



CAUTION

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

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Thank you for your assistance.

Archives and Records Staff

EXPIRED

DATE 2-24-16

LEASING TM

MAPS JH

GIS ML

Leasing: Q

Analyst: Q

Maps: JH

GIS: ML

DocuShare: _____

MF111923

State Lease	Control	Base File	County
MF111923	07-104849	151745	REEVES
MF111923	07-105713	127850	REEVES
MF111923	07-106071	128050	REEVES
MF111923	07-106099	128051	REEVES

Survey	PUBLIC SCHOOL LAND, and etc.	
Block	58, 59, 552, 71	
Block Name		
Township	5-S	
Section/Tract	14, 22, 43, 44, 45, 30, 34	
Land Part	E/2 SW, S 360 AC., ALL, S and etc.	
Part Description	S2 & NE4, S 9/16, N2 & SE4, N 9/16	
Acres	3699.33	
Depth Below	Depth Above	Depth Other

Name	ENERGEN RESOURCES CORP
Lease Date	12/1/2010
Primary Term	5 yrs
Bonus (\$)	\$697,247.93
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 111923

1. RAL Review Sheet	10/5/10
2. Lease (A B)	2/10/11
3. Cover Letter, Bonus, and Fees	3/21/11
4. Final Letter	12/29/11
5 Lease A	2/10/11
6 Lease B	5/13/11
<u>Scanned sm 7/22/13</u>	
7. Rentals - 4 th & 5 th year - Lease A	11/22/2013
8. Rentals - 4 th & 5 th year - Lease B	01/10/2014
9. Rentals - 4 th & 5 th years - Lease B 2 nd payment	01/27/14
10. Agents 2 nd ck - Lease B - 4 th & 5 th yr. - Triangle Roy.	02/05/14
11. Agents 2 nd ck - Lease B - 4 th & 5 th yr. JK Royalty	02/05/14
12. Email re amendments 12/20/2013	05/27/2014
13. Email re amendments 01/15/2014	05/27/2014
14. Email re amendments 01/16/2014	05/27/2014
15. Email re amendments 05/16/2014	05/27/2014
<u>Scanned PJ 7-7-14</u>	
EXPIRED LEASE	2-24-16
16. Release - A	04/08/16
<u>Scanned PJ 6-3-16</u>	

RAL REVIEW SHEET

Transaction # 6967

Geologist: R. Widmayer

Lessor: Hill Trusts, et al

Lease Date: 9/28/2010

Ut ☐

Lessee: Energen Resources Corporation, Inc.

Gross Acres: 2574.33

Net Acres: 2574.33

LEASE DESCRIPTION

County	PIN#	Base File No	Part	Sec.	Block	Twp	Survey	Abst#
REEVES	07-110182	93423	S/360 ac	34	55	05S	T & P RY CO	2443
REEVES	07-103617 <i>104849</i> <i>151745</i>	100924	S/2 + NE 4 E/2, SW 1/4	14	55 <i>58</i>	00	PUBLIC SCHOOL LAND	<i>5769</i> 2563
REEVES	07-132779	131755	219.33 ac	2	71	00	PUBLIC SCHOOL LAND	4238
REEVES	07-105713	127850	S/360 ac	22	59	00	PUBLIC SCHOOL LAND	3968
REEVES	07-106071 <i>07-106099</i> <i>07-106106</i> <i>07-110146</i>	128050	All A11 A11	43 44 45	59 59 59	00	PUBLIC SCHOOL LAND PSL	4005 <i>4006</i>

TERMS OFFERED

Primary Term: 5 years

Bonus/Acre: \$550.00

Rental/Acre: \$1.00

Royalty: 1/4

TERMS RECOMMENDED

Primary Term: 5 years

Bonus/Acre: \$550.00

Rental/Acre: \$1.00

Royalty: 1/4

COMPARISONS

MF #	Lessee	Date	Term	Bonus/Ac.	Rental/Ac.	Royalty	Distance
MF105235	Dwight Snell & Associates	4/25/2005	5 years	\$150.00	\$1.00	1/5	Last Lease

Comments: Paid up rentals for the 2nd and 3rd years. 4th year rental will be \$550.00 per acre and will pay up the 5th year.

Approved: *M 10/5/10*

REQUISITION 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: 04-Oct-10

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

Applicant:	Energen Resources Corporation, Inc.	County:	REEVES
Prim. Term:	5 years	Bonus/Acre	\$550.00
Royalty:	1/4	Rental/Acre	\$1.00

Consideration

Recommended: TH Date: 10/5/10

Not Recommended: _____

Comments: Paid up rentals for the 2nd and 3rd years. 4th year rental will be \$550.00 per acre and will pay up the 5th year.

Lease Form

Recommended: TRH Date: 10/8/10

Not Recommended: _____

Comments:

Louis Renaud, Deputy Commissioner Date: 10/15/10

Recommended: CLR

Not Recommended: _____

Bill Warnick, General Counsel

Date: 10/20/10

Recommended: WFW

Not Recommended: _____

Larry Laine, Chief Clerk

Date: 10/20/10

Approved: [Signature]

Not Approved: _____

Jerry Patterson, Commissioner

Date: 10/21/10

Approved: [Signature]

Not Approved: _____

File No. 111923

RAL Swet

Date Filed: 10/5/10

Jerry E. Patterson, Commissioner

By GH

[Faint, illegible handwritten notes]



ENERGEN RESOURCES CORPORATION
605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-2710

11707501

Page 1 of 1

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	AMOUNT
STATE OF TEXAS	21640	Mar-15-2011	367652	\$44,696.30

VOUCHER	VENDOR INV #	INV DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
03-AP-4807	03142011V	03/09/11	44,696.30 ✓	0.00	44,696.30
BONUS					
OVERNIGHT TO MIDLAND - KEN GRAY					
TOTAL INVOICES PAID					44,696.30

X

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(P)



March 16, 2011

State of Texas
Commissioner of the General Land Office
1700 N. Congress Avenue
Austin TX 78701
Attention: Mr. Drew Reid

Re: S360 of Sec 22, Blk 59, PSL
Sec 43, 44, 45, Blk 59, PSL
E2 & SW4 Sec 14, Blk 58 PSL
S360 of Sec 30 & 34, Blk 55, T5, T&P RR Co. Survey
N219.3 acres Sec 2, Blk 71, PSL
Reeves County TX; 162.24 total acres

Dear Drew:

Enclosed please find Energen Resources Corporