazardous substances (as the term "Hazardous Substance" is defined in the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 U.S.C. Sections 9601, et seq.), or toxic substances under any federal, state, or local law or regulation ("Hazardous Materials"), except ordinary products commonly used in connection with oil and gas exploration and development operations and stored in the usual manner and quantities. LESSEE'S VIOLATION OF THE FOREGOING PROHIBITION SHALL CONSTITUTE A MATERIAL BREACH AND DEFAULT HEREUNDER AND LESSEE SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND THE STATE OF TEXAS AND THE OWNER OF THE SOIL FROM AND AGAINST ANY CLAIMS, DAMAGES, JUDGMENTS, PENALTIES, LIABILITIES, AND COSTS (INCLUDING REASONABLE ATTORNEYS' FEES AND COURT COSTS) CAUSED BY OR ARISING OUT OF (1) A VIOLATION OF THE FOREGOING PROHIBITION OR (2) THE PRESENCE, RELEASE, OR DISPOSAL OF ANY HAZARDOUS MATERIALS ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OR CONTROL OF THE LEASED PREMISES. LESSEE SHALL CLEAN UP, REMOVE, REMEDY AND REPAIR ANY SOIL OR GROUND WATER CONTAMINATION AND DAMAGE CAUSED BY THE PRESENCE OR RELEASE OF ANY HAZARDOUS MATERIALS IN, ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OF THE LEASED PREMISES IN CONFORMANCE WITH THE REQUIREMENTS OF APPLICABLE LAW. THIS INDEMNIFICATION AND ASSUMPTION SHALL APPLY, BUT IS NOT LIMITED TO, LIABILITY FOR RESPONSE ACTIONS UNDERTAKEN PURSUANT TO CERCLA OR ANY OTHER ENVIRONMENTAL LAW OR REGULATION. LESSEE SHALL IMMEDIATELY GIVE THE STATE OF TEXAS AND THE OWNER OF THE SOIL WRITTEN NOTICE OF ANY BREACH OR SUSPECTED BREACH OF THIS PARAGRAPH, UPON LEARNING OF THE PRESENCE OF ANY HAZARDOUS MATERIALS, OR UPON RECEIVING A NOTICE FROM ANY GOVERNMENTAL AGENCY PERTAINING TO HAZARDOUS MATERIALS WHICH MAY AFFECT THE LEASED PREMISES. THE OBLIGATIONS OF LESSEE HEREUNDER SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION, FOR ANY REASON, OF THIS AGREEMENT.

37. APPLICABLE LAW. This lease is issued under the provisions of Texas Natural Resources Code 52.171 through 52.190, commonly known as the Relinquishment Act, and other applicable statutes and amendments thereto, and if any provision in this lease does not conform to these statutes, the statutes will prevail over any nonconforming lease provisions.



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38. 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. Once the filing requirements found in Paragraph 39 of this lease have been satisfied, the effective date of this lease shall be the date found on Page 1.

39. LEASE FILING. Pursuant to Chapter 9 of the Texas Business and Commerce 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. This lease is not effective until a certified copy of this lease (which is made and certified by the County Clerk from his records) is filed in the General Land Office in accordance with Texas Natural Resources Code 52.183. Additionally, this lease shall not be binding upon the State unless it recites the actual and true consideration paid or promised for execution of this lease. The bonus due the State and the prescribed filing fee shall accompany such certified copy to the General Land Office.

LESSEE

Cimarex Energy Co.

By: Roger Alexander
 Title: Attorney-in-Fact for Cimarex Energy Co.
 Date: Sept. 20, 2010

STATE OF TEXAS

BY: Bobby A. Burchard
 Bobby A. Burchard, Trustee of the
 Bobby A. Burchard & Sammie W. Burchard
 Living Trust
 Individually and as agent for the State of Texas
 Date: July 1, 2010

STATE OF TEXAS

BY: Sammie W. Burchard
 Sammie W. Burchard, Trustee of the
 Bobby A. Burchard & Sammie W. Burchard
 Living Trust
 Individually and as agent for the State of Texas
 Date: July 1, 2010

STATE OF TEXAS

BY: _____
 Individually and as agent for the State of Texas
 Date: _____

STATE OF TEXAS

BY: _____
 Individually and as agent for the State of Texas
 Date: _____



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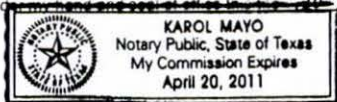
STATE OF Texas

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF Midland

BEFORE ME, the undersigned authority, on this day personally appeared Roger Alexander
 known to me to be the person whose name is subscribed to the foregoing instruments as Attorney-in-Fact
 of Cimarex Energy Co. 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 September, 2010.



Karol Mayo
 Notary Public in and for State of Texas

STATE OF _____

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF _____

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

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

 Notary Public in and for _____

STATE OF Texas

(INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF Lubbock

BEFORE ME, the undersigned authority, on this day personally appeared Bobby A. Burchard, Trustee of the Bobby A. Burchard & Sammie W. Burchard Living Trust
 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 1st day of July, 2010.



Bennett G. Cook
 Notary Public in and for _____

STATE OF Texas

(INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF Lubbock

BEFORE ME, the undersigned authority, on this day personally appeared Sammie W. Burchard, Trustee of the Bobby A. Burchard & Sammie W. Burchard Living Trust
 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 1st day of July, 2010.



Bennett G. Cook
 Notary Public in and for _____



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EXHIBIT "A"

Attached to and made a part of that certain Oil and Gas Lease dated June 1, 2010, between the State of Texas, acting by and through its agent, Bobby A. Burchard & Sammie W. Burchard, Trustees of the Bobby A. Burchard & Sammie W. Burchard Living Trust and Cimarex Energy Co., covering All of Sections 33, 40 and 41, Block 57, Public School Land Survey, and located in Reeves County, Texas.

40. CONTINUOUS DEVELOPMENT: After the expiration of the primary term, and notwithstanding paragraphs 16 (A) and 16 (B) above and any other provision in this lease to the contrary, no portion of this lease will terminate if Lessee continues to drill a well (or wells) anywhere on the leased premises with no more than 180 days between the release of the drilling rig on one well and the commencement of actual drilling operations on a subsequent well (hereinafter referred to as "Continuous Drilling"). Upon the cessation of Continuous Drilling this lease shall terminate in accordance with the other relevant provisions herein. If, however, Lessee has filed with the Texas Railroad Commission, no later than 60 days prior to the expiration of the said 180-day period, all requisite applications to drill the next well in the Continuous Drilling program, and Lessee is unable to proceed with drilling pending authorization by the Texas Railroad Commission, the Lessee shall be allowed such additional time as may be reasonable necessary to obtain the authorization and thereafter spud the subsequent well.

41. DELAY RENTALS: Rentals for years two and three of this lease have been prepaid as part of the total lease bonus consideration for the first three years of this lease. One half (1/2) of this amount has been paid to the Lessor and one half (1/2) has been paid to the State of Texas. Rental for the fourth year in the amount of \$322,070.00 has not been paid and if the fourth year rental is not paid then this lease will expire. One half (1/2) of the fourth year rental will be paid to the Lessor and one half (1/2) will be paid to the State of Texas. Rental for the fifth year is included in the fourth year rental and if the fourth year rental is paid then no additional rentals are due under this lease.

42. EXPIRATION OF DEEP RIGHTS: Notwithstanding paragraphs 16 (A) and 16(B) above, after the expiration of the primary term of this lease or at the expiration of the Continuous Development program described in paragraph 40 above, whichever is later, all rights 100 feet below the deepest total depth drilled and logged, shall expire.

43. MINIMUM AND SHUT-IN ROYALTY: Notwithstanding paragraphs 5 and 14 above, the Minimum Royalty and Shut-in Royalty shall each be calculated on the basis of twenty-five dollars (\$25.00) per acre as opposed to one dollar (\$1.00) per acre.

FILE # 3913

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 21ST DAY OF OCTOBER A.D. 2010 8:22 A.M.

DULY RECORDED ON THE 27TH DAY OF OCTOBER A.D. 2010 9:00 A.M.

BY: Dianne O. Florez, DEPUTYDIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

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Clerks Office

File No. 11900
Lease 1A
Date Filed: 11/17/10
Jerry E. Patterson, Commissioner
By G-12

11/17/10

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. 855
PAGE 430, THRU 439, OFFICIAL PUBLIC RECORDS



I hereby certified on 11/02/2010

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY [Signature] DEPUTY

MF 111900B

FILE # 3912

General Land Office
Relinquishment Act Lease Form
Revised, September 1997

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 1st day of June, 2010, between the State of Texas, acting by and through its agent, LaRue Worley
of 8605 Cielo Vista, El Paso, Texas 79925
(Give Permanent Address)
said agent herein referred to as the owner of the soil (whether one or more), and Cimarex Energy Co.
of 600 N. Marienfeld, Suite 600, Midland, Texas 79701 hereinafter called Lessee.
(Give Permanent Address)

1. **GRANTING CLAUSE.** For and in consideration of the amounts stated below and of the covenants and agreements to be paid, kept and performed by Lessee under this lease, the State of Texas acting by and through the owner of the soil, hereby grants, leases and lets unto Lessee, for the sole and only purpose of prospecting and drilling for and producing oil and gas, laying pipe lines, building tanks, storing oil and building power stations, telephone lines and other structures thereon, to produce, save, take care of, treat and transport said products of the lease, the following lands situated in Reeves County, State of Texas, to-wit:

All of Sections 33, 40 and 41, Block 57, Public School Land Survey

containing 1.932.42 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Two Hundred fifty seven thousand, six hundred and fifty six dollars and 00/100
Dollars (\$257,656.00)

To the owner of the soil: Two Hundred fifty seven thousand, six hundred and fifty six dollars and 00/100
Dollars (\$257,656.00)

Total bonus consideration: Five hundred fifteen thousand, three hundred twelve dollars and 00/100
Dollars (\$515,312.00)

The total bonus consideration paid represents a bonus of Eight Hundred
Dollars (\$800.00) per acre, on 644.14 net acres.

2. **TERM.** Subject to the other provisions in this lease, this lease shall be for a term of five (5) years from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land. As used in this lease, the term "produced in paying quantities" means that the receipts from the sale or other authorized commercial use of the substance(s) covered exceed out of pocket operational expenses for the six months last past.



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3. **DELAY RENTALS.** If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the (See Exhibit A - Paragraph 41 for details on rental payments) Bank, at _____ or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:

To the owner of the soil: _____ (Refer to Paragraph 41)
Dollars (\$ _____)

To the State of Texas: _____ (Refer to Paragraph 41)
Dollars (\$ _____)

Total Delay Rental: _____ (Refer to Paragraph 41)
Dollars (\$ _____)

In a like manner and upon like payments or tenders annually, the commencement of a well may be further deferred for successive periods of one (1) year each during the primary term. All payments or tenders of rental to the owner of the soil may be made by check or sight draft of Lessee, or any assignee of this lease, and may be delivered on or before the rental paying date. If the bank designated in this paragraph (or its successor bank) should cease to exist, suspend business, liquidate, fail or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payments or tenders of rental until thirty (30) days after the owner of the soil shall deliver to Lessee a proper recordable instrument naming another bank as agent to receive such payments or tenders.

4. **PRODUCTION ROYALTIES.** Upon production of oil and/or gas, Lessee agrees to pay or cause to be paid one-half (1/2) of the royalty provided for in this lease to the Commissioner of the General Land Office of the State of Texas, at Austin, Texas, and one-half (1/2) of such royalty to the owner of the soil:

(A) **OIL.** Royalty payable on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also as all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, shall be 1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, 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 leased premises is sold, used or processed in a plant, it will be run free of cost to the royalty owners through an adequate oil and gas separator of conventional type, or other equipment at least as efficient, so that all liquid hydrocarbons recoverable from the gas by such means will be recovered. The requirement that such gas be run through a separator or other equipment may be waived, in writing, by the royalty owners upon such terms and conditions as they prescribe.

(B) **NON PROCESSED GAS.** 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) shall be 1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, 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 the greater; provided that the maximum pressure base in measuring the gas under this lease 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 tests 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.** Royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons shall be 1/4 part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office. 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 arm's 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.** 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 shall be 1/4 part of the gross production of such products, or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such market value to be determined as follows: 1) on the basis of the highest market price of each product for 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.

5. **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 under this lease in no event shall be less than an amount equal to the total annual delay rental herein provided; 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 the total annual rental less the amount of royalties paid during the preceding year. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre.



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6. **ROYALTY IN KIND.** Notwithstanding any other provision in this lease, at any time or from time to time, the owner of the soil or the Commissioner of the General Land Office may, at the option of either, upon not less than sixty (60) days notice to the holder of the lease, require that the payment of any royalties accruing to such royalty owner under this lease be made in kind. The owner of the soil's or the Commissioner of the General Land Office's right to take its royalty in kind shall not diminish or negate the owner of the soil's or the Commissioner of the General Land Office's rights or Lessee's obligations, whether express or implied, under this lease.

7. **NO DEDUCTIONS.** Lessee agrees that all royalties accruing under this lease (including those paid in kind) shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and otherwise making the oil, gas and other products hereunder ready for sale or use. Lessee agrees to compute and pay royalties on the gross value received, including any reimbursements for severance taxes and production related costs.

8. **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 any other provision of this lease, and subject to the written consent of the owner of the soil and the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises or for injection into any oil or gas producing formation underlying the leased premises after the liquid hydrocarbons contained in the gas have been removed; no royalties shall be payable on the recycled gas until it is produced and sold or used by Lessee in a manner which entitles the royalty owners to a royalty under this lease.

9. **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 to accrue 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.

10. (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) **PERMITS, 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. All applications, permits, reports or other filings that reference this lease or any specific well on the leased premises and that are submitted to the Texas Railroad Commission or any other governmental agency shall include the word "State" in the title. Additionally, in accordance with Railroad Commission rules, any signage on the leased premises for the purpose of identifying wells, tank batteries or other associated improvements to the land must also include the word "State." 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.

11. **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



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operations pursuant to Paragraph 13, using the expiration of the primary term as the date of cessation of production under Paragraph 13. 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.

12. DRILLING AND REWORKING AT EXPIRATION OF PRIMARY TERM. If, at the expiration of the primary term, neither oil nor gas is being produced on said land, but Lessee is then engaged in drilling or reworking operations thereon, this lease shall remain in force so long as operations on said well or for drilling or reworking of any additional wells are prosecuted in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days during any one such operation, and if they result in the production of oil and/or gas, so long thereafter as oil and/or gas is produced in paying quantities from said land, or payment of shut-in oil or gas well royalties or compensatory royalties is made as provided in this lease.

13. 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.

14. 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 double the annual rental provided in the lease, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre. 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. Such payment shall be made one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil. 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.

15. 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, one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil, 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 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. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 9 of this lease. None of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in Texas Natural Resources Code 52.173; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties can satisfy the obligation to drill offset wells.

16. 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 14 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 Texas Natural Resources Code 52.151-52.154, 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. 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. Notwithstanding the termination of this lease as to a portion of the lands covered hereby, Lessee shall nevertheless continue to have the right of ingress to and egress from the lands still subject to this lease for all purposes described in Paragraph 1 hereof, together with easements and rights-of-way for existing roads, existing pipelines and other existing facilities on, over and across all the lands described in Paragraph 1 hereof ("the retained lands"), for access to and from the retained lands and for the gathering or transportation of oil, gas and other minerals produced from the retained lands.



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(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 16 (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 Commissioner of the General Land Office. 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.

17. **OFFSET WELLS.** Neither the bonus, delay rentals, nor royalties paid, or to be paid, under this lease shall relieve Lessee of his obligation to protect the oil and gas under the above-described land from being drained. Lessee, sublessee, receiver or other agent in control of the leased premises shall drill as many wells as the facts may justify and shall use appropriate means and drill to a depth necessary to prevent undue drainage of oil and gas from the leased premises. In addition, if oil and/or gas should be produced in commercial quantities within 1,000 feet of the leased premises, or in any case where the leased premises is being drained by production of oil or gas, the Lessee, sublessee, receiver or other agent in control of the leased premises shall in good faith begin the drilling of a well or wells upon the leased premises within 100 days after the draining well or wells or the well or wells completed within 1,000 feet of the leased premises start producing in commercial quantities and shall prosecute such drilling with diligence. Failure to satisfy the statutory offset obligation may subject this lease and the owner of the soil's agency rights to forfeiture. Only upon the determination of the Commissioner of the General Land Office and with his written approval may the payment of compensatory royalty under applicable statutory parameters satisfy the obligation to drill an offset well or wells required under this paragraph.

18. **FORCE MAJEURE.** If, after a good faith effort, Lessee is prevented from complying with any express or implied covenant of this lease, from conducting drilling operations on the leased premises, or from producing oil or gas from the leased premises by reason of war, rebellion, riots, strikes, acts of God, or any valid order, rule or regulation of government authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended and Lessee shall not be liable for damages for failure to comply with such covenants; additionally, this lease shall be extended while Lessee is prevented, by any such cause, from conducting drilling and reworking operations or from producing oil or gas from the leased premises. However, nothing in this paragraph shall suspend the payment of delay rentals in order to maintain this lease in effect during the primary term in the absence of such drilling or reworking operations or production of oil or gas.

19. **WARRANTY CLAUSE.** The owner of the soil warrants and agrees to defend title to the leased premises. If the owner of the soil defaults in payments owed on the leased premises, then Lessee may redeem the rights of the owner of the soil in the leased premises by paying any mortgage, taxes or other liens on the leased premises. If Lessee makes payments on behalf of the owner of the soil under this paragraph, Lessee may recover the cost of these payments from the rental and royalties due the owner of the soil.

20. (A) **PROPORTIONATE REDUCTION CLAUSE.** If the owner of the soil owns less than the entire undivided surface estate in the above described land, whether or not Lessee's interest is specified herein, then the royalties and rental herein provided to be paid to the owner of the soil shall be paid to him in the proportion which his interest bears to the entire undivided surface estate and the royalties and rental herein provided to be paid to the Commissioner of the General Land Office of the State of Texas shall be likewise proportionately reduced. However, before Lessee adjusts the royalty or rental due to the Commissioner of the General Land Office, Lessee or his authorized representative must submit to the Commissioner of the General Land Office a written statement which explains the discrepancy between the interest purportedly leased under this lease and the actual interest owned by the owner of the soil. The Commissioner of the General Land Office shall be paid the value of the whole production allocable to any undivided interest not covered by a lease, less the proportionate development and production cost allocable to such undivided interest. However, in no event shall the Commissioner of the General Land Office receive as a royalty on the gross production allocable to the undivided interest not leased an amount less than the value of one-sixteenth (1/16) of such gross production.

(B) **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 and the owner of the soil in accordance with Natural Resources Code Sections 52.151-52.154, 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.

21. **USE OF WATER.** Lessee shall have the right to use water produced on said land necessary for operations under this lease except water from wells or tanks of the owner of the soil; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for waterflood operations without the prior consent of the owner of the soil.

22. **AUTHORIZED DAMAGES.** Lessee shall pay the owner of the soil for damages caused by its operations to all personal property, improvements, livestock and crops on said land.

23. **PIPELINE DEPTH.** When requested by the owner of the soil, Lessee shall bury its pipelines below plow depth.

24. **WELL LOCATION LIMIT.** No well shall be drilled nearer than two hundred (200) feet to any house or barn now on said premises without the written consent of the owner of the soil.



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25. 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. 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. Lessee shall, while conducting operations on the leased premises, keep said premises free of all rubbish, cans, bottles, paper cups or garbage, and upon completion of operations shall restore the surface of the land to as near its original condition and contours as is practicable. Tanks and equipment will be kept painted and presentable.

26. REMOVAL OF EQUIPMENT. Subject to limitations in this paragraph, Lessee shall have the right to remove machinery and fixtures placed by Lessee on the leased premises, including the right to draw and remove casing, within one hundred twenty (120) days after the expiration or the termination of this lease unless the owner of the soil grants Lessee an extension of this 120-day period. However, Lessee may not remove casing from any well capable of producing oil and gas in paying quantities. Additionally, Lessee may not draw and remove casing until after thirty (30) days written notice to the Commissioner of the General Land Office and to the owner of the soil. The owner of the soil shall become the owner of any machinery, fixtures, or casing which are not timely removed by Lessee under the terms of this paragraph.

27. (A) ASSIGNMENTS. Under the conditions contained in this paragraph and Paragraph 29 of this lease, the rights and estates of either party to this lease may be assigned, in whole or in part, and the provisions of this lease shall extend to and be binding upon their heirs, devisees, legal representatives, successors and assigns. However, a change or division in ownership of the land, rentals, or royalties will not enlarge the obligations of Lessee, diminish the rights, privileges and estates of Lessee, impair the effectiveness of any payment made by Lessee or impair the effectiveness of any act performed by Lessee. And no change or division in ownership of the land, rentals, or royalties shall bind Lessee for any purpose until thirty (30) days after the owner of the soil (or his heirs, devisees, legal representatives or assigns) furnishes the Lessee with satisfactory written evidence of the change in ownership, including the original recorded muniments of title (or a certified copy of such original) when the ownership changed because of a conveyance. A total or partial assignment of this lease shall, to the extent of the interest assigned, relieve and discharge Lessee of all subsequent obligations under this lease. If this lease is assigned in its entirety as to only part of the acreage, the right and option to pay rentals shall be apportioned as between the several owners ratably, according to the area of each, and failure by one or more of them to pay his share of the rental shall not affect this lease on the part of the land upon which pro rata rentals are timely paid or tendered; however, if the assignor or assignee does not file a certified copy of such assignment in the General Land Office before the next rental paying date, the entire lease shall terminate for failure to pay the entire rental due under Paragraph 3. Every assignee 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 assignee of the lease, including any liabilities to the State for unpaid royalties.

(B) ASSIGNMENT LIMITATION. Notwithstanding any provision in Paragraph 27(a), if the owner of the soil acquires this lease in whole or in part by assignment without the prior written approval of the Commissioner of the General Land Office, this lease is void as of the time of assignment and the agency power of the owner may be forfeited by the Commissioner. An assignment will be treated as if it were made to the owner of the soil if the assignee is:

- (1) a nominee of the owner of the soil;
- (2) a corporation or subsidiary in which the owner of the soil is a principal stockholder or is an employee of such a corporation or subsidiary;
- (3) a partnership in which the owner of the soil is a partner or is an employee of such a partnership;
- (4) a principal stockholder or employee of the corporation which is the owner of the soil;
- (5) a partner or employee in a partnership which is the owner of the soil;
- (6) a fiduciary for the owner of the soil; including but not limited to a guardian, trustee, executor, administrator, receiver, or conservator for the owner of the soil; or
- (7) a family member of the owner of the soil or related to the owner of the soil by marriage, blood, or adoption.

28. RELEASES. Under the conditions contained in this paragraph and Paragraph 29, Lessee may at any time execute and deliver to the owner of the soil and place of record a release or releases covering any portion or portions of the leased premises, and thereby surrender this lease as to such portion or portions, and be relieved of all subsequent obligations as to acreage surrendered. If any part of this lease is properly surrendered, the delay rental due under this lease shall be reduced by the proportion that the surrendered acreage bears to the acreage which was covered by this lease immediately prior to such surrender; however, such release will not relieve Lessee of any liabilities which may have accrued under this lease prior to the surrender of such acreage.

29. FILING OF ASSIGNMENTS AND RELEASES. If all or any part of this lease is assigned or released, such assignment or release must be recorded in the county where the land is situated, and the recorded instrument, or a copy of the recorded instrument certified by the County Clerk of the county in which the instrument is recorded, must be filed in the General Land Office within 90 days of the last execution date accompanied by the prescribed filing fee. If any such assignment is not so filed, the rights acquired under this lease shall be subject to forfeiture at the option of the Commissioner of the General Land Office.

30. DISCLOSURE CLAUSE. All provisions pertaining to the lease of the above-described land have been included in this instrument, including the statement of the true consideration to be paid for the execution of this lease and the rights and duties of the parties. Any collateral agreements concerning the development of oil and gas from the leased premises which are not contained in this lease render this lease invalid.

31. FIDUCIARY DUTY. The owner of the soil owes the State a fiduciary duty and must fully disclose any facts affecting the State's interest in the leased premises. When the interests of the owner of the soil conflict with those of the State, the owner of the soil is obligated to put the State's interests before his personal interests.

32. FORFEITURE. If Lessee shall fail or refuse to make the payment of any sum within thirty 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 if Lessee should 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



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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 under the terms of the Relinquishment Act. 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.

33. LIEN. In accordance with Texas Natural Resources Code 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 Texas Natural Resources Code 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, Chap. 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.

34. POOLING. Lessee is hereby granted the right to pool or unitize the royalty interest of the owner of the soil under this lease with any other leasehold or mineral interest for the exploration, development and production of oil or gas or either of them upon the same terms as shall be approved by the School Land Board and the Commissioner of the General Land Office for the pooling or unitizing of the interest of the State under this lease pursuant to Texas Natural Resources Code 52.151-52.154. The owner of the soil agrees that the inclusion of this provision in this lease satisfies the execution requirements stated in Texas Natural Resources Code 52.152.

35. INDEMNITY. Lessee hereby releases and discharges the State of Texas and the owner of the soil, their officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns, of and from all and any actions and causes of action of every nature, or other harm, including environmental harm, for which recovery of damages is sought, including, but not limited to, all losses and expenses which are caused by the activities of Lessee, its officers, employees, and agents arising out of, incidental to, or resulting from, the operations of or for Lessee on the leased premises hereunder, or that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement, or by any other negligent or strictly liable act or omission of Lessee. Further, Lessee hereby agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees and agents, their successors or assigns, against any and all claims, liabilities, losses, damages, actions, personal injury (including death), costs and expenses, or other harm for which recovery of damages is sought, under any theory including tort, contract, or strict liability, including attorneys' fees and other legal expenses, including those related to environmental hazards, on the leased premises or in any way related to Lessee's failure to comply with any and all environmental laws; those arising from or in any way related to Lessee's operations or any other of Lessee's activities on the leased premises; those arising from Lessee's use of the surface of the leased premises; and those that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement or any other act or omission of Lessee, its directors, officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns. Each assignee of this Agreement, or an interest therein, agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees, and agents in the same manner provided above in connection with the activities of Lessee, its officers, employees, and agents as described above. EXCEPT AS OTHERWISE EXPRESSLY LIMITED HEREIN, ALL OF THE INDEMNITY OBLIGATIONS AND/OR LIABILITIES ASSUMED UNDER THE TERMS OF THIS AGREEMENT SHALL BE WITHOUT LIMITS AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF (EXCLUDING PRE-EXISTING CONDITIONS), STRICT LIABILITY, OR THE NEGLIGENCE OF ANY PARTY OR PARTIES (INCLUDING THE NEGLIGENCE OF THE INDEMNIFIED PARTY), WHETHER SUCH NEGLIGENCE BE SOLE, JOINT, CONCURRENT, ACTIVE, OR PASSIVE.

36. ENVIRONMENTAL HAZARDS. Lessee shall use the highest degree of care and all reasonable safeguards to prevent contamination or pollution of any environmental medium, including soil, surface waters, groundwater, sediments, and surface or subsurface strata, ambient air or any other environmental medium in, on, or under, the leased premises, by any waste, pollutant, or contaminant. Lessee shall not bring or permit to remain on the leased premises any asbestos containing materials, explosives, toxic materials, or substances regulated as hazardous wastes, hazardous materials, hazardous substances (as the term "Hazardous Substance" is defined in the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 U.S.C. Sections 9601, et seq.), or toxic substances under any federal, state, or local law or regulation ("Hazardous Materials"), except ordinary products commonly used in connection with oil and gas exploration and development operations and stored in the usual manner and quantities. LESSEE'S VIOLATION OF THE FOREGOING PROHIBITION SHALL CONSTITUTE A MATERIAL BREACH AND DEFAULT HEREUNDER AND LESSEE SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND THE STATE OF TEXAS AND THE OWNER OF THE SOIL FROM AND AGAINST ANY CLAIMS, DAMAGES, JUDGMENTS, PENALTIES, LIABILITIES, AND COSTS (INCLUDING REASONABLE ATTORNEYS' FEES AND COURT COSTS) CAUSED BY OR ARISING OUT OF (1) A VIOLATION OF THE FOREGOING PROHIBITION OR (2) THE PRESENCE, RELEASE, OR DISPOSAL OF ANY HAZARDOUS MATERIALS ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OR CONTROL OF THE LEASED PREMISES. LESSEE SHALL CLEAN UP, REMOVE, REMEDY AND REPAIR ANY SOIL OR GROUND WATER CONTAMINATION AND DAMAGE CAUSED BY THE PRESENCE OR RELEASE OF ANY HAZARDOUS MATERIALS IN, ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OF THE LEASED PREMISES IN CONFORMANCE WITH THE REQUIREMENTS OF APPLICABLE LAW. THIS INDEMNIFICATION AND ASSUMPTION SHALL APPLY, BUT IS NOT LIMITED TO, LIABILITY FOR RESPONSE ACTIONS UNDERTAKEN PURSUANT TO CERCLA OR ANY OTHER ENVIRONMENTAL LAW OR REGULATION. LESSEE SHALL IMMEDIATELY GIVE THE STATE OF TEXAS AND THE OWNER OF THE SOIL WRITTEN NOTICE OF ANY BREACH OR SUSPECTED BREACH OF THIS PARAGRAPH, UPON LEARNING OF THE PRESENCE OF ANY HAZARDOUS MATERIALS, OR UPON RECEIVING A NOTICE FROM ANY GOVERNMENTAL AGENCY PERTAINING TO HAZARDOUS MATERIALS WHICH MAY AFFECT THE LEASED PREMISES. THE OBLIGATIONS OF LESSEE HEREUNDER SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION, FOR ANY REASON, OF THIS AGREEMENT.

37. APPLICABLE LAW. This lease is issued under the provisions of Texas Natural Resources Code 52.171 through 52.190, commonly known as the Relinquishment Act, and other applicable statutes and amendments thereto, and if any provision in this lease does not conform to these statutes, the statutes will prevail over any nonconforming lease provisions.



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38. 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. Once the filing requirements found in Paragraph 39 of this lease have been satisfied, the effective date of this lease shall be the date found on Page 1.

39. LEASE FILING. Pursuant to Chapter 9 of the Texas Business and Commerce 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. This lease is not effective until a certified copy of this lease (which is made and certified by the County Clerk from his records) is filed in the General Land Office in accordance with Texas Natural Resources Code 52.183. Additionally, this lease shall not be binding upon the State unless it recites the actual and true consideration paid or promised for execution of this lease. The bonus due the State and the prescribed filing fee shall accompany such certified copy to the General Land Office.

LESSEE

Cimarex Energy Co.

By: *Roger Alexander*
 Title: Attorney-in-Fact for Cimarex Energy Co.
 Date: September 20, 2010

STATE OF TEXAS

BY: *LaRue Worley*
 LaRue Worley
 Individually and as agent for the State of Texas
 Date: July 16, 2010

STATE OF TEXAS

BY: _____
 Individually and as agent for the State of Texas
 Date: _____

STATE OF TEXAS

BY: _____
 Individually and as agent for the State of Texas
 Date: _____

STATE OF TEXAS

BY: _____
 Individually and as agent for the State of Texas
 Date: _____



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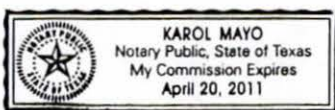
STATE OF Texas

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF Midland

BEFORE ME, the undersigned authority, on this day personally appeared Roger Alexander
known to me to be the person whose name is subscribed to the foregoing instruments as Attorney-in-Fact
of Cimarex Energy Co. 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 September, 2010.



Karol Mayo
Notary Public in and for State of Texas

STATE OF _____

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF _____

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

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

Notary Public in and for _____

STATE OF Texas

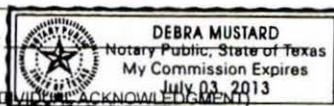
(INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF EL Paso

BEFORE ME, the undersigned authority, on this day personally appeared LaRue Worley
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 16th day of July, 2010.

Debra Mustard
Notary Public in and for _____



STATE OF _____

(INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF _____

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

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

Notary Public in and for _____



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EXHIBIT "A"

Attached to and made a part of that certain Oil and Gas Lease dated June 1, 2010, between the State of Texas, acting by and through its agent, LaRue Worley and Cimarex Energy Co., covering All of Sections 33, 40 and 41, Block 57, Public School Land Survey, and located in Reeves County, Texas.

40. CONTINUOUS DEVELOPMENT: After the expiration of the primary term, and notwithstanding paragraphs 16 (A) and 16 (B) above and any other provision in this lease to the contrary, no portion of this lease will terminate if Lessee continues to drill a well (or wells) anywhere on the leased premises with no more than 180 days between the release of the drilling rig on one well and the commencement of actual drilling operations on a subsequent well (hereinafter referred to as "Continuous Drilling"). Upon the cessation of Continuous Drilling this lease shall terminate in accordance with the other relevant provisions herein. If, however, Lessee has filed with the Texas Railroad Commission, no later than 60 days prior to the expiration of the said 180-day period, all requisite applications to drill the next well in the Continuous Drilling program, and Lessee is unable to proceed with drilling pending authorization by the Texas Railroad Commission, the Lessee shall be allowed such additional time as may be reasonable necessary to obtain the authorization and thereafter spud the subsequent well.

41. DELAY RENTALS: Rentals for years two and three of this lease have been prepaid as part of the total lease bonus consideration for the first three years of this lease. One half (1/2) of this amount has been paid to the Lessor and one half (1/2) has been paid to the State of Texas. Rental for the fourth year in the amount of \$322,070.00 has not been paid and if the fourth year rental is not paid then this lease will expire. One half (1/2) of the fourth year rental will be paid to the Lessor and one half (1/2) will be paid to the State of Texas. Rental for the fifth year is included in the fourth year rental and if the fourth year rental is paid then no additional rentals are due under this lease.

42. EXPIRATION OF DEEP RIGHTS: Notwithstanding paragraphs 16 (A) and 16(B) above, after the expiration of the primary term of this lease or at the expiration of the Continuous Development program described in paragraph 40 above, whichever is later, all rights 100 feet below the deepest total depth drilled and logged, shall expire.

43. MINIMUM AND SHUT-IN ROYALTY: Notwithstanding paragraphs 5 and 14 above, the Minimum Royalty and Shut-in Royalty shall each be calculated on the basis of twenty-five dollars (\$25.00) per acre as opposed to one dollar (\$1.00) per acre.

FILE # 3912

FILED FOR RECORD ON THE 21ST DAY OF OCTOBER A.D. 2010 8:22A M.

DULY RECORDED ON THE 27TH DAY OF OCTOBER A.D. 2010 9:00 A M.

BY: [Signature], DEPUTY

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

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



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Reeves County
Clerks Office

File No. 11900

Lease B

Date Filed: 11/17/2010

Jerry E. Patterson, Commissioner

By GH

RECEIVED

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

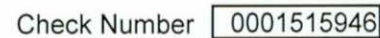
The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office, found in VOL. 855, PAGE 420, THRU 429. OFFICIAL PUBLIC RECORDS

I hereby certified on 11/2/2010



DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY Dianne Florez DEPUTY



023492	 Vendor	Check Date: 07/05/2013	Check Amount 	107,356.67
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CIMAREX ENERGY CO
 1700 LINCOLN STREET
 SUITE 1800
 DENVER CO 80203-4518
 (303) 295-3995

CIMAREX

Check Number **0001516028**

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21706242013T	06/24/2013		100.00	0.00	100.00
					121
					13713656
					2555

023492

Vendor

Check Date: 07/05/2013

Check Amount

100.00

2530

2530

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

^PLEASE DETACH AT PERFORATION ABOVE^

CIMAREX

Check Number 0001516029

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21706242013U	06/24/2013		25.00	0.00	25.00

121

13716247

023492

Vendor

Check Date: 07/05/2013

Check Amount

25.00

Cimarex Energy Co.
600 N. Marienfeld St.
Suite 600
Midland, Texas 79701
PHONE 432.571.7800



August 23, 2013

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

Via Federal Express

**RE: Mineral Classified Leases
All of Section 33, 40 & 41, Block 57, PSL Survey
Reeves County, Texas**

Dear Mr. Reid,

Please find enclosed a certified copy of the Oil and Gas Lease filed of record in Reeves County, Texas covering the above captioned lands, along with a check representing the bonus consideration for said lease. Specifically, please find the following certified copy of the lease and corresponding check as follows:

Lessor: Wider Sky, LP
Recorded: Vol. 1015, Page 380
Check Number 0001515946 - \$107,356.67 (bonus consideration)

Additionally, please find enclosed a \$25.00 check to cover the filing fees for the above listed lease.

Please respond with written verification of receipt of the above check, along with written verification of receipt and acceptance of the above recorded lease. If I can be of further assistance, please contact me at the number below.

Sincerely,

Cody Elliot
Landman
(432) 571-7806

A handwritten signature in black ink, appearing to read "Cody Elliot", followed by a horizontal line extending to the right.



Cimarex Energy Co.

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800



July 11, 2013

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

RE: Mineral Classified Leases
All of Section 33, 40 and 41, Block 57, PSL Survey, Reeves County, Texas

Dear Mr. Reid,

Wider Sky, LP acting as agent for the State of Texas, as Lessor, and Cimarex Energy Co., as Lessee, ("The Parties") have reached an agreement to lease the above-captioned lands in Reeves County, TX. The agreed upon terms of the lease are as follows:

Primary Term:	five (5) years
Royalty:	one-fourth (1/4)
Bonus Consideration:	\$1,000.00 / net acre
Rentals:	Delay rentals have been pre-paid in the initial bonus consideration payment.

Wider Sky, LP is the "Owner of the Soil" for an undivided 11.11% interest in the captioned lands.

Additionally, a check in the amount of \$100.00 has been included to cover the processing fee.

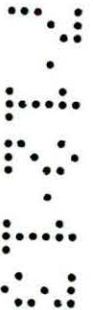
If the lease meets with the approval of the State of Texas, please notify me at the letterhead address or via email at celliott@cimarex.com. and I will send the originals to be recorded in Reeves County. A certified copy of the recorded leases will be provided to the State when available, along with the bonus consideration.

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

Sincerely,

Cody Elliott
Landman
(432) 571-7806

A handwritten signature in blue ink, appearing to be "Cody Elliott", written over a horizontal line.



0317

File No. 111980

Ltr, bonds, fees 1 ea uc

Date Filed: 08/27/13

Jerry E. Patterson, Commissioner



7/1

The State of Texas

MF 111900C



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 25th day of March, 2013, between the State of Texas, acting by and through its agent, Wider Sky, LP

of P.O. Box 23612, Overland Park, KS 66062

(Give Permanent Address)

said agent herein referred to as the owner of the soil (whether one or more), and Cimarex Energy Co.

of 600 N. Marienfeld, Suite 600, Midland, Texas 79701

(Give Permanent Address)

hereinafter called Lessee.

1. GRANTING CLAUSE. For and in consideration of the amounts stated below and of the covenants and agreements to be paid, kept and performed by Lessee under this lease, the State of Texas acting by and through the owner of the soil, hereby grants, leases and lets unto Lessee, for the sole and only purpose of prospecting and drilling for and producing oil and gas, laying pipe lines, building tanks, storing oil and building power stations, telephone lines and other structures thereon, to produce, save, take care of, treat and transport said products of the lease, the following lands situated in Reeves County, State of Texas, to-wit:

Section 33, Block 57, PSL Survey, containing 644.14 acres, more or less

Section 40, Block 57, PSL Survey, containing 644.14 acres, more or less

Section 41, Block 57, PSL Survey, containing 644.14 acres, more or less

containing 1,932.42 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: One Hundred Seven Thousand Three Hundred Fifty-Six Dollars and 67/100

Dollars (\$107,356.66)

To the owner of the soil: One Hundred Seven Thousand Three Hundred Fifty-Six Dollars and 66/100

Dollars (\$107,356.67)

Total bonus consideration: Two Hundred Fourteen Thousand Seven Hundred Thirteen Dollars and 33/100

Dollars (\$214,713.33)

The total bonus consideration paid represents a bonus of One Thousand and No/100

Dollars (\$1,000.00) per acre, on 214.71333 net acres.

2. TERM. Subject to the other provisions in this lease, this lease shall be for a term of five (5) years from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land. As used in this lease, the term "produced in paying quantities" means that the receipts from the sale or other authorized commercial use of the substance(s) covered exceed out of pocket operational expenses for the six months last past.



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3. **DELAY RENTALS.** If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the _____

_____, Bank, at _____
or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:

To the owner of the soil: _____
Dollars (\$ _____)
To the State of Texas: _____
Dollars (\$ _____)
Total Delay Rental: _____
Dollars (\$ _____)

In a like manner and upon like payments or tenders annually, the commencement of a well may be further deferred for successive periods of one (1) year each during the primary term. All payments or tenders of rental to the owner of the soil may be made by check or sight draft of Lessee, or any assignee of this lease, and may be delivered on or before the rental paying date. If the bank designated in this paragraph (or its successor bank) should cease to exist, suspend business, liquidate, fail or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payments or tenders of rental until thirty (30) days after the owner of the soil shall deliver to Lessee a proper recordable instrument naming another bank as agent to receive such payments or tenders.

4. **PRODUCTION ROYALTIES.** Upon production of oil and/or gas, Lessee agrees to pay or cause to be paid one-half (1/2) of the royalty provided for in this lease to the Commissioner of the General Land Office of the State of Texas, at Austin, Texas, and one-half (1/2) of such royalty to the owner of the soil:

(A) **OIL.** Royalty payable on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also as all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, shall be 1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, 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 leased premises is sold, used or processed in a plant, it will be run free of cost to the royalty owners through an adequate oil and gas separator of conventional type, or other equipment at least as efficient, so that all liquid hydrocarbons recoverable from the gas by such means will be recovered. The requirement that such gas be run through a separator or other equipment may be waived, in writing, by the royalty owners upon such terms and conditions as they prescribe.

(B) **NON PROCESSED GAS.** 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) shall be 1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, 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 the greater; provided that the maximum pressure base in measuring the gas under this lease 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 tests 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.** Royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons shall be 1/4 part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office. 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 arm's 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.** 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 shall be 1/4 part of the gross production of such products, or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such market value to be determined as follows: 1) on the basis of the highest market price of each product for 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.

5. **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 under this lease in no event shall be less than an amount equal to the total annual delay rental herein provided; 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 the total annual rental less the amount of royalties paid during the preceding year. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre.



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6. ROYALTY IN KIND. Notwithstanding any other provision in this lease, at any time or from time to time, the owner of the soil or the Commissioner of the General Land Office may, at the option of either, upon not less than sixty (60) days notice to the holder of the lease, require that the payment of any royalties accruing to such royalty owner under this lease be made in kind. The owner of the soil's or the Commissioner of the General Land Office's right to take its royalty in kind shall not diminish or negate the owner of the soil's or the Commissioner of the General Land Office's rights or Lessee's obligations, whether express or implied, under this lease.

7. NO DEDUCTIONS. Lessee agrees that all royalties accruing under this lease (including those paid in kind) shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and otherwise making the oil, gas and other products hereunder ready for sale or use. Lessee agrees to compute and pay royalties on the gross value received, including any reimbursements for severance taxes and production related costs.

8. 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 any other provision of this lease, and subject to the written consent of the owner of the soil and the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises or for injection into any oil or gas producing formation underlying the leased premises after the liquid hydrocarbons contained in the gas have been removed; no royalties shall be payable on the recycled gas until it is produced and sold or used by Lessee in a manner which entitles the royalty owners to a royalty under this lease.

9. 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 to accrue 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.

10. (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) PERMITS, 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. All applications, permits, reports or other filings that reference this lease or any specific well on the leased premises and that are submitted to the Texas Railroad Commission or any other governmental agency shall include the word "State" in the title. Additionally, in accordance with Railroad Commission rules, any signage on the leased premises for the purpose of identifying wells, tank batteries or other associated improvements to the land must also include the word "State." 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.

11. 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



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operations pursuant to Paragraph 13, using the expiration of the primary term as the date of cessation of production under Paragraph 13. 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.

12. DRILLING AND REWORKING AT EXPIRATION OF PRIMARY TERM. If, at the expiration of the primary term, neither oil nor gas is being produced on said land, but Lessee is then engaged in drilling or reworking operations thereon, this lease shall remain in force so long as operations on said well or for drilling or reworking of any additional wells are prosecuted in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days during any one such operation, and if they result in the production of oil and/or gas, so long thereafter as oil and/or gas is produced in paying quantities from said land, or payment of shut-in oil or gas well royalties or compensatory royalties is made as provided in this lease.

13. 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.

14. 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 double the annual rental provided in the lease, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre. 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. Such payment shall be made one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil. 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 two more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year.

15. 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 Draining Well as defined in paragraph 41, 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 Draining Well 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, one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil, beginning on or before the last day of the month following the month in which the oil or gas is produced from the Draining Well 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 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. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 9 of this lease. None of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in Texas Natural Resources Code 52.173; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties can satisfy the obligation to drill offset wells.

16. 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 14 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 Texas Natural Resources Code 52.151-52.154, 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. 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. Notwithstanding the termination of this lease as to a portion of the lands covered hereby, Lessee shall nevertheless continue to have the right of ingress to and egress from the lands still subject to this lease for all purposes described in Paragraph 1 hereof, together with easements and rights-of-way for existing roads, existing pipelines and other existing facilities on, over and across all the lands described in Paragraph 1 hereof ("the retained lands"), for access to and from the retained lands and for the gathering or transportation of oil, gas and other minerals produced from the retained lands.



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(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 deepest producing formation (hereinafter "deeper depths") in each well located on acreage retained in Paragraph 16 (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 Commissioner of the General Land Office. 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.

17. OFFSET WELLS. Neither the bonus, delay rentals, nor royalties paid, or to be paid, under this lease shall relieve Lessee of his obligation to protect the oil and gas under the above-described land from being drained. Lessee, sublessee, receiver or other agent in control of the leased premises shall drill as many wells as the facts may justify and shall use appropriate means and drill to a depth necessary to prevent undue drainage of oil and gas from the leased premises. In addition, if oil and/or gas should be produced in commercial quantities within 1,000 feet of the leased premises, or in any case where the leased premises is being drained by production of oil or gas, the Lessee, sublessee, receiver or other agent in control of the leased premises shall in good faith begin the drilling of a well or wells upon the leased premises within 100 days after the draining well or wells or the well or wells completed within 1,000 feet of the leased premises start producing in commercial quantities and shall prosecute such drilling with diligence. Failure to satisfy the statutory offset obligation may subject this lease and the owner of the soil's agency rights to forfeiture. Only upon the determination of the Commissioner of the General Land Office and with his written approval may the payment of compensatory royalty under applicable statutory parameters satisfy the obligation to drill an offset well or wells required under this paragraph. SEE PARAGRAPH 41.

18. FORCE MAJEURE. If, after a good faith effort, Lessee is prevented from complying with any express or implied covenant of this lease, from conducting drilling operations on the leased premises, or from producing oil or gas from the leased premises by reason of war, rebellion, riots, strikes, acts of God, or any valid order, rule or regulation of government authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended and Lessee shall not be liable for damages for failure to comply with such covenants; additionally, this lease shall be extended while Lessee is prevented, by any such cause, from conducting drilling and reworking operations or from producing oil or gas from the leased premises. However, nothing in this paragraph shall suspend the payment of delay rentals in order to maintain this lease in effect during the primary term in the absence of such drilling or reworking operations or production of oil or gas.

19. WARRANTY CLAUSE. The owner of the soil warrants and agrees to defend title to the leased premises. If the owner of the soil defaults in payments owed on the leased premises, then Lessee may redeem the rights of the owner of the soil in the leased premises by paying any mortgage, taxes or other liens on the leased premises. If Lessee makes payments on behalf of the owner of the soil under this paragraph, Lessee may recover the cost of these payments from the rental and royalties due the owner of the soil.

20. (A) PROPORTIONATE REDUCTION CLAUSE. If the owner of the soil owns less than the entire undivided surface estate in the above described land, whether or not Lessee's interest is specified herein, then the royalties and rental herein provided to be paid to the owner of the soil shall be paid to him in the proportion which his interest bears to the entire undivided surface estate and the royalties and rental herein provided to be paid to the Commissioner of the General Land Office of the State of Texas shall be likewise proportionately reduced. However, before Lessee adjusts the royalty or rental due to the Commissioner of the General Land Office, Lessee or his authorized representative must submit to the Commissioner of the General Land Office a written statement which explains the discrepancy between the interest purportedly leased under this lease and the actual interest owned by the owner of the soil. The Commissioner of the General Land Office shall be paid the value of the whole production allocable to any undivided interest not covered by a lease, less the proportionate development and production cost allocable to such undivided interest. However, in no event shall the Commissioner of the General Land Office receive as a royalty on the gross production allocable to the undivided interest not leased an amount less than the value of one-sixteenth (1/16) of such gross production.

(B) 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 and the owner of the soil in accordance with Natural Resources Code Sections 52.151-52.154, 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.

21. USE OF WATER. Lessee shall have the right to use water produced on said land necessary for operations under this lease except water from wells or tanks of the owner of the soil; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for waterflood operations without the prior consent of the owner of the soil.

22. AUTHORIZED DAMAGES. Lessee shall pay the owner of the soil for damages caused by its operations to all personal property, improvements, livestock and crops on said land.

23. PIPELINE DEPTH. When requested by the owner of the soil, Lessee shall bury its pipelines below plow depth.

24. WELL LOCATION LIMIT. No well shall be drilled nearer than two hundred (200) feet to any house or barn now on said premises without the written consent of the owner of the soil.



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25. 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. 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. Lessee shall, while conducting operations on the leased premises, keep said premises free of all rubbish, cans, bottles, paper cups or garbage, and upon completion of operations shall restore the surface of the land to as near its original condition and contours as is practicable. Tanks and equipment will be kept painted and presentable.

26. REMOVAL OF EQUIPMENT. Subject to limitations in this paragraph, Lessee shall have the right to remove machinery and fixtures placed by Lessee on the leased premises, including the right to draw and remove casing, within one hundred twenty (120) days after the expiration or the termination of this lease unless the owner of the soil grants Lessee an extension of this 120-day period. However, Lessee may not remove casing from any well capable of producing oil and gas in paying quantities. Additionally, Lessee may not draw and remove casing until after thirty (30) days written notice to the Commissioner of the General Land Office and to the owner of the soil. The owner of the soil shall become the owner of any machinery, fixtures, or casing which are not timely removed by Lessee under the terms of this paragraph.

27. (A) ASSIGNMENTS. Under the conditions contained in this paragraph and Paragraph 29 of this lease, the rights and estates of either party to this lease may be assigned, in whole or in part, and the provisions of this lease shall extend to and be binding upon their heirs, devisees, legal representatives, successors and assigns. However, a change or division in ownership of the land, rentals, or royalties will not enlarge the obligations of Lessee, diminish the rights, privileges and estates of Lessee, impair the effectiveness of any payment made by Lessee or impair the effectiveness of any act performed by Lessee. And no change or division in ownership of the land, rentals, or royalties shall bind Lessee for any purpose until thirty (30) days after the owner of the soil (or his heirs, devisees, legal representatives or assigns) furnishes the Lessee with satisfactory written evidence of the change in ownership, including the original recorded muniments of title (or a certified copy of such original) when the ownership changed because of a conveyance. A total or partial assignment of this lease shall, to the extent of the interest assigned, relieve and discharge Lessee of all subsequent obligations under this lease. If this lease is assigned in its entirety as to only part of the acreage, the right and option to pay rentals shall be apportioned as between the several owners ratably, according to the area of each, and failure by one or more of them to pay his share of the rental shall not affect this lease on the part of the land upon which pro rata rentals are timely paid or tendered; however, if the assignor or assignee does not file a certified copy of such assignment in the General Land Office before the next rental paying date, the entire lease shall terminate for failure to pay the entire rental due under Paragraph 3. Every assignee 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 assignee of the lease, including any liabilities to the State for unpaid royalties.

(B) ASSIGNMENT LIMITATION. Notwithstanding any provision in Paragraph 27(a), if the owner of the soil acquires this lease in whole or in part by assignment without the prior written approval of the Commissioner of the General Land Office, this lease is void as of the time of assignment and the agency power of the owner may be forfeited by the Commissioner. An assignment will be treated as if it were made to the owner of the soil if the assignee is:

- (1) a nominee of the owner of the soil;
- (2) a corporation or subsidiary in which the owner of the soil is a principal stockholder or is an employee of such a corporation or subsidiary;
- (3) a partnership in which the owner of the soil is a partner or is an employee of such a partnership;
- (4) a principal stockholder or employee of the corporation which is the owner of the soil;
- (5) a partner or employee in a partnership which is the owner of the soil;
- (6) a fiduciary for the owner of the soil; including but not limited to a guardian, trustee, executor, administrator, receiver, or conservator for the owner of the soil; or
- (7) a family member of the owner of the soil or related to the owner of the soil by marriage, blood, or adoption.

28. RELEASES. Under the conditions contained in this paragraph and Paragraph 29, Lessee may at any time execute and deliver to the owner of the soil and place of record a release or releases covering any portion or portions of the leased premises, and thereby surrender this lease as to such portion or portions, and be relieved of all subsequent obligations as to acreage surrendered. If any part of this lease is properly surrendered, the delay rental due under this lease shall be reduced by the proportion that the surrendered acreage bears to the acreage which was covered by this lease immediately prior to such surrender; however, such release will not relieve Lessee of any liabilities which may have accrued under this lease prior to the surrender of such acreage.

29. FILING OF ASSIGNMENTS AND RELEASES. If all or any part of this lease is assigned or released, such assignment or release must be recorded in the county where the land is situated, and the recorded instrument, or a copy of the recorded instrument certified by the County Clerk of the county in which the instrument is recorded, must be filed in the General Land Office within 90 days of the last execution date accompanied by the prescribed filing fee. If any such assignment is not so filed, the rights acquired under this lease shall be subject to forfeiture at the option of the Commissioner of the General Land Office.

30. DISCLOSURE CLAUSE. All provisions pertaining to the lease of the above-described land have been included in this instrument, including the statement of the true consideration to be paid for the execution of this lease and the rights and duties of the parties. Any collateral agreements concerning the development of oil and gas from the leased premises which are not contained in this lease render this lease invalid.

31. FIDUCIARY DUTY. The owner of the soil owes the State a fiduciary duty and must fully disclose any facts affecting the State's interest in the leased premises. When the interests of the owner of the soil conflict with those of the State, the owner of the soil is obligated to put the State's interests before his personal interests.

32. FORFEITURE. If Lessee shall fail or refuse to make the payment of any sum within thirty 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 if Lessee should 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



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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 under the terms of the Relinquishment Act. 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.

33. LIEN. In accordance with Texas Natural Resources Code 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 Texas Natural Resources Code 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, Chap. 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.

34. POOLING. Lessee is hereby granted the right to pool or unitize the royalty interest of the owner of the soil under this lease with any other leasehold or mineral interest for the exploration, development and production of oil or gas or either of them upon the same terms as shall be approved by the School Land Board and the Commissioner of the General Land Office for the pooling or unitizing of the interest of the State under this lease pursuant to Texas Natural Resources Code 52.151-52.154. The owner of the soil agrees that the inclusion of this provision in this lease satisfies the execution requirements stated in Texas Natural Resources Code 52.152.

35. INDEMNITY. Lessee hereby releases and discharges the State of Texas and the owner of the soil, their officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns, of and from all and any actions and causes of action of every nature, or other harm, including environmental harm, for which recovery of damages is sought, including, but not limited to, all losses and expenses which are caused by the activities of Lessee, its officers, employees, and agents arising out of, incidental to, or resulting from, the operations of or for Lessee on the leased premises hereunder, or that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement, or by any other negligent or strictly liable act or omission of Lessee. Further, Lessee hereby agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees and agents, their successors or assigns, against any and all claims, liabilities, losses, damages, actions, personal injury (including death), costs and expenses, or other harm for which recovery of damages is sought, under any theory including tort, contract, or strict liability, including attorneys' fees and other legal expenses, including those related to environmental hazards, on the leased premises or in any way related to Lessee's failure to comply with any and all environmental laws; those arising from or in any way related to Lessee's operations or any other of Lessee's activities on the leased premises; those arising from Lessee's use of the surface of the leased premises; and those that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement or any other act or omission of Lessee, its directors, officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns. Each assignee of this Agreement, or an interest therein, agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees, and agents in the same manner provided above in connection with the activities of Lessee, its officers, employees, and agents as described above. **EXCEPT AS OTHERWISE EXPRESSLY LIMITED HEREIN, ALL OF THE INDEMNITY OBLIGATIONS AND/OR LIABILITIES ASSUMED UNDER THE TERMS OF THIS AGREEMENT SHALL BE WITHOUT LIMITS AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF (EXCLUDING PRE-EXISTING CONDITIONS), STRICT LIABILITY, OR THE NEGLIGENCE OF ANY PARTY OR PARTIES (INCLUDING THE NEGLIGENCE OF THE INDEMNIFIED PARTY), WHETHER SUCH NEGLIGENCE BE SOLE, JOINT, CONCURRENT, ACTIVE, OR PASSIVE.**

36. ENVIRONMENTAL HAZARDS. Lessee shall use the highest degree of care and all reasonable safeguards to prevent contamination or pollution of any environmental medium, including soil, surface waters, groundwater, sediments, and surface or subsurface strata, ambient air or any other environmental medium in, on, or under, the leased premises, by any waste, pollutant, or contaminant. Lessee shall not bring or permit to remain on the leased premises any asbestos containing materials, explosives, toxic materials, or substances regulated as hazardous wastes, hazardous materials, hazardous substances (as the term "Hazardous Substance" is defined in the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 U.S.C. Sections 9601, et seq.), or toxic substances under any federal, state, or local law or regulation ("Hazardous Materials"), except ordinary products commonly used in connection with oil and gas exploration and development operations and stored in the usual manner and quantities. **LESSEE'S VIOLATION OF THE FOREGOING PROHIBITION SHALL CONSTITUTE A MATERIAL BREACH AND DEFAULT HEREUNDER AND LESSEE SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND THE STATE OF TEXAS AND THE OWNER OF THE SOIL FROM AND AGAINST ANY CLAIMS, DAMAGES, JUDGMENTS, PENALTIES, LIABILITIES, AND COSTS (INCLUDING REASONABLE ATTORNEYS' FEES AND COURT COSTS) CAUSED BY OR ARISING OUT OF (1) A VIOLATION OF THE FOREGOING PROHIBITION OR (2) THE PRESENCE, RELEASE, OR DISPOSAL OF ANY HAZARDOUS MATERIALS ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OR CONTROL OF THE LEASED PREMISES. LESSEE SHALL CLEAN UP, REMOVE, REMEDY AND REPAIR ANY SOIL OR GROUND WATER CONTAMINATION AND DAMAGE CAUSED BY THE PRESENCE OR RELEASE OF ANY HAZARDOUS MATERIALS IN, ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OF THE LEASED PREMISES IN CONFORMANCE WITH THE REQUIREMENTS OF APPLICABLE LAW. THIS INDEMNIFICATION AND ASSUMPTION SHALL APPLY, BUT IS NOT LIMITED TO, LIABILITY FOR RESPONSE ACTIONS UNDERTAKEN PURSUANT TO CERCLA OR ANY OTHER ENVIRONMENTAL LAW OR REGULATION. LESSEE SHALL IMMEDIATELY GIVE THE STATE OF TEXAS AND THE OWNER OF THE SOIL WRITTEN NOTICE OF ANY BREACH OR SUSPECTED BREACH OF THIS PARAGRAPH, UPON LEARNING OF THE PRESENCE OF ANY HAZARDOUS MATERIALS, OR UPON RECEIVING A NOTICE FROM ANY GOVERNMENTAL AGENCY PERTAINING TO HAZARDOUS MATERIALS WHICH MAY AFFECT THE LEASED PREMISES. THE OBLIGATIONS OF LESSEE HEREUNDER SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION, FOR ANY REASON, OF THIS AGREEMENT.**

37. APPLICABLE LAW. This lease is issued under the provisions of Texas Natural Resources Code 52.171 through 52.190, commonly known as the Relinquishment Act, and other applicable statutes and amendments thereto, and if any provision in this lease does not conform to these statutes, the statutes will prevail over any nonconforming lease provisions.



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Original filed in
Ruevos County
Clerks Office

38. 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. Once the filing requirements found in Paragraph 39 of this lease have been satisfied, the effective date of this lease shall be the date found on Page 1.

39. LEASE FILING. Pursuant to Chapter 9 of the Texas Business and Commerce 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. This lease is not effective until a certified copy of this lease (which is made and certified by the County Clerk from his records) is filed in the General Land Office in accordance with Texas Natural Resources Code 52.183. Additionally, this lease shall not be binding upon the State unless it recites the actual and true consideration paid or promised for execution of this lease. The bonus due the State and the prescribed filing fee shall accompany such certified copy to the General Land Office.

EXHIBIT "A" ATTACHED HERETO CONTAIN ADDITIONAL PROVISIONS WHICH ARE INCORPORATED HEREIN AND MADE A PART OF THIS LEASE. IN THE EVENT OF INCONSISTENCY OR CONFLICT BETWEEN ANY PRINTED PROVISIONS OF THIS LEASE FORM AND THE PROVISIONS SET FORTH ON THOSE EXHIBITS, THE PROVISIONS ON THE EXHIBITS SHALL PREVAIL. NEVERTHELESS, THE OWNER OF THE SOIL AND LESSEE DESIRE TO COMPLY WITH SUBCHAPTER F OF CHAPTER 52 OF THE TEXAS NATURAL RESOURCES CODE, KNOWN AS THE RELINQUISHMENT ACT, AND SHOULD ANY PROVISION ON EXHIBITS "A" OTHERWISE VIOLATE THE RELINQUISHMENT ACT, IT SHALL BE DEEMED REMOVED OR AMENDED TO THE EXTENT NECESSARY SO THIS LEASE FULLY COMPLIES WITH THE RELINQUISHMENT ACT.

LESSEE
BY: [Signature]
Title: Roger Alexander, Attorney-in-Fact of Cimarex Energy Co.
Date: July 1, 2013

STATE OF TEXAS _____ STATE OF TEXAS _____
BY: _____ BY: _____
Individually and as agent for the State of Texas _____ Individually and as agent for the State of Texas _____
Date: _____ Date: _____

STATE OF TEXAS _____ STATE OF TEXAS _____
BY: _____ BY: _____
Individually and as agent for the State of Texas _____ Individually and as agent for the State of Texas _____
Date: _____ Date: _____

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Exhibit "A"

Attached to and made part of that certain Oil and Gas Lease by and between the State of Texas, acting by and through its agent, Wider Sky, LP as Lessor and Cimarex Energy Co. and Lessee.

The following agreement and provisions shall supersede the provisions in the printed form text of this lease to the contrary, and shall inure to the benefit of, and binding upon the parties hereto and their respective heirs, representatives, successors and assigns.

40. **CONTINUOUS DEVELOPMENT.** Notwithstanding any provision contained herein to the contrary, whether oil or gas is or is not being produced on the leased premises or on lands pooled therewith at the expiration of the primary term, if Lessee is engaged in drilling or reworking operations or has completed a well either as a dry hole or as a producer on the leased premises or on lands pooled therewith within one hundred eighty (180) days of the expiration of the primary term, this lease shall remain in full force and effect and the primary term shall be extended as to all lands covered hereunder so long as operations continue to completion or abandonment and for so long thereafter as operations for drilling are conducted with no more than one hundred eighty (180) days elapsing between the completion or abandonment of one well and the commencement of actual drilling operations of another well. A well shall be determined to be completed after the completion unit is released and the official potential test has been filed with the Railroad Commission of Texas, but in no event later than 90 days after the day Lessee releases the drilling rig used to drill such well and a well shall be determined to be commenced when such well is spudded. If, however, Lessee has filed with the Texas Railroad Commission, no later than 60 days prior to the expiration of the said 180-day period, all requisite applications to drill the next well in the Continuous Drilling program, and Lessee is unable to proceed with drilling pending authorization by the Texas Railroad Commission, the Lessee shall be allowed such additional time as may be reasonably necessary to obtain authorization and thereafter spud the subsequent well.

41. **OFFSET WELLS.** Neither the bonus, delay rentals, nor royalties paid, or to be paid, under this lease, shall relieve Lessee of his obligation to protect the oil and gas under the above-described land from being drained. Lessee, sublessee, receiver, or other agent in control of the leased premises shall drill as many wells as the facts may justify and shall use appropriate means and drill to a depth necessary to prevent undue drainage of oil and gas from the leased premises. In addition, if a commercial oil and/or gas well is located on lands adjacent to the leased premises, and such well is (i) in the event that special field rules have not been established, encroaching on this lease from a non-standard location, (ii) in the event that special field rules have not been established, drilled and completed within 1,000 feet of the leased premises, or (iii) draining the leased premises, such well shall be deemed a "Draining Well." The Lessee, sublessee, receiver, or other agent in control of the leased premises shall in good faith begin the drilling of a well or wells upon the leased premises within 100 days after such Draining Well starts producing in commercial quantities and shall prosecute such drilling with diligence. Failure to satisfy the statutory offset obligation may subject this lease and the owner of the soil's agency rights to forfeiture. Only upon the determination of the Commissioner of the General Land Office and with his written approval may the payment of compensatory royalty under applicable statutory parameters satisfy the obligation to drill an offset well or wells required under this paragraph.

42. **PAID UP RENTALS.** Rental years one, two and three of this lease have been prepaid as part of the total lease bonus consideration. One half (1/2) of this amount has been paid to the Lessor and one half (1/2) has been paid to the State of Texas. Rental for the fourth and fifth year combine in the amount of \$214,713.33 has not been paid. If the fourth and fifth year rental is not paid, this lease shall terminate as to and only as to those lands determined by paragraph 16 at the end of year three (3). One half (1/2) of the fourth and fifth year rental will be paid to the Lessor and one half (1/2) will be paid to the State of Texas.

43. **MINIMUM AND SHUT-IN ROYALTY:** Notwithstanding paragraphs 5 and 14 above, the Minimum Royalty shall each be calculated on the basis of twenty-five dollars (\$25) per acre as opposed to one dollar (\$1.00) per acre.

44. **EXPIRATION OF DEEP RIGHTS:** Notwithstanding paragraphs 16 (A) and 16 (B) above, after the expiration of the primary term of this lease or at the expiration of the Continuous Development program described in paragraph 40 above, whichever is later, all rights 100 feet below the deepest total depth drilled and logged, shall expire.

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copy of
Original filed in
Reeves County
Clerks Office

STATE OF TEXAS

By:

Denise Rene Burchard Sandifer
Denise Rene Burchard Sandifer, as Kanstin LLC, general partner
of Wider Sky, LP,
Individually, as Trustee and as Agent for the State of Texas

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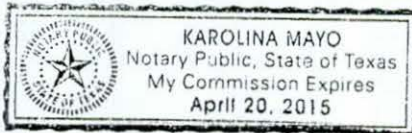
STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared Roger Alexander, known to me to be the person whose name is subscribed to the foregoing instruments as Attorney-in-Fact of Cimarex Energy Co. 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 1st day of July, 2013.



Karolina Mayo
Notary Public in and for STATE OF TEXAS

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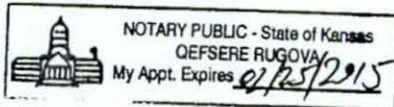
STATE OF

Kansas

COUNTY OF

Johnson

This instrument was acknowledged before me on the 13th day of June, 2013, by Denise Rene Burchard Sandifer as Kanstin LLC of General partner
Wider Sky, L.P., Individually, as Trustee and as Agent for the State of Texas.



Notary Public in and for

Johnson County

Inst No. 13-05447
DIANNE O. FLOREZ

COUNTY CLERK

2013 Jul 30 at 02:07 PM

REEVES COUNTY, TEXAS

By: VE [Signature] DEPUTY



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copy of
Original filed in
Reeves County
Clerks Office

11-23-08

File No. 111950

Lease C

Date Filed: 08/27/13
Jerry E. 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 1015, PAGE 380 THRU 389.



I hereby certified on 08/13/2013
DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS
BY [Signature] DEPUTY

CIMAREX

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

WELLS FARGO BANK NA

56-382/412

14702134

MF-111900

Present for payment within 180 days.

Vendor No.	Check No.	Check Date	Check Amount
023492	0001525359	08/29/2013	*****\$107,356.66

PAY One Hundred Seven Thousand Three Hundred Fifty Six Dollars and Sixty Six CentsTO THE
ORDER
OF

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

Paul Korus
Sherril M. Nitta

SIGNATURE HAS A COLORED BACKGROUND • BORDER CONTAINS MICROPRINTING

⑈0001525359⑈

PLEASE DETACH AT PERFORATION ABOVE

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

PLEASE DETACH AT PERFORATION ABOVE

CIMAREX

Check Number 0001525359

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21707162013P	07/16/2013		107,356.66	0.00	X 107,356.66
					121
					14702134

023492

Vendor

Check Date: 08/29/2013

Check Amount

107,356.66

CIMAREX

55-382/412

14700174

Vendor No.	Check No.	Check Date	Check Amount
023492	0001525417	08/29/2013	*****\$100.00

TO THE
ORDER
OF

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

Paul Korus
Sherril M. Nitta

SIGNATURE HAS A COLORED BACKGROUND • BORDER CONTAINS MICROPRINTING

11000152541711

API FASE DETACH AT PERFORATION ABOVE

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

PLEASE DETACH AT PERFORATION ABOVE

CIMAREX

Check Number 0001525417

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21708272013D	08/27/2013		100.00	0.00	100.00
14700174					
121					
023492	Vendor	Check Date:	08/29/2013	Check Amount	100.00

CIMAREX

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

WELLS FARGO BANK NA

56-382/412

14702133

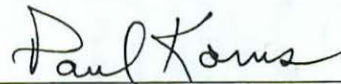
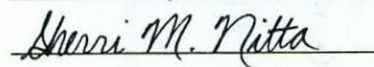
Present for payment within 180 days.

Vendor No.	Check No.	Check Date	Check Amount
023492	0001525416	08/29/2013	*****\$25.00

PAY Twenty Five Dollars and Zero Cents

TO THE
ORDER
OF

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

SIGNATURE HAS A COLORED BACKGROUND • BORDER CONTAINS MICROPRINTING

⑈0001525416⑈

PLEASE DETACH AT PERFORATION ABOVE

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

PLEASE DETACH AT PERFORATION ABOVE

CIMAREX

Check Number 0001525416

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21708272013C	08/27/2013		25.00	0.00	X 25.00 121

14702133

023492

Vendor

Check Date: 08/29/2013

Check Amount

25.00

File No. 111900Bonds, fees lease DDate Filed: 10/11/13

Jerry E. Patterson, Commissioner

By 

10-11-13

V. 1024
P. 651-660

The State of Texas



MF11900D

Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 25th day of March, 2013, between the State of Texas, acting by and through its agent, Madrone Creek Capital, L.P.
of 6300 Duranta Cove, Austin, Texas 78759
(Give Permanent Address)
said agent herein referred to as the owner of the soil (whether one or more), and Cimarex Energy Co.
of 600 N. Marienfeld, Suite 600, Midland, Texas 79701 hereinafter called Lessee.
(Give Permanent Address)

1. GRANTING CLAUSE. For and in consideration of the amounts stated below and of the covenants and agreements to be paid, kept and performed by Lessee under this lease, the State of Texas acting by and through the owner of the soil, hereby grants, leases and lets unto Lessee, for the sole and only purpose of prospecting and drilling for and producing oil and gas, laying pipe lines, building tanks, storing oil and building power stations, telephone lines and other structures thereon, to produce, save, take care of, treat and transport said products of the lease, the following lands situated in Reeves County, State of Texas, to-wit:

Section 33, Block 57, PSL Survey, containing 644.14 acres, more or less
Section 40, Block 57, PSL Survey, containing 644.14 acres, more or less
Section 41, Block 57, PSL Survey, containing 644.14 acres, more or less



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Original filed in
Reeves County
Clerks Office

containing 1,932.42 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: One Hundred Seven Thousand Three Hundred Fifty-Six Dollars and 66/100
Dollars (\$107,356.66)

To the owner of the soil: One Hundred Seven Thousand Three Hundred Fifty-Six Dollars and 66/100
Dollars (\$107,356.67)

Total bonus consideration: Two Hundred Fourteen Thousand Seven Hundred Thirteen Dollars and 33/100
Dollars (\$214,713.33)

The total bonus consideration paid represents a bonus of One Thousand and No/100
Dollars (\$1,000.00) per acre, on 214.7133 net acres.

2. TERM. Subject to the other provisions in this lease, this lease shall be for a term of five (5) years from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land. As used in this lease, the term "produced in paying quantities" means that the receipts from the sale or other authorized commercial use of the substance(s) covered exceed out of pocket operational expenses for the six months last past.

2177.01

3. DELAY RENTALS. If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the _____

Bank, at _____ or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:

To the owner of the soil: _____
Dollars (\$ _____)
To the State of Texas: _____
Dollars (\$ _____)
Total Delay Rental: _____
Dollars (\$ _____)

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Copy of
Original filed in
Brewster County
Clerks Office

In a like manner and upon like payments or tenders annually, the commencement of a well may be further deferred for successive periods of one (1) year each during the primary term. All payments or tenders of rental to the owner of the soil may be made by check or sight draft of Lessee, or any assignee of this lease, and may be delivered on or before the rental paying date. If the bank designated in this paragraph (or its successor bank) should cease to exist, suspend business, liquidate, fail or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payments or tenders of rental until thirty (30) days after the owner of the soil shall deliver to Lessee a proper recordable instrument naming another bank as agent to receive such payments or tenders.

4. PRODUCTION ROYALTIES. Upon production of oil and/or gas, Lessee agrees to pay or cause to be paid one-half (1/2) of the royalty provided for in this lease to the Commissioner of the General Land Office of the State of Texas, at Austin, Texas, and one-half (1/2) of such royalty to the owner of the soil:

(A) **OIL.** Royalty payable on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also as all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, shall be 1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, 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 leased premises is sold, used or processed in a plant, it will be run free of cost to the royalty owners through an adequate oil and gas separator of conventional type, or other equipment at least as efficient, so that all liquid hydrocarbons recoverable from the gas by such means will be recovered. The requirement that such gas be run through a separator or other equipment may be waived, in writing, by the royalty owners upon such terms and conditions as they prescribe.

(B) **NON PROCESSED GAS.** 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) shall be 1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, 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 the greater; provided that the maximum pressure base in measuring the gas under this lease 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 tests 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.** Royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons shall be 1/4 part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office. 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 arm's 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.** 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 shall be 1/4 part of the gross production of such products, or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such market value to be determined as follows: 1) on the basis of the highest market price of each product for 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.

5. 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 under this lease in no event shall be less than an amount equal to the total annual delay rental herein provided; 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 the total annual rental less the amount of royalties paid during the preceding year. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre.

6. **ROYALTY IN KIND.** Notwithstanding any other provision in this lease, at any time or from time to time, the owner of the soil or the Commissioner of the General Land Office may, at the option of either, upon not less than sixty (60) days notice to the holder of the lease, require that the payment of any royalties accruing to such royalty owner under this lease be made in kind. The owner of the soil's or the Commissioner of the General Land Office's right to take its royalty in kind shall not diminish or negate the owner of the soil's or the Commissioner of the General Land Office's rights or Lessee's obligations, whether express or implied, under this lease.

7. **NO DEDUCTIONS.** Lessee agrees that all royalties accruing under this lease (including those paid in kind) shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and otherwise making the oil, gas and other products hereunder ready for sale or use. Lessee agrees to compute and pay royalties on the gross value received, including any reimbursements for severance taxes and production related costs.

8. **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 any other provision of this lease, and subject to the written consent of the owner of the soil and the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises or for injection into any oil or gas producing formation underlying the leased premises after the liquid hydrocarbons contained in the gas have been removed; no royalties shall be payable on the recycled gas until it is produced and sold or used by Lessee in a manner which entitles the royalty owners to a royalty under this lease.

9. **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 to accrue 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.

10. (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) **PERMITS, 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. All applications, permits, reports or other filings that reference this lease or any specific well on the leased premises and that are submitted to the Texas Railroad Commission or any other governmental agency shall include the word "State" in the title. Additionally, in accordance with Railroad Commission rules, any signage on the leased premises for the purpose of identifying wells, tank batteries or other associated improvements to the land must also include the word "State." 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.

11. **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 13, using the expiration of the primary term as the date of cessation of production under Paragraph 13. 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.

12. DRILLING AND REWORKING AT EXPIRATION OF PRIMARY TERM. If, at the expiration of the primary term, neither oil nor gas is being produced on said land, but Lessee is then engaged in drilling or reworking operations thereon, this lease shall remain in force so long as operations on said well or for drilling or reworking of any additional wells are prosecuted in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days during any one such operation, and if they result in the production of oil and/or gas, so long thereafter as oil and/or gas is produced in paying quantities from said land, or payment of shut-in oil or gas well royalties or compensatory royalties is made as provided in this lease.

13. 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.

14. 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 double the annual rental provided in the lease, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre. 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. Such payment shall be made one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil. 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 two more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year.

15. 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 Draining Well as defined in paragraph 41, 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 Draining Well 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, one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil, beginning on or before the last day of the month following the month in which the oil or gas is produced from the Draining Well 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 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. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 9 of this lease. None of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in Texas Natural Resources Code 52.173; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties can satisfy the obligation to drill offset wells.

16. 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 14 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 Texas Natural Resources Code 52.151-52.154, 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. 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. Notwithstanding the termination of this lease as to a portion of the lands covered hereby, Lessee shall nevertheless continue to have the right of ingress to and egress from the lands still subject to this lease for all purposes described in Paragraph 1 hereof, together with easements and rights-of-way for existing roads, existing pipelines and other existing facilities on, over and across all the lands described in Paragraph 1 hereof ("the retained lands"), for access to and from the retained lands and for the gathering or transportation of oil, gas and other minerals produced from the retained lands.



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(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-deepest producing formation (hereinafter "deeper depths") in each well located on acreage retained in Paragraph 16 (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 Commissioner of the General Land Office. 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.

~~17. **OFFSET WELLS.** Neither the bonus, delay rentals, nor royalties paid, or to be paid, under this lease shall relieve Lessee of his obligation to protect the oil and gas under the above-described land from being drained. Lessee, sublessee, receiver or other agent in control of the leased premises shall drill as many wells as the facts may justify and shall use appropriate means and drill to a depth necessary to prevent undue drainage of oil and gas from the leased premises. In addition, if oil and/or gas should be produced in commercial quantities within 1,000 feet of the leased premises, or in any case where the leased premises is being drained by production of oil or gas, the Lessee, sublessee, receiver or other agent in control of the leased premises shall in good faith begin the drilling of a well or wells upon the leased premises within 100 days after the draining well or wells or the well or wells completed within 1,000 feet of the leased premises start producing in commercial quantities and shall prosecute such drilling with diligence. Failure to satisfy the statutory offset obligation may subject this lease and the owner of the soil's agency rights to forfeiture. Only upon the determination of the Commissioner of the General Land Office and with his written approval may the payment of compensatory royalty under applicable statutory parameters satisfy the obligation to drill an offset well or wells required under this paragraph. SEE PARAGRAPH 41.~~

18. **FORCE MAJEURE.** If, after a good faith effort, Lessee is prevented from complying with any express or implied covenant of this lease, from conducting drilling operations on the leased premises, or from producing oil or gas from the leased premises by reason of war, rebellion, riots, strikes, acts of God, or any valid order, rule or regulation of government authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended and Lessee shall not be liable for damages for failure to comply with such covenants; additionally, this lease shall be extended while Lessee is prevented, by any such cause, from conducting drilling and reworking operations or from producing oil or gas from the leased premises. However, nothing in this paragraph shall suspend the payment of delay rentals in order to maintain this lease in effect during the primary term in the absence of such drilling or reworking operations or production of oil or gas.

19. **WARRANTY CLAUSE.** The owner of the soil warrants and agrees to defend title to the leased premises. If the owner of the soil defaults in payments owed on the leased premises, then Lessee may redeem the rights of the owner of the soil in the leased premises by paying any mortgage, taxes or other liens on the leased premises. If Lessee makes payments on behalf of the owner of the soil under this paragraph, Lessee may recover the cost of these payments from the rental and royalties due the owner of the soil.

20. (A) **PROPORTIONATE REDUCTION CLAUSE.** If the owner of the soil owns less than the entire undivided surface estate in the above described land, whether or not Lessee's interest is specified herein, then the royalties and rental herein provided to be paid to the owner of the soil shall be paid to him in the proportion which his interest bears to the entire undivided surface estate and the royalties and rental herein provided to be paid to the Commissioner of the General Land Office of the State of Texas shall be likewise proportionately reduced. However, before Lessee adjusts the royalty or rental due to the Commissioner of the General Land Office, Lessee or his authorized representative must submit to the Commissioner of the General Land Office a written statement which explains the discrepancy between the interest purportedly leased under this lease and the actual interest owned by the owner of the soil. The Commissioner of the General Land Office shall be paid the value of the whole production allocable to any undivided interest not covered by a lease, less the proportionate development and production cost allocable to such undivided interest. However, in no event shall the Commissioner of the General Land Office receive as a royalty on the gross production allocable to the undivided interest not leased an amount less than the value of one-sixteenth (1/16) of such gross production.

(B) **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 and the owner of the soil in accordance with Natural Resources Code Sections 52.151-52.154, 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.

21. **USE OF WATER.** Lessee shall have the right to use water produced on said land necessary for operations under this lease except water from wells or tanks of the owner of the soil; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for waterflood operations without the prior consent of the owner of the soil.

22. **AUTHORIZED DAMAGES.** Lessee shall pay the owner of the soil for damages caused by its operations to all personal property, improvements, livestock and crops on said land.

23. **PIPELINE DEPTH.** When requested by the owner of the soil, Lessee shall bury its pipelines below plow depth.

24. **WELL LOCATION LIMIT.** No well shall be drilled nearer than two hundred (200) feet to any house or barn now on said premises without the written consent of the owner of the soil.



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25. 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. 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. Lessee shall, while conducting operations on the leased premises, keep said premises free of all rubbish, cans, bottles, paper cups or garbage, and upon completion of operations shall restore the surface of the land to as near its original condition and contours as is practicable. Tanks and equipment will be kept painted and presentable.

26. REMOVAL OF EQUIPMENT. Subject to limitations in this paragraph, Lessee shall have the right to remove machinery and fixtures placed by Lessee on the leased premises, including the right to draw and remove casing, within one hundred twenty (120) days after the expiration or the termination of this lease unless the owner of the soil grants Lessee an extension of this 120-day period. However, Lessee may not remove casing from any well capable of producing oil and gas in paying quantities. Additionally, Lessee may not draw and remove casing until after thirty (30) days written notice to the Commissioner of the General Land Office and to the owner of the soil. The owner of the soil shall become the owner of any machinery, fixtures, or casing which are not timely removed by Lessee under the terms of this paragraph.

27. (A) ASSIGNMENTS. Under the conditions contained in this paragraph and Paragraph 29 of this lease, the rights and estates of either party to this lease may be assigned, in whole or in part, and the provisions of this lease shall extend to and be binding upon their heirs, devisees, legal representatives, successors and assigns. However, a change or division in ownership of the land, rentals, or royalties will not enlarge the obligations of Lessee, diminish the rights, privileges and estates of Lessee, impair the effectiveness of any payment made by Lessee or impair the effectiveness of any act performed by Lessee. And no change or division in ownership of the land, rentals, or royalties shall bind Lessee for any purpose until thirty (30) days after the owner of the soil (or his heirs, devisees, legal representatives or assigns) furnishes the Lessee with satisfactory written evidence of the change in ownership, including the original recorded muniments of title (or a certified copy of such original) when the ownership changed because of a conveyance. A total or partial assignment of this lease shall, to the extent of the interest assigned, relieve and discharge Lessee of all subsequent obligations under this lease. If this lease is assigned in its entirety as to only part of the acreage, the right and option to pay rentals shall be apportioned as between the several owners ratably, according to the area of each, and failure by one or more of them to pay his share of the rental shall not affect this lease on the part of the land upon which pro rata rentals are timely paid or tendered; however, if the assignor or assignee does not file a certified copy of such assignment in the General Land Office before the next rental paying date, the entire lease shall terminate for failure to pay the entire rental due under Paragraph 3. Every assignee 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 assignee of the lease, including any liabilities to the State for unpaid royalties.

(B) ASSIGNMENT LIMITATION. Notwithstanding any provision in Paragraph 27(a), if the owner of the soil acquires this lease in whole or in part by assignment without the prior written approval of the Commissioner of the General Land Office, this lease is void as of the time of assignment and the agency power of the owner may be forfeited by the Commissioner. An assignment will be treated as if it were made to the owner of the soil if the assignee is:

- (1) a nominee of the owner of the soil;
- (2) a corporation or subsidiary in which the owner of the soil is a principal stockholder or is an employee of such a corporation or subsidiary;
- (3) a partnership in which the owner of the soil is a partner or is an employee of such a partnership;
- (4) a principal stockholder or employee of the corporation which is the owner of the soil;
- (5) a partner or employee in a partnership which is the owner of the soil;
- (6) a fiduciary for the owner of the soil; including but not limited to a guardian, trustee, executor, administrator, receiver, or conservator for the owner of the soil; or
- (7) a family member of the owner of the soil or related to the owner of the soil by marriage, blood, or adoption.

28. RELEASES. Under the conditions contained in this paragraph and Paragraph 29, Lessee may at any time execute and deliver to the owner of the soil and place of record a release or releases covering any portion or portions of the leased premises, and thereby surrender this lease as to such portion or portions, and be relieved of all subsequent obligations as to acreage surrendered. If any part of this lease is properly surrendered, the delay rental due under this lease shall be reduced by the proportion that the surrendered acreage bears to the acreage which was covered by this lease immediately prior to such surrender; however, such release will not relieve Lessee of any liabilities which may have accrued under this lease prior to the surrender of such acreage.

29. FILING OF ASSIGNMENTS AND RELEASES. If all or any part of this lease is assigned or released, such assignment or release must be recorded in the county where the land is situated, and the recorded instrument, or a copy of the recorded instrument certified by the County Clerk of the county in which the instrument is recorded, must be filed in the General Land Office within 90 days of the last execution date accompanied by the prescribed filing fee. If any such assignment is not so filed, the rights acquired under this lease shall be subject to forfeiture at the option of the Commissioner of the General Land Office.

30. DISCLOSURE CLAUSE. All provisions pertaining to the lease of the above-described land have been included in this instrument, including the statement of the true consideration to be paid for the execution of this lease and the rights and duties of the parties. Any collateral agreements concerning the development of oil and gas from the leased premises which are not contained in this lease render this lease invalid.

31. FIDUCIARY DUTY. The owner of the soil owes the State a fiduciary duty and must fully disclose any facts affecting the State's interest in the leased premises. When the interests of the owner of the soil conflict with those of the State, the owner of the soil is obligated to put the State's interests before his personal interests.

32. FORFEITURE. If Lessee shall fail or refuse to make the payment of any sum within thirty 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 if Lessee should 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



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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 under the terms of the Relinquishment Act. 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.

33. LIEN. In accordance with Texas Natural Resources Code 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 Texas Natural Resources Code 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, Chap. 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.

34. POOLING. Lessee is hereby granted the right to pool or unitize the royalty interest of the owner of the soil under this lease with any other leasehold or mineral interest for the exploration, development and production of oil or gas or either of them upon the same terms as shall be approved by the School Land Board and the Commissioner of the General Land Office for the pooling or unitizing of the interest of the State under this lease pursuant to Texas Natural Resources Code 52.151-52.154. The owner of the soil agrees that the inclusion of this provision in this lease satisfies the execution requirements stated in Texas Natural Resources Code 52.152.

35. INDEMNITY. Lessee hereby releases and discharges the State of Texas and the owner of the soil, their officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns, of and from all and any actions and causes of action of every nature, or other harm, including environmental harm, for which recovery of damages is sought, including, but not limited to, all losses and expenses which are caused by the activities of Lessee, its officers, employees, and agents arising out of, incidental to, or resulting from, the operations of or for Lessee on the leased premises hereunder, or that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement, or by any other negligent or strictly liable act or omission of Lessee. Further, Lessee hereby agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees and agents, their successors or assigns, against any and all claims, liabilities, losses, damages, actions, personal injury (including death), costs and expenses, or other harm for which recovery of damages is sought, under any theory including tort, contract, or strict liability, including attorneys' fees and other legal expenses, including those related to environmental hazards, on the leased premises or in any way related to Lessee's failure to comply with any and all environmental laws; those arising from or in any way related to Lessee's operations or any other of Lessee's activities on the leased premises; those arising from Lessee's use of the surface of the leased premises; and those that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement or any other act or omission of Lessee, its directors, officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns. Each assignee of this Agreement, or an interest therein, agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees, and agents in the same manner provided above in connection with the activities of Lessee, its officers, employees, and agents as described above. **EXCEPT AS OTHERWISE EXPRESSLY LIMITED HEREIN, ALL OF THE INDEMNITY OBLIGATIONS AND/OR LIABILITIES ASSUMED UNDER THE TERMS OF THIS AGREEMENT SHALL BE WITHOUT LIMITS AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF (EXCLUDING PRE-EXISTING CONDITIONS), STRICT LIABILITY, OR THE NEGLIGENCE OF ANY PARTY OR PARTIES (INCLUDING THE NEGLIGENCE OF THE INDEMNIFIED PARTY), WHETHER SUCH NEGLIGENCE BE SOLE, JOINT, CONCURRENT, ACTIVE, OR PASSIVE.**

36. ENVIRONMENTAL HAZARDS. Lessee shall use the highest degree of care and all reasonable safeguards to prevent contamination or pollution of any environmental medium, including soil, surface waters, groundwater, sediments, and surface or subsurface strata, ambient air or any other environmental medium in, on, or under, the leased premises, by any waste, pollutant, or contaminant. Lessee shall not bring or permit to remain on the leased premises any asbestos containing materials, explosives, toxic materials, or substances regulated as hazardous wastes, hazardous materials, hazardous substances (as the term "Hazardous Substance" is defined in the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 U.S.C. Sections 9601, et seq.), or toxic substances under any federal, state, or local law or regulation ("Hazardous Materials"), except ordinary products commonly used in connection with oil and gas exploration and development operations and stored in the usual manner and quantities. **LESSEE'S VIOLATION OF THE FOREGOING PROHIBITION SHALL CONSTITUTE A MATERIAL BREACH AND DEFAULT HEREUNDER AND LESSEE SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND THE STATE OF TEXAS AND THE OWNER OF THE SOIL FROM AND AGAINST ANY CLAIMS, DAMAGES, JUDGMENTS, PENALTIES, LIABILITIES, AND COSTS (INCLUDING REASONABLE ATTORNEYS' FEES AND COURT COSTS) CAUSED BY OR ARISING OUT OF (1) A VIOLATION OF THE FOREGOING PROHIBITION OR (2) THE PRESENCE, RELEASE, OR DISPOSAL OF ANY HAZARDOUS MATERIALS ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OR CONTROL OF THE LEASED PREMISES. LESSEE SHALL CLEAN UP, REMOVE, REMEDY AND REPAIR ANY SOIL OR GROUND WATER CONTAMINATION AND DAMAGE CAUSED BY THE PRESENCE OR RELEASE OF ANY HAZARDOUS MATERIALS IN, ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OF THE LEASED PREMISES IN CONFORMANCE WITH THE REQUIREMENTS OF APPLICABLE LAW. THIS INDEMNIFICATION AND ASSUMPTION SHALL APPLY, BUT IS NOT LIMITED TO, LIABILITY FOR RESPONSE ACTIONS UNDERTAKEN PURSUANT TO CERCLA OR ANY OTHER ENVIRONMENTAL LAW OR REGULATION. LESSEE SHALL IMMEDIATELY GIVE THE STATE OF TEXAS AND THE OWNER OF THE SOIL WRITTEN NOTICE OF ANY BREACH OR SUSPECTED BREACH OF THIS PARAGRAPH, UPON LEARNING OF THE PRESENCE OF ANY HAZARDOUS MATERIALS, OR UPON RECEIVING A NOTICE FROM ANY GOVERNMENTAL AGENCY PERTAINING TO HAZARDOUS MATERIALS WHICH MAY AFFECT THE LEASED PREMISES. THE OBLIGATIONS OF LESSEE HEREUNDER SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION, FOR ANY REASON, OF THIS AGREEMENT.**

37. APPLICABLE LAW. This lease is issued under the provisions of Texas Natural Resources Code 52.171 through 52.190, commonly known as the Relinquishment Act, and other applicable statutes and amendments thereto, and if any provision in this lease does not conform to these statutes, the statutes will prevail over any nonconforming lease provisions.



38. 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. Once the filing requirements found in Paragraph 39 of this lease have been satisfied, the effective date of this lease shall be the date found on Page 1.

39. LEASE FILING. Pursuant to Chapter 9 of the Texas Business and Commerce 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. This lease is not effective until a certified copy of this lease (which is made and certified by the County Clerk from his records) is filed in the General Land Office in accordance with Texas Natural Resources Code 52.183. Additionally, this lease shall not be binding upon the State unless it recites the actual and true consideration paid or promised for execution of this lease. The bonus due the State and the prescribed filing fee shall accompany such certified copy to the General Land Office.

EXHIBIT "A" ATTACHED HERETO CONTAIN ADDITIONAL PROVISIONS WHICH ARE INCORPORATED HEREIN AND MADE A PART OF THIS LEASE. IN THE EVENT OF INCONSISTENCY OR CONFLICT BETWEEN ANY PRINTED PROVISIONS OF THIS LEASE FORM AND THE PROVISIONS SET FORTH ON THOSE EXHIBITS, THE PROVISIONS ON THE EXHIBITS SHALL PREVAIL. NEVERTHELESS, THE OWNER OF THE SOIL AND LESSEE DESIRE TO COMPLY WITH SUBCHAPTER F OF CHAPTER 52 OF THE TEXAS NATURAL RESOURCES CODE, KNOWN AS THE RELINQUISHMENT ACT, AND SHOULD ANY PROVISION ON EXHIBITS "A" OTHERWISE VIOLATE THE RELINQUISHMENT ACT, IT SHALL BE DEEMED REMOVED OR AMENDED TO THE EXTENT NECESSARY SO THIS LEASE FULLY COMPLIES WITH THE RELINQUISHMENT ACT.

LESSEE
BY: [Signature]
Title: Roger Alexander, Attorney-in-Fact of Cimarex Energy Co.
Date: _____



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

STATE OF TEXAS _____	STATE OF TEXAS _____
BY: _____	BY: _____
Individually and as agent for the State of Texas _____	Individually and as agent for the State of Texas _____
Date: _____	Date: _____

STATE OF TEXAS _____	STATE OF TEXAS _____
BY: _____	BY: _____
Individually and as agent for the State of Texas _____	Individually and as agent for the State of Texas _____
Date: _____	Date: _____

21.11.01

10.11.13

STATE OF TEXAS

By: [Signature]

Mark David Burchard, as a member of Ricking Horse Ridge, LLC, General Partner
of Madrone Creek Capital, L.P.,
Individually, as Trustee and as Agent for the State of Texas

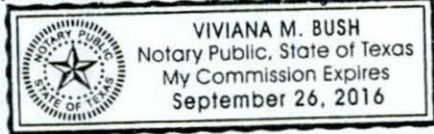
STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared Roger Alexander, known to me to be the person whose name is subscribed to the foregoing instruments as Attorney-in-Fact of Cimarex Energy Co. 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 28th day of August, 2013

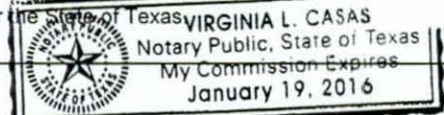


Viviana M. Bush
Notary Public in and for State of Texas

STATE OF Texas

COUNTY OF Williamson

This instrument was acknowledged before me on the 3 day of July, 2013, by Mark David Burchard as a member of Rocking Horse Ridge, General Partner of Madrone Creek Capital, L.P., Individually, as Trustee and as Agent for the State of Texas



Notary Public in and for _____



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

27.17.07

10.11.13

Exhibit "A"

Attached to and made part of that certain Oil and Gas Lease by and between the State of Texas, acting by and through its agent, Madrone Creek Capital, L.P. as Lessor and Cimarex Energy Co. and Lessee.

The following agreement and provisions shall supersede the provisions in the printed form text of this lease to the contrary, and shall inure to the benefit of, and binding upon the parties hereto and their respective heirs, representatives, successors and assigns.

40. CONTINUOUS DEVELOPMENT. Notwithstanding any provision contained herein to the contrary, whether oil or gas is or is not being produced on the leased premises or on lands pooled therewith at the expiration of the primary term, if Lessee is engaged in drilling or reworking operations or has completed a well either as a dry hole or as a producer on the leased premises or on lands pooled therewith within one hundred eighty (180) days of the expiration of the primary term, this lease shall remain in full force and effect and the primary term shall be extended as to all lands covered hereunder so long as operations continue to completion or abandonment and for so long thereafter as operations for drilling are conducted with no more than one hundred eighty (180) days elapsing between the completion or abandonment of one well and the commencement of actual drilling operations of another well. A well shall be determined to be completed after the completion unit is released and the official potential test has been filed with the Railroad Commission of Texas, but in no event later than 90 days after the day Lessee releases the drilling rig used to drill such well and a well shall be determined to be commenced when such well is spudded. If, however, Lessee has filed with the Texas Railroad Commission, no later than 60 days prior to the expiration of the said 180-day period, all requisite applications to drill the next well in the Continuous Drilling program, and Lessee is unable to proceed with drilling pending authorization by the Texas Railroad Commission, the Lessee shall be allowed such additional time as may be reasonably necessary to obtain authorization and thereafter spud the subsequent well.

41. OFFSET WELLS. Neither the bonus, delay rentals, nor royalties paid, or to be paid, under this lease, shall relieve Lessee of his obligation to protect the oil and gas under the above-described land from being drained. Lessee, sublessee, receiver, or other agent in control of the leased premises shall drill as many wells as the facts may justify and shall use appropriate means and drill to a depth necessary to prevent undue drainage of oil and gas from the leased premises. In addition, if a commercial oil and/or gas well is located on lands adjacent to the leased premises, and such well is (i) in the event that special field rules have been established, encroaching on this lease from a non-standard location, (ii) in the event that special field rules have not been established, drilled and completed within 1,000 feet of the leased premises, or (iii) draining the leased premises, such well shall be deemed a "Draining Well." The Lessee, sublessee, receiver, or other agent in control of the leased premises shall in good faith begin the drilling of a well or wells upon the leased premises within 100 days after such Draining Well starts producing in commercial quantities and shall prosecute such drilling with diligence. Failure to satisfy the statutory offset obligation may subject this lease and the owner of the soil's agency rights to forfeiture. Only upon the determination of the Commissioner of the General Land Office and with his written approval may the payment of compensatory royalty under applicable statutory parameters satisfy the obligation to drill an offset well or wells required under this paragraph.

42. PAID UP RENTALS. Rental years one, two and three of this lease have been prepaid as part of the total lease bonus consideration. One half (1/2) of this amount has been paid to the Lessor and one half (1/2) has been paid to the State of Texas. Rental for the fourth and fifth year combine in the amount of \$214,713.33 has not been paid. If the fourth and fifth year rental is not paid, this lease shall terminate as to and only as to those lands determined by paragraph 16 at the end of year three (3). One half (1/2) of the fourth and fifth year rental will be paid to the Lessor and one half (1/2) will be paid to the State of Texas.

43. MINIMUM AND SHUT-IN ROYALTY: Notwithstanding paragraphs 5 and 14 above, the Minimum Royalty shall each be calculated on the basis of twenty-five dollars (\$25) per acre as opposed to one dollar (\$1.00) per acre.

44. EXPIRATION OF DEEP RIGHTS: Notwithstanding paragraphs 16 (A) and 16 (B) above, after the expiration of the primary term of this lease or at the expiration of the Continuous Development program described in paragraph 40 above, whichever is later, all rights 100 feet below the deepest total depth drilled and logged, shall expire.



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

Inst No. 13-06773
DIANNE O. FLOREZ
COUNTY CLERK

2013 Sep 19 at 09:58 AM
REEVES COUNTY, TEXAS

By: AC Aurora Calanchi DEPUTY

ST. 11.01

File No. 111960

Lease

Date Filed: 06/11/13
Jerry E. Patterson, Commissioner

By [Signature]

**THE STATE OF TEXAS
COUNTY OF REEVES**

I, Dianne O. Florez, Clerk of the County Court in and for said County and State do hereby certify that the foregoing is a true and correct copy of

Oil & Gas Lease dated March 25 2013

filed for record in my office this 19th day of September 2013 at

9:58A. M., under Clerk's File No. 13-06773, to be recorded in the

Official Public Records

Records of Reeves County, Texas.

TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas
this 19th day of September, 2013.

By Aurora Calanchi Deputy.

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

10-11-13

CIMAREX

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

WELLS FARGO BANK NA

14703502

Present for payment within 180 days.

Vendor No.	Check No.	Check Date	Check Amount
023492	0001537073	11/06/2013	*****\$107,356.66

PAY One Hundred Seven Thousand Three Hundred Fifty Six Dollars and Sixty Six CentsTO THE
ORDER
OF

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

*Paul Korns**Shirley M. Nitta*

SIGNATURE HAS A COLORED BACKGROUND - BORDER CONTAINS MICROPRINTING

⑈0001537073⑈

PLEASE DETACH AT PERFORATION ABOVE

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

PLEASE DETACH AT PERFORATION ABOVE

CIMAREX

Check Number 0001537073

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ217103113b	10/31/2013		107,356.66	0.00	107,356.66
E					
121					
14703502					

023492

Vendor

Check Date: 11/06/2013

Check Amount ➡

107,356.66

CIMAREX

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

WELLS FARGO BANK NA

56-382/412

14703503

Present for payment within 180 days.

Vendor No.	Check No.	Check Date	Check Amount
023492	0001537184	11/07/2013	*****\$100.00

PAY One Hundred Dollars and Zero Cents

TO THE
ORDER
OF

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

Paul Korns
Sherril M. Nitta

SIGNATURE HAS A COLORED BACKGROUND - BORDER CONTAINS MICROPRINTING

⑈0001537184⑈

PLEASE DETACH AT PERFORATION ABOVE

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

PLEASE DETACH AT PERFORATION ABOVE

CIMAREX

Check Number 0001537184

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21711062013A	11/06/2013		100.00	0.00	X 100.00 121

14703503

023492 Vendor Check Date: 11/07/2013 Check Amount 100.00



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

WELLS FARGO BANK NA

56-382/412

14705275

Present for payment within 180 days.

Vendor No.	Check No.	Check Date	Check Amount
023492	0001537839	11/11/2013	*****\$25.00

PAY Twenty Five Dollars and Zero Cents

TO THE
ORDER
OF

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

Paul Kous
Sherril M. Nitta

SIGNATURE HAS A COLORED BACKGROUND - BORDER CONTAINS MICROFINING

⑈0001537839⑈

PLEASE DETACH AT PERFORATION ABOVE

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

PLEASE DETACH AT PERFORATION ABOVE



Check Number 0001537839

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ217110413i	11/04/2013		25.00	0.00	25.00

COPY

121

14705275

023492

Vendor

Check Date: 11/11/2013

Check Amount

25.00

11.11.2013

07.02.21

Cimarex Energy Co.

600 N. Marienfeld

Suite 600

Midland, TX 79701

MAIN 432.571.7800



December 19, 2013

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

Via Federal Express

RE: Mineral Classified Leases
Section 33, Block 57 PSL Survey, Reeves County, Texas
Section 40, Block 57 PSL Survey, Reeves County, Texas
Section 41, Block 57 PSL Survey, Reeves County, Texas

Dear Mr. Reid,

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

Lessor: Boys & Boots Land and Cattle Company, LLC
Recorded: Vol. 1037, Page 0451

Please respond with a written verification of receipt and acceptance of the above recorded lease. If I can be of further assistance, please contact me at the number below.

Sincerely,

Cody Elliot
Landman
(432) 571-7806

A handwritten signature in blue ink, appearing to be "Cody Elliot", with a stylized flourish at the end.



Drew Reid - FW: Lease on its way

From: Hilary Coder <hcoder@cimarex.com>
To: "Drew Reed (Drew.Reid@GLO.TEXAS.GOV)" <Drew.Reid@GLO.TEXAS.GOV>
Date: 11/1/2013 11:10 AM
Subject: FW: Lease on its way
CC: Debra Harris <dfharris@cimarex.com>
Attachments: 20131101110152383.pdf

Drew

I have attached a lease that finally came in from Boys & Boots, which is the family member of the parties referenced below. Boys and Boots had title issued that had to be resolved before they could be leased. The entire family was leased for \$1,000/acre back in march and 2 of the family members leases were already processed at that price. Can we still get this one approved at that price since the only reason it wasn't pushed through with the others was because of the title problem?

Thanks, Drew



CIMAREX
HILARY CODER
 Petroleum Landman
 Cimarex Energy Co.
 600 N. Marienfeld, Suite 600
 Midland, Texas 79701
 Ph: (432) 571-7887
 Fx: (432) 571-7840

From: Hilary Coder
Sent: Tuesday, September 03, 2013 3:15 PM
To: Drew Reed (Drew.Reid@GLO.TEXAS.GOV)
Subject: Lease on its way

Drew

I had a group of leases that we negotiated in March 25th 2013 for \$1,000/nma. It took a while to get them in because of title issues; however they are on their way to you. One has already gone through and been approved, which was from Wider Sky and a second is on its way to you for approval from Madrone Creek Capital.

Just wanted to give you a heads up.

Thanks!

CIMAREX
HILARY CODER
 Petroleum Landman
 Cimarex Energy Co.
 600 N. Marienfeld, Suite 600
 Midland, Texas 79701
 Ph: (432) 571-7887
 Fx: (432) 571-7840

File No. 111900

Ltr, bonus, fees

Date Filed: 12/20/13

Jerry E. Patterson, Commissioner

By 

The State of Texas



Austin, Texas

MF-111900 E

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 25th day of March, 2013, between the State of Texas, acting by and through its agent, Boys & Boots Land and Cattle Company, LLC.

of 25010 Abbotshire Court, Katy, Texas 77494

(Give Permanent Address)

said agent herein referred to as the owner of the soil (whether one or more), and Cimarex Energy Co.

of 600 N. Marienfeld, Suite 600, Midland, Texas 79701

(Give Permanent Address)

hereinafter called Lessee.

1. GRANTING CLAUSE. For and in consideration of the amounts stated below and of the covenants and agreements to be paid, kept and performed by Lessee under this lease, the State of Texas acting by and through the owner of the soil, hereby grants, leases and lets unto Lessee, for the sole and only purpose of prospecting and drilling for and producing oil and gas, laying pipe lines, building tanks, storing oil and building power stations, telephone lines and other structures thereon, to produce, save, take care of, treat and transport said products of the lease, the following land situated in Reeves County, State of Texas, to-wit:

Section 33, Block 57, PSL Survey, containing 644.14 acres, more or less
Section 40, Block 57, PSL Survey, containing 644.14 acres, more or less
Section 41, Block 57, PSL Survey, containing 644.14 acres, more or less

containing 1,932.42 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: One Hundred Seven Thousand Three Hundred Fifty-Six Dollars and 66/100
Dollars (\$107,356.66)

To the owner of the soil: One Hundred Seven Thousand Three Hundred Fifty-Six Dollars and 66/100
Dollars (\$107,356.67)

Total bonus consideration: Two Hundred Fourteen Thousand Seven Hundred Thirteen Dollars and 33/100
Dollars (\$214,713.33)

The total bonus consideration paid represents a bonus of One Thousand and No/100

Dollars (\$1,000.00) per acre, on 214.7133 net acres.

2. TERM. Subject to the other provisions in this lease, this lease shall be for a term of five (5) years from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land. As used in this lease, the term "produced in paying quantities" means that the receipts from the sale or other authorized commercial use of the substance(s) covered exceed out of pocket operational expenses for the six months last past.



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

3. **DELAY RENTALS.** If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the _____

_____, Bank, at _____, or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:

To the owner of the soil: _____
Dollars (\$ _____)
To the State of Texas: _____
Dollars (\$ _____)
Total Delay Rental: _____
Dollars (\$ _____)

In a like manner and upon like payments or tenders annually, the commencement of a well may be further deferred for successive periods of one (1) year each during the primary term. All payments or tenders of rental to the owner of the soil may be made by check or sight draft of Lessee, or any assignee of this lease, and may be delivered on or before the rental paying date. If the bank designated in this paragraph (or its successor bank) should cease to exist, suspend business, liquidate, fail or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payments or tenders of rental until thirty (30) days after the owner of the soil shall deliver to Lessee a proper recordable instrument naming another bank as agent to receive such payments or tenders.

4. **PRODUCTION ROYALTIES.** Upon production of oil and/or gas, Lessee agrees to pay or cause to be paid one-half (1/2) of the royalty provided for in this lease to the Commissioner of the General Land Office of the State of Texas, at Austin, Texas, and one-half (1/2) of such royalty to the owner of the soil.

(A) **OIL.** Royalty payable on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also as all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, shall be 1/4 _____ part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, 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 leased premises is sold, used or processed in a plant, it will be run free of cost to the royalty owners through an adequate oil and gas separator of conventional type, or other equipment at least as efficient, so that all liquid hydrocarbons recoverable from the gas by such means will be recovered. The requirement that such gas be run through a separator or other equipment may be waived, in writing, by the royalty owners upon such terms and conditions as they prescribe.

(B) **NON PROCESSED GAS.** 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) shall be 1/4 _____ part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, 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 the greater; provided that the maximum pressure base in measuring the gas under this lease 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 tests 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.** Royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons shall be 1/4 _____ part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office. 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 arm's 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.** 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 shall be 1/4 _____ part of the gross production of such products, or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such market value to be determined as follows: 1) on the basis of the highest market price of each product for 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.

5. **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 under this lease in no event shall be less than an amount equal to the total annual delay rental herein provided; 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 the total annual rental less the amount of royalties paid during the preceding year. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre.



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6. **ROYALTY IN KIND.** Notwithstanding any other provision in this lease, at any time or from time to time, the owner of the soil or the Commissioner of the General Land Office may, at the option of either, upon not less than sixty (60) days notice to the holder of the lease, require that the payment of any royalties accruing to such royalty owner under this lease be made in kind. The owner of the soil's or the Commissioner of the General Land Office's right to take its royalty in kind shall not diminish or negate the owner of the soil's or the Commissioner of the General Land Office's rights or Lessee's obligations, whether express or implied, under this lease.

7. **NO DEDUCTIONS.** Lessee agrees that all royalties accruing under this lease (including those paid in kind) shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and otherwise making the oil, gas and other products hereunder ready for sale or use. Lessee agrees to compute and pay royalties on the gross value received, including any reimbursements for severance taxes and production related costs.

8. **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 any other provision of this lease, and subject to the written consent of the owner of the soil and the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises or for injection into any oil or gas producing formation underlying the leased premises after the liquid hydrocarbons contained in the gas have been removed; no royalties shall be payable on the recycled gas until it is produced and sold or used by Lessee in a manner which entitles the royalty owners to a royalty under this lease.

9. **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 to accrue 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.

10. (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) **PERMITS, 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. All applications, permits, reports or other filings that reference this lease or any specific well on the leased premises and that are submitted to the Texas Railroad Commission or any other governmental agency shall include the word "State" in the title. Additionally, in accordance with Railroad Commission rules, any signage on the leased premises for the purpose of identifying wells, tank batteries or other associated improvements to the land must also include the word "State." 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.

11. **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



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operations pursuant to Paragraph 13, using the expiration of the primary term as the date of cessation of production under Paragraph 13. 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.

12. DRILLING AND REWORKING AT EXPIRATION OF PRIMARY TERM. If, at the expiration of the primary term, neither oil nor gas is being produced on said land, but Lessee is then engaged in drilling or reworking operations thereon, this lease shall remain in force so long as operations on said well or for drilling or reworking of any additional wells are prosecuted in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days during any one such operation, and if they result in the production of oil and/or gas, so long thereafter as oil and/or gas is produced in paying quantities from said land, or payment of shut-in oil or gas well royalties or compensatory royalties is made as provided in this lease.

13. 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.

14. 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 double the annual rental provided in the lease, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre. 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. Such payment shall be made one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil. 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 two more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year.

15. 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 Draining Well as defined in paragraph 41, 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 Draining Well 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, one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil, beginning on or before the last day of the month following the month in which the oil or gas is produced from the Draining Well 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 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. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 9 of this lease. None of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in Texas Natural Resources Code 52.173; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties can satisfy the obligation to drill offset wells.

16. 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 14 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 Texas Natural Resources Code 52.151-52.154, 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. 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. Notwithstanding the termination of this lease as to a portion of the lands covered hereby, Lessee shall nevertheless continue to have the right of ingress to and egress from the lands still subject to this lease for all purposes described in Paragraph 1 hereof, together with easements and rights-of-way for existing roads, existing pipelines and other existing facilities on, over and across all the lands described in Paragraph 1 hereof ("the retained lands"), for access to and from the retained lands and for the gathering or transportation of oil, gas and other minerals produced from the retained lands.



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(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 deepest producing formation (hereinafter "deeper depths") in each well located on acreage retained in Paragraph 16 (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 Commissioner of the General Land Office. 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.

17. OFFSET WELLS. Neither the bonus, delay rentals, nor royalties paid, or to be paid, under this lease shall relieve Lessee of his obligation to protect the oil and gas under the above-described land from being drained. Lessee, sublessee, receiver or other agent in control of the leased premises shall drill as many wells as the facts may justify and shall use appropriate means and drill to a depth necessary to prevent undue drainage of oil and gas from the leased premises. In addition, if oil and/or gas should be produced in commercial quantities within 1,000 feet of the leased premises, or in any case where the leased premises is being drained by production of oil or gas, the Lessee, sublessee, receiver or other agent in control of the leased premises shall in good faith begin the drilling of a well or wells upon the leased premises within 100 days after the draining well or wells or the well or wells completed within 1,000 feet of the leased premises start producing in commercial quantities and shall prosecute such drilling with diligence. Failure to satisfy the statutory offset obligation may subject this lease and the owner of the soil's agency rights to forfeiture. Only upon the determination of the Commissioner of the General Land Office and with his written approval may the payment of compensatory royalty under applicable statutory parameters satisfy the obligation to drill an offset well or wells required under this paragraph. SEE PARAGRAPH 41.

18. FORCE MAJEURE. If, after a good faith effort, Lessee is prevented from complying with any express or implied covenant of this lease, from conducting drilling operations on the leased premises, or from producing oil or gas from the leased premises by reason of war, rebellion, riots, strikes, acts of God, or any valid order, rule or regulation of government authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended and Lessee shall not be liable for damages for failure to comply with such covenants; additionally, this lease shall be extended while Lessee is prevented, by any such cause, from conducting drilling and reworking operations or from producing oil or gas from the leased premises. However, nothing in this paragraph shall suspend the payment of delay rentals in order to maintain this lease in effect during the primary term in the absence of such drilling or reworking operations or production of oil or gas.

19. WARRANTY CLAUSE. The owner of the soil warrants and agrees to defend title to the leased premises. If the owner of the soil defaults in payments owed on the leased premises, then Lessee may redeem the rights of the owner of the soil in the leased premises by paying any mortgage, taxes or other liens on the leased premises. If Lessee makes payments on behalf of the owner of the soil under this paragraph, Lessee may recover the cost of these payments from the rental and royalties due the owner of the soil.

20. (A) PROPORTIONATE REDUCTION CLAUSE. If the owner of the soil owns less than the entire undivided surface estate in the above described land, whether or not Lessee's interest is specified herein, then the royalties and rental herein provided to be paid to the owner of the soil shall be paid to him in the proportion which his interest bears to the entire undivided surface estate and the royalties and rental herein provided to be paid to the Commissioner of the General Land Office of the State of Texas shall be likewise proportionately reduced. However, before Lessee adjusts the royalty or rental due to the Commissioner of the General Land Office, Lessee or his authorized representative must submit to the Commissioner of the General Land Office a written statement which explains the discrepancy between the interest purportedly leased under this lease and the actual interest owned by the owner of the soil. The Commissioner of the General Land Office shall be paid the value of the whole production allocable to any undivided interest not covered by a lease, less the proportionate development and production cost allocable to such undivided interest. However, in no event shall the Commissioner of the General Land Office receive as a royalty on the gross production allocable to the undivided interest not leased an amount less than the value of one-sixteenth (1/16) of such gross production.

(B) 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 and the owner of the soil in accordance with Natural Resources Code Sections 52.151-52.154, 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.

21. USE OF WATER. Lessee shall have the right to use water produced on said land necessary for operations under this lease except water from wells or tanks of the owner of the soil; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for waterflood operations without the prior consent of the owner of the soil.

22. AUTHORIZED DAMAGES. Lessee shall pay the owner of the soil for damages caused by its operations to all personal property, improvements, livestock and crops on said land.

23. PIPELINE DEPTH. When requested by the owner of the soil, Lessee shall bury its pipelines below plow depth.

24. WELL LOCATION LIMIT. No well shall be drilled nearer than two hundred (200) feet to any house or barn now on said premises without the written consent of the owner of the soil.



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25. 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. 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. Lessee shall, while conducting operations on the leased premises, keep said premises free of all rubbish, cans, bottles, paper cups or garbage, and upon completion of operations shall restore the surface of the land to as near its original condition and contours as is practicable. Tanks and equipment will be kept painted and presentable.

26. REMOVAL OF EQUIPMENT. Subject to limitations in this paragraph, Lessee shall have the right to remove machinery and fixtures placed by Lessee on the leased premises, including the right to draw and remove casing, within one hundred twenty (120) days after the expiration or the termination of this lease unless the owner of the soil grants Lessee an extension of this 120-day period. However, Lessee may not remove casing from any well capable of producing oil and gas in paying quantities. Additionally, Lessee may not draw and remove casing until after thirty (30) days written notice to the Commissioner of the General Land Office and to the owner of the soil. The owner of the soil shall become the owner of any machinery, fixtures, or casing which are not timely removed by Lessee under the terms of this paragraph.

27. (A) ASSIGNMENTS. Under the conditions contained in this paragraph and Paragraph 29 of this lease, the rights and estates of either party to this lease may be assigned, in whole or in part, and the provisions of this lease shall extend to and be binding upon their heirs, devisees, legal representatives, successors and assigns. However, a change or division in ownership of the land, rentals, or royalties will not enlarge the obligations of Lessee, diminish the rights, privileges and estates of Lessee, impair the effectiveness of any payment made by Lessee or impair the effectiveness of any act performed by Lessee. And no change or division in ownership of the land, rentals, or royalties shall bind Lessee for any purpose until thirty (30) days after the owner of the soil (or his heirs, devisees, legal representatives or assigns) furnishes the Lessee with satisfactory written evidence of the change in ownership, including the original recorded muniments of title (or a certified copy of such original) when the ownership changed because of a conveyance. A total or partial assignment of this lease shall, to the extent of the interest assigned, relieve and discharge Lessee of all subsequent obligations under this lease. If this lease is assigned in its entirety as to only part of the acreage, the right and option to pay rentals shall be apportioned as between the several owners ratably, according to the area of each, and failure by one or more of them to pay his share of the rental shall not affect this lease on the part of the land upon which pro rata rentals are timely paid or tendered; however, if the assignor or assignee does not file a certified copy of such assignment in the General Land Office before the next rental paying date, the entire lease shall terminate for failure to pay the entire rental due under Paragraph 3. Every assignee 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 assignee of the lease, including any liabilities to the State for unpaid royalties.

(B) ASSIGNMENT LIMITATION. Notwithstanding any provision in Paragraph 27(a), if the owner of the soil acquires this lease in whole or in part by assignment without the prior written approval of the Commissioner of the General Land Office, this lease is void as of the time of assignment and the agency power of the owner may be forfeited by the Commissioner. An assignment will be treated as if it were made to the owner of the soil if the assignee is:

- (1) a nominee of the owner of the soil;
- (2) a corporation or subsidiary in which the owner of the soil is a principal stockholder or is an employee of such a corporation or subsidiary;
- (3) a partnership in which the owner of the soil is a partner or is an employee of such a partnership;
- (4) a principal stockholder or employee of the corporation which is the owner of the soil;
- (5) a partner or employee in a partnership which is the owner of the soil;
- (6) a fiduciary for the owner of the soil; including but not limited to a guardian, trustee, executor, administrator, receiver, or conservator for the owner of the soil; or
- (7) a family member of the owner of the soil or related to the owner of the soil by marriage, blood, or adoption.

28. RELEASES. Under the conditions contained in this paragraph and Paragraph 29, Lessee may at any time execute and deliver to the owner of the soil and place of record a release or releases covering any portion or portions of the leased premises, and thereby surrender this lease as to such portion or portions, and be relieved of all subsequent obligations as to acreage surrendered. If any part of this lease is properly surrendered, the delay rental due under this lease shall be reduced by the proportion that the surrendered acreage bears to the acreage which was covered by this lease immediately prior to such surrender; however, such release will not relieve Lessee of any liabilities which may have accrued under this lease prior to the surrender of such acreage.

29. FILING OF ASSIGNMENTS AND RELEASES. If all or any part of this lease is assigned or released, such assignment or release must be recorded in the county where the land is situated, and the recorded instrument, or a copy of the recorded instrument certified by the County Clerk of the county in which the instrument is recorded, must be filed in the General Land Office within 90 days of the last execution date accompanied by the prescribed filing fee. If any such assignment is not so filed, the rights acquired under this lease shall be subject to forfeiture at the option of the Commissioner of the General Land Office.

30. DISCLOSURE CLAUSE. All provisions pertaining to the lease of the above-described land have been included in this instrument, including the statement of the true consideration to be paid for the execution of this lease and the rights and duties of the parties. Any collateral agreements concerning the development of oil and gas from the leased premises which are not contained in this lease render this lease invalid.

31. FIDUCIARY DUTY. The owner of the soil owes the State a fiduciary duty and must fully disclose any facts affecting the State's interest in the leased premises. When the interests of the owner of the soil conflict with those of the State, the owner of the soil is obligated to put the State's interests before his personal interests.

32. FORFEITURE. If Lessee shall fail or refuse to make the payment of any sum within thirty 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 if Lessee should 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



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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 under the terms of the Relinquishment Act. 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.

33. LIEN. In accordance with Texas Natural Resources Code 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 Texas Natural Resources Code 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, Chap. 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.

34. POOLING. Lessee is hereby granted the right to pool or unitize the royalty interest of the owner of the soil under this lease with any other leasehold or mineral interest for the exploration, development and production of oil or gas or either of them upon the same terms as shall be approved by the School Land Board and the Commissioner of the General Land Office for the pooling or unitizing of the interest of the State under this lease pursuant to Texas Natural Resources Code 52.151-52.154. The owner of the soil agrees that the inclusion of this provision in this lease satisfies the execution requirements stated in Texas Natural Resources Code 52.152.

35. INDEMNITY. Lessee hereby releases and discharges the State of Texas and the owner of the soil, their officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns, of and from all and any actions and causes of action of every nature, or other harm, including environmental harm, for which recovery of damages is sought, including, but not limited to, all losses and expenses which are caused by the activities of Lessee, its officers, employees, and agents arising out of, incidental to, or resulting from, the operations of or for Lessee on the leased premises hereunder, or that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement, or by any other negligent or strictly liable act or omission of Lessee. Further, Lessee hereby agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees and agents, their successors or assigns, against any and all claims, liabilities, losses, damages, actions, personal injury (including death), costs and expenses, or other harm for which recovery of damages is sought, under any theory including tort, contract, or strict liability, including attorneys' fees and other legal expenses, including those related to environmental hazards, on the leased premises or in any way related to Lessee's failure to comply with any and all environmental laws; those arising from or in any way related to Lessee's operations or any other of Lessee's activities on the leased premises; those arising from Lessee's use of the surface of the leased premises; and those that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement or any other act or omission of Lessee, its directors, officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns. Each assignee of this Agreement, or an interest therein, agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees, and agents in the same manner provided above in connection with the activities of Lessee, its officers, employees, and agents as described above. **EXCEPT AS OTHERWISE EXPRESSLY LIMITED HEREIN, ALL OF THE INDEMNITY OBLIGATIONS AND/OR LIABILITIES ASSUMED UNDER THE TERMS OF THIS AGREEMENT SHALL BE WITHOUT LIMITS AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF (EXCLUDING PRE-EXISTING CONDITIONS), STRICT LIABILITY, OR THE NEGLIGENCE OF ANY PARTY OR PARTIES (INCLUDING THE NEGLIGENCE OF THE INDEMNIFIED PARTY), WHETHER SUCH NEGLIGENCE BE SOLE, JOINT, CONCURRENT, ACTIVE, OR PASSIVE.**

36. ENVIRONMENTAL HAZARDS. Lessee shall use the highest degree of care and all reasonable safeguards to prevent contamination or pollution of any environmental medium, including soil, surface waters, groundwater, sediments, and surface or subsurface strata, ambient air or any other environmental medium in, on, or under, the leased premises, by any waste, pollutant, or contaminant. Lessee shall not bring or permit to remain on the leased premises any asbestos containing materials, explosives, toxic materials, or substances regulated as hazardous wastes, hazardous materials, hazardous substances (as the term "Hazardous Substance" is defined in the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 U.S.C. Sections 9601, et seq.), or toxic substances under any federal, state, or local law or regulation ("Hazardous Materials"), except ordinary products commonly used in connection with oil and gas exploration and development operations and stored in the usual manner and quantities. **LESSEE'S VIOLATION OF THE FOREGOING PROHIBITION SHALL CONSTITUTE A MATERIAL BREACH AND DEFAULT HEREUNDER AND LESSEE SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND THE STATE OF TEXAS AND THE OWNER OF THE SOIL FROM AND AGAINST ANY CLAIMS, DAMAGES, JUDGMENTS, PENALTIES, LIABILITIES, AND COSTS (INCLUDING REASONABLE ATTORNEYS' FEES AND COURT COSTS) CAUSED BY OR ARISING OUT OF (1) A VIOLATION OF THE FOREGOING PROHIBITION OR (2) THE PRESENCE, RELEASE, OR DISPOSAL OF ANY HAZARDOUS MATERIALS ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OR CONTROL OF THE LEASED PREMISES. LESSEE SHALL CLEAN UP, REMOVE, REMEDY AND REPAIR ANY SOIL OR GROUND WATER CONTAMINATION AND DAMAGE CAUSED BY THE PRESENCE OR RELEASE OF ANY HAZARDOUS MATERIALS IN, ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OF THE LEASED PREMISES IN CONFORMANCE WITH THE REQUIREMENTS OF APPLICABLE LAW. THIS INDEMNIFICATION AND ASSUMPTION SHALL APPLY, BUT IS NOT LIMITED TO, LIABILITY FOR RESPONSE ACTIONS UNDERTAKEN PURSUANT TO CERCLA OR ANY OTHER ENVIRONMENTAL LAW OR REGULATION. LESSEE SHALL IMMEDIATELY GIVE THE STATE OF TEXAS AND THE OWNER OF THE SOIL WRITTEN NOTICE OF ANY BREACH OR SUSPECTED BREACH OF THIS PARAGRAPH, UPON LEARNING OF THE PRESENCE OF ANY HAZARDOUS MATERIALS, OR UPON RECEIVING A NOTICE FROM ANY GOVERNMENTAL AGENCY PERTAINING TO HAZARDOUS MATERIALS WHICH MAY AFFECT THE LEASED PREMISES. THE OBLIGATIONS OF LESSEE HEREUNDER SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION, FOR ANY REASON, OF THIS AGREEMENT.**

37. APPLICABLE LAW. This lease is issued under the provisions of Texas Natural Resources Code 52.171 through 52.190, commonly known as the Relinquishment Act, and other applicable statutes and amendments thereto, and if any provision in this lease does not conform to these statutes, the statutes will prevail over any nonconforming lease provisions.



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Original filed in
Reeves County
Clerks Office

38. 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. Once the filing requirements found in Paragraph 39 of this lease have been satisfied, the effective date of this lease shall be the date found on Page 1.

39. LEASE FILING. Pursuant to Chapter 9 of the Texas Business and Commerce 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. This lease is not effective until a certified copy of this lease (which is made and certified by the County Clerk from his records) is filed in the General Land Office in accordance with Texas Natural Resources Code 52.183. Additionally, this lease shall not be binding upon the State unless it recites the actual and true consideration paid or promised for execution of this lease. The bonus due the State and the prescribed filing fee shall accompany such certified copy to the General Land Office.

EXHIBIT "A" ATTACHED HERETO CONTAIN ADDITIONAL PROVISIONS WHICH ARE INCORPORATED HEREIN AND MADE A PART OF THIS LEASE. IN THE EVENT OF INCONSISTENCY OR CONFLICT BETWEEN ANY PRINTED PROVISIONS OF THIS LEASE FORM AND THE PROVISIONS SET FORTH ON THOSE EXHIBITS, THE PROVISIONS ON THE EXHIBITS SHALL PREVAIL. NEVERTHELESS, THE OWNER OF THE SOIL AND LESSEE DESIRE TO COMPLY WITH SUBCHAPTER F OF CHAPTER 52 OF THE TEXAS NATURAL RESOURCES CODE, KNOWN AS THE RELINQUISHMENT ACT, AND SHOULD ANY PROVISION ON EXHIBITS "A" OTHERWISE VIOLATE THE RELINQUISHMENT ACT, IT SHALL BE DEEMED REMOVED OR AMENDED TO THE EXTENT NECESSARY SO THIS LEASE FULLY COMPLIES WITH THE RELINQUISHMENT ACT.

LESSEE

BY:

Title: Roger Alexander, Attorney-in-Fact of Cimarex Energy Co.

Date:

STATE OF TEXAS

BY:

Individually and as agent for the State of Texas

Date:

STATE OF TEXAS

BY:

Individually and as agent for the State of Texas

Date:

STATE OF TEXAS

BY:

Individually and as agent for the State of Texas

Date:

STATE OF TEXAS

BY:

Individually and as agent for the State of Texas

Date:



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STATE OF TEXAS

By: [Signature]
Curtis R. Burchard, as Manager
of Boys & Boots Land and Cattle Company, LLC,
Individually, as Trustee and as Agent for the State of Texas

STATE OF TEXAS

By: [Signature]
Paula Christine Burchard, as Manager
of Boys & Boots Land and Cattle Company, LLC,
Individually, as Trustee and as Agent for the State of Texas

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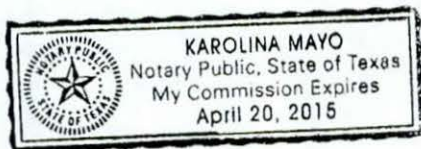
STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared Roger Alexander, known to me to be the person whose name is subscribed to the foregoing instruments as Attorney-in-Fact of Cimarex Energy Co. 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 5th day of NOVEMBER, 2013



[Signature]
Notary Public in and for STATE OF TEXAS

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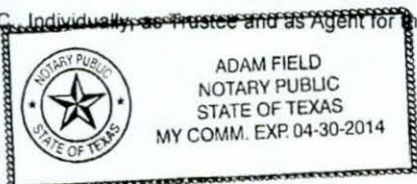
STATE OF

Texas

COUNTY OF

Fort Bend

This instrument was acknowledged before me on the 29 day of October, 2013, by Curtis R. Burchard as Manager of Boys & Boots Land and Cattle Company, LLC, Individually, as Trustee and as Agent for the State of Texas.



[Signature]
Notary Public in and for Texas

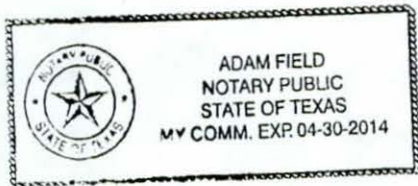
STATE OF

Texas

COUNTY OF

Fort Bend

This instrument was acknowledged before me on the 29 day of October, 2013, by Paula Christine Burchard as Manager of Boys & Boots Land and Cattle Company, LLC, Individually, as Trustee and as Agent for the State of Texas.



[Signature]
Notary Public in and for Texas



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Exhibit "A"

Attached to and made part of that certain Oil and Gas Lease by and between the State of Texas, acting by and through its agent, Boys & Boots Land and Cattle Company, LLC as Lessor and Cimarex Energy Co. and Lessee.

The following agreement and provisions shall supersede the provisions in the printed form text of this lease to the contrary, and shall inure to the benefit of, and binding upon the parties hereto and their respective heirs, representatives, successors and assigns.

40. CONTINUOUS DEVELOPMENT. Notwithstanding any provision contained herein to the contrary, whether oil or gas is or is not being produced on the leased premises or on lands pooled therewith at the expiration of the primary term, if Lessee is engaged in drilling or reworking operations or has completed a well either as a dry hole or as a producer on the leased premises or on lands pooled therewith within one hundred eighty (180) days of the expiration of the primary term, this lease shall remain in full force and effect and the primary term shall be extended as to all lands covered hereunder so long as operations continue to completion or abandonment and for so long thereafter as operations for drilling are conducted with no more than one hundred eighty (180) days elapsing between the completion or abandonment of one well and the commencement of actual drilling operations of another well. A well shall be determined to be completed after the completion unit is released and the official potential test has been filed with the Railroad Commission of Texas, but in no event later than 90 days after the day Lessee releases the drilling rig used to drill such well and a well shall be determined to be commenced when such well is spudded. If, however, Lessee has filed with the Texas Railroad Commission, no later than 60 days prior to the expiration of the said 180-day period, all requisite applications to drill the next well in the Continuous Drilling program, and Lessee is unable to proceed with drilling pending authorization by the Texas Railroad Commission, the Lessee shall be allowed such additional time as may be reasonably necessary to obtain authorization and thereafter spud the subsequent well.

41. OFFSET WELLS. Neither the bonus, delay rentals, nor royalties paid, or to be paid, under this lease, shall relieve Lessee of his obligation to protect the oil and gas under the above-described land from being drained. Lessee, sublessee, receiver, or other agent in control of the leased premises shall drill as many wells as the facts may justify and shall use appropriate means and drill to a depth necessary to prevent undue drainage of oil and gas from the leased premises. In addition, if a commercial oil and/or gas well is located on lands adjacent to the leased premises, and such well is (i) in the event that special field rules have been established, encroaching on this lease from a non-standard location, (ii) in the event that special field rules have not been established, drilled and completed within 1,000 feet of the leased premises, or (iii) draining the leased premises, such well shall be deemed a "Draining Well." The Lessee, sublessee, receiver, or other agent in control of the leased premises shall in good faith begin the drilling of a well or wells upon the leased premises within 100 days after such Draining Well starts producing in commercial quantities and shall prosecute such drilling with diligence. Failure to satisfy the statutory offset obligation may subject this lease and the owner of the soil's agency rights to forfeiture. Only upon the determination of the Commissioner of the General Land Office and with his written approval may the payment of compensatory royalty under applicable statutory parameters satisfy the obligation to drill an offset well or wells required under this paragraph.

42. PAID UP RENTALS. Rental years one, two and three of this lease have been prepaid as part of the total lease bonus consideration. One half (1/2) of this amount has been paid to the Lessor and one half (1/2) has been paid to the State of Texas. Rental for the fourth and fifth year combine in the amount of \$214,713.33 has not been paid. If the fourth and fifth year rental is not paid, this lease shall terminate as to and only as to those lands determined by paragraph 16 at the end of year three (3). One half (1/2) of the fourth and fifth year rental will be paid to the Lessor and one half (1/2) will be paid to the State of Texas.

43. MINIMUM AND SHUT-IN ROYALTY: Notwithstanding paragraphs 5 and 14 above, the Minimum Royalty shall each be calculated on the basis of twenty-five dollars (\$25) per acre as opposed to one dollar (\$1.00) per acre.

44. EXPIRATION OF DEEP RIGHTS: Notwithstanding paragraphs 16 (A) and 16 (B) above, after the expiration of the primary term of this lease or at the expiration of the Continuous Development program described in paragraph 40 above, whichever is later, all rights 100 feet below the deepest total depth drilled and logged, shall expire.

Inst No. 13-08578
DIANNE O. FLOREZ
COUNTY CLERK
2013 Nov 20 at 11:46 AM
REEVES COUNTY, TEXAS
By: VG *[Signature]* DEPUTY



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

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File No. 111900
Lease E
Date Filed: 12/13/13
Jerry E. Patterson, Commissioner
By [Signature]

07520741

**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. 1037, PAGE 451, THRU 460.

I hereby certified on 12/13/2013



DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY [Signature] DEPUTY

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER 781249	DATE PERMIT ISSUED OR AMENDED Apr 05, 2014	DISTRICT * 08
API NUMBER 42-389-34194	FORM W-1 RECEIVED Mar 04, 2014	COUNTY REEVES
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 644.14
OPERATOR CIMAREX ENERGY CO.		153438
		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581
LEASE NAME SYLVAN STATE 57-41		WELL NUMBER 1H
LOCATION 24 miles NW direction from PECOS		TOTAL DEPTH 11495
Section, Block and/or Survey SECTION ◀ 41 BLOCK ◀ 57 ABSTRACT ◀ 5042 SURVEY ◀ PSL/DAVIS, A		
DISTANCE TO SURVEY LINES 200 ft. N 467 ft. W		DISTANCE TO NEAREST LEASE LINE 200 ft.
DISTANCE TO LEASE LINES 200 ft. N 467 ft. W		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *		
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST WE
PHANTOM (WOLFCAMP) SYLVAN STATE 57-41	644.14 200	11,495 0
WELLBORE PROFILE(s) FOR FIELD: Horizontal		
RESTRICTIONS: Lateral: TH1 Penetration Point Location Lease Lines: 200.0 F N L 467.0 F W L Terminus Location BH County: REEVES Section: 41 Block: 57 Abstract: 5042 Survey: PSL/DAVIS, A Lease Lines: 200.0 F S L 467.0 F W L Survey Lines: 200.0 F S L 467.0 F W L		
THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS This well shall be completed and produced in compliance with applicable special field or statewide spacing and density rules. If this well is to be used for brine mining, underground storage of liquid hydrocarbons in salt formations, or underground storage of gas in salt formations, a permit for that specific purpose must be obtained from Environmental Services prior to construction, including drilling, of the well in accordance with Statewide Rules 81, 95, and 97.		

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

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OPERATOR CIMAREX ENERGY CO.	153438	NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581
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FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *		
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST WE
WELL # DIST		
This well must comply to the new SWR 3.13 requirements concerning the isolation of any potential flow zones and zones with corrosive formation fluids. See approved permit for those formations that have been identified for the county in which you are drilling the well in.		

**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION
SWR #13 Formation Data**

REEVES (389) County

Formation	Shallow Top	Deep Top	Remarks	Geological Order	Effective Date
FORD-DELAWARE	2,500	2,500		1	12/17/2013
CASTILLE	2,800	2,800		2	12/17/2013
BELL CANYON	4,800	5,000		3	12/17/2013
DELAWARE	2,500	5,700		4	12/17/2013
DELAWARE CONSOLIDATED GAS	6,500	6,500		5	12/17/2013
CHERRY CANYON	3,800	7,800		6	12/17/2013
BONE SPRINGS	7,500	9,800		7	12/17/2013
PERMIAN	11,300	11,300		8	12/17/2013
WOLFCAMP	10,000	12,300		9	12/17/2013
PENNSYLVANIAN	11,000	14,900		10	12/17/2013
MISSISSIPPIAN	10,000	16,000		11	12/17/2013
DEVONIAN	13,600	17,800		12	12/17/2013
FUSSELMAN	14,000	17,800		13	12/17/2013
ELLENBURGER	15,000	20,800		14	12/17/2013

This is a dynamic table that will be updated continuously. It is the operators responsibility to make sure that at time of spudding the well the most current table is being referenced.

API No. <u>42-389-34194</u> Drilling Permit # <u>781249</u> SWR Exception Case/Docket No. _____		RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER <i>This facsimile W-1 was generated electronically from data submitted to the RRC.</i> <i>A certification of the automated data is available in the RRC's Austin office.</i>			FORM W-1 07/2004 Permit Status: Approved	
1. RRC Operator No. <u>153438</u>		2. Operator's Name (as shown on form P-5, Organization Report) CIMAREX ENERGY CO.		3. Operator Address (include street, city, state, zip): _____		
4. Lease Name <u>SYLVAN STATE 57-41</u>		5. Well No. <u>1H</u>				
GENERAL INFORMATION						
6. Purpose of filing (mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-Enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)						
7. Wellbore Profile (mark ALL appropriate boxes): ☐ Vertical ☒ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack						
8. Total Depth <u>11495</u>		9. Do you have the right to develop the minerals under any right-of-way? ☒ Yes ☐ No		10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☐ Yes ☒ No		
SURFACE LOCATION AND ACREAGE INFORMATION						
11. RRC District No. <u>08</u>		12. County <u>REEVES</u>		13. Surface Location ☒ Land ☐ Bay/Estuary ☐ Inland Waterway ☐ Offshore		
14. This well is to be located <u>24</u> miles in a <u>NW</u> direction from <u>PECOS</u> which is the nearest town in the county of the well site.						
15. Section <u>41</u>		16. Block <u>57</u>		17. Survey <u>PSL/DAVIS, A</u>		
		18. Abstract No. <u>A-5042</u>		19. Distance to nearest lease line: <u>200</u> ft.		
20. Number of contiguous acres in lease, pooled unit, or unitized tract: <u>644.14</u>						
21. Lease Perpendiculars: <u>200</u> ft from the <u>N</u> line and <u>467</u> ft from the <u>W</u> line.						
22. Survey Perpendiculars: <u>200</u> ft from the <u>N</u> line and <u>467</u> ft from the <u>W</u> line.						
23. Is this a pooled unit? ☐ Yes ☒ No		24. Unitization Docket No.: _____		25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☒ No		
FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line.						
26. RRC District No.	27. Field No.	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Reservoir	
08	71052900	PHANTOM (WOLFCAMP)	Oil or Gas Well	11495	0.00	
BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)						
Remarks [FILER Mar 4, 2014 3:47 PM]: THANK YOU, HAVE A NICE DAY.			Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge. <u>JoAnn Tercero, Regulatory Tech</u> Name of filer <u>Mar 04, 2014</u> Date submitted <u>(432)6201932</u> Phone <u>jtercero@cimarex.com</u> E-mail Address (OPTIONAL)			
RRC Use Only Data Validation Time Stamp: <u>Apr 5, 2014 11:18 AM('As Approved' Version)</u>						

Permit Status:	Approved
<i>The RRC has not approved this application. Duplication or distribution of information is at the user's own risk.</i>	

**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION**

Form W-1H 07/2004
Supplemental Horizontal Well Information

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER

*This facsimile W-1 was generated electronically from data submitted to the RRC.
A certification of the automated data is available in the RRC's Austin office.*

Permit #	781249
Approved Date:	Apr 05, 2014

1. RRC Operator No. 153438	2. Operator's Name (exactly as shown on form P-5, Organization Report) CIMAREX ENERGY CO.	3. Lease Name SYLVAN STATE 57-41	4. Well No. 1H
Lateral Drainhole Location Information			
5. Field as shown on Form W-1 PHANTOM (WOLFCAMP) (Field # 71052900, RRC District 08)			
6. Section 41	7. Block 57	8. Survey PSL/DAVIS, A	9. Abstract 5042
10. County of BHL REEVES			
11. Terminus Lease Line Perpendiculars 200 ft. from the S line, and 467 ft. from the W line			
12. Terminus Survey Line Perpendiculars 200 ft. from the S line, and 467 ft. from the W line			
13. Penetration Point Lease Line Perpendiculars 200 ft. from the N line, and 467 ft. from the W line			

**Block 57, Public School Land Survey
Reeves County, Texas**

Surface Hole Location/ Penetration Point (SHL/PP)
 GRID N: 698515.142
 GRID E: 895937.432
 NAD'27 Lat/Long
 Lat: +31°32'20.136"
 Long: -103°52'40.113"

Bottom Hole Location (BHL)
 GRID N: 693671.849
 GRID E: 895789.200
 NAD'27 Lat/Long
 Lat: +31°31'32.178"
 Long: -103°52'40.042"

Abstract No. 5042
 644.14 Acres (Patented)

LEGEND
 E. L. Stratton Lines - — ♦ — ♦ —
 Fred P. Armstrong Lines - — □ — □ —
 E. L. Stratton lines (1944) are senior to Fred P. Armstrong lines (1967)

Driving Directions to Location:
 From the intersection of Business Interstate 20 and Ranch Road 2119 just East of Pecos, Texas, drive Northwest on Ranch Road 2119 for 22.3 miles to County Road 232 at Lat: 31°33'49.10", Long: 103°51'56.60".
 Turn left (South) on County Road 232, drive 1.0 mile to a lease road at Lat: 31°32'57.55", Long: 103°51'48.04".
 Turn right (West) on lease road, drive 1.3 miles to Lat: 31°32'41.00", Long: 103°53'03.81".
 Location is to the left (Southeast) 2810 feet.

GRAPHIC SCALE
 1000 0 500 1000 2000
 1" = 1000' U.S. FEET

Note: Well is located 24.0 miles West-Northwest of the city of Pecos, Texas.
 Note: Survey Reconstruction filed in the Office of Pennell & Marlowe Land Surveyors, Inc.
 Note: Bearings and distances are based on The Texas Coordinate System of 1927, Central Zone.
 Note: Coordinates shown herein are on The Texas Coordinate System of 1927, Central Zone.
 Note: Example: (S-99999) indicates General Land Office file number.

USGS Quadrangle Sheet: W T Ranch, Tex.
 Railroad Commission Permit Plat

CIMAREX ENERGY CO.
 Sylvan State 57-41 #1H
 200' FROM NORTH LINE
 467' FROM WEST LINE
 Sylvan State 57-41 Lease
 644.14 Acres (Patented) being all of
 Section 41, Block 57
 Public School Land Survey
 Reeves County, Texas

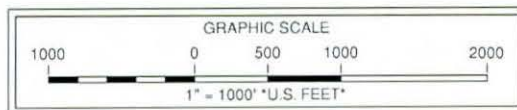
Pennell & Marlowe
 RESIDENTIAL, OILFIELD &
 LAND SURVEYORS, INC.
 ALL TYPES OF SURVEYS

STATE OF TEXAS
 REGISTERED
 STEPHEN P. MARLOWE
 5715
 PROFESSIONAL
 LAND SURVEYOR

February 27, 2014
 140227B1-JFG

Scale: 1" = 1000'

From the intersection of Business Interstate 20 and Ranch Road 2119 just East of Pecos, Texas, drive Northwest on Ranch Road 2119 for 22.3 miles to County Road 232 at Lat: 31°33'49.10", Long: 103°51'56.60".
Turn left (South) on County Road 232, drive 1.0 mile to a lease road at Lat: 31°32'57.55", Long: 103°51'48.04".
Turn right (West) on lease road, drive 1.3 miles to Lat: 31°32'41.00", Long: 103°53'03.81".
Location is to the left (Southeast) 2810 feet.



USGS Quadrangle Sheet: W T Ranch, Tex.

Railroad Commission Permit Plat

CIMAREX ENERGY CO.
Sylvan State 57-41 #1H
200' FROM NORTH LINE
467' FROM WEST LINE
Sylvan State 57-41 Lease
644.14 Acres (Patented) being all of
Section 41, Block 57
Public School Land Survey
Reeves County, Texas

Scale: 1" = 1000'



Stephen P. Marlowe
REGISTERED PROFESSIONAL LAND SURVEYOR NO. 5715



February 27, 2014

140227B1-JFG

P.O. Box 51887, Midland, Texas, 79710 (432) 262-0901 Fax (432) 262-0679

File No. ME111900

(14)

Perm: + P W-1: 42-389-34194

Date Filed: 11/04/2014

Jerry E. Patterson, Commissioner

By 

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



January 12, 2016

Via-Federal Express

Texas General Land Office
Mineral Leasing Division
Attn: Drew Reid, Land Manager
P.O. Box 12873
Austin, Texas 78701-1495

**RE: 4th and 5th year rental payment
Mineral Classified Oil & Gas Lease
Reeves County, Texas**

Dear Drew:

Enclosed herewith please find a Cimarex Energy Co. check number 0001656631 in the amount of One hundred Seven Thousand, Three hundred and Fifty-Six Dollars and 67/100 (\$107,356.67) representing the rental payment for the 4th and 5th years on the current Mineral Classified Oil & Gas Lease listed below.

State Lease MF 1114900 C

Dated: March 25, 2013

Volume 1015, Page 380

Covering 1,932.42 acres in Sections 33, 40, 41, Block 57, PSL Survey

Wider Sky, LP, Agent for State of Texas, Lessor

Your check represents one-half (1/2) of the total rent paid calculated as follows:
 $214.71333 \text{ nma} \times \$1,000 = \$214,713.33 \times 50\% = \$107,356.67.$

If you have any questions or concerns, please do not hesitate to contact me at the number below. Thank you for your time and attention.

Sincerely,

CIMAREX ENERGY CO.

A handwritten signature in blue ink, appearing to read "Priscilla Sanchez", is written over the printed name.

Priscilla Sanchez
Land Technician

432.620.1968 (direct)

psanchez@cimarex.com

CIMAREX

CIMAREX ENERGY CO

1700 LINCOLN STREET SUITE 3700

DENVER CO 80203-4518

(303) 295-3995

WELLS FARGO BANK NA

68-3823-412

16705458

Present for payment within 180 days.

Vendor No.	Check No.	Check Date	Check Amount
023492	0001656631	01/11/2016	*****\$107,356.67

PAY One Hundred Seven Thousand Three Hundred Fifty Six Dollars and Sixty Seven CentsTO THE
ORDER
OF**STATE OF TEXAS****1700 N CONGRESS AVE STE 840****AUSTIN TX 78701-1495**

D. Mark DeFord
Shari M. Nitta

SIGNATURE HAS A COLORED BACKGROUND - BORDER CONTAINS MICROPRINTING

⑈0001656631⑈

PLEASE DETACH AT PERFORATION ABOVE

PLEASE DETACH AT PERFORATION ABOVE

CIMAREX

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

(303) 295-3995

Check Number 0001656631

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21712302015D	12/30/2015	Winerz Sky, LP M-111900C	107,356.67	0.00	X 107,356.67 121

16705458

023492

Vendor

Check Date: 01/11/2016

Check Amount

107,356.67

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



January 12, 2016

Via-Federal Express

Texas General Land Office
Mineral Leasing Division
Attn: Drew Reid, Land Manager
P.O. Box 12873
Austin, Texas 78701-1495

**RE: 4th and 5th year rental payment
Mineral Classified Oil & Gas Lease
Reeves County, Texas**

Dear Drew:

Enclosed herewith please find a Cimarex Energy Co. check number 0001656632 in the amount of One hundred Seven Thousand, Three hundred and Fifty-Six Dollars and 67/100 (\$107,356.67) representing the rental payment for the 4th and 5th years on the current Mineral Classified Oil & Gas Lease listed below.

State Lease MF 1114900 D

Dated: March 25, 2013

Volume 1024, Page 651

Covering 1,932.42 acres in Sections 33, 40, 41, Block 57, PSL Survey

Madrone Creek Capital, LP, Agent for State of Texas, Lessor

Your check represents one-half (1/2) of the total rent paid calculated as follows:
 $214.71333 \text{ nma} \times \$1,000 = \$214,713.33 \times 50\% = \$107,356.67.$

If you have any questions or concerns, please do not hesitate to contact me at the number below. Thank you for your time and attention.

Sincerely,

CIMAREX ENERGY CO.

A handwritten signature in blue ink that reads "Priscilla Sanchez". The signature is fluid and cursive, with the first name being more prominent.

Priscilla Sanchez

Land Technician

432.620.1968 (direct)

psanchez@cimarex.com

CIMAREX

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

WELLS FARGO BANK NA

58-382412

16705459

Present for payment within 180 days.

Vendor No.	Check No.	Check Date	Check Amount
023492	0001656632	01/11/2016	*****\$107,356.67

PAY One Hundred Seven Thousand Three Hundred Fifty Six Dollars and Sixty Seven Cents

TO THE
ORDER
OF

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

D. Mark Asplund
Kevin M. Natta

SIGNATURE HAS A COLORED BACKGROUND - BORDER CONTAINS MICROPRINTING

⑈0001656632⑈

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 0001656632

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21712302015E	12/30/2015	Madrone Creek Capital, LP M-111900D	107,356.67	0.00	X 107,356.67 121

16705459

023492

Vendor

Check Date: 01/11/2016

Check Amount

107,356.67

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



January 12, 2016

Via-Federal Express

Texas General Land Office
Mineral Leasing Division
Attn: Drew Reid, Land Manager
P.O. Box 12873
Austin, Texas 78701-1495

**RE: 4th and 5th year rental payment
Mineral Classified Oil & Gas Lease
Reeves County, Texas**

Dear Drew:

Enclosed herewith please find a Cimarex Energy Co. check number 0001656630 in the amount of One hundred Seven Thousand, Three hundred and Fifty-Six Dollars and 67/100 (\$107,356.67) representing the rental payment for the 4th and 5th years on the current Mineral Classified Oil & Gas Lease listed below.

State Lease MF 1114900 E

Dated: March 25, 2013

Volume 1034, Page 451

Covering 1,932.42 acres in Sections 33, 40, 41, Block 57, PSL Survey

Boys & Boots Land and Cattle Company, LLC, Agent for State of Texas, Lessor

Your check represents one-half (1/2) of the total rent paid calculated as follows:
 $214.71333 \text{ nma} \times \$1,000 = \$214,713.33 \times 50\% = \$107,356.67.$

If you have any questions or concerns, please do not hesitate to contact me at the number below. Thank you for your time and attention.

Sincerely,

CIMAREX ENERGY CO.

A handwritten signature in blue ink that reads "Priscilla Sanchez". The signature is fluid and cursive, with the first name being more prominent.

Priscilla Sanchez

Land Technician

432.620.1968 (direct)

psanchez@cimarex.com

CIMAREX

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

WELLS FARGO BANK NA

5613821413

16705460

Present for payment within 180 days.

Vendor No.	Check No.	Check Date	Check Amount
023492	0001656630	01/11/2016	*****\$107,356.67

PAY One Hundred Seven Thousand Three Hundred Fifty Six Dollars and Sixty Seven CentsTO THE
ORDER
OF

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

D. Mark Asper
Shirley M. Nitta

SIGNATURE HAS A COLORED BACKGROUND - BORDER CONTAINS MICROPRESSING

⑈0001656630⑈

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 0001656630

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21712302015C	12/30/2015	BOYS Land & Cattle Co., LLC M-111900E	107,356.67	0.00	X 107,356.67 121 16705460

023492

Vendor

Check Date: 01/11/2016

Check Amount

107,356.67

File No. MF 111900 C.D.E

Lease C.D.E County

4th yr Rentals

Date Filed: 1/13/16

By BN George P. Bush, Commissioner



MF111900

NADOA Model Form Division Order (Adopted 9/95)

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

Date: 04/25/2017

Effective Date: 02/01/2017

030618

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

Description: ELECTRIC STATE 57-33 UNIT 1H - 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: 0.12500000

Property Description

Property: 420067-045.01

ELECTRIC STATE 57-33 UNIT 1H

Operator: CIMAREX ENERGY CO

Location: Reeves, TX

Map Reference Information

Reeves, TX US

Survey: PSL

5040Block: 57Lot: Sec: 33 Qtr/

PSL SURVEY A-1908, REEVES COUNTY TX

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.

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

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

Owner(s) Daytime Phone #: _____

SIGN AND RETURN

Owner(s) FAX Number: _____

Owner(s) Email Address: _____

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.



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

June 8, 2017

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

Re: State Lease Nos. MF118186 KHC 33-26 4H and MF111900 Electric State 57-33 1H

Dear Ms. Hill:

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

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

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

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

Thank you,

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

File No. ME 111900

160

County

Division Order

Date Filed: 6-9-2017

By V.H. George P. Bush, Commissioner

PLEASE DETACH AT PERFORATION ABOVE

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

PLEASE DETACH AT PERFORATION ABOVE



MF 111900

(303) 295-3995

Check Number 0001677889

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ217070716e	07/07/2016		6,168.00	0.00	6,168.00
16715277 Counted 8/19 161					

023492

Vendor

Check Date: 07/20/2016

Check Amount

6,168.00

Cimarex Energy Co.

600 N. Marienfeld St.

Suite 600

Midland, TX 79701

MAIN 432.571.7800



August 4, 2016

State of Texas
1700 N. Congress Ave., Suite 840
Austin, Texas 78701-1495

M-111900

Via Certified Mail Return Receipt No. 91 7199 9991 7030 2651 6561

Re: Caliche
Reeves County, Texas

Dear sir/madam,

Enclosed is Cimarex Energy Co. check # **0001677889** in the amount of **Six Thousand One Hundred Sixty Eight Dollars and 00/100 (\$6,168.00)** as the total payment for 3,084 yards of caliche associated with Cimarex Energy Co.'s Electric State 57-33 Unit 1H well.

If you should have any questions or concerns, please do not hesitate to call. Thank you very much.

Sincerely,

CIMAREX ENERGY CO.

A handwritten signature in blue ink that reads "Tish Maney". The signature is fluid and cursive, with the first name "Tish" and last name "Maney" clearly distinguishable.

Tish Maney
Land Department
432.571.7892(direct)

17

File No. MF111900

County

Damages Part

Date Filed: 10/13/21

George P. Bush, Commissioner

By: [Signature]

03212

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



(303) 295-3995

Check Number 0001677888

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ217070716d	07/07/2016		10,260.00	0.00	10,260.00
16715278 Counted 8/19 161					

023492

Vendor

Check Date: 07/20/2016

Check Amount

X 10,260.00

Cimarex Energy Co.

600 N. Marienfeld St.

Suite 600

Midland, TX 79701

MAIN 432.571.7800



August 4, 2016

M-111900

State of Texas
1700 N. Congress Ave., Suite 840
Austin, Texas 78701-1495

Via Certified Mail Return Receipt No. 91 7199 9991 7030 2651 6530

Re: Caliche
Reeves County, Texas

Dear sir/madam,

Enclosed is Cimarex Energy Co. check # **0001677888** in the amount of **Ten Thousand Two Hundred Sixty Dollars and 00/100 (\$10,260.00)** as the total payment for caliche associated with Cimarex Energy Co.'s Electric State 57-33 Unit 1H well.

If you should have any questions or concerns, please do not hesitate to call. Thank you very much.

Sincerely,

CIMAREX ENERGY CO.

A handwritten signature in blue ink that reads "Tish Maney". The script is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Tish Maney
Land Department
432.571.7892(direct)

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



(303) 295-3995

Check Number 0001675549

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ217060216s	06/02/2016	MF111900	2,903.55	0.00	2,903.55
					161
					16713407

023492

Vendor

Check Date: 06/23/2016

Check Amount

2,903.55

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



(303) 295-3995

Check Number 0001675548

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ217060216r	06/02/2016		4,312.20	0.00	4,312.20
					161
					16713408

023492

Vendor

Check Date: 06/23/2016

Check Amount

4,312.20

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

CIMAREX

(303) 295-3995

Check Number 0001675547

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ217060216q	06/02/2016		1,130.00	0.00	X 161 16713409 1,130.00

023492

Vendor

Check Date: 06/23/2016

Check Amount 

1,130.00

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

CIMAREX

Check Number 0001675546

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ217060216p	06/02/2016		2,752.50	0.00	2,752.50
					161
					16713410

Vendor

Check Date: 06/23/2016

Check Amount 

2,752.50

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

CIMAREX

Check Number 0001675545

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ217060216e	06/02/2016		4,995.60	0.00	X 4,995.60 161

16713411

023492

← Vendor

Check Date: 06/23/2016

Check Amount

4,995.60

Cimarex Energy Co.

600 N. Marienfeld St.

Suite 600

Midland, TX 79701

MAIN 432.571.7800



June 28, 2016

State of Texas
1700 N. Congress Ave., Suite 840
Austin, Texas 78701-1495

Via Certified Mail Return Receipt No. 91 7199 9991 7030 2651 6189

Re: Surface Damages
Section 33, Block 57, PSL Survey
Reeves County, Texas

Dear sir/madam,

Enclosed are Cimarex Energy Co. checks numbered:

1. **0001675549** in the amount of *Two Thousand Nine Hundred Three Dollars and 55/100 (\$2,903.55)* as the total payment for an 8" SWD line
2. **0001675548** in the amount of *Four Thousand Three Hundred Twelve Dollars and 20/100 (\$4,312.20)* as the total payment for a 4" gas lift & 4" flow line
3. **0001675547** in the amount of *One Thousand One Hundred Thirty Dollars and 00/100 (\$1,130.00)* as the total payment for a road to the battery location
4. **0001675546** in the amount of *Two Thousand Seven Hundred Fifty Two Dollars and 50/100 (\$2,752.50)* as the total payment for the battery location
5. **0001675545** in the amount of *Four Thousand Nine Hundred Ninety Five Dollars and 60/100 (\$4,995.60)* as the total payment for a 4" gas lift & an 8" gas sales line

all of which are in payment for surface damages associated with the above captioned lands.

If you should have any questions or concerns, please do not hesitate to call. Thank you very much.

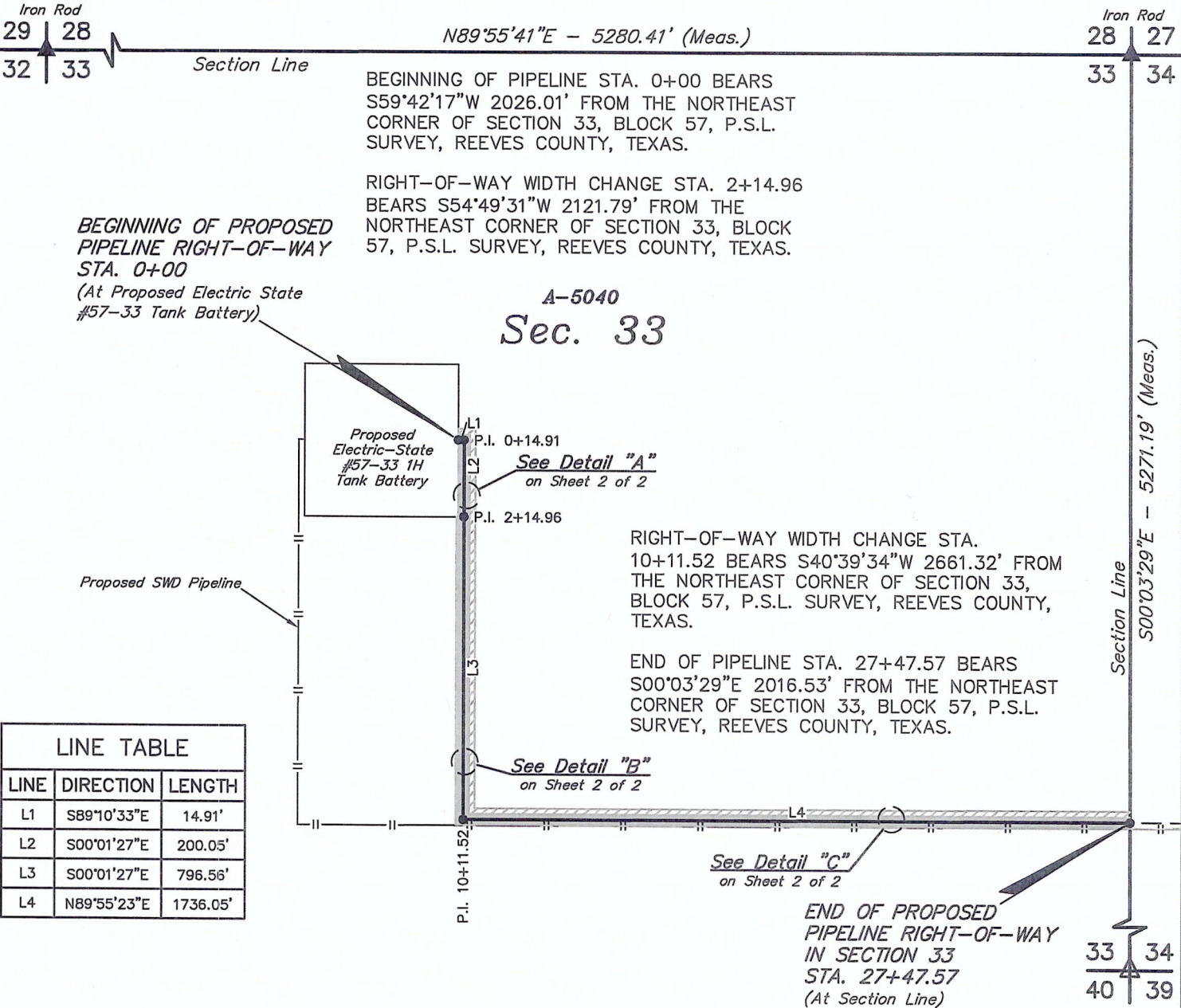
Sincerely,

CIMAREX ENERGY CO.

A handwritten signature in blue ink that reads "Tish Maney".

Tish Maney
Land Department
432.571.7892(direct)

SECTION 33, BLOCK 57,
P.S.L. SURVEY



PIPELINE RIGHT-OF-WAY DESCRIPTION

BEGINNING AT A POINT IN SECTION 33, BLOCK 57, P.S.L. SURVEY, REEVES COUNTY, TEXAS, WHICH BEARS S59°42'17"W 2026.01' FROM THE NORTHEAST CORNER OF SAID SECTION 33, THENCE 45' WIDE TEMPORARY RIGHT-OF-WAY 30' ON THE LEFT SIDE AND 15' ON THE RIGHT SIDE TRANSFERRING TO A 30' WIDE PERMANENT RIGHT-OF-WAY 15' ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE S89°10'33"E 14.91'; THENCE S00°01'27"E 200.05' TO A POINT IN SAID SECTION 33, WHICH BEARS S54°49'31"W 2121.79' FROM THE NORTHEAST CORNER OF SAID SECTION 33, THENCE A 50' WIDE TEMPORARY RIGHT-OF-WAY 30' ON THE LEFT SIDE AND 20' ON THE RIGHT SIDE TRANSFERRING TO A 30' WIDE PERMANENT RIGHT-OF-WAY 15' ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE S00°01'27"E 796.56' TO A POINT IN SAID SECTION 33, WHICH BEARS S40°39'34"W 2661.32' FROM THE NORTHEAST CORNER OF SAID SECTION 33, THENCE A 45' WIDE TEMPORARY RIGHT-OF-WAY 30' ON THE LEFT SIDE AND 15' ON THE RIGHT SIDE TRANSFERRING TO A 30' WIDE PERMANENT RIGHT-OF-WAY 15' ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE N89°55'23"E 1736.05' TO A POINT ON THE EAST LINE OF SAID SECTION 33, WHICH BEARS S00°03'29"E 2016.53' FROM THE NORTHEAST CORNER OF SAID SECTION 33. THE SIDE LINES OF SAID DESCRIBED RIGHT-OF-WAY BEING SHORTENED OR ELONGATED TO MEET THE GRANTOR'S PROPERTY LINES. BASIS OF BEARINGS IS A G.P.S. OBSERVATION. TEMPORARY RIGHT-OF-WAY CONTAINS 1.038 ACRES MORE OR LESS. PERMANENT RIGHT-OF-WAY CONTAINS 1.892 ACRES MORE OR LESS.



RIGHT-OF-WAY LENGTHS			
FEET	TEMP. ACRES	PERM. ACRES	RODS
2747.57	1.038	1.892	166.52

- ▲ = SECTION CORNERS LOCATED.
△ = SECTION CORNERS RE-ESTABLISHED.
(Not Set on Ground.)

NOTES:
• Basis of bearing is a G.P.S. observation (Vertical Control Datum: NAVD88)



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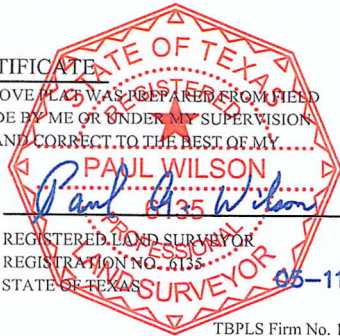


CIMAREX ENERGY CO.

ELECTRIC-HARDSCRABBLE SALES PIPELINE
SECTION 33, BLOCK 57, P.S.L. SURVEY
REEVES COUNTY, TEXAS

SURVEYED BY	C.J., A.V., B.B.	04-28-16	SCALE
DRAWN BY	J.I.	05-10-16	1" = 400'
PIPELINE R-O-W			

CERTIFICATE
THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

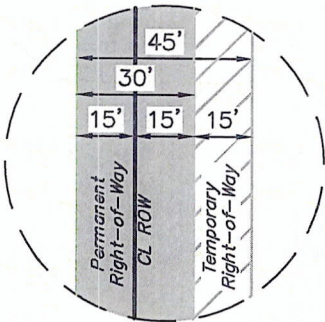


Sheet 1 of 2

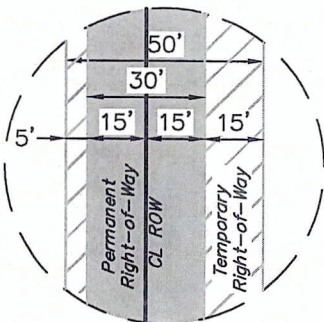
TBPLS Firm No. 10193884

CIMAREX ENERGY CO. - ELECTRIC-HARDSCRABBLE SALES PIPELINE			
NUMBER	STATION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
BEGIN	0+00.00	N 31°33'04.81"	W 103°51'05.45"
1	0+14.91	N 31°33'04.80"	W 103°51'05.28"
2	10+11.52	N 31°32'54.94"	W 103°51'05.27"
END	27+47.57	N 31°32'54.96"	W 103°50'45.21"

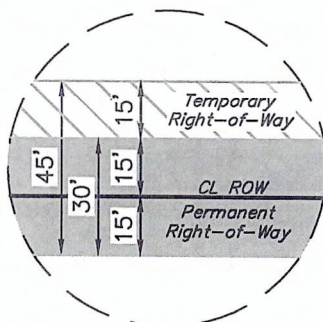
CIMAREX ENERGY CO. - ELECTRIC-HARDSCRABBLE SALES PIPELINE			
SECTION CORNER	DESCRIPTION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
NW COR. SEC. 33, BLOCK 57	IRON ROD	N 31°33'14.85"	W 103°51'46.26"
NE COR. SEC. 33, BLOCK 57	IRON ROD	N 31°33'14.92"	W 103°50'45.23"
SE COR. SEC. 33, BLOCK 57	CALC	N 31°32'22.76"	W 103°50'45.17"



Detail "A"
No Scale



Detail "B"
No Scale



Detail "C"
No Scale

CERTIFICATE

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Sheet 2 of 2

TBPLS Firm No. 10193884

NOTES:

- Basis of bearing is a G.P.S. observation (Vertical Control Datum: NAVD88)



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CIMAREX ENERGY CO.

ELECTRIC-HARDSCRABBLE SALES PIPELINE
SECTION 33, BLOCK 57, P.S.L. SURVEY
REEVES COUNTY, TEXAS

SURVEYED BY	C.J., A.V., B.B.	04-28-16	SCALE
DRAWN BY	J.I.	05-10-16	N/A
PIPELINE R-O-W			

SECTION 33, BLOCK 57,
P.S.L. SURVEY

Iron Rod
29 28
32 33

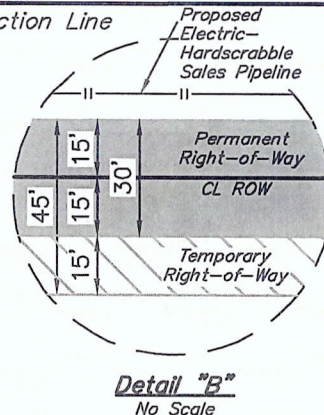
N89°55'41"E - 5280.41' (Meas.)

Iron Rod
28 27
33 34

BEGINNING OF PROPOSED SWD
PIPELINE RIGHT-OF-WAY
STA. 0+00
(At Proposed Electric State
#57-33 1H Tank Battery)

LINE TABLE		
LINE	DIRECTION	LENGTH
L1	N89°13'12"W	15.08'
L2	S00°00'36"W	200.34'
L3	S00°00'36"W	811.93'
L4	N89°55'20"E	430.49'
L5	N89°55'20"E	1736.06'

Section Line



Section Line

S00°03'29"E - 5271.19' (Meas.)

A-5040
Sec. 33

BEGINNING OF SWD PIPELINE STA. 0+00
BEARS S64°33'35"W 2380.01' FROM THE
NORTHEAST CORNER OF SECTION 33, BLOCK
57, P.S.L. SURVEY, REEVES COUNTY, TEXAS.

RIGHT-OF-WAY WIDTH CHANGE STA. 2+15.41
BEARS S60°32'26"W 2485.74' FROM THE
NORTHEAST CORNER OF SECTION 33, BLOCK
57, P.S.L. SURVEY, REEVES COUNTY, TEXAS.

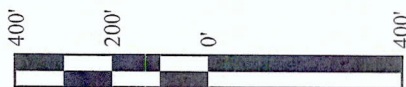
RIGHT-OF-WAY WIDTH CHANGE STA. 14+57.83
BEARS S40°27'00"W 2672.70' FROM THE
NORTHEAST CORNER OF SECTION 33, BLOCK
57, P.S.L. SURVEY, REEVES COUNTY, TEXAS.

END OF SWD PIPELINE STA. 31+93.89 BEARS
S00°03'29"E 2031.50' FROM THE NORTHEAST
CORNER OF SECTION 33, BLOCK 57, P.S.L.
SURVEY, REEVES COUNTY, TEXAS.

END OF PROPOSED
SWD PIPELINE RIGHT-OF-WAY
IN SECTION 33
STA. 31+93.89
(At Section Line)

SWD PIPELINE RIGHT-OF-WAY DESCRIPTION

BEGINNING AT A POINT IN SECTION 33, BLOCK 57, P.S.L. SURVEY, REEVES COUNTY, TEXAS, WHICH BEARS S64°33'35"W 2380.01' FROM THE NORTHEAST CORNER OF SAID SECTION 33, THENCE A 45' WIDE TEMPORARY RIGHT-OF-WAY 30' ON THE RIGHT SIDE & 15' ON THE LEFT SIDE TRANSFERRING TO A 30' WIDE PERMANENT RIGHT-OF-WAY 15' ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE, N89°13'12"W 15.08'; THENCE S00°00'36"W 200.34' TO A POINT IN SAID SECTION 33, WHICH BEARS S60°32'26"W 2485.74' FROM THE NORTHEAST CORNER OF SAID SECTION 33, THENCE A 50' WIDE TEMPORARY RIGHT-OF-WAY 30' ON THE RIGHT SIDE AND 20' ON THE LEFT SIDE TRANSFERRING TO A 30' WIDE PERMANENT RIGHT-OF-WAY 15' ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE, S00°00'36"W 811.93'; THENCE N89°55'20"E 430.49' TO A POINT IN SAID SECTION 33, WHICH BEARS S40°27'00"W 2672.70' FROM THE NORTHEAST CORNER OF SAID SECTION 33, THENCE A 45' WIDE TEMPORARY RIGHT-OF-WAY 30' ON THE RIGHT SIDE AND 15' ON THE LEFT SIDE TRANSFERRING TO A 30' WIDE PERMANENT RIGHT-OF-WAY 15' ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE, N89°55'20"E 1736.06' TO A POINT ON THE EAST LINE OF SAID SECTION 33, WHICH BEARS S00°03'29"E 2031.50' FROM THE NORTHEAST CORNER OF SAID SECTION 33. THE SIDE LINES OF SAID DESCRIBED RIGHT-OF-WAY BEING SHORTENED OR ELONGATED TO MEET THE GRANTOR'S PROPERTY LINES. BASIS OF BEARINGS IS A G.P.S. OBSERVATION. TEMPORARY RIGHT-OF-WAY CONTAINS 1.242 ACRES MORE OR LESS. PERMANENT RIGHT-OF-WAY CONTAINS 2.200 ACRES MORE OR LESS.



RIGHT-OF-WAY LENGTHS			
FEET	TEMP. ACRES	PERM. ACRES	RODS
3193.89	1.242	2.200	193.57

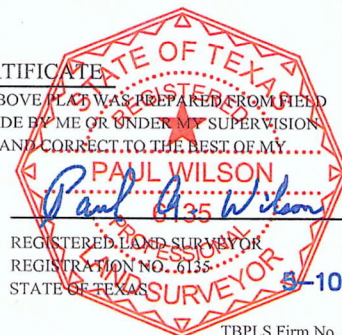
- ▲ = SECTION CORNERS LOCATED.
△ = SECTION CORNERS RE-ESTABLISHED.
(Not Set on Ground.)

NOTES:

- Basis of bearing is a G.P.S. observation (Vertical Control Datum: NAVD88)

CERTIFICATE

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Sheet 1 of 2

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CIMAREX ENERGY CO.

ELECTRIC-HARDSCRABBLE SWD PIPELINE
SECTION 33, BLOCK 57, P.S.L. SURVEY
REEVES COUNTY, TEXAS

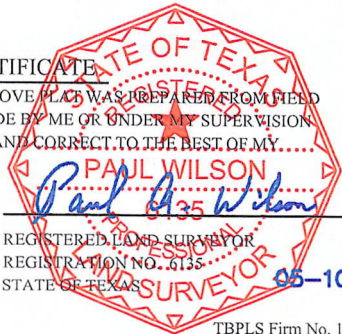
SURVEYED BY	C.J., A.V., B.B.	04-28-16	SCALE
DRAWN BY	C.I.	05-10-16	1" = 400'
SWD PIPELINE R-O-W			

CIMAREX ENERGY CO. - ELECTRIC-HARDSCRABBLE SWD PIPELINE			
NUMBER	STATION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
BEGIN	0+00.00	N 31°33'04.80"	W 103°51'10.07"
1	0+15.08	N 31°33'04.81"	W 103°51'10.24"
2	10+27.34	N 31°32'54.79"	W 103°51'10.25"
END	31+93.89	N 31°32'54.82"	W 103°50'45.21"

CIMAREX ENERGY CO. - ELECTRIC-HARDSCRABBLE SWD PIPELINE			
SECTION CORNER	DESCRIPTION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
NW COR. SEC. 33, BLOCK 57	IRON ROD	N 31°33'14.85"	W 103°51'46.26"
NE COR. SEC. 33, BLOCK 57	IRON ROD	N 31°33'14.92"	W 103°50'45.23"
SE COR. SEC. 33, BLOCK 57	CALC	N 31°32'22.76"	W 103°50'45.17"

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TBPLS Firm No. 10193884

Sheet 2 of 2

NOTES:
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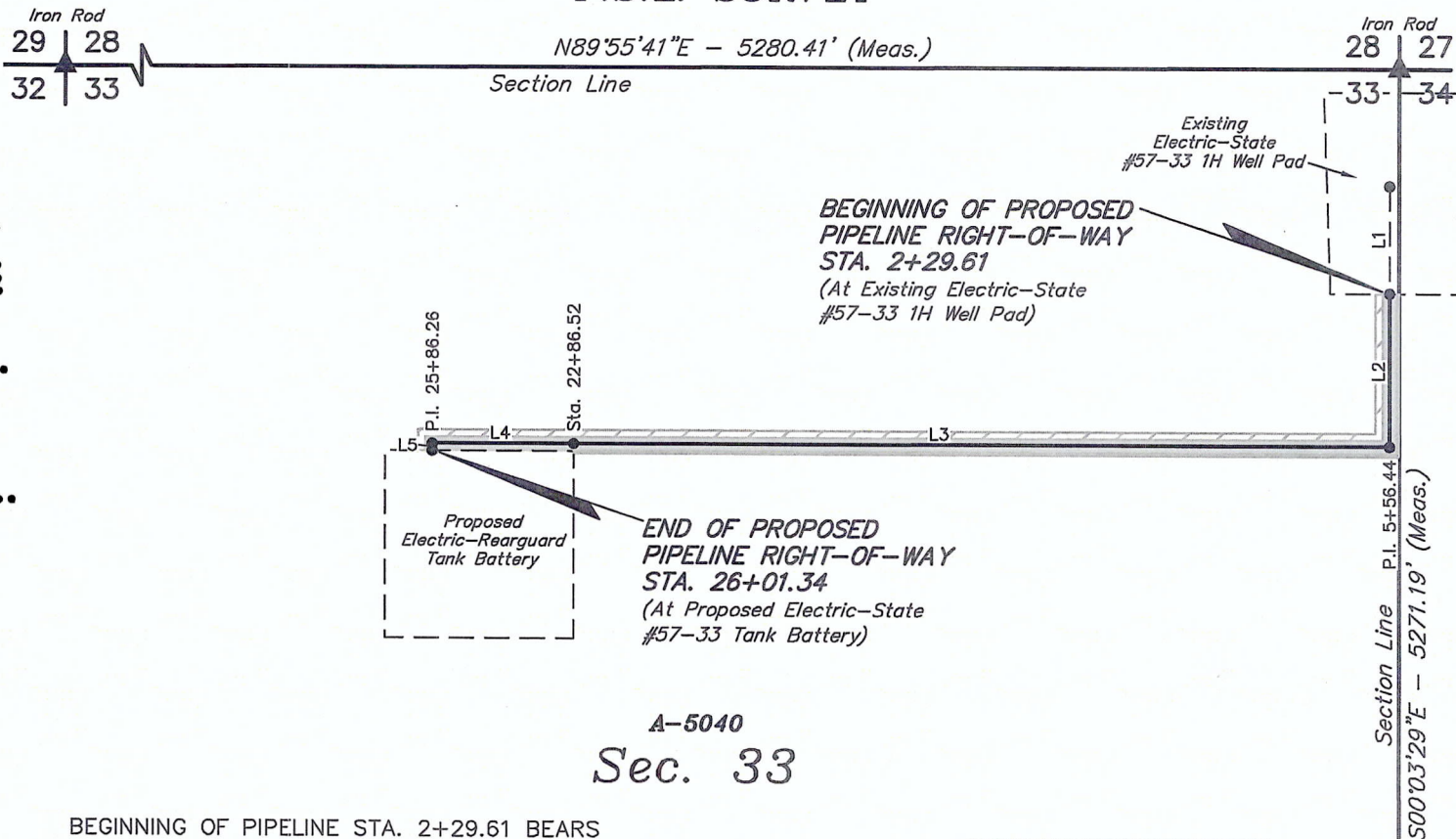


CIMAREX ENERGY CO.

ELECTRIC-HARDSCRABBLE SWD PIPELINE
SECTION 33, BLOCK 57, P.S.L. SURVEY
REEVES COUNTY, TEXAS

SURVEYED BY	C.J., A.V., B.B.	04-28-16	SCALE
DRAWN BY	C.I.	05-10-16	N/A
SWD PIPELINE R-O-W			

SECTION 33, BLOCK 57,
P.S.L. SURVEY



BEGINNING OF PIPELINE STA. 2+29.61 BEARS S02°22'01"W 479.92' FROM THE NORTHEAST CORNER OF SECTION 33, BLOCK 57, P.S.L. SURVEY, REEVES COUNTY, TEXAS.

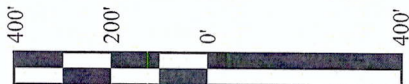
RIGHT-OF-WAY WIDTH CHANGE STA. 22+86.52 BEARS S65°14'07"W 1926.76' FROM THE NORTHEAST CORNER OF SECTION 33, BLOCK 57, P.S.L. SURVEY, REEVES COUNTY, TEXAS.

END OF PIPELINE STA. 26+01.34 BEARS S68°08'13"W 2208.23' FROM THE NORTHEAST CORNER OF SECTION 33, BLOCK 57, P.S.L. SURVEY, REEVES COUNTY, TEXAS.

LINE TABLE		
LINE	DIRECTION	LENGTH
L1	S00°03'29"E	229.61'
L2	S00°03'29"E	326.83'
L3	S89°58'29"W	1730.08'
L4	S89°58'29"W	299.73'
L5	S00°23'29"W	15.08'

PIPELINE RIGHT-OF-WAY DESCRIPTION

BEGINNING AT A POINT IN SECTION 33, BLOCK 57, P.S.L. SURVEY, REEVES COUNTY, TEXAS, WHICH BEARS S02°22'01"W 479.92' FROM THE NORTHEAST CORNER OF SAID SECTION 33, THENCE A 50' WIDE TEMPORARY RIGHT-OF-WAY 30' ON THE RIGHT SIDE AND 20' ON THE LEFT SIDE TRANSFERRING TO A 30' WIDE PERMANENT RIGHT-OF-WAY 15' ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE, S00°03'29"E 326.83'; THENCE S89°58'29"W 1730.08' TO A POINT IN SAID SECTION 33, WHICH BEARS S65°14'07"W 1926.76' FROM THE NORTHEAST CORNER OF SAID SECTION 33, THENCE A 45' WIDE TEMPORARY RIGHT-OF-WAY 30' ON THE RIGHT SIDE AND 15' ON THE LEFT SIDE TRANSFERRING TO A 30' WIDE PERMANENT RIGHT-OF-WAY 15' ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE, S89°58'29"W 299.73'; THENCE S00°23'29"W 15.08' TO A POINT IN SAID SECTION 33, WHICH BEARS S68°08'13"W 2208.23' FROM THE NORTHEAST CORNER OF SAID SECTION 33. THE SIDE LINES OF SAID DESCRIBED RIGHT-OF-WAY BEING SHORTENED OR ELONGATED TO MEET THE GRANTOR'S PROPERTY LINES. BASIS OF BEARINGS IS A G.P.S. OBSERVATION. TEMPORARY RIGHT-OF-WAY CONTAINS 1.158 ACRES MORE OR LESS. PERMANENT RIGHT-OF-WAY CONTAINS 1.633 ACRES MORE OR LESS.



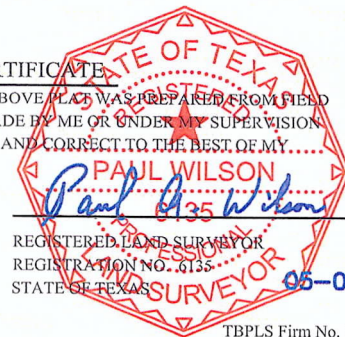
RIGHT-OF-WAY LENGTHS

FEET	TEMP. ACRES	PERM. ACRES	RODS
2371.73	1.158	1.633	143.74

- ▲ = SECTION CORNERS LOCATED.
△ = SECTION CORNERS RE-ESTABLISHED.
(Not Set on Ground.)

NOTES:
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CERTIFICATE
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SHEET 1 OF 2

TBPLS Firm No. 10193884



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CIMAREX ENERGY CO.

ELECTRIC-STATE #57-33 1H
SECTION 33, BLOCK 57, P.S.L. SURVEY
REEVES COUNTY, TEXAS

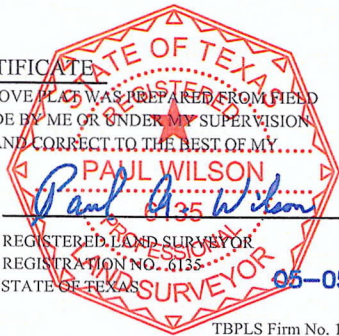
SURVEYED BY	J.V., B.B.	03-03-16	SCALE
DRAWN BY	C.I.	05-04-16	1" = 400'
PIPELINE R-O-W			

CIMAREX ENERGY CO.-ELECTRIC-STATE #57-33 1H			
NUMBER	STATION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
BEGIN	2+29.61	N 31°33'10.17"	W 103°50'45.46"
1	5+56.44	N 31°33'06.94"	W 103°50'45.46"
2	25+86.26	N 31°33'06.93"	W 103°51'08.92"
END	26+01.34	N 31°33'06.78"	W 103°51'08.92"

CIMAREX ENERGY CO.-ELECTRIC-STATE #57-33 1H			
SECTION CORNER	DESCRIPTION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
NW COR. SEC. 33, BLOCK 57	IRON ROD	N 31°33'14.85"	W 103°51'46.26"
NE COR. SEC. 33, BLOCK 57	IRON ROD	N 31°33'14.92"	W 103°50'45.23"
SE COR. SEC. 33, BLOCK 57	CALC	N 31°33'22.76"	W 103°50'45.17"

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SHEET 2 OF 2

TBPLS Firm No. 10193884

NOTES:
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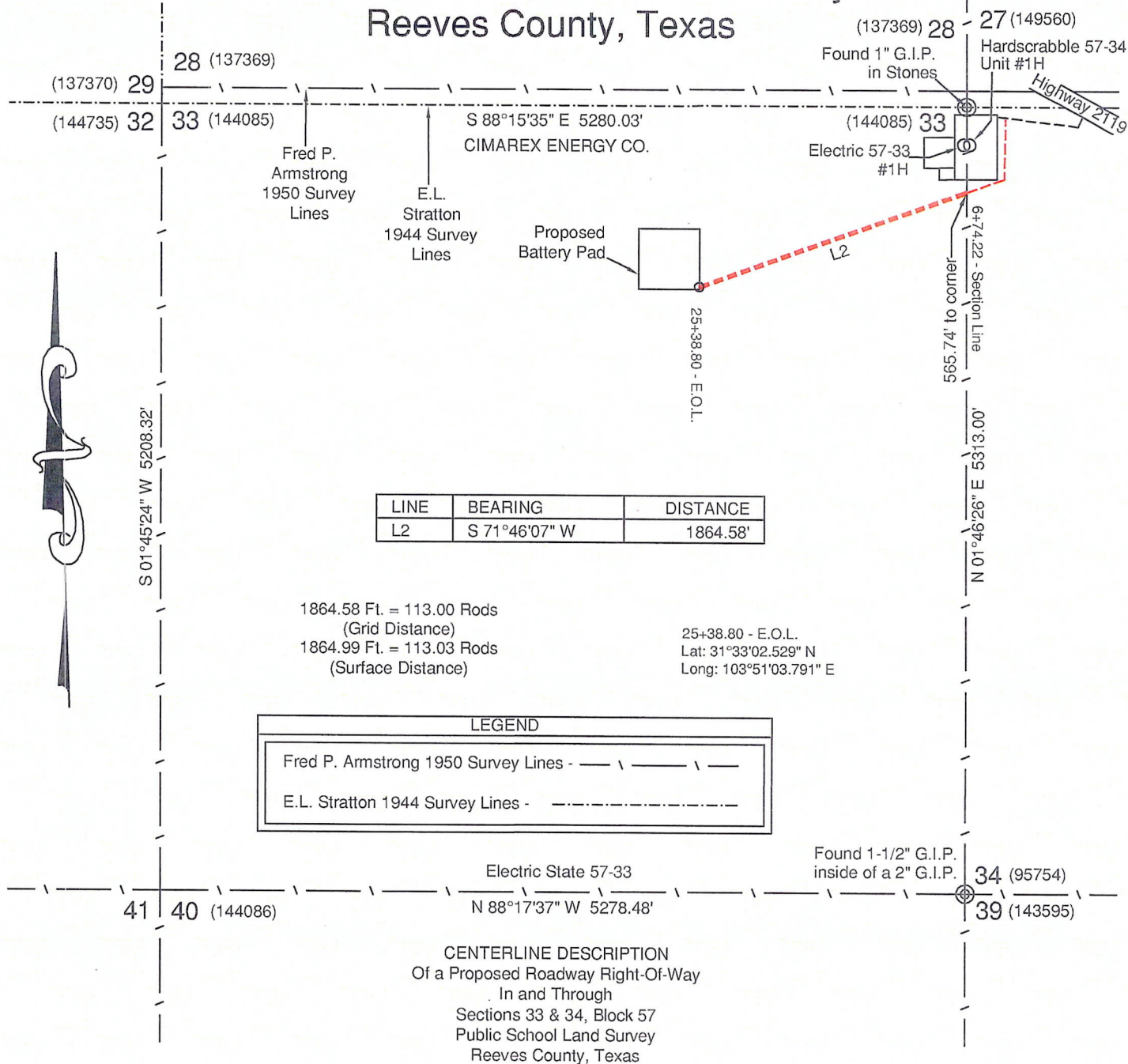


CIMAREX ENERGY CO.

ELECTRIC-STATE #57-33 1H
SECTION 33, BLOCK 57, P.S.L. SURVEY
REEVES COUNTY, TEXAS

SURVEYED BY	J.V., B.B.	03-03-16	SCALE
DRAWN BY	C.I.	05-04-16	1" = 400'
PIPELINE R-O-W			

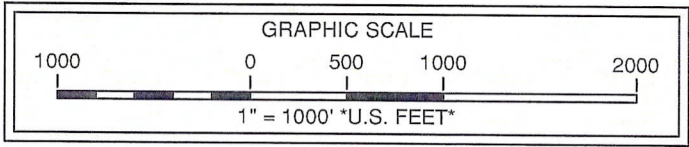
Block 57, Public School Land Survey
Reeves County, Texas



Beginning at roadway station 0+00.00 on a proposed roadway for the beginning of this proposed roadway right-of-way from which a found 1" galvanized iron pipe for the Northwest corner of Section 34, Block 57, Public School Land Survey bears N 73°45'13" W, 266.12 feet;

Thence S 02°52'34" W, with the centerline of this proposed pipeline right-of-way, a distance of 408.36 feet to pipeline station 4+08.36 being a P.I. with a deflection of 68°53'33" to the right;

Thence S 71°46'07" W, with the centerline of this proposed pipeline right-of-way, at 265.86 feet pass the West line of Section 34, Block 57 and the East line of Section 33, Block 57, continuing on the same course for a total distance of 2130.44 feet to pipeline station 25+38.80 being the E.O.L. (End of Line) of this proposed pipeline right-of-way from which a 1" galvanized iron pipe for the Northwest corner of Section 33, Block 57 bears N 57°17'09" E, 2125.68 feet.



Note: Survey Reconstruction filed in the Office of Pennell & Marlowe Land Surveyors, Inc.
Latitudes and Longitudes shown are on NAD27 Datum.
Note: Bearings and distances are based on The Texas Coordinate System of 1927, Central Zone.
A combined grid factor of 0.9997757 must be divided into all distances to obtain surface distances.
Note: Example: (S-99999) indicates General Land Office file number.



Stephen P. Marlowe
REGISTERED PROFESSIONAL LAND SURVEYOR NO. 5715

April 20, 2016
160420M3-KRM

P.O. Box 51887, Midland, Texas 79710 (432) 262-0901 Fax (432) 262-0679 Firm #100201-00

Revised: 05/02/2016-KRM
USGS Quadrangle Sheet: Halamicck Ranch, Tex.
Proposed Roadway Survey

CIMAREX ENERGY CO.
Proposed Roadway Survey
In and Through
Section 33, Block 57
Public School Land Survey
Reeves County, Texas

Scale: 1" = 1000'

SECTION 35, BLOCK 57, P.S.L. SURVEY

N89°54'14"E - 5260.64' (Mass.)

27 26
34 35
26 25
32 36

LINE TABLE		
LINE	DIRECTION	LENGTH
L10	N89°55'20"E	2416.55'
L11	N00°01'17"E	709.93'
L12	N89°54'32"W	719.97'
L13	N00°01'39"E	89.91'
L14	S89°39'24"E	19.86'

BEGINNING OF PROPOSED
PIPELINE RIGHT-OF-WAY
IN SECTION 35
STA. 83+26.45
(At Section Line)

S00°02'43"E - 1510.68' (Mass.)

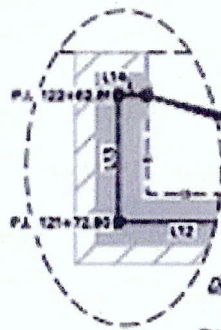
See Detail "C"
@ Bata Left

See Detail "B"
on Sheet 2 of 2

See Detail "A"
on Sheet 2 of 2

Terminate of this D.L.

A-1905
Sec. 35



END OF PROPOSED
PIPELINE RIGHT-OF-WAY
STA. 122+82.67
(At Existing Rio Grande Loop Line)

PIPELINE RIGHT-OF-WAY DESCRIPTION

BEGINNING AT A POINT ON THE WEST LINE OF SECTION 35, BLOCK 57, P.S.L. SURVEY, REEVES COUNTY, TEXAS, WHICH BEARS S00°02'43"E 1510.68' FROM THE NORTHWEST CORNER OF SAID SECTION 35, THENCE A 50' WIDE TEMPORARY RIGHT-OF-WAY 30' ON THE LEFT SIDE AND 20' ON THE RIGHT SIDE TRANSFERRING TO A 30' WIDE PERMANENT RIGHT-OF-WAY 15' ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE N89°55'20"E 2416.55'; THENCE N00°01'17"E 709.93' TO A POINT IN SAID SECTION 35, WHICH BEARS S71°44'50"E 2546.12' FROM THE NORTHWEST CORNER OF SAID SECTION 35, THENCE A 45' WIDE TEMPORARY RIGHT-OF-WAY 30' ON THE LEFT SIDE AND 15' ON THE RIGHT SIDE TRANSFERRING TO A 30' WIDE PERMANENT RIGHT-OF-WAY 15' ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE N89°54'32"W 719.97'; THENCE N00°01'39"E 89.91'; THENCE S89°39'24"E 19.86' TO A POINT IN SAID SECTION 35, WHICH BEARS S87°36'52"E 1857.95' FROM THE NORTHWEST CORNER OF SAID SECTION 35. THE SIDE LINES OF SAID DESCRIBED RIGHT-OF-WAY BEING SHORTENED OR ELONGATED TO MEET THE GRANTOR'S PROPERTY LINES. BASIS OF BEARINGS IS A C.P.S. OBSERVATION. TEMPORARY RIGHT-OF-WAY CONTAINS 1.721 ACRES MORE OR LESS. PERMANENT RIGHT-OF-WAY CONTAINS 2.725 ACRES MORE OR LESS.

BEGINNING OF PIPELINE STA. 83+26.45 BEARS S00°02'43"E 1510.68' FROM THE NORTHWEST CORNER OF SECTION 35, BLOCK 57, P.S.L. SURVEY, REEVES COUNTY, TEXAS.

RIGHT-OF-WAY WIDTH CHANGE STA. 114+52.94 BEARS S71°44'50"E 2546.12' FROM THE NORTHWEST CORNER OF SECTION 35, BLOCK 57, P.S.L. SURVEY, REEVES COUNTY, TEXAS.

END OF PIPELINE STA. 122+82.67 BEARS S87°36'52"E 1857.95' FROM THE NORTHWEST CORNER OF SECTION 35, BLOCK 57, P.S.L. SURVEY, REEVES COUNTY, TEXAS.



RIGHT-OF-WAY LENGTHS			
FEET	TEMP. ACRES	PERM. ACRES	RODS
3956.22	1.721	2.725	236.77

- ▲ = SECTION CORNERS LOCATED.
- △ = SECTION CORNERS RE-ESTABLISHED.
(Not Set on Ground.)

CERTIFICATE
THIS IS TO CERTIFY THAT THE ABOVE BEARS AND DISTANCES ARE TRUE AND CORRECT AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Paul A. Wilson
PAUL A. WILSON
REGISTERED LAND SURVEYOR
STATE OF TEXAS
08-11-16

Sheet 1 of 2

NOTES
* Basis of bearing is a C.P.S. observation (Vertical Control Datum: NAD83)

CIMAREX ENERGY CO.

ELECTRIC-HARDSCRABBLE SALES PIPELINE
SECTION 35, BLOCK 57, P.S.L. SURVEY
REEVES COUNTY, TEXAS

SURVEYED BY	C.J. A.V., III.	04-25-16	SCALE
DRAWN BY	J.L.	05-16-16	1" = 400'

PIPELINE R-O-W



UELS, LLC
Regional Office * 111 NE 3rd Street
Seminole, TX 79760 * (432) 955-4100
Corporate Office * 85 South 200 East
Vernal, UT 84078 * (435) 789-1817

File No. MF 111900

County

Damages Pmt

Date Filed: 10/13/21

George P. Bush, Commissioner

By 

4. 4.70

PLEASE DETACH AT PERFORATION ABOVE

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

PLEASE DETACH AT PERFORATION ABOVE



(303) 295-3995

Check Number 0001692622

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ217120716I	12/07/2016	MF 111900	1,119.00	0.00	1,119.00
17706340 161					

023492	Vendor	Check Date: 12/19/2016	Check Amount	X 1,119.00
--------	--------	------------------------	--------------	---

Cimarex Energy Co.

600 N. Marienfeld St.

Suite 600

Midland, TX 79701

MAIN 432.571.7800



January 5, 2017

State of Texas

1700 N. Congress Ave., Suite 840

Austin, Texas 78701-1495

Via Certified Mail Return Receipt No. 91 7199 9991 7030 2651 8374

Re: Surface Damages
Section 33, Block 57, PSL Survey
Reeves County, Texas

Dear sir/madam,

Enclosed is Cimarex Energy Co. check #0001692622 in the amount of ***One Thousand One Hundred Nineteen Dollars and 00/100 (\$1,119.00)*** as the total payment for a power line and anchors associated with the above captioned lands.

If you should have any questions or concerns, please do not hesitate to call. Thank you very much.

Sincerely,

CIMAREX ENERGY CO.

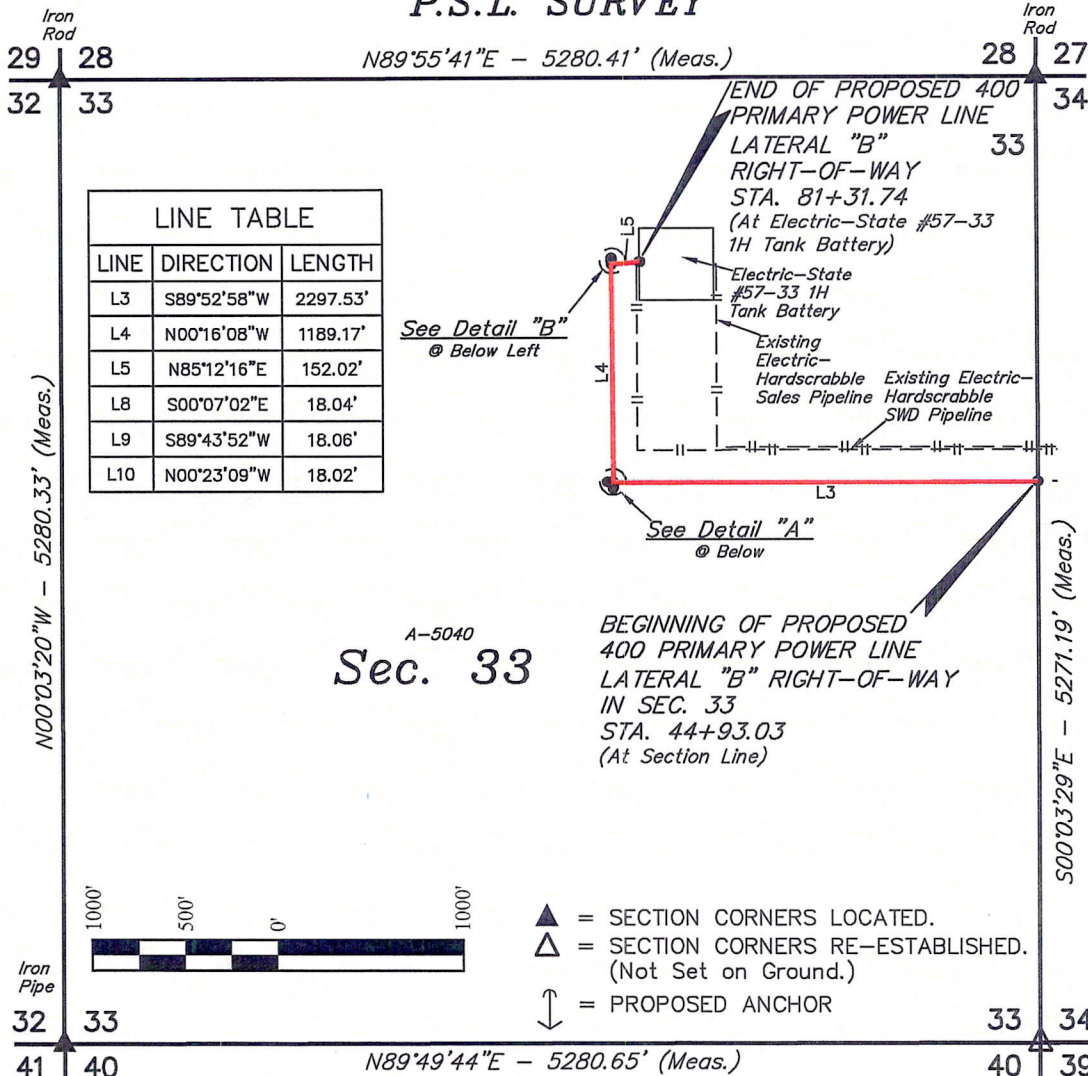
A handwritten signature in blue ink that reads "Tish Maney".

Tish Maney

Land Department

432.571.7892(direct)

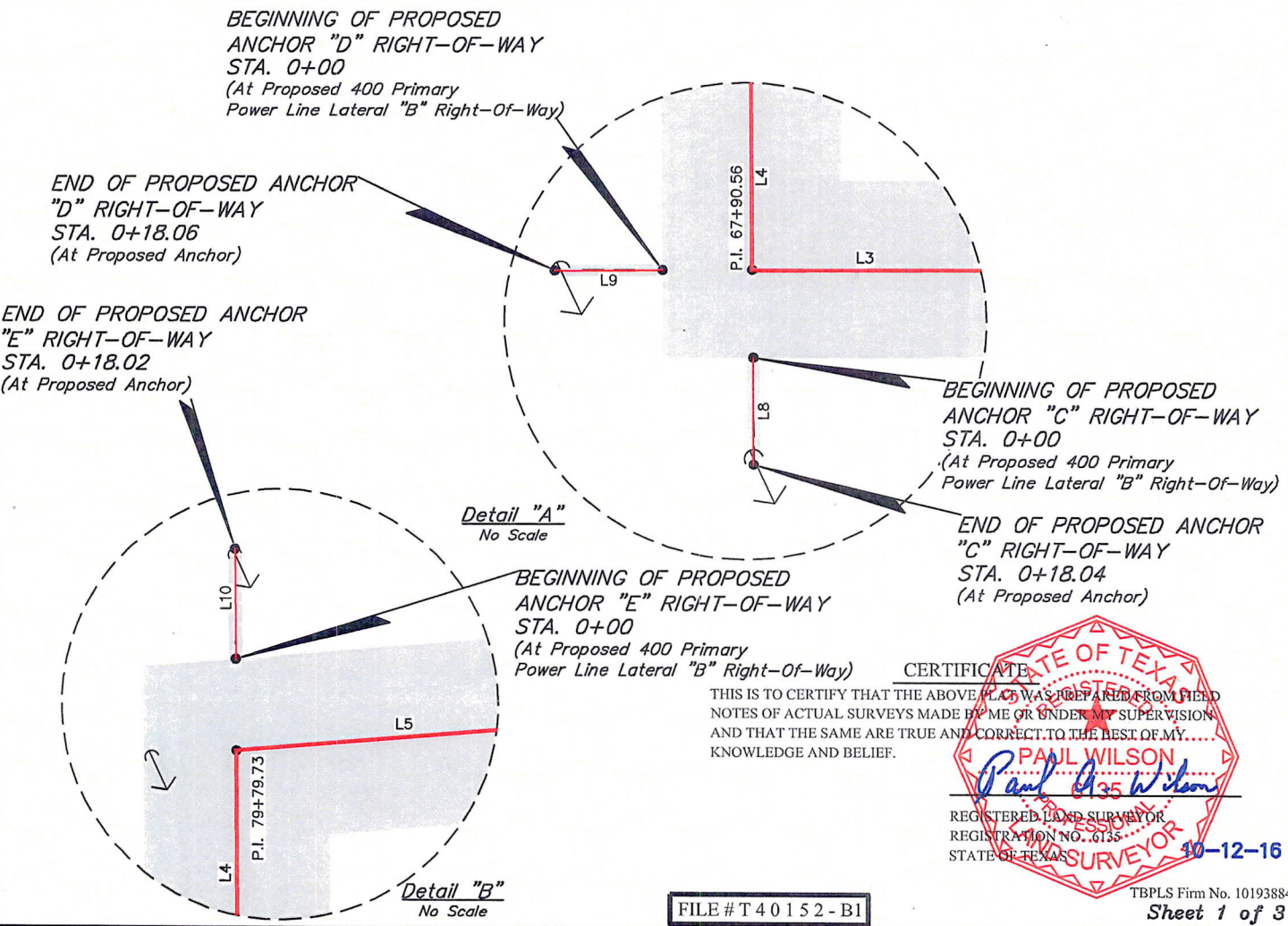
SECTION 33, BLOCK 57,
P.S.L. SURVEY



LINE TABLE		
LINE	DIRECTION	LENGTH
L3	S89°52'58\"W	2297.53'
L4	N00°16'08\"W	1189.17'
L5	N85°12'16\"E	152.02'
L8	S00°07'02\"E	18.04'
L9	S89°43'52\"W	18.06'
L10	N00°23'09\"W	18.02'

A-5040
Sec. 33

BEGINNING OF PROPOSED
400 PRIMARY POWER LINE
LATERAL "B" RIGHT-OF-WAY
IN SEC. 33
STA. 44+93.03
(At Section Line)



CERTIFICATE
THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD
NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION
AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY
KNOWLEDGE AND BELIEF.
PAUL WILSON
REGISTERED LAND SURVEYOR
REGISTRATION NO. 6135
STATE OF TEXAS
40-12-16

400 PRIMARY POWER LINE LATERAL "B" RIGHT-OF-WAY DESCRIPTION

A 30' WIDE RIGHT-OF-WAY 15' ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE.

BEGINNING AT A POINT ON THE EAST LINE OF SECTION 33, BLOCK 57, P.S.L. SURVEY, REEVES COUNTY, TEXAS, WHICH BEARS S00°03'29"E 2205.38' FROM THE NORTHEAST CORNER OF SAID SECTION 33, THENCE S89°52'58"W 2297.53'; THENCE N00°16'08"W 1189.17'; THENCE N85°12'16"E 152.02' TO A POINT IN SAID SECTION 33, WHICH BEARS S64°52'12"W 2374.11' FROM THE NORTHEAST CORNER OF SAID SECTION 33. THE SIDE LINES OF SAID DESCRIBED RIGHT-OF-WAY BEING SHORTENED OR ELONGATED TO MEET THE GRANTOR'S PROPERTY LINES. BASIS OF BEARINGS IS A G.P.S. OBSERVATION. CONTAINS 2.506 ACRES MORE OR LESS.

ANCHOR "C" RIGHT-OF-WAY DESCRIPTION

A 2' WIDE RIGHT-OF-WAY 1' ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE.

BEGINNING AT A POINT IN SECTION 33, BLOCK 57, P.S.L. SURVEY, REEVES COUNTY, TEXAS, WHICH BEARS S45°53'15"W 3196.64' FROM THE NORTHEAST CORNER OF SAID SECTION 33, THENCE S00°07'02"E 18.04' TO A POINT IN SAID SECTION 33, WHICH BEARS S45°39'21"W 3209.20' FROM THE NORTHEAST CORNER OF SAID SECTION 33. THE SIDE LINES OF SAID DESCRIBED RIGHT-OF-WAY BEING SHORTENED OR ELONGATED TO MEET THE GRANTOR'S PROPERTY LINES. BASIS OF BEARINGS IS A G.P.S. OBSERVATION. CONTAINS 0.001 ACRES MORE OR LESS.

ANCHOR "D" RIGHT-OF-WAY DESCRIPTION

A 2' WIDE RIGHT-OF-WAY 1' ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE.

BEGINNING AT A POINT IN SECTION 33, BLOCK 57, P.S.L. SURVEY, REEVES COUNTY, TEXAS, WHICH BEARS S46°16'10"W 3197.19' FROM THE NORTHEAST CORNER OF SAID SECTION 33, THENCE S89°43'52"W 18.06' TO A POINT IN SAID SECTION 33, WHICH BEARS S46°29'28"W 3210.32' FROM THE NORTHEAST CORNER OF SAID SECTION 33. THE SIDE LINES OF SAID DESCRIBED RIGHT-OF-WAY BEING SHORTENED OR ELONGATED TO MEET THE GRANTOR'S PROPERTY LINES. BASIS OF BEARINGS IS A G.P.S. OBSERVATION. CONTAINS 0.001 ACRES MORE OR LESS.

ANCHOR "E" RIGHT-OF-WAY DESCRIPTION

A 2' WIDE RIGHT-OF-WAY 1' ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE.

BEGINNING AT A POINT IN SECTION 33, BLOCK 57, P.S.L. SURVEY, REEVES COUNTY, TEXAS, WHICH BEARS S66°23'14"W 2511.23' FROM THE NORTHEAST CORNER OF SAID SECTION 33, THENCE N00°23'09"W 18.02' TO A POINT IN SAID SECTION 33, WHICH BEARS S66°45'58"W 2504.18' FROM THE NORTHEAST CORNER OF SAID SECTION 33. THE SIDE LINES OF SAID DESCRIBED RIGHT-OF-WAY BEING SHORTENED OR ELONGATED TO MEET THE GRANTOR'S PROPERTY LINES. BASIS OF BEARINGS IS A G.P.S. OBSERVATION. CONTAINS 0.001 ACRES MORE OR LESS.

BEGINNING OF 400 PRIMARY POWER LINE
LATERAL "B" STA. 44+93.03 BEARS
S00°03'29"E 2205.38' FROM THE NORTHEAST
CORNER OF SECTION 33, BLOCK 57, P.S.L.
SURVEY, REEVES COUNTY, TEXAS.

END OF 400 PRIMARY POWER LINE LATERAL
"A" STA. 81+31.74 BEARS S64°52'12"W
2374.11' FROM THE NORTHEAST CORNER OF
SECTION 33, BLOCK 57, P.S.L. SURVEY,
REEVES COUNTY, TEXAS.

BEGINNING OF ANCHOR "C" STA. 0+00
BEARS S45°53'15"W 3196.64' FROM THE
NORTHEAST CORNER OF SECTION 33, BLOCK
57, P.S.L. SURVEY, REEVES COUNTY, TEXAS.

END OF ANCHOR "C" STA. 0+18.04 BEARS
S45°39'21"W 3209.20' FROM THE NORTHEAST
CORNER OF SECTION 33, BLOCK 57, P.S.L.
SURVEY, REEVES COUNTY, TEXAS.

BEGINNING OF ANCHOR "D" STA. 0+00
BEARS S46°16'10"W 3197.19' FROM THE
NORTHEAST CORNER OF SECTION 33, BLOCK
57, P.S.L. SURVEY, REEVES COUNTY, TEXAS.

END OF ANCHOR "D" STA. 0+18.06 BEARS
S46°29'28"W 3210.32' FROM THE NORTHEAST
CORNER OF SECTION 33, BLOCK 57, P.S.L.
SURVEY, REEVES COUNTY, TEXAS.

BEGINNING OF ANCHOR "E" STA. 0+00
BEARS S66°23'14"W 2511.23' FROM THE
NORTHEAST CORNER OF SECTION 33, BLOCK
57, P.S.L. SURVEY, REEVES COUNTY, TEXAS.

END OF ANCHOR "E" STA. 0+18.02 BEARS
S66°45'58"W 2504.18' FROM THE NORTHEAST
CORNER OF SECTION 33, BLOCK 57, P.S.L.
SURVEY, REEVES COUNTY, TEXAS.

ACREAGE / LENGTH TABLE

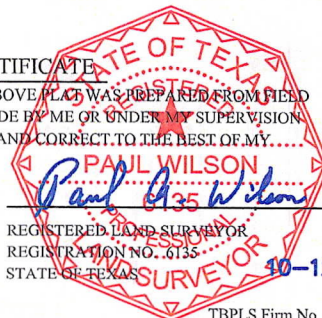
	FEET	RODS	ACRES
400 POWER LINE	3638.71	220.53	2.506

ACREAGE / LENGTH TABLE

	FEET	RODS	ACRES
ANCHOR "C"	18.04	1.09	0.001
ANCHOR "D"	18.06	1.09	0.001
ANCHOR "E"	18.02	1.09	0.001
TOTAL	54.12	3.27	0.003

CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD
NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION
AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY
KNOWLEDGE AND BELIEF.



FILE # T 4 0 1 5 2 - B2

TBPLS Firm No. 10193884
Sheet 2 of 3

NOTES:

Basis of bearing is a G.P.S. observation (Vertical Control Datum: NAVD88)



UELS, LLC
Regional Office * 111 NE 3rd Street
Seminole, TX 79360 * (432) 955-6100
Corporate Office * 85 South 200 East
Vernal, UT 84078 * (435) 789-1017



CIMAREX ENERGY CO.

GRISHAM ELECTRICAL DISTRIBUTION
SYSTEM LATERAL "B"
SECTION 33, BLOCK 57, P.S.L. SURVEY
REEVES COUNTY, TEXAS

SURVEYED BY	C.J.	09-25-16	SCALE
DRAWN BY	S.O.	10-10-16	N/A
POWER LINE R-O-W			

CIMAREX ENERGY CO.-GRISHAM ELECTRICAL DISTRIBUTION SYSTEM LATERAL "B"			
NUMBER	STATION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
BEGIN	44+93.03	N 31°32'53.10"	W 103°50'45.21"
1	67+90.56	N 31°32'53.05"	W 103°51'11.76"
2	79+79.73	N 31°33'04.82"	W 103°51'11.82"
END	81+31.74	N 31°33'04.94"	W 103°51'10.07"

CIMAREX ENERGY CO.-GRISHAM ELECTRICAL DISTRIBUTION SYSTEM LATERAL "B"-ANCHOR "C"			
NUMBER	STATION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
BEGIN	0+00	N 31°32'52.90"	W 103°51'11.76"
END	0+18.04	N 31°32'52.72"	W 103°51'11.76"

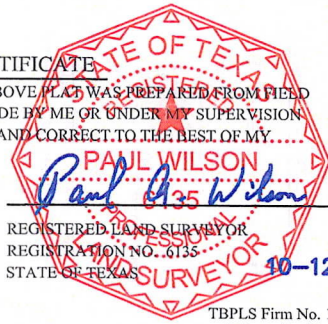
CIMAREX ENERGY CO.-GRISHAM ELECTRICAL DISTRIBUTION SYSTEM LATERAL "B"-ANCHOR "D"			
NUMBER	STATION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
BEGIN	0+00	N 31°32'53.05"	W 103°51'11.93"
END	0+18.06	N 31°32'53.05"	W 103°51'12.14"

CIMAREX ENERGY CO.-GRISHAM ELECTRICAL DISTRIBUTION SYSTEM LATERAL "B"-ANCHOR "E"			
NUMBER	STATION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
BEGIN	0+00	N 31°33'04.97"	W 103°51'11.82"
END	0+18.02	N 31°33'05.14"	W 103°51'11.83"

CIMAREX ENERGY CO.-GRISHAM ELECTRICAL DISTRIBUTION SYSTEM			
SECTION CORNER	DESCRIPTION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
NE COR. SEC.33, BLOCK 57	IRON ROD	N 31°33'14.92"	W 103°50'45.23"
SE COR. SEC.33, BLOCK 57	CALC	N 31°32'22.76"	W 103°50'45.17"
NW COR. SEC.33, BLOCK 57	IRON ROD	N 31°33'14.85"	W 103°51'46.26"
SW COR. SEC.33, BLOCK 57	IRON PIPE	N 31°32'22.60"	W 103°51'46.19"

CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



FILE # T 4 0 1 5 2 - B3

TBPLS Firm No. 10193884
Sheet 3 of 3

NOTES:
• Basis of bearing is a G.P.S. observation (Vertical Control Datum: NAVD88)



UELS, LLC
Regional Office * 111 NE 3rd Street
Seminole, TX 79360 * (432) 955-6100
Corporate Office * 85 South 200 East
Vernal, UT 84078 * (435) 789-1017



CIMAREX ENERGY CO.
GRISHAM ELECTRICAL DISTRIBUTION
SYSTEM LATERAL "B"
SECTION 33, BLOCK 57, P.S.L. SURVEY
REEVES COUNTY, TEXAS

SURVEYED BY	C.J.	09-25-16	SCALE
DRAWN BY	S.O.	10-10-16	N/A

POWER LINE R-O-W

File No. MF111900

County

Damages Pmt

Date Filed: 10/13/21

George P. Bush, Commissioner

By: [Signature]

333

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



March 25, 2020

State of Texas
1700 N. Congress Ave., Suite 840
Austin, Tx 78701-1495

**RE: Surface Use – power
Section 33, Block 57, PSL Survey
Reeves County, Texas**

Enclosed is Cimarex Energy Co.'s check #0001793090 in the amount of Four Hundred Forty Eight Dollars and 90/100 (\$448.90) as total payment of your 50% undivided interest for surface use to provide power to a pad associated with Cimarex' Electric State 57-33 2H – 6H wells on the above captioned lands. (associated with Bobby A. Burchard Estate Trust et al)

If you have any questions, please don't hesitate to give Jim Suchecki a call @ 432-620-1969.

Sincerely,

A handwritten signature in blue ink that reads "Tish Maney". The signature is written in a cursive, flowing style.

Tish Maney
Land Technician
Cimarex Energy Co.
(432) 571-7892

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

CIMAREX

(303) 295-3995

Check Number 0001793090

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ217022620F	02/26/2020		448.90	0.00	448.90

20707672

161

 Vendor

Check Date: 03/10/2020

Check Amount 

448.90

File No. MF111900

County

Surface Damage Pmt

Date Filed: 3-28-2022

George P. Bush, Commissioner

By VD

MF 111900

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



July 18, 2019

State of Texas
1700 N Congress Ave, Suite 840
Austin, TX 78701-1495

**RE: Surface Use
Section 33, Block 57, PSL Survey
Reeves County, Texas**

COLLECTED

Enclosed is Cimarex Energy Co.'s check #0001776701 in the amount of Nineteen Thousand Four Hundred Fifty One Dollars and 90/100 (\$19,451.90) as total payment of your 50% undivided interest for well locations (2 pads x \$7,500/pad), road (147.76 rods x \$20/rod), 3 bulk flowlines (268.35 rods x \$30/rod), a gas lift line (38.33 rods x \$30/rod), a gas sales line (168.58 162.58 rods x \$30/rod), an SWD line (194.36 x \$30/rod) and a power line (104.00 rods x \$10/rod) associated with Cimarex' Electric State 57-33 2H – 6H wells on the above captioned lands.

If you have any questions, please don't hesitate to give us a call.

Sincerely,

Tish Maney
Land Technician
Cimarex Energy Co.
(432) 571-7892

File No. ME 111900County
Surface Damage PmtDate Filed: 4-4-2022

George P. Bush, Commissioner

By VR

0.75.14

7.30.19

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



July 18, 2019

State of Texas
1700 N Congress Ave, Suite 840
Austin, TX 78701-1495

**RE: Surface Use
Section 33, Block 57, PSL Survey
Reeves County, Texas**

Enclosed is Cimarex Energy Co.'s check #0001776701 in the amount of Nineteen Thousand Four Hundred Fifty One Dollars and 90/100 (\$19,451.90) as total payment of your 50% undivided interest for well locations (2 pads x \$7,500/pad), road (147.76 rods x \$20/rod), 3 bulk flowlines (268.35 rods x \$30/rod), a gas lift line (38.33 rods x \$30/rod), a gas sales line (168.58 rods x \$30/rod), an SWD line (194.36 x \$30/rod) and a power line (104.00 rods x \$10/rod) associated with Cimarex' Electric State 57-33 2H – 6H wells on the above captioned lands.

If you have any questions, please don't hesitate to give us a call.

Sincerely,

A handwritten signature in blue ink that reads "Tish Maney".

Tish Maney
Land Technician
Cimarex Energy Co.
(432) 571-7892



SHEET NO. 1 OF 1

NATURE OF WORK SURFACE USE EXHIBIT DATE 04-29-19 SRID NO. _____
PROJECT ELECTRIC STATE 57-33 2H 3H 4H JOB OR AFE NO. _____
SEC. 33 BLK OR RANGE 57 TWP SURVEY PUBLIC SCHOOL LAND CO. REEVES STATE TEXAS
REMARKS TOTAL LENGTH = 199.74' (12.11 RODS), TOTAL AREA = 7.232 ACRES (315,000 SQ.FT.) RE: ☐ AS-BUILT ☒ STAKING

SECTION CORNER TABLE			
POINT NO	DESCRIPTION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
1	2" IRON PIPE	N31°33'14.85"	W103°51'46.25"
2	1" IRON PIPE	N31°33'14.92"	W103°50'45.23"
3	CALCULATED CORNER	N31°32'22.68"	W103°50'45.19"
4	2" IRON PIPE	N31°32'22.60"	W103°51'46.19"

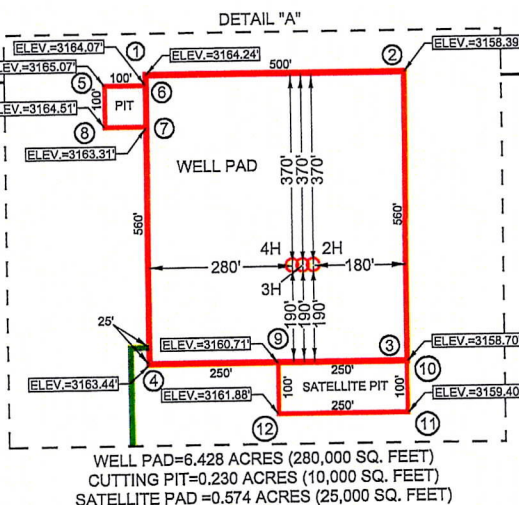
PAD CORNER TABLE			
POINT NO	DESCRIPTION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
1	PAD CORNER	N31°33'14.70"	W103°51'03.49"
2	PAD CORNER	N31°33'14.71"	W103°50'57.71"
3	PAD CORNER	N31°33'09.17"	W103°50'57.71"
4	PAD CORNER	N31°33'09.18"	W103°51'03.49"
5	PIT CORNER	N31°33'14.50"	W103°51'04.65"
6	PIT CORNER	N31°33'14.50"	W103°51'03.49"
7	PIT CORNER	N31°33'13.51"	W103°51'03.49"
8	PIT CORNER	N31°33'13.51"	W103°51'04.65"
9	SAT CORNER	N31°33'09.16"	W103°51'00.60"
10	SAT CORNER	N31°33'09.17"	W103°50'57.71"
11	SAT CORNER	N31°33'08.18"	W103°50'57.71"
12	SAT CORNER	N31°33'08.17"	W103°51'00.60"

BURCHARD RANCH LP
VOL. 1160, PG. 764
D.R.R.C.T.

SECTION 33, BLOCK 57
PUBLIC SCHOOL LAND SURVEY
ABSTRACT NO. 5040
REEVES COUNTY, TEXAS

PROPOSED LEASE ROAD
TOTAL LENGTH=199.74 FEET
(12.11 RODS)

POINT NO. 4
2" IRON PIPE
FOUND



ELECTRIC
STATE 57-33 #2H
SECTION TIES
SUMMARY
FNL=390'
FEL=1280'

ELECTRIC
STATE 57-33 #3H
SECTION TIES
SUMMARY
FNL=390'
FEL=1280'

ELECTRIC
STATE 57-33 #4H
SECTION TIES
SUMMARY
FNL=390'
FEL=1300'

POINT NO. 3
2" IRON PIPE
FOUND BEARS
N 01°46'23" E
72.67' (TIE)

SECTION LINES BEARING AND DISTANCE TABLE		
LINE	BEARING	DISTANCE
S1	S 88°15'51" E	5280.00'
S2	S 01°46'23" W	5278.22'
S3	N 88°16'57" W	5278.53'
S4	N 01°45'25" E	5279.91'

NOTES:

- BEARINGS, DISTANCES, AREA AND COORDINATES SHOWN HEREON ARE GRID BASED ON "THE TEXAS COORDINATE SYSTEM OF 1983, CENTRAL ZONE" AS DETERMINED BY GPS OBSERVATIONS REFERENCED TO TRANSGLOBAL CONTROL POINT "TGSLEVELAND-1" (N: 10545957.07, E: 1213111.75) WHERE THE CONVERGENCE ANGLE IS -1° 47' 30.8" AND THE COMBINED SCALE FACTOR IS 0.99978546. ELEVATIONS ARE NAVD83 (GEOID 12B). THE POSITIONAL TOLERANCE OF THIS SURVEY EXCEEDS THE REQUIREMENTS FOR A RURAL SURVEY.
- THIS SURVEY WAS PERFORMED WITHOUT THE BENEFIT OF A TITLE REPORT AND THE REVIEW OF THE ABSTRACT OF TITLE. THERE MAY BE EASEMENTS AND/OR COVENANTS AFFECTING THIS PROPERTY NOT SHOWN HEREON. LOCATION OF IMPROVEMENTS WERE BEYOND COMMISSIONED SCOPE OF THIS PROJECT AND HAVE BEEN SPECIFICALLY OMITTED. VESTING DOCUMENTS NOT FURNISHED FOR THIS SURVEY.
- SEE DOCUMENTS AND ELECTRONIC DATA FILED IN THE OFFICE OF TRANSGLOBAL SERVICES, LLC FOR COMPLETE RECONSTRUCTION OF THESE SECTIONS OR BLOCKS.

DATE: 04-29-19 DATE SURVEYED 03-09-19 DRAFT_BKB

JOB NO. 1903060 FIELD BOOK V. RA-01, P. 43 REV. 0

FILE 1903060 ELECTRIC STATE 57-33 2H-4H SEC 33 SURFACE USE

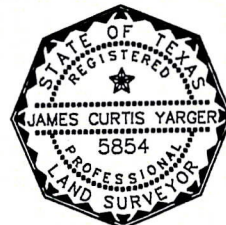


TBPLS FIRM# 10193740
1100 Macon Street
Fort Worth, Texas 76102
(817) 529-1180 ~ Fax (817) 529-1181

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT THE PLAT SHOWN HEREON REPRESENTS THE RESULTS OF A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, NO WARRANTY IS MADE OR INTENDED FOR THE LOCATION OF ANY OR ALL EASEMENTS THAT MAY EXIST WITHIN THE BOUNDS OF THIS SURVEY. THE INFORMATION PRESENTED HEREON IS FOR THE PRIVATE USE OF THE PARTY NAMED IN THE "REFERENCE PORTION" OF THE TITLE BLOCK AND DOES NOT CONSTITUTE A COMPLETE BOUNDARY SURVEY AS DEFINED BY THE PROFESSIONAL LAND SURVEYING PRACTICES ACT.

JAMES CURTIS YARGER TEXAS R.P.L.S. NO. 5854

05-23-19
DATE



NATURE OF WORK SURFACE USE EXHIBIT DATE 04-29-19 SRID NO. _____
 PROJECT ELECTRIC STATE 57-33 5H-6H JOB OR AFE NO. _____
 SEC. 33 BLK OR RANGE 57 TWP SURVEY PUBLIC SCHOOL LAND CO. REEVES STATE TEXAS
 REMARKS TOTAL LENGTH=4383.88 FT. (265.69 RODS) TOTAL AREA=7.149 ACRES (311,400 SQ.FT.) RE: ☐ AS-BUILT ☒ STAKING

SECTION CORNER TABLE

POINT NO	DESCRIPTION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
1	2" IRON PIPE	N31°33'14.85"	W103°51'46.25"
2	1" IRON PIPE	N31°33'14.92"	W103°50'45.23"
3	CALCULATED CORNER	N31°32'22.68"	W103°50'45.19"
4	2" IRON PIPE	N31°32'22.60"	W103°51'46.19"



POINT NO. 1
2" IRON PIPE
FOUND

POINT OF BEGINNING
EASEMENT CENTERLINE
NAD 83 N: 10546240.89
NAD 83 E: 1200363.81
NAD 83 LAT: 31.55390373
NAD 83 LON: -103.85324910

POINT NO. 2
1" IRON PIPE
FOUND

POINT OF TERMINATION
EASEMENT CENTERLINE
NAD 83 N: 10546219.35
NAD 83 E: 1203447.15
NAD 83 LAT: 31.55411235
NAD 83 LON: -103.84335301

PAD CORNER TABLE

POINT NO	DESCRIPTION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
1	PAD CORNER	N31°33'14.29"	W103°51'17.48"
2	PAD CORNER	N31°33'14.30"	W103°51'11.70"
3	PAD CORNER	N31°33'08.76"	W103°51'11.69"
4	PAD CORNER	N31°33'08.75"	W103°51'17.47"
5	PIT CORNER	N31°33'14.09"	W103°51'18.40"
6	PIT CORNER	N31°33'14.09"	W103°51'17.48"
7	PIT CORNER	N31°33'13.31"	W103°51'17.48"
8	PIT CORNER	N31°33'13.30"	W103°51'18.40"
9	SAT CORNER	N31°33'08.75"	W103°51'14.58"
10	SAT CORNER	N31°33'08.76"	W103°51'11.69"
11	SAT CORNER	N31°33'07.76"	W103°51'11.69"
12	SAT CORNER	N31°33'07.76"	W103°51'14.58"

BURCHARD RANCH LP
VOL. 1160, PG. 764
D.R.R.C.T.

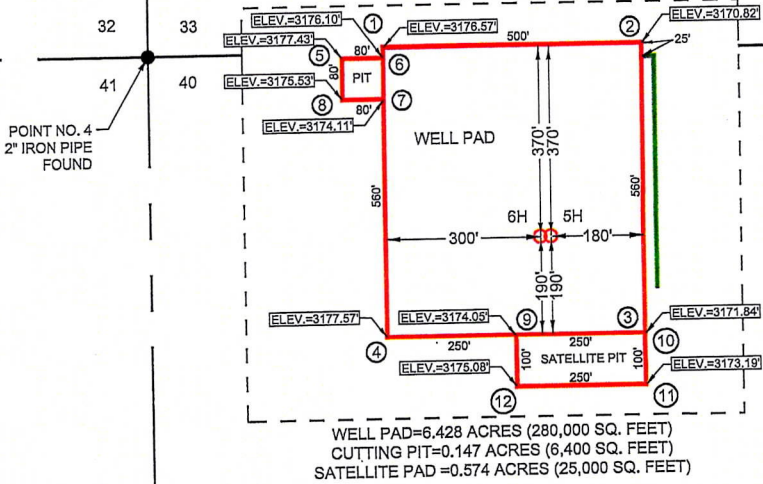
SECTION 33, BLOCK 57
PUBLIC SCHOOL LAND SURVEY
ABSTRACT NO. 5040
REEVES COUNTY, TEXAS

EXISTING LEASE ROAD
TOTAL LENGTH=759.37 FEET
(46.02 RODS)

PROPOSED LEASE ROAD
TOTAL LENGTH=2,238.28 FEET
(135.65 RODS)

EXISTING LEASE ROAD
TOTAL LENGTH=1,386.23 FEET
(84.01 RODS)

DETAIL "A"



WELL PAD=6.428 ACRES (280,000 SQ. FEET)
CUTTING PIT=0.147 ACRES (6,400 SQ. FEET)
SATELLITE PAD=0.574 ACRES (25,000 SQ. FEET)

ELECTRIC STATE 57-33 #6H
SECTION TIES
SUMMARY
FNL=430'
FEL=2470'

ELECTRIC STATE 57-33 #6H
SECTION TIES
SUMMARY
FNL=430'
FEL=2490'

POINT NO. 3
2" IRON PIPE
FOUND BEARS
N 01°46'23" E
72.67' (TIE)

SECTION LINES
BEARING AND DISTANCE TABLE

LINE	BEARING	DISTANCE
S1	S 88°15'51" E	5280.00'
S2	S 01°46'23" W	5278.22'
S3	N 88°16'57" W	5278.53'
S4	N 01°45'25" E	5279.91'

NOTES:
 1) BEARINGS, DISTANCES, AREA AND COORDINATES SHOWN HEREON ARE GRID BASED ON "THE TEXAS COORDINATE SYSTEM OF 1983, CENTRAL ZONE" AS DETERMINED BY GPS OBSERVATIONS REFERENCED TO TRANSLOCAL CONTROL POINT "CLEVELAND-1" (N: 10545957.07, E: 1213111.75) WHERE THE CONVERGENCE ANGLE IS -1° 47' 30.8" AND THE COMBINED SCALE FACTOR IS 0.99976548. ELEVATIONS ARE NAVD83 (GEOID 12B). THE POSITIONAL TOLERANCE OF THIS SURVEY EXCEEDS THE REQUIREMENTS FOR A RURAL SURVEY.
 2) THIS SURVEY WAS PERFORMED WITHOUT THE BENEFIT OF A TITLE REPORT AND THE REVIEW OF THE ABSTRACT OF TITLE. THERE MAY BE EASEMENTS AND/OR COVENANTS AFFECTING THIS PROPERTY NOT SHOWN HEREON. LOCATION OF IMPROVEMENTS WERE BEYOND COMMISSIONED SCOPE OF THIS PROJECT AND HAVE BEEN SPECIFICALLY OMITTED. VESTING DOCUMENTS NOT FURNISHED FOR THIS SURVEY.
 3) SEE DOCUMENTS AND ELECTRONIC DATA FILED IN THE OFFICE OF TRANSLOCAL SERVICES, LLC FOR COMPLETE RECONSTRUCTION OF THESE SECTIONS OR BLOCKS.

LEGEND
 PROPOSED PADS
 PROPOSED LEASE ROAD
 EXISTING LEASE ROAD



DATE: 04-29-19 DATE SURVEYED 04-9-19 DRAFT BKB
 JOB NO. 1903060 FIELD BOOK V. RA-01, P. 43 REV. 0
 FILE 1903060 ELECTRIC STATE 57-33 5H-6H SEC 33 SURFACE USE



TBPLS FIRM# 10193740
 1100 Macon Street
 Fort Worth, Texas 76102
 (817) 529-1180 ~ Fax (817) 529-1181

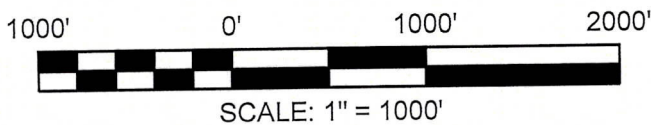
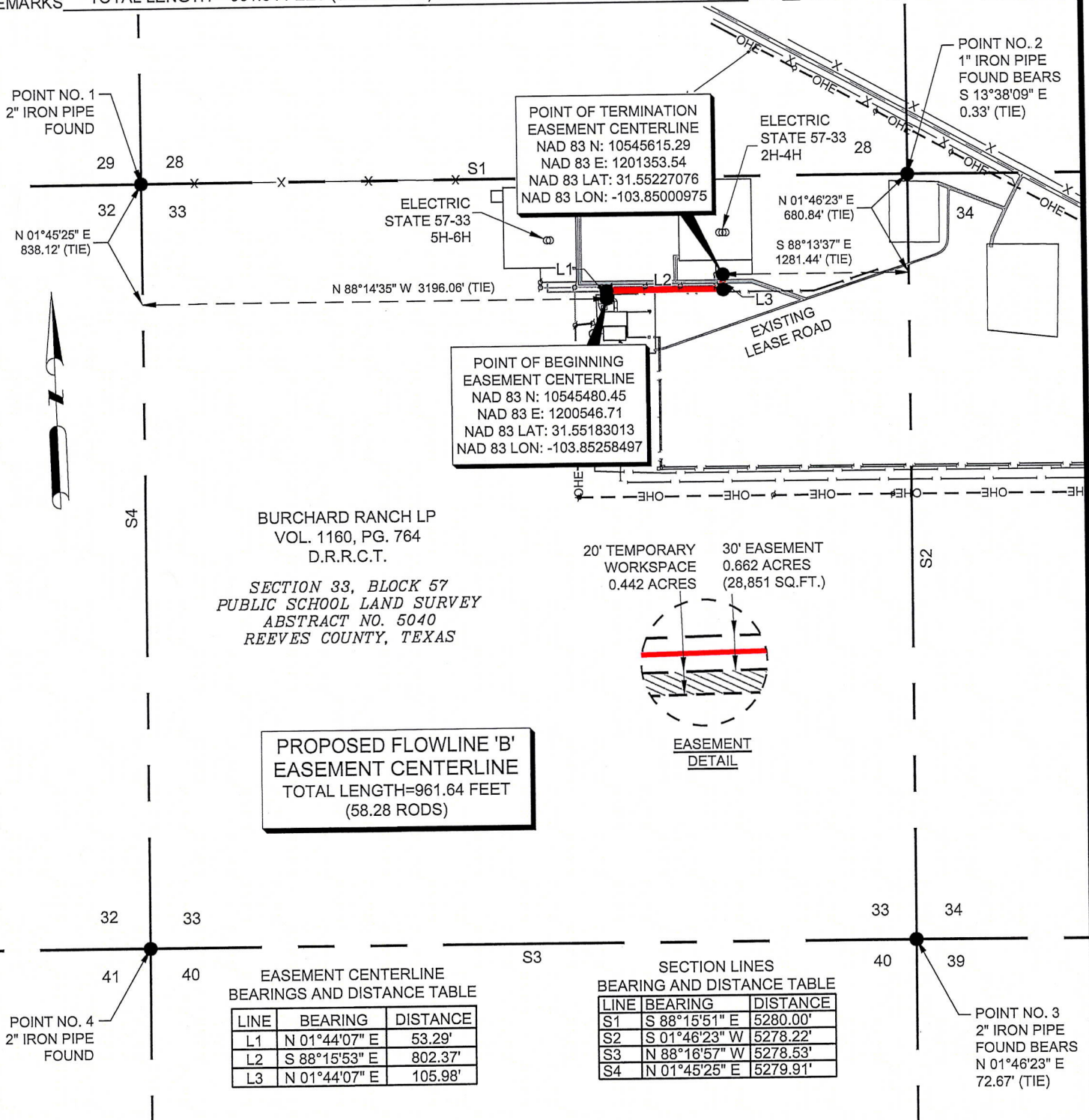
I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT THE PLAT SHOWN HEREON REPRESENTS THE RESULTS OF A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. NO WARRANTY IS MADE OR INTENDED FOR THE LOCATION OF ANY OR ALL EASEMENTS THAT MAY EXIST WITHIN THE BOUNDS OF THIS SURVEY. THE INFORMATION PRESENTED HEREON IS FOR THE PRIVATE USE OF THE PARTY NAMED IN THE "REFERENCE PORTION" OF THE TITLE BLOCK AND DOES NOT CONSTITUTE A COMPLETE BOUNDARY SURVEY AS DEFINED BY THE PROFESSIONAL LAND SURVEYING PRACTICES ACT.

JAMES CURTIS YARGER
 TEXAS R.P.L.S. NO. 5854

05-23-19
 DATE

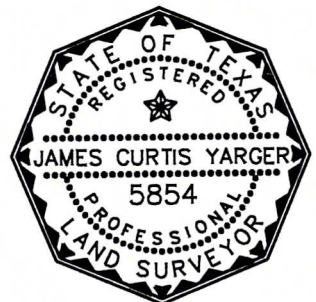


NATURE OF WORK PROPOSED FLOWLINE DATE 05-09-19 SRID NO. _____
 PROJECT- ELECTRIC STATE 57-33 2H-6H JOB OR AFE NO. _____
 SEC. 33 BLK OR RANGE 57 TWP _____ SURVEY PUBLIC SCHOOL LAND CO. REEVES STATE TEXAS
 REMARKS TOTAL LENGTH = 961.64 FEET (58.28 RODS) IN SEC 33 RE: ☐ AS-BUILT ☒ STAKING



- NOTES:
- 1) BEARINGS, DISTANCES, AREA AND COORDINATES SHOWN HEREON ARE GRID BASED ON "THE TEXAS COORDINATE SYSTEM OF 1983, CENTRAL ZONE" AS DETERMINED BY GPS OBSERVATIONS REFERENCED TO TRANSGLOBAL CONTROL POINT "TGS CLEVELAND 1" (N: 10545957.07, E: 1213111.75) WHERE THE CONVERGENCE ANGLE IS -1° 47' 30.8" AND THE COMBINED SCALE FACTOR IS 0.99978548. ELEVATIONS ARE NAVD88 (GEOID 12B). THE POSITIONAL TOLERANCE OF THIS SURVEY EXCEEDS THE REQUIREMENTS FOR A RURAL SURVEY.
 - 2) THIS SURVEY WAS PERFORMED WITHOUT THE BENEFIT OF A TITLE REPORT AND THE REVIEW OF THE ABSTRACT OF TITLE. THERE MAY BE EASEMENTS AND/OR COVENANTS AFFECTING THIS PROPERTY NOT SHOWN HEREON. LOCATION OF IMPROVEMENTS WERE BEYOND COMMISSIONED SCOPE OF THIS PROJECT AND HAVE BEEN SPECIFICALLY OMITTED. VESTING DOCUMENTS NOT FURNISHED FOR THIS SURVEY.
 - 3) SEE DOCUMENTS AND ELECTRONIC DATA FILED IN THE OFFICE OF TRANSGLOBAL SERVICES, LLC FOR COMPLETE RECONSTRUCTION OF THESE SECTIONS OR BLOCKS.

DATE: 05-09-19 DATE SURVEYED 05-02-19 DRAFT BKB
 JOB NO. 1903060 FIELD BOOK V. RA-02, P. 17 REV. 0
 FILE 1903060 ELECTRIC STATE 57-33 2H-6H FLOWLINE B SEC 33



TBPLS FIRM# 10193740
 1100 Macon Street
 Fort Worth, Texas 76102
 (817) 529-1180 ~ Fax (817) 529-1181

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT THE PLAT SHOWN HEREON REPRESENTS THE RESULTS OF A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. NO WARRANTY IS MADE OR INTENDED FOR THE LOCATION OF ANY OR ALL EASEMENTS THAT MAY EXIST WITHIN THE BOUNDS OF THIS SURVEY. THE INFORMATION PRESENTED HEREON IS FOR THE PRIVATE USE OF THE PARTY NAMED IN THE "REFERENCE PORTION" OF THE TITLE BLOCK AND DOES NOT CONSTITUTE A COMPLETE BOUNDARY SURVEY AS DEFINED BY THE PROFESSIONAL LAND SURVEYING PRACTICES ACT.

James Curtis Yarger
 JAMES CURTIS YARGER TEXAS R.P.L.S. NO. 5854

05-23-19
 DATE



NATURE OF WORK PROPOSED FLOWLINE DATE 05-09-19 SRID NO. _____
PROJECT- ELECTRIC STATE 57-33 2H-6H JOB OR AFE NO. _____
SEC. 33 BLK OR RANGE 57 TWP _____ SURVEY PUBLIC SCHOOL LAND CO. REEVES STATE TEXAS
REMARKS TOTAL LENGTH = 961.64 FEET (58.28 RODS) IN SEC 33 RE: ☐ AS-BUILT ☒ STAKING _____

CENTERLINE DESCRIPTION

Being the centerline of a proposed thirty (30) foot wide Pipeline Easement situated in SECTION 33, BLOCK 57, PUBLIC SCHOOL LAND SURVEY, ABSTRACT NO. 5040, Reeves County, Texas. Said centerline being more particularly described by metes and bounds as follows:

BEGINNING at a point (N:10545480.38, E:1200546.71), from which a 2" iron pipe found at the Northwest corner of said SECTION 33 bears N 88°14'35" W, a distance of 3196.06 feet (TIE) and N 01°45'25" E, a distance of 838.12 feet (TIE);

THENCE, N 01°44'07" E, a distance of 53.29 feet to a point;

THENCE, S 88°15'53" E, a distance of 802.37 feet to a point;

THENCE, N 01°44'07" E, a distance of 105.98 feet to the POINT OF TERMINATION (N:10545615.29, E:1201353.54) of said centerline, from which the calculated Northeast corner of said SECTION 33 bears S 88°13'37" E, a distance of 1281.44 feet (TIE) and N 01°46'23" E, a distance of 680.84 feet (TIE) and from said corner a 1" iron pipe found bears S 13°38'09" E, a distance of 0.33 feet (TIE).

Said Centerline having a calculated length of 961.64 feet or 58.28 Rods in SECTION 33.

SECTION CORNER TABLE			
POINT NO	DESCRIPTION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
1	2" IRON PIPE	N31°33'14.85"	W103°51'46.25"
2	CALCULATED CORNER	N31°33'14.92"	W103°50'45.23"
3	CALCULATED CORNER	N31°32'22.68"	W103°50'45.19"
4	2" IRON PIPE	N31°32'22.60"	W103°51'46.19"

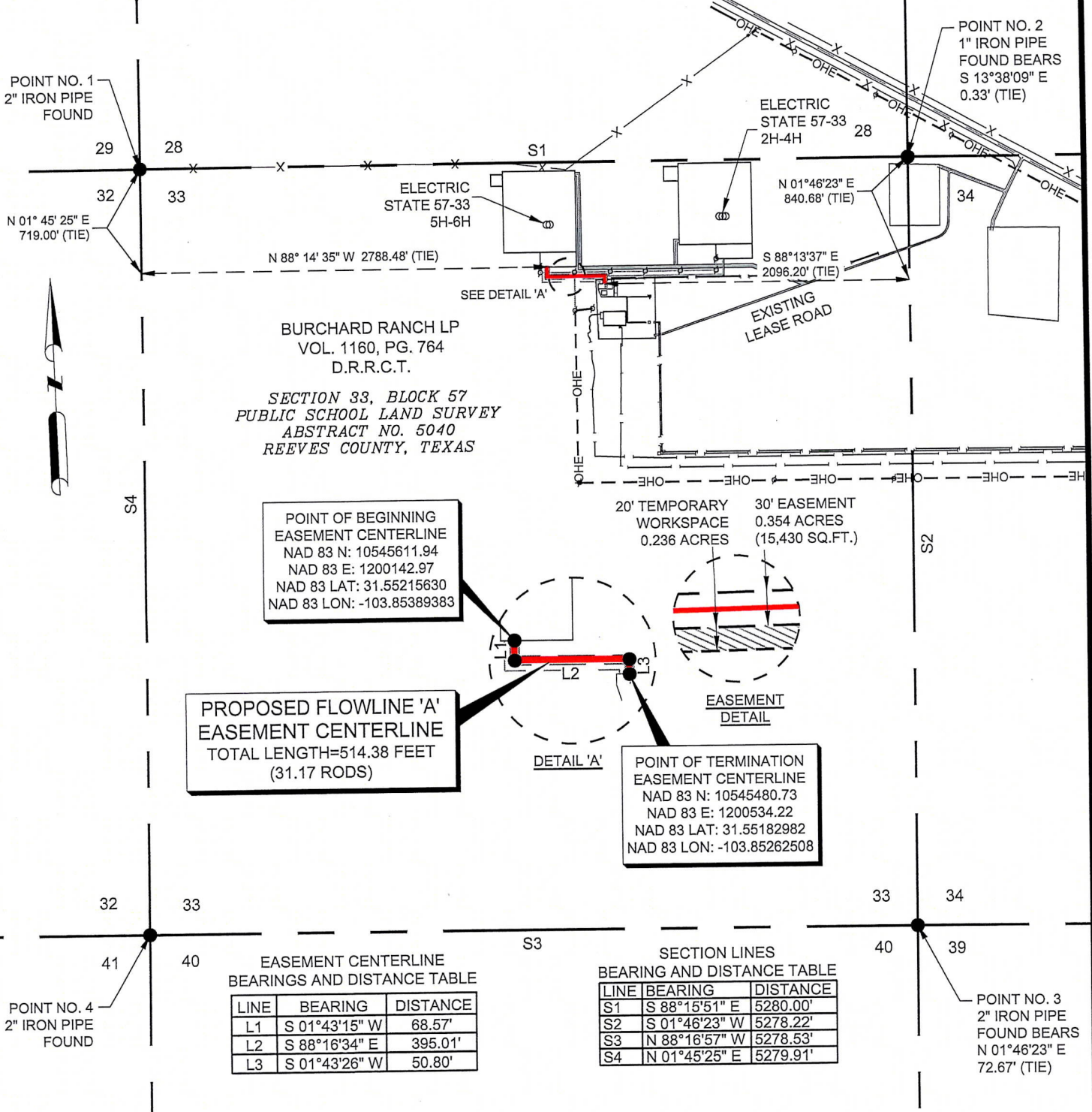
CENTERLINE TABLE			
NUMBER	STATION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
1	0+00.00	31°33'06.59"	-103°51'09.31"
2	0+53.29	31°33'07.12"	-103°51'09.31"
3	8+55.67	31°33'07.13"	-103°51'00.03"
4	9+61.64	31°33'08.17"	-103°51'00.04"

DATE: 05-09-19 DATE SURVEYED 05-02-19 DRAFT BKB
JOB NO. 1903060 FIELD BOOK V. RA-02, P. 17 REV. 0
FILE 1903060 ELECTRIC STATE 57-33 2H-6H FLOWLINE B SEC 33



TBPLS FIRM# 10193740
1100 Macon Street
Fort Worth, Texas 76102
(817) 529-1180 ~ Fax (817) 529-1181

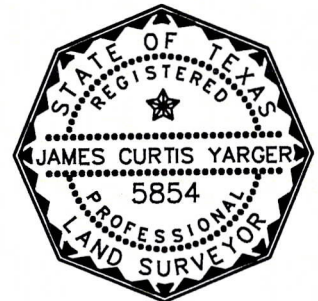
NATURE OF WORK PROPOSED FLOWLINE DATE 05-09-19 SRID NO. _____
 PROJECT- ELECTRIC STATE 57-33 2H-6H JOB OR AFE NO. _____
 SEC. 33 BLK OR RANGE 57 TWP _____ SURVEY PUBLIC SCHOOL LAND CO. REEVES STATE TEXAS
 REMARKS TOTAL LENGTH = 514.38 FEET (31.17 RODS) IN SEC 33 RE: ☐ AS-BUILT ☒ STAKING



NOTES:

- 1) BEARINGS, DISTANCES, AREA AND COORDINATES SHOWN HEREON ARE GRID BASED ON "THE TEXAS COORDINATE SYSTEM OF 1983, CENTRAL ZONE" AS DETERMINED BY GPS OBSERVATIONS REFERENCED TO TRANSGLOBAL CONTROL POINT "TGS CLEVELAND 1" (N: 10545957.07, E: 1213111.75) WHERE THE CONVERGENCE ANGLE IS -1° 47' 30.8" AND THE COMBINED SCALE FACTOR IS 0.99978548. ELEVATIONS ARE NAVD83 (GEOID 12B). THE POSITIONAL TOLERANCE OF THIS SURVEY EXCEEDS THE REQUIREMENTS FOR A RURAL SURVEY.
- 2) THIS SURVEY WAS PERFORMED WITHOUT THE BENEFIT OF A TITLE REPORT AND THE REVIEW OF THE ABSTRACT OF TITLE. THERE MAY BE EASEMENTS AND/OR COVENANTS AFFECTING THIS PROPERTY NOT SHOWN HEREON. LOCATION OF IMPROVEMENTS WERE BEYOND COMMISSIONED SCOPE OF THIS PROJECT AND HAVE BEEN SPECIFICALLY OMITTED. VESTING DOCUMENTS NOT FURNISHED FOR THIS SURVEY.
- 3) SEE DOCUMENTS AND ELECTRONIC DATA FILED IN THE OFFICE OF TRANSGLOBAL SERVICES, LLC FOR COMPLETE RECONSTRUCTION OF THESE SECTIONS OR BLOCKS.

DATE: 05-09-19 DATE SURVEYED 05-02-19 DRAFT BKB
 JOB NO. 1903060 FIELD BOOK V. RA-02, P. 17 REV. 0
 FILE 1903060 ELECTRIC STATE 57-33 2H-6H FLOWLINE A SEC 33



TBPLS FIRM# 10193740
 1100 Macon Street
 Fort Worth, Texas 76102
 (817) 529-1180 ~ Fax (817) 529-1181

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT THE PLAT SHOWN HEREON REPRESENTS THE RESULTS OF A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. NO WARRANTY IS MADE OR INTENDED FOR THE LOCATION OF ANY OR ALL EASEMENTS THAT MAY EXIST WITHIN THE BOUNDS OF THIS SURVEY. THE INFORMATION PRESENTED HEREON IS FOR THE PRIVATE USE OF THE PARTY NAMED IN THE "REFERENCE PORTION" OF THE TITLE BLOCK AND DOES NOT CONSTITUTE A COMPLETE BOUNDARY SURVEY AS DEFINED BY THE PROFESSIONAL LAND SURVEYING PRACTICES ACT.

James Curtis Yarger
 JAMES CURTIS YARGER TEXAS R.P.L.S. NO. 5854

05-23-19
 DATE



NATURE OF WORK PROPOSED FLOWLINE DATE 05-09-19 SRID NO. _____
PROJECT- ELECTRIC STATE 57-33 2H-6H JOB OR AFE NO. _____
SEC. 33 BLK OR RANGE 57 TWP _____ SURVEY PUBLIC SCHOOL LAND CO. REEVES STATE TEXAS
REMARKS TOTAL LENGTH = 514.38 FEET (31.17 RODS) IN SEC 33 RE: ☐ AS-BUILT ☒ STAKING _____

CENTERLINE DESCRIPTION

Being the centerline of a proposed thirty (30) foot wide Pipeline Easement situated in SECTION 33, BLOCK 57, PUBLIC SCHOOL LAND SURVEY, ABSTRACT NO. 5040, Reeves County, Texas. Said centerline being more particularly described by metes and bounds as follows:

BEGINNING at a point (N:10545611.94, E:1200142.97), from which a 2" iron pipe found at the Northwest corner of said SECTION 33 bears N 88°14'35" W, a distance of 2788.48 feet (TIE) and N 01°45'25" E, a distance of 719.00 feet (TIE);

THENCE, S 01°43'15" W, a distance of 68.57 feet to a point;

THENCE, S 88°16'34" E, a distance of 395.01 feet to a point;

THENCE, S 01°43'26" W, a distance of 50.80 feet to the POINT OF TERMINATION (N:10545480.73, E:1200534.22) of said centerline, from which the calculated Northeast corner of said SECTION 33 bears S 88°13'37" E, a distance of 2096.20 feet (TIE) and N 01°46'23" E, a distance of 840.68 feet (TIE) and from said corner a 1" iron pipe found bears S 13°38'09" E, a distance of 0.33 feet (TIE).

Said Centerline having a calculated length of 514.38 feet or 31.17 Rods in SECTION 33.

SECTION CORNER TABLE			
POINT NO	DESCRIPTION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
1	2" IRON PIPE	N31°33'14.85"	W103°51'46.25"
2	CALCULATED CORNER	N31°33'14.92"	W103°50'45.23"
3	CALCULATED CORNER	N31°32'22.68"	W103°50'45.19"
4	2" IRON PIPE	N31°32'22.60"	W103°51'46.19"

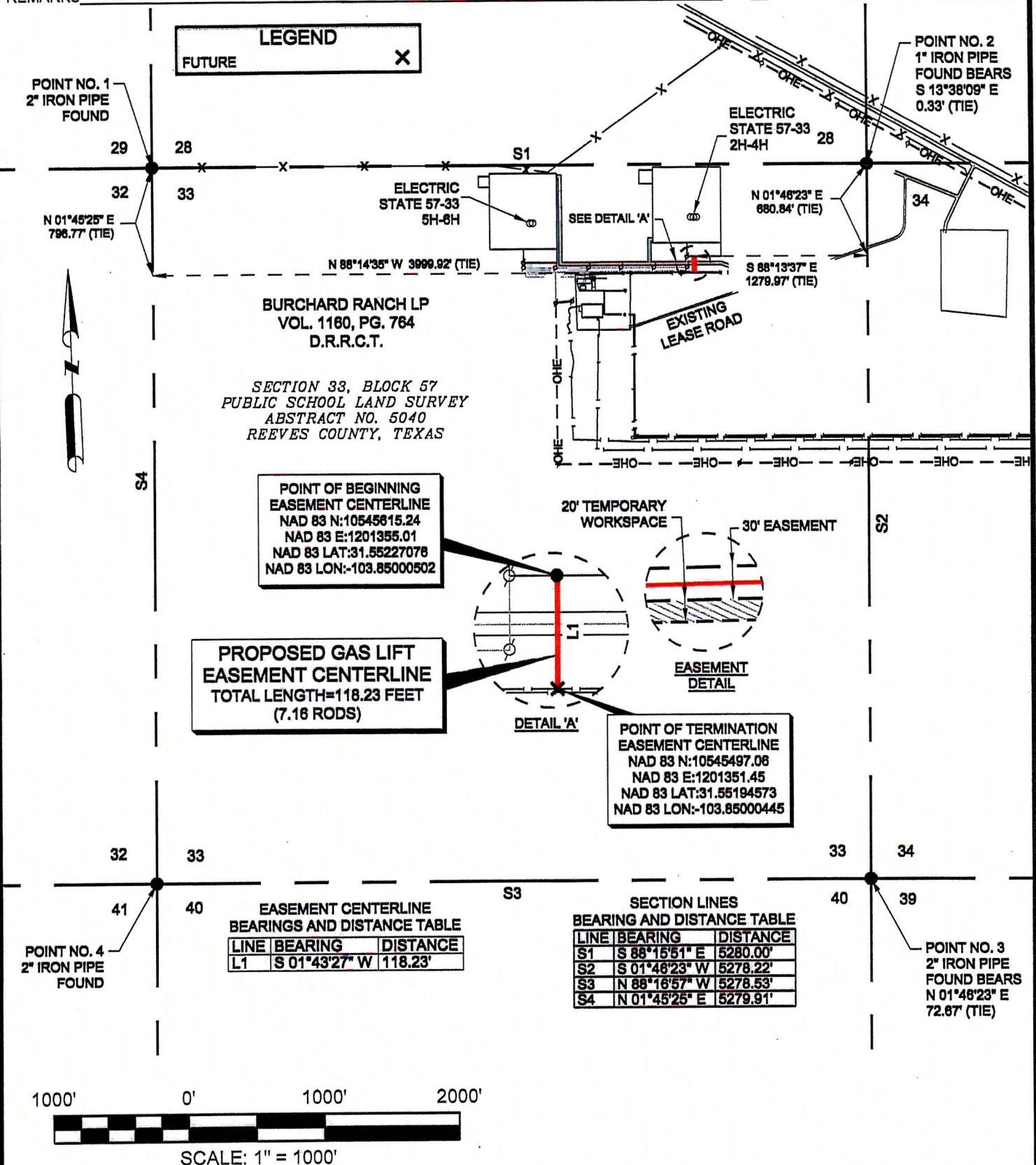
CENTERLINE TABLE			
NUMBER	STATION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
1	0+00.00	31°33'07.76"	-103°51'14.02"
2	0+68.57	31°33'07.08"	-103°51'14.02"
3	4+63.58	31°33'07.09"	-103°51'09.45"
4	5+14.38	31°33'06.59"	-103°51'09.45"

DATE: 05-09-19 DATE SURVEYED 05-02-19 DRAFT BKB
JOB NO. 1903060 FIELD BOOK V. RA-02, P. 17 REV. 0
FILE 1903060 ELECTRIC STATE 57-33 2H-6H FLOWLINE A SEC 33



TBPLS FIRM# 10193740
1100 Macon Street
Fort Worth, Texas 76102
(817) 529-1180 ~ Fax (817) 529-1181

NATURE OF WORK PROPOSED GAS LIFT TIE-IN DATE 05-31-19 SRID NO. _____
 PROJECT- ELECTRIC STATE 57-33 2H-6H JOB OR AFE NO. _____
 SEC. 33 BLK OR RANGE 57 TWP _____ SURVEY PUBLIC SCHOOL LAND CO. REEVES STATE TEXAS
 REMARKS TOTAL LENGTH = 118.23 FEET (7.16 RODS) IN SEC 33 RE: ☐ AS-BUILT ☒ STAKING



NOTES:

- 1) BEARINGS, DISTANCES, AREA AND COORDINATES SHOWN HEREON ARE GRID BASED ON "THE TEXAS COORDINATE SYSTEM OF 1983, CENTRAL ZONE" AS DETERMINED BY GPS OBSERVATIONS REFERENCED TO TRANSGLOBAL CONTROL POINT "CLEVELAND 1" (N: 10545957.07, E: 1213111.75) WHERE THE CONVERGENCE ANGLE IS -1° 47' 30.8" AND THE COMBINED SCALE FACTOR IS 0.99978548. ELEVATIONS ARE NAVD83 (GEOID 128). THE POSITIONAL TOLERANCE OF THIS SURVEY EXCEEDS THE REQUIREMENTS FOR A RURAL SURVEY.
- 2) THIS SURVEY WAS PERFORMED WITHOUT THE BENEFIT OF A TITLE REPORT AND THE REVIEW OF THE ABSTRACT OF TITLE. THERE MAY BE EASEMENTS AND/OR COVENANTS AFFECTING THIS PROPERTY NOT SHOWN HEREON. LOCATION OF IMPROVEMENTS WERE BEYOND COMMISSIONED SCOPE OF THIS PROJECT AND HAVE BEEN SPECIFICALLY OMITTED. VESTING DOCUMENTS NOT FURNISHED FOR THIS SURVEY.
- 3) SEE DOCUMENTS AND ELECTRONIC DATA FILED IN THE OFFICE OF TRANSGLOBAL SERVICES, LLC FOR COMPLETE RECONSTRUCTION OF THESE SECTIONS OR BLOCKS.

DATE: 05-31-19 DATE SURVEYED 05-21-19 DRAFT JWR

JOB NO. 1903060 FIELD BOOK V. RA-02, P. 33 REV. 0

FILE 1903060 ELECTRIC STATE 57-33 2H-6H GAS LIFT TIE-IN SEC 33



TBPLS FIRM# 10193740
 1100 Macon Street
 Fort Worth, Texas 76102
 (817) 529-1180 ~ Fax (817) 529-1181

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT THE PLAT SHOWN HEREON REPRESENTS THE RESULTS OF A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. NO WARRANTY IS MADE OR INTENDED FOR THE LOCATION OF ANY OR ALL EASEMENTS THAT MAY EXIST WITHIN THE BOUNDS OF THIS SURVEY. THE INFORMATION PRESENTED HEREON IS FOR THE PRIVATE USE OF THE PARTY NAMED IN THE "REFERENCE PORTION" OF THE TITLE BLOCK AND DOES NOT CONSTITUTE A COMPLETE BOUNDARY SURVEY AS DEFINED BY THE PROFESSIONAL LAND SURVEYING PRACTICES ACT.

James Curtis Yarger
 JAMES CURTIS YARGER TEXAS R.P.L.S. NO. 5854

05-23-19
 DATE

NATURE OF WORK PROPOSED GAS LIFT TIE IN DATE 05-31-19 SRID NO. _____

PROJECT- ELECTRIC STATE 57-33 2H-6H JOB OR AFE NO. _____

SEC. 33 BLK OR RANGE 57 TWP _____ SURVEY PUBLIC SCHOOL LAND CO. REEVES STATE TEXAS

REMARKS TOTAL LENGTH =118.23 FEET (7.16 RODS) IN SEC 33 RE: ☐ AS-BUILT ☒ STAKING _____

CENTERLINE DESCRIPTION

Being the centerline of a proposed thirty (30) foot wide Pipeline Easement situated in SECTION 33, BLOCK 57, PUBLIC SCHOOL LAND SURVEY, ABSTRACT NO. 5040, Reeves County, Texas. Said centerline being more particularly described by metes and bounds as follows:

BEGINNING at a point (N:10545615.24, E:1201355.01) from which the calculated Northeast corner of said SECTION 33 bears S 88°13'37" E, a distance of 1279.97 feet (TIE) and N 01°46'23" E, a distance of 680.84 feet (TIE), and from said corner a 1" iron pipe found bears S 13°38'09" E, a distance of 0.33 feet (TIE).

THENCE, S 01°43'27" W, a distance of 118.23 feet to the POINT OF TERMINATION (N:10545497.06, E:1201351.45) of said centerline, from which a 2" iron pipe found at the Northwest corner of said SECTION 33 bears N 88°14'35" W, a distance of 3999.92 feet (TIE) and N 01°45'25" E, a distance of 796.77 feet (TIE);

Said Centerline having a calculated length of 118.23 feet or 7.16 Rods in SECTION 33.

SECTION CORNER TABLE			
POINT NO	DESCRIPTION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
1	2" IRON PIPE	N31°33'14.85"	W103°51'46.25"
2	CALCULATED CORNER	N31°33'14.92"	W103°50'45.23"
3	CALCULATED CORNER	N31°32'22.68"	W103°50'45.19"
4	2" IRON PIPE	N31°32'22.60"	W103°51'46.19"

CENTERLINE TABLE			
NUMBER	STATION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
1	0+00.00	31°33'08.17"	-103°51'00.02"
2	1+18.23	31°33'07.00"	-103°51'00.02"

DATE: 05-31-19 DATE SURVEYED 05-21-19 DRAFT JWR

JOB NO. 1903060 FIELD BOOK V. RA-02, P. 35 REV. 0

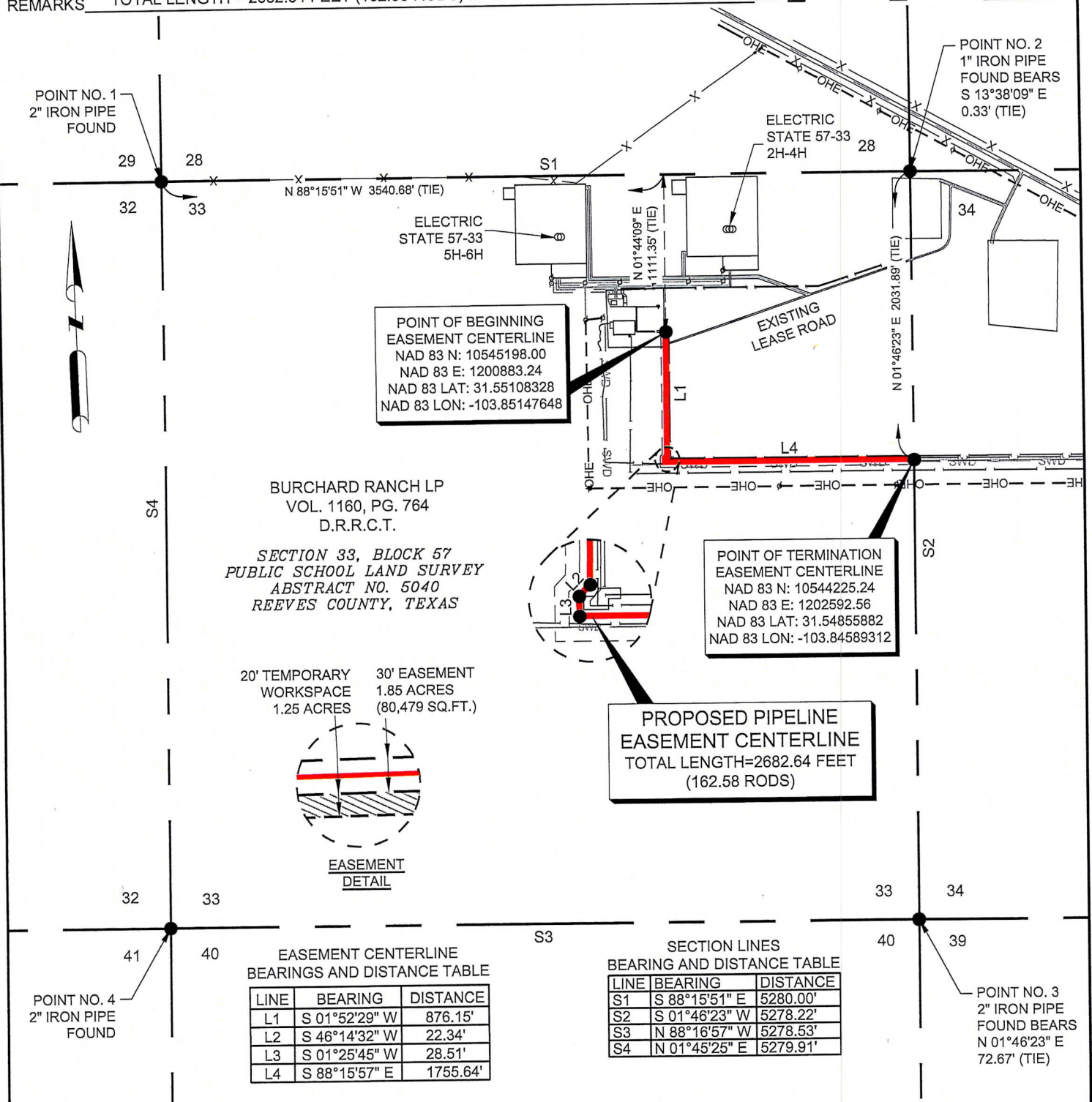
FILE 1903060 ELECTRIC STATE 57-33 2H-6H GAS LIFT TIE-IN SEC 33



TRANSGLOBAL
SERVICES LLC

TBPLS FIRM# 10193740
1100 Macon Street
Fort Worth, Texas 76102
(817) 529-1180 ~ Fax (817) 529-1181

NATURE OF WORK PROPOSED PIPELINE DATE 05-14-19 SRID NO. _____
PROJECT- ELECTRIC STATE LP LOOP GAS PIPELINE JOB OR AFE NO. _____
SEC. 33 BLK OR RANGE 57 TWP SURVEY PUBLIC SCHOOL LAND CO. REEVES STATE TEXAS
REMARKS TOTAL LENGTH = 2682.64 FEET (162.58 RODS) IN SEC 33 RE: ☐ AS-BUILT ☒ STAKING



- NOTES:
- 1) BEARINGS, DISTANCES, AREA AND COORDINATES SHOWN HEREON ARE GRID BASED ON "THE TEXAS COORDINATE SYSTEM OF 1983, CENTRAL ZONE" AS DETERMINED BY GPS OBSERVATIONS REFERENCED TO TRANSGLOBAL CONTROL POINT "CLEVELAND 1" (N: 10545957.07, E: 1213111.75) WHERE THE CONVERGENCE ANGLE IS -1° 47' 30.8" AND THE COMBINED SCALE FACTOR IS 0.99978548. ELEVATIONS ARE NAVD88 (GEOID 12B). THE POSITIONAL TOLERANCE OF THIS SURVEY EXCEEDS THE REQUIREMENTS FOR A RURAL SURVEY.
 - 2) THIS SURVEY WAS PERFORMED WITHOUT THE BENEFIT OF A TITLE REPORT AND THE REVIEW OF THE ABSTRACT OF TITLE. THERE MAY BE EASEMENTS AND/OR COVENANTS AFFECTING THIS PROPERTY NOT SHOWN HEREON. LOCATION OF IMPROVEMENTS WERE BEYOND COMMISSIONED SCOPE OF THIS PROJECT AND HAVE BEEN SPECIFICALLY OMITTED. VESTING DOCUMENTS NOT FURNISHED FOR THIS SURVEY.
 - 3) SEE DOCUMENTS AND ELECTRONIC DATA FILED IN THE OFFICE OF TRANSGLOBAL SERVICES, LLC FOR COMPLETE RECONSTRUCTION OF THESE SECTIONS OR BLOCKS.

DATE: 05-14-19 DATE SURVEYED 05-01-19 DRAFT BKB
JOB NO. 1905022 FIELD BOOK V. RA-02, P. 16 REV. 0
FILE 1905022 ELECTRIC STATE LP LOOP GAS PIPELINE SEC 33



TBPLS FIRM# 10193740
1100 Macon Street
Fort Worth, Texas 76102
(817) 529-1180 ~ Fax (817) 529-1181

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT THE PLAT SHOWN HEREON REPRESENTS THE RESULTS OF A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. NO WARRANTY IS MADE OR INTENDED FOR THE LOCATION OF ANY OR ALL EASEMENTS THAT MAY EXIST WITHIN THE BOUNDS OF THIS SURVEY. THE INFORMATION PRESENTED HEREON IS FOR THE PRIVATE USE OF THE PARTY NAMED IN THE "REFERENCE PORTION" OF THE TITLE BLOCK AND DOES NOT CONSTITUTE A COMPLETE BOUNDARY SURVEY AS DEFINED BY THE PROFESSIONAL LAND SURVEYING PRACTICES ACT.

JAMES CURTIS YARGER TEXAS R.P.L.S. NO. 5854

06-06-19
DATE



NATURE OF WORK PROPOSED PIPELINE DATE 05-14-19 SRID NO. _____
PROJECT- ELECTRIC STATE LP LOOP GAS PIPELINE JOB OR AFE NO. _____
SEC. 33 BLK OR RANGE 57 TWP _____ SURVEY PUBLIC SCHOOL LAND CO. REEVES STATE TEXAS
REMARKS TOTAL LENGTH = 2682.64 FEET (162.58 RODS) IN SEC 33 RE: ☐ AS-BUILT ☒ STAKING _____

CENTERLINE DESCRIPTION

Being the centerline of a proposed thirty (30) foot wide Pipeline Easement situated in SECTION 33, BLOCK 57, PUBLIC SCHOOL LAND SURVEY, ABSTRACT NO. 5040, Reeves County, Texas. Said centerline being more particularly described by metes and bounds as follows:

BEGINNING at a point (N:10545198.00, E:1200883.24), from which a 2" iron pipe found for the Northwest corner of said SECTION 33 bears N 01°44'09" E, a distance of 1111.35 feet (TIE) and N 88°15'51" W, a distance of 3540.68 feet (TIE);

THENCE, S 01°52'29" W, a distance of 876.15 feet to a point;

THENCE, S 46°14'32" W, a distance of 22.34 feet to a point;

THENCE, S 01°25'45" W, a distance of 28.51 feet to a point;

THENCE, S 88°15'57" E, a distance of 1755.64 feet to the POINT OF TERMINATION (N:10544225.24, E:1202592.56) of said centerline in the East boundary line of said SECTION 33, from which the calculated Northeast corner of said SECTION 33 bears N 01°46'23" E, a distance of 2031.89 feet (TIE) and from said corner a 1" iron pipe found bears S 13°38'09" E, a distance of 0.33 feet (TIE).

Said Centerline having a calculated length of 2682.64 feet or 162.58 Rods in SECTION 33.

SECTION CORNER TABLE			
POINT NO	DESCRIPTION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
1	2" IRON PIPE	31°33'14.85"	-103°51'46.25"
2	CALCULATED CORNER	31°33'14.92"	-103°50'45.23"
3	CALCULATED CORNER	31°32'22.68"	-103°50'45.19"
4	2" IRON PIPE	31°32'22.60"	-103°51'46.19"

CENTERLINE TABLE			
NUMBER	STATION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
1	0+00.00	31°33'03.90"	-103°51'05.32"
2	8+76.15	31°32'55.23"	-103°51'05.33"
3	8+98.49	31°32'55.07"	-103°51'05.51"
4	9+27.00	31°32'54.79"	-103°51'05.50"
5	26+82.64	31°32'54.81"	-103°50'45.22"

DATE: 05-14-19 DATE SURVEYED 05-01-19 DRAFT BKB
JOB NO. 1905022 FIELD BOOK V. RA-02, P. 16 REV. 0
FILE 1905022 ELECTRIC STATE LP LOOP GAS PIPELINE SEC 33



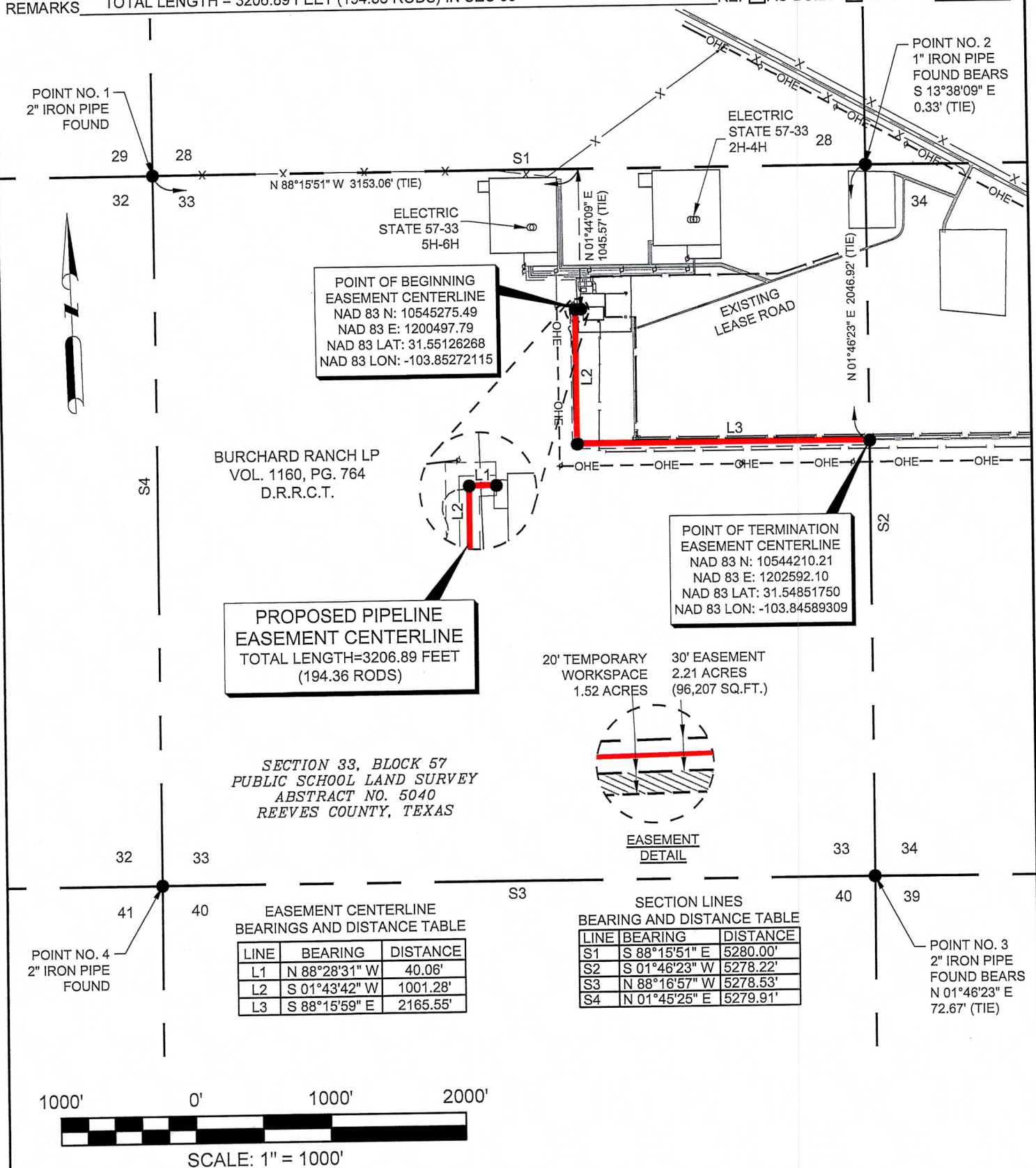
TBPLS FIRM# 10193740
1100 Macon Street
Fort Worth, Texas 76102
(817) 529-1180 ~ Fax (817) 529-1181

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT THE PLAT SHOWN HEREON REPRESENTS THE RESULTS OF A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. NO WARRANTY IS MADE OR INTENDED FOR THE LOCATION OF ANY OR ALL EASEMENTS THAT MAY EXIST WITHIN THE BOUNDS OF THIS SURVEY. THE INFORMATION PRESENTED HEREON IS FOR THE PRIVATE USE OF THE PARTY NAMED IN THE "REFERENCE PORTION" OF THE TITLE BLOCK AND DOES NOT CONSTITUTE A COMPLETE BOUNDARY SURVEY AS DEFINED BY THE PROFESSIONAL LAND SURVEYING PRACTICES ACT.


JAMES CURTIS YARGER TEXAS R.P.L.S. NO. 5854

06-06-19
DATE

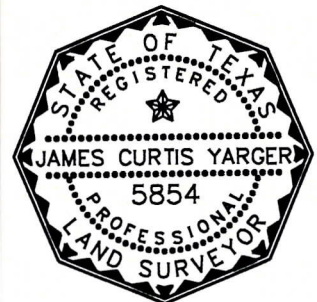
NATURE OF WORK PROPOSED PIPELINE DATE 05-15-19 SRID NO. _____
 PROJECT- ELECTRIC STATE SWD PIPELINE JOB OR AFE NO. _____
 SEC. 33 BLK OR RANGE 57 TWP _____ SURVEY PUBLIC SCHOOL LAND CO. REEVES STATE TEXAS
 REMARKS TOTAL LENGTH = 3206.89 FEET (194.36 RODS) IN SEC 33 RE: ☐ AS-BUILT ☒ STAKING



NOTES:

- 1) BEARINGS, DISTANCES, AREA AND COORDINATES SHOWN HEREON ARE GRID BASED ON "THE TEXAS COORDINATE SYSTEM OF 1983, CENTRAL ZONE" AS DETERMINED BY GPS OBSERVATIONS REFERENCED TO TRANSGLOBAL CONTROL POINT "CLEVELAND 1" (N: 10545957.07, E: 1213111.75) WHERE THE CONVERGENCE ANGLE IS -1° 47' 30.8" AND THE COMBINED SCALE FACTOR IS 0.99978548. ELEVATIONS ARE NAVD88 (GEOID 12B). THE POSITIONAL TOLERANCE OF THIS SURVEY EXCEEDS THE REQUIREMENTS FOR A RURAL SURVEY.
- 2) THIS SURVEY WAS PERFORMED WITHOUT THE BENEFIT OF A TITLE REPORT AND THE REVIEW OF THE ABSTRACT OF TITLE. THERE MAY BE EASEMENTS AND/OR COVENANTS AFFECTING THIS PROPERTY NOT SHOWN HEREON. LOCATION OF IMPROVEMENTS WERE BEYOND COMMISSIONED SCOPE OF THIS PROJECT AND HAVE BEEN SPECIFICALLY OMITTED. VESTING DOCUMENTS NOT FURNISHED FOR THIS SURVEY.
- 3) SEE DOCUMENTS AND ELECTRONIC DATA FILED IN THE OFFICE OF TRANSGLOBAL SERVICES, LLC FOR COMPLETE RECONSTRUCTION OF THESE SECTIONS OR BLOCKS.

DATE: 05-15-19 DATE SURVEYED 05-03-19 DRAFT BKB
 JOB NO. 1905023 FIELD BOOK V. SMW-03, P. 09 REV. 0
 FILE 1905023 ELECTRIC STATE SWD PIPELINE SEC 33 PLAT

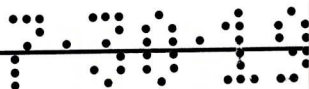


TBPLS FIRM# 10193740
 1100 Macon Street
 Fort Worth, Texas 76102
 (817) 529-1180 ~ Fax (817) 529-1181

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James Curtis Yarger
 JAMES CURTIS YARGER TEXAS R.P.L.S. NO. 5854

06-06-19
 DATE



NATURE OF WORK PROPOSED PIPELINE DATE 05-15-19 SRID NO. _____
PROJECT- ELECTRIC STATE SWD PIPELINE JOB OR AFE NO. _____
SEC. 33 BLK OR RANGE 57 TWP _____ SURVEY PUBLIC SCHOOL LAND CO. REEVES STATE TEXAS
REMARKS TOTAL LENGTH = 3206.89 FEET (194.36 RODS) IN SEC 33 RE: ☐ AS-BUILT ☒ STAKING _____

CENTERLINE DESCRIPTION

Being the centerline of a proposed thirty (30) foot wide Pipeline Easement situated in SECTION 33, BLOCK 57, PUBLIC SCHOOL LAND SURVEY, ABSTRACT NO. 5040, Reeves County, Texas. Said centerline being more particularly described by metes and bounds as follows:

BEGINNING at a point (N:10545275.49, E:1200497.79), from which a 2" iron pipe found for the Northwest corner of said SECTION 33 bears N 01°44'09" E, a distance of 1045.57 feet (TIE) and N 88°15'51" W, a distance of 3153.06 feet (TIE);

THENCE, N 88°28'31" W, a distance of 40.06 feet to a point;

THENCE, S 01°43'42" W, a distance of 1001.28 feet to a point;

THENCE, S 88°15'59" E, a distance of 2165.55 feet to the POINT OF TERMINATION (N:10544210.21, E:1202592.10) of said centerline in the East boundary line of said SECTION 33, from which the calculated Northeast corner of said SECTION 33 bears N 01°46'23" E, a distance of 2046.92 feet (TIE) and from said corner a 1" iron pipe found bears S 13°38'09" E, a distance of 0.33 feet (TIE).

Said Centerline having a calculated length of 3206.89 feet or 194.36 Rods in SECTION 33.

SECTION CORNER TABLE			
POINT NO	DESCRIPTION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
1	2" IRON PIPE	31°33'14.85"	-103°51'46.25"
2	CALCULATED CORNER	31°33'14.92"	-103°50'45.23"
3	CALCULATED CORNER	31°32'22.68"	-103°50'45.19"
4	2" IRON PIPE	31°32'22.60"	-103°51'46.19"

CENTERLINE TABLE			
NUMBER	STATION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
1	0+00.00	31°33'04.55"	-103°51'09.80"
2	0+40.06	31°33'04.54"	-103°51'10.26"
3	10+41.34	31°32'54.63"	-103°51'10.24"
4	32+06.89	31°32'54.66"	-103°50'45.22"

DATE: 05-15-19 DATE SURVEYED 05-03-19 DRAFT BKB
JOB NO. 1905023 FIELD BOOK V. SMW-03, P. 09 REV. 0
FILE 1905023 ELECTRIC STATE SWD PIPELINE SEC 33 PLAT



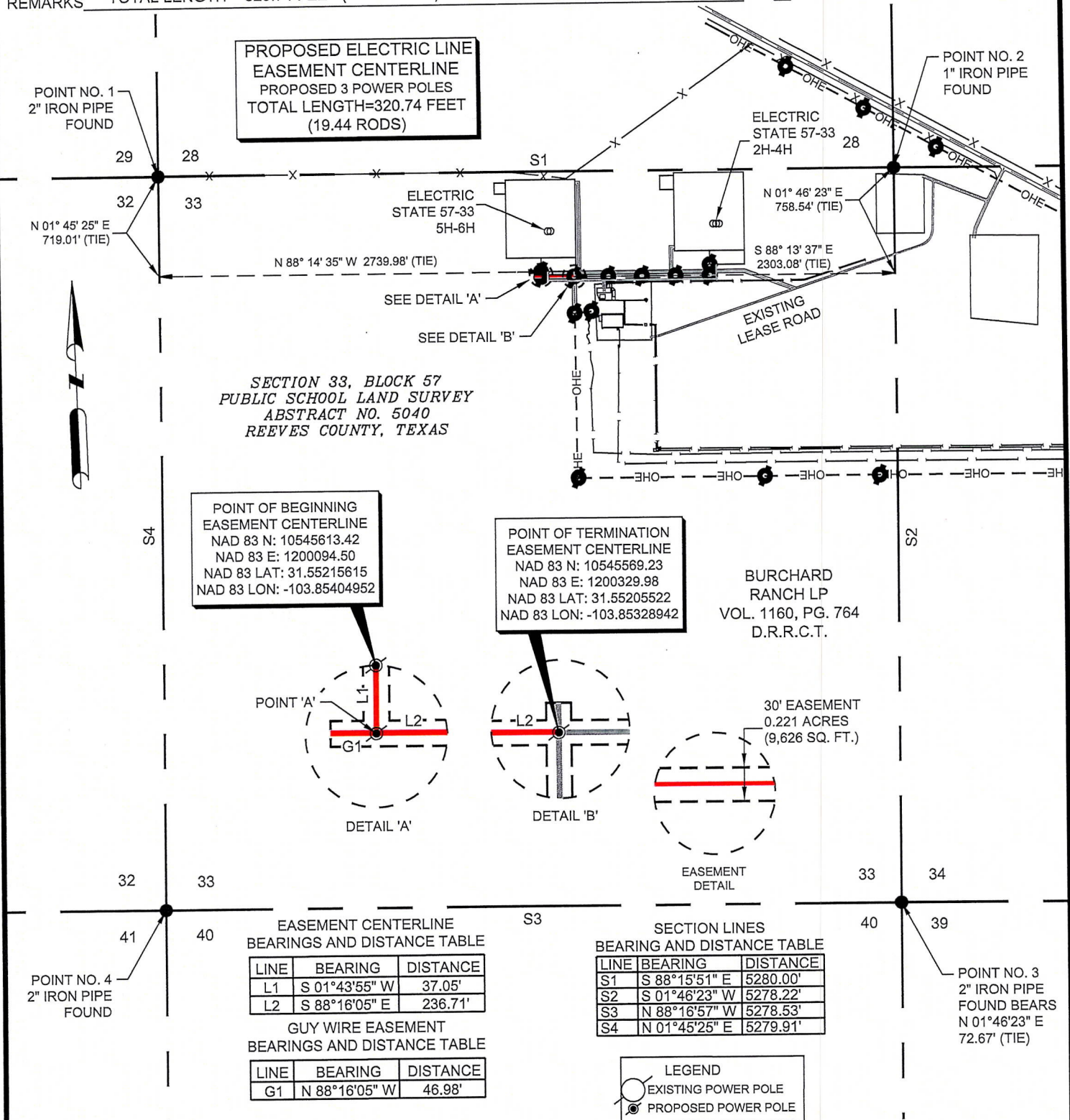
TBPLS FIRM# 10193740
1100 Macon Street
Fort Worth, Texas 76102
(817) 529-1180 ~ Fax (817) 529-1181

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JAMES CURTIS YARGER TEXAS R.P.L.S. NO. 5854

06-06-19
DATE

NATURE OF WORK PROPOSED ELECTRIC LINE DATE 05-10-19 SRID NO. _____
 PROJECT- ELECTRIC STATE 57-33 2H-6H JOB OR AFE NO. _____
 SEC. 33 BLK OR RANGE 57 TWP _____ SURVEY PUBLIC SCHOOL LAND CO. REEVES STATE TEXAS
 REMARKS TOTAL LENGTH = 320.74 FEET (19.44 RODS) IN SEC 33 RE: ☐ AS-BUILT ☒ STAKING



- NOTES:
- 1) BEARINGS, DISTANCES, AREA AND COORDINATES SHOWN HEREON ARE GRID BASED ON "THE TEXAS COORDINATE SYSTEM OF 1983, CENTRAL ZONE" AS DETERMINED BY GPS OBSERVATIONS REFERENCED TO TRANSGLOBAL CONTROL POINT "CLEVELAND 1" (N: 10545957.07, E: 1213111.75) WHERE THE CONVERGENCE ANGLE IS -1° 47' 30.8" AND THE COMBINED SCALE FACTOR IS 0.99978548. ELEVATIONS ARE NAVD88 (GEOID 12B). THE POSITIONAL TOLERANCE OF THIS SURVEY EXCEEDS THE REQUIREMENTS FOR A RURAL SURVEY.
 - 2) THIS SURVEY WAS PERFORMED WITHOUT THE BENEFIT OF A TITLE REPORT AND THE REVIEW OF THE ABSTRACT OF TITLE. THERE MAY BE EASEMENTS AND/OR COVENANTS AFFECTING THIS PROPERTY NOT SHOWN HEREON. LOCATION OF IMPROVEMENTS WERE BEYOND COMMISSIONED SCOPE OF THIS PROJECT AND HAVE BEEN SPECIFICALLY OMITTED. VESTING DOCUMENTS NOT FURNISHED FOR THIS SURVEY.
 - 3) SEE DOCUMENTS AND ELECTRONIC DATA FILED IN THE OFFICE OF TRANSGLOBAL SERVICES, LLC FOR COMPLETE RECONSTRUCTION OF THESE SECTIONS OR BLOCKS.

DATE: 05-10-19 DATE SURVEYED 05-02-19 DRAFT BKB
 JOB NO. 1903060 FIELD BOOK V. RA-02, P. 17 REV. 0
 FILE 1903060 ELECTRIC STATE 57-33 2H-6H ELECTRIC LINE A SEC 33



TBPLS FIRM# 10193740
 1100 Macon Street
 Fort Worth, Texas 76102
 (817) 529-1180 ~ Fax (817) 529-1181

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT THE PLAT SHOWN HEREON REPRESENTS THE RESULTS OF A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. NO WARRANTY IS MADE OR INTENDED FOR THE LOCATION OF ANY OR ALL EASEMENTS THAT MAY EXIST WITHIN THE BOUNDS OF THIS SURVEY. THE INFORMATION PRESENTED HEREON IS FOR THE PRIVATE USE OF THE PARTY NAMED IN THE "REFERENCE PORTION" OF THE TITLE BLOCK AND DOES NOT CONSTITUTE A COMPLETE BOUNDARY SURVEY AS DEFINED BY THE PROFESSIONAL LAND SURVEYING PRACTICES ACT.

JAMES CURTIS YARGER TEXAS R.P.L.S. NO. 5854

03-27-19
 DATE



NATURE OF WORK PROPOSED ELECTRIC LINE DATE 05-10-19 SRID NO. _____
PROJECT- ELECTRIC STATE 57-33 2H-6H JOB OR AFE NO. _____
SEC. 33 BLK OR RANGE 57 TWP _____ SURVEY PUBLIC SCHOOL LAND CO. REEVES STATE TEXAS
REMARKS TOTAL LENGTH = 320.74 FEET (19.44 RODS) IN SEC 33 RE: ☐ AS-BUILT ☒ STAKING _____

CENTERLINE DESCRIPTION

Being the centerline of a proposed thirty (30) foot wide Power Line Easement situated in SECTION 33, BLOCK 57, PUBLIC SCHOOL LAND SURVEY, ABSTRACT NO. 5040, Reeves County, Texas. Said centerline being more particularly described by metes and bounds as follows:

BEGINNING at a point (N:10545613.42, E:1200094.50), from which a 2" iron pipe found at the Northwest corner of said SECTION 33 bears N 88°14'35" W, a distance of 2739.98 feet (TIE) and N 01°45'25" E, a distance of 719.01 feet (TIE);

THENCE, S 01°43'55" W, a distance of 37.05 feet to a point;

THENCE, S 88°16'05" E, a distance of 236.71 feet to the POINT OF TERMINATION (N:10545569.23, E:1200329.98) of said centerline, from which a 1" iron pipe found at the Northeast corner of said SECTION 33 bears S 88°13'37" E, a distance of 2303.08 feet (TIE) and N 01°46'23" E, a distance of 758.54 feet (TIE).

BEGINNING at POINT "A" (Guy Wire Easement)
THENCE N 88°16'05" W, a distance of 46.98 feet to the POINT OF TERMINATION of this centerline.

Said Centerline having a calculated length of 320.74 feet or 19.44 Rods in SECTION 33.

SECTION CORNER TABLE			
POINT NO	DESCRIPTION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
1	2" IRON PIPE	N31°33'14.85"	W103°51'46.25"
2	1" IRON PIPE	N31°33'14.92"	W103°50'45.23"
3	CALCULATED CORNER	N31°32'22.68"	W103°50'45.19"
4	2" IRON PIPE	N31°32'22.60"	W103°51'46.19"

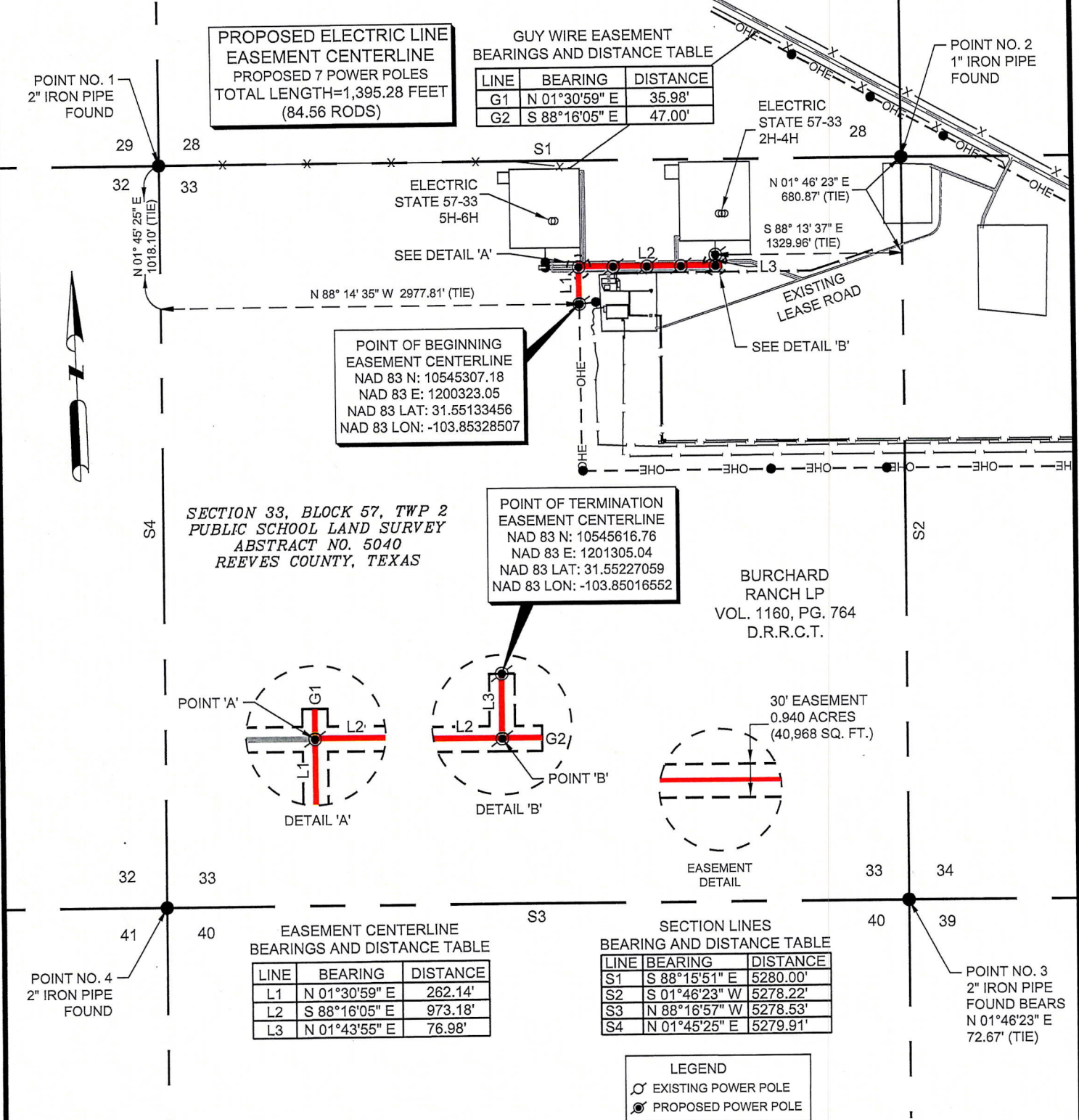
CENTERLINE TABLE			
NUMBER	STATION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
1	0+00.00	31°33'07.76"	-103°51'14.58"
2	0+37.05	31°33'07.40"	-103°51'14.58"
3	2+73.76	31°33'07.40"	-103°51'11.84"

DATE: 05-10-19 DATE SURVEYED 05-02-19 DRAFT BKB
JOB NO. 1903060 FIELD BOOK V. RA-02, P. 17 REV. 0
FILE 1903060 ELECTRIC STATE 57-33 2H-6H ELECTRIC LINE A SEC 33



TBPLS FIRM# 10193740
1100 Macon Street
Fort Worth, Texas 76102
(817) 529-1180 ~ Fax (817) 529-1181

NATURE OF WORK PROPOSED ELECTRIC LINE DATE 05-10-19 SRID NO. _____
 PROJECT- ELECTRIC STATE 57-33 2H-6H JOB OR AFE NO. _____
 SEC. 33 BLK OR RANGE 57 TWP 2 SURVEY PUBLIC SCHOOL LAND CO. REEVES STATE TEXAS
 REMARKS TOTAL LENGTH = 1,395.28 FEET (84.56 RODS) IN SEC 33 RE: ☐ AS-BUILT ☒ STAKING



- NOTES:
- 1) BEARINGS, DISTANCES, AREA AND COORDINATES SHOWN HEREON ARE GRID BASED ON "THE TEXAS COORDINATE SYSTEM OF 1983, CENTRAL ZONE" AS DETERMINED BY GPS OBSERVATIONS REFERENCED TO TRANSGLOBAL CONTROL POINT "CLEVELAND 1" (N: 10545957.07, E: 1213111.75) WHERE THE CONVERGENCE ANGLE IS -1° 47' 30.8" AND THE COMBINED SCALE FACTOR IS 0.99978548. ELEVATIONS ARE NAVD88 (GEOID 12B). THE POSITIONAL TOLERANCE OF THIS SURVEY EXCEEDS THE REQUIREMENTS FOR A RURAL SURVEY.
 - 2) THIS SURVEY WAS PERFORMED WITHOUT THE BENEFIT OF A TITLE REPORT AND THE REVIEW OF THE ABSTRACT OF TITLE. THERE MAY BE EASEMENTS AND/OR COVENANTS AFFECTING THIS PROPERTY NOT SHOWN HEREON. LOCATION OF IMPROVEMENTS WERE BEYOND COMMISSIONED SCOPE OF THIS PROJECT AND HAVE BEEN SPECIFICALLY OMITTED. VESTING DOCUMENTS NOT FURNISHED FOR THIS SURVEY.
 - 3) SEE DOCUMENTS AND ELECTRONIC DATA FILED IN THE OFFICE OF TRANSGLOBAL SERVICES, LLC FOR COMPLETE RECONSTRUCTION OF THESE SECTIONS OR BLOCKS.

DATE: 05-10-19 DATE SURVEYED 05-02-19 DRAFT BKB
 JOB NO. 1903060 FIELD BOOK V. RA-02, P. 17 REV. 0
 FILE 1903060 ELECTRIC STATE 57-33 2H-6H ELECTRIC LINE B SEC 33



TBPLS FIRM# 10193740
 1100 Macon Street
 Fort Worth, Texas 76102
 (817) 529-1180 ~ Fax (817) 529-1181

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James Curtis Yarger
 JAMES CURTIS YARGER TEXAS R.P.L.S. NO. 5854

03-27-19
 DATE



NATURE OF WORK PROPOSED ELECTRIC LINE DATE 05-10-19 SRID NO.
PROJECT- ELECTRIC STATE 57-33 2H-6H JOB OR AFE NO.
SEC. 33 BLK OR RANGE 57 TWP 2 SURVEY PUBLIC SCHOOL LAND CO. REEVES STATE TEXAS
REMARKS TOTAL LENGTH = 1,395.28 FEET (84.56 RODS) IN SEC 33 RE: ☐ AS-BUILT ☒ STAKING

CENTERLINE DESCRIPTION

Being the centerline of a proposed thirty (30) foot wide Power Line Easement situated in SECTION 33, BLOCK 57, TOWNSHIP 2, PUBLIC SCHOOL LAND SURVEY, ABSTRACT NO. 5040, Reeves County, Texas. Said centerline being more particularly described by metes and bounds as follows:

BEGINNING at a point (N:10545613.42, E:1200094.50), from which a 2" iron pipe found at the Northwest corner of said SECTION 33 bears N 88°14'35" W, a distance of 2977.81 feet (TIE) and N 01°45'25" E, a distance of 1018.10 feet (TIE);

THENCE, N 01°30'59" E, a distance of 262.14 feet to a point;

THENCE, S 88°16'05" E, a distance of 973.18 feet to a point;

THENCE, N 01°43'55" E, a distance of 76.98 feet to the POINT OF TERMINATION (N:10545616.76, E:1201305.04) of said centerline, from which a 1" iron pipe found at the Northeast corner of said SECTION 33 bears S 88°13'37" E, a distance of 1329.96 feet (TIE) and N 01°46'23" E, a distance of 680.87 feet (TIE).

BEGINNING at POINT "A" (Guy Wire Easement)
THENCE N 01°30'59" E, a distance of 35.98 feet to the POINT OF TERMINATION of this centerline.

RETURNING to POINT "B" (Guy Wire Easement)
THENCE S 88°16'05" E, a distance of 47.00 feet to the POINT OF TERMINATION of this centerline.

Said Centerline having a calculated length of 1,395.28 feet or 84.56 Rods in SECTION 33.

SECTION CORNER TABLE			
POINT NO	DESCRIPTION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
1	1/2" IRON ROD W/CAP	31°46'53.33"	-103°57'35.10"
2	CALCULATED CORNER	31°46'53.38"	-103°56'33.93"
3	CALCULATED CORNER	31°46'00.91"	-103°56'34.50"
4	CALCULATED CORNER	31°46'00.87"	-103°57'35.64"

CENTERLINE TABLE			
NUMBER	STATION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
1	0+00.00	31°33'04.80"	-103°51'11.83"
2	2+62.14	31°33'07.40"	-103°51'11.84"
3	12+35.32	31°33'07.41"	-103°51'00.59"
4	13+12.30	31°33'08.17"	-103°51'00.60"

DATE: 05-10-19 DATE SURVEYED 05-02-19 DRAFT BKB
JOB NO. 1903060 FIELD BOOK V. RA-02, P. 17 REV. 0
FILE 1903060 ELECTRIC STATE 57-33 2H-6H ELECTRIC LINE B SEC 33



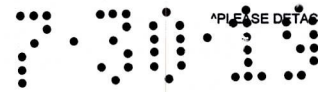
TBPLS FIRM# 10193740
1100 Macon Street
Fort Worth, Texas 76102
(817) 529-1180 ~ Fax (817) 529-1181

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



(303) 295-3995

^PLEASE DETACH AT PERFORATION ABOVE^



Check Number 0001776701

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ217061019f	06/10/2019		19,451.90	0.00	19,451.90

19713532

161

19713532

161

023492



 Vendor

Check Date: 07/10/2019

Check Amount



19,451.90

File No. MF 111900

County

Surface Damage Pmt

Date Filed: 4-4-2022

George P. Bush, Commissioner

By VR



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 LEASES

STATE OF TEXAS §
 §
 COUNTY OF REEVES §

CIMAREX ENERGY CO. ("Cimarex" or "Operator"), a Delaware corporation, whose address is 600 N. Marienfeld St., Suite 600, Midland, TX 79701, and **Prize Energy Resources, Inc.** ("Prize", collectively with Cimarex, the "Working Interest Owners"), a Delaware corporation, whose address is 600 N. Marienfeld St., Suite 600, Midland, TX 79701, do hereby release, remise, relinquish, and surrender unto the Lessors named below or their successors-in-interest, all of their right, title and interest in and to the Oil and Gas Leases described below (collectively the "Leases", individually a "Lease"), INsofar AND ONLY INsofar AS the Leases cover the lands and depths described below for each such Lease, it being Lessees' intent to reserve and retain all portions of the Leases not included within the legal descriptions below:

1. Original Lessor: The State of Texas, acting by and through its agent, Bobby Burchard & Sammie W. Burchard, Trustees of the Bobby A. & Sammie W. Burchard Living Trust
 Original Lessee: Cimarex Energy Co.
 GLO Lease No.: MF-111900A
 Date: June 1, 2010
 Recording: Volume 855, Page 430, Official Public Records of Reeves County, Texas
 Legal Description: **INsofar AND ONLY INsofar** as the Lease covers all of Section 41, Block 57, PSL Survey, Reeves County, Texas, but not otherwise

2. Original Lessor: The State of Texas, acting by and through its agent, LaRue Worley
 Original Lessee: Cimarex Energy Co.
 GLO Lease No.: MF-111900B
 Date: June 1, 2010
 Recording: Volume 855, Page 420, Official Public Records of Reeves County, Texas
 Legal Description: **INsofar AND ONLY INsofar** as the Lease covers all of Section 41, Block 57, PSL Survey, Reeves County, Texas, but not otherwise

3. Original Lessor: The State of Texas, acting by and through its agent, Wider Sky, LP
 Original Lessee: Cimarex Energy Co.

GLO Lease No.: MF-111900C
Date: March 25, 2013
Recording: Volume 1015, Page 380, Official Public Records of Reeves County, Texas
Legal Description: **INSOFAR AND ONLY INSOFAR** as the Lease covers all of Section 41, Block 57, PSL Survey, Reeves County, Texas, but not otherwise

4. Original Lessor: The State of Texas, acting by and through its agent, Madrone Creek Capital, L.P.
Original Lessee: Cimarex Energy Co.
GLO Lease No.: MF-111900D
Date: March 25, 2013
Recording: Volume 1024, Page 651, Official Public Records of Reeves County, Texas
Legal Description: **INSOFAR AND ONLY INSOFAR** as the Lease covers all of Section 41, Block 57, PSL Survey, Reeves County, Texas, but not otherwise
5. Original Lessor: The State of Texas, acting by and through its agent, Boys & Boots Land and Cattle Company, LLC
Original Lessee: Cimarex Energy Co.
GLO Lease No.: MF-111900E
Date: March 25, 2013
Recording: Volume 1037, Page 451, Official Public Records of Reeves County, Texas
Legal Description: **INSOFAR AND ONLY INSOFAR** as the Lease covers all of Section 41, Block 57, PSL Survey, Reeves County, Texas, but not otherwise

THIS IS A PARTIAL RELEASE ONLY AND WORKING INTEREST OWNERS EXPRESSLY RETAIN AND RESERVE ALL RIGHT, TITLE AND INTEREST IN AND TO THE ABOVE-DESCRIBED LEASES AS TO SECTIONS 33 AND 40, BLOCK 57, PSL SURVEY, REEVES CO., TEXAS.

6. Original Lessor: The State of Texas, acting by and through its agent, JRC/RGC 34 Trade Tracts, LTD.
Original Lessee: Cimarex Energy Co.
GLO Lease No.: MF-111340
Date: June 1, 2010
Recording: Volume 846, Page 214, Official Public Records of Reeves County, Texas
Legal Description: **INSOFAR AND ONLY INSOFAR** as the Lease covers all of Section 47, Block 57, PSL Survey, Reeves County, Texas, but not otherwise

THIS IS A PARTIAL RELEASE ONLY AND WORKING INTEREST OWNERS EXPRESSLY RETAIN AND RESERVE ALL RIGHT, TITLE AND INTEREST IN AND TO THE ABOVE-DESCRIBED LEASE AS TO SECTION 38, BLOCK 57, PSL SURVEY, REEVES CO., TEXAS.

WHEREAS, the Leases are subject to that certain Unit Agreement for the Development and Operation of the Grisham-State Unit, effective January 1, 2014, recorded at Volume 1096, Page 612, Official Public Records, Reeves County, Texas, as amended by First Amendment of Agreement for the Development and Operation of the Grisham-State Unit recorded at Volume 1194, Page 599, Official Public Records, Reeves County, Texas, as further amended by Second Amendment of Unit Agreement for the Development and Operation of the Grisham-State Unit recorded at Volume 1214, Page 669, Official Public Records, Reeves County, Texas, and as further amended by Third Amendment of Unit Agreement for the Development and Operation of the Grisham-State Unit recorded at Volume 1732, Page 755, Official Public Records, Reeves County, Texas (the "Grisham-State Unit Agreement").

WHEREAS, Working Interest Owners and the Commissioner of the Texas General Land Office have entered into that certain Sunset Agreement for the Grisham-State Unit recorded at Document No. 2022002529, Official Public Records, Reeves County, Texas ("Sunset Agreement"), which evidences Working Interest Owners' desire to terminate the Grisham-State Unit and provides for the terms and conditions under which the Grisham-State Unit is to be sunset and terminated.

THEREFORE, in accordance with the Sunset Agreement, and the execution of this Partial Release of Oil and Gas Leases, said Leases are partially released and such partially-released portions of the Leases are no longer held by, or subject to the terms of the Grisham-State Unit Agreement. The sections covered by the Leases that are not subject to this Partial Release of Oil and Gas Leases, and that have been expressly reserved and retained by Working Interest Owners, will remain subject to the terms of the Grisham-State Unit Agreement, as amended, and the Sunset Agreement.

IN WITNESS WHEREOF, this instrument is executed on the date reflected in the acknowledgements below, but it shall be effective for all purposes as of April 1, 2022.

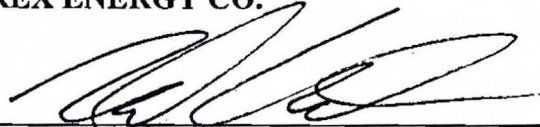
[THIS SPACE WAS INTENTIONALLY LEFT BLANK]

[Signature and Acknowledgement pages to follow]

OPERATOR/WORKING INTEREST OWNER:

CIMAREX ENERGY CO.

By:


Bradley Cantrell, Attorney-in-Fact

ef
rep

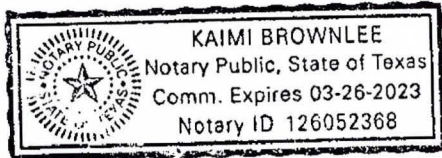
ACKNOWLEDGEMENT

STATE OF TEXAS §

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COUNTY OF MIDLAND §

This instrument was acknowledged before me on this 14 day of April, 2022,
by Bradley Cantrell, acting as Attorney-in-Fact, for **Cimarex Energy Co.**, a Delaware corporation,
on behalf of said corporation.



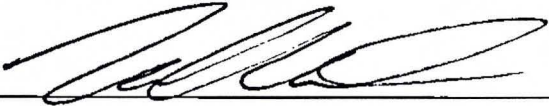

Notary Public in and for the State of Texas

My Commission Expires: 3/26/2023

WORKING INTEREST OWNER:

PRIZE ENERGY RESOURCES, INC.

By:

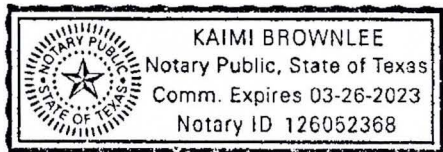

Bradley Cantrell, Attorney-in-Fact

cg
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ACKNOWLEDGMENT

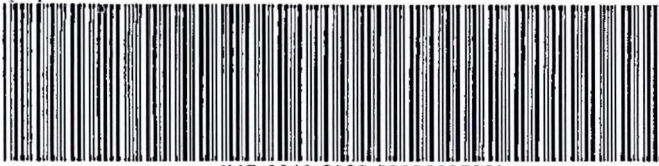
STATE OF TEXAS §
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COUNTY OF MIDLAND §

This instrument was acknowledged before me on this 14 day of April, 2022, by Bradley Cantrell, acting as Attorney-in-Fact, for Prize Energy Resources, Inc., a Delaware corporation, on behalf of said corporation.




Notary Public in and for the State of Texas

My Commission Expires: 3/26/2023



VG-3010-2022-2022002530

Reeves County
Dianne O. Florez
Reeves County Clerk

Instrument Number: 2022002530

Real Property Recordings
PARTIAL RELEASE OF LEASE

Recorded On: April 19, 2022 10:52 AM

Number of Pages: 6

" Examined and Charged as Follows: "

Total Recording: \$42.25

***** 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: 2022002530
Receipt Number: 20220419000010
Recorded Date/Time: April 19, 2022 10:52 AM
User: Rebecca G
Station: CLERK07

Record and Return To:

CIMAREX ENERGY CO
600 N MARIENFELD st STE 600
TULSA OK 74103



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

File No. MF111900

File No. MF111900

County _____

Partial Release

Date Filed: 7/31/2023

Commissioner Dawn Buckingham, M.D.

By: _____



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: 5/9/2024
Billing Due Date: 6/8/2024
Customer Number: C000044010

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
24I00745	MF111900	\$10,134.28	\$0.00	\$1,013.43	\$401.21	\$11,548.92
Total Due		\$10,134.28	\$0.00	\$1,013.43	\$401.21	\$11,548.92

Penalty and interest have been calculated thru 5/31/2024. Payment remitted after 5/31/2024 will result in additional penalty and interest charges.

NOTICE

- Please update GLO1 and GLO2 production reports to correct volumes.
- Please do not update GLO3 report to include billed royalty, penalty or interest. This receivable has already been recorded.

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

Detach and return with payment

Reconciliation Billing

Cimarex Energy Co.

Billing Date: 5/9/2024

Billing Due Date: 6/8/2024

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
24I00745	MF111900	\$10,134.28	\$0.00	\$1,013.43	\$401.21	\$11,548.92
Total Due		\$10,134.28	\$0.00	\$1,013.43	\$401.21	\$11,548.92
Amt. Paid						

Customer ID: C000044010

Invoice Number:

GLO Lease: MF111900

GLO Review: CIMAREX ENERGY CO.

Review Period: Sept 2022 - Aug 2023

Category Gas

Auditor/AE: Eric M

Billing Date: 5/6/2024

P&I Calculation Date: 5/31/2024

Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Aug-23	08-283346	38,978	1	\$2.080	1	\$81,074.24	\$10,134.28	\$0.00	\$10,134.28	229	8.50%	\$1,013.43	\$401.21	\$11,548.92
TOTALS		38,978				\$81,074.24	\$10,134.28	\$0.00	\$10,134.28			\$1,013.43	\$401.21	\$11,548.92

COMMENTS: BILLING IS FOR UNDERREPORTED VOLUMES FOR RRC ID: 08-283346 08-288982 08-288994 08-289025 08-289026 08-289027

COLUMN (3) UNDERREPORTED VOLUMES REPORTED TO THE GLO VERSUS VOLUMES REPORTED TO THE RRC
COLUMNS (5) & (6) AVERAGE PRICE AND BTU REPORTED TO THE GLO ON THE GLO 2'S
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.martinez@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.martinez@glo.texas.gov
NOTING YOUR COMPANY NAME, CUSTOMER ID, INVOICE NUMBER(S) AND AMOUNT OF PAYMENT.

EMAIL: Leroy Cantu Tran Chu RRAC CIMAREX ENERGY CO(Admin)
Leroy.Cantu@coterra.com Tran.Chu@coterra.com Chinedu.achebe@coterra.com

File No. MF 111 200

County

Recon Billings

Date Filed: 6/4/2024

Commissioner Dawn Buckingham, M.D.

By: _____



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: 4/17/2025
Billing Due Date: 5/17/2025
Customer Number: C000044010

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
25I00647	MF111900	\$28,312.67	\$0.00	\$2,831.27	\$4,734.03	\$35,877.97
Total Due		\$28,312.67	\$0.00	\$2,831.27	\$4,734.03	\$35,877.97

Penalty and interest have been calculated thru 4/30/2025. Payment remitted after 4/30/2025 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: 4/17/2025

Billing Due Date: 5/17/2025

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
25I00647	MF111900	\$28,312.67	\$0.00	\$2,831.27	\$4,734.03	\$35,877.97
Total Due		\$28,312.67	\$0.00	\$2,831.27	\$4,734.03	\$35,877.97
Amt. Paid						

Customer ID: C000044010

Invoice Number:

GLO Lease: MF111900

GLO Review: CIMAREX ENERGY CO.

Review Period: Sept 2022 - Aug 2023

Category Gas

Auditor/AE: Eric M

Billing Date: 4/14/2025

P&I Calculation Date: 4/30/2025

Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Jan-23	08-283346	148502	1	\$4,780	1	\$709,839.56	\$88,729.95	\$60,417.28	\$28,312.67	777	8.50%	\$2,831.27	\$4,734.03	\$35,877.97
TOTALS		148,502				\$709,839.56	\$88,729.95	\$60,417.28	\$28,312.67			\$2,831.27	\$4,734.03	\$35,877.97

COMMENTS: BILLING IS FOR UNDERREPORTED VOLUMES FOR RRC ID: 08-283346 08-288982 08-288944 08-289025 08-289026 08-289027

OVERPAID ROYALTY WAS ADDED AS A CREDIT

VOLUME WERE REPROTED HOWEVER ROYALTY DUE IS NOT PAID CRRECTLY

WABA PRICING CRITERIA WAS USED IN THE CALCULATION

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>

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NOTING YOUR COMPANY NAME, CUSTOMER ID, INVOICE NUMBER(S) AND AMOUNT OF PAYMENT.

EMAIL:

Tran Chu
Tran.Chu@coterra.com

Daniel Kong
daniel.kong@coterra.com

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File No. MF111900

County

Recon Billing

Date Filed:

4/29/2025

Commissioner Dawn Buckingham, M.D.

By:

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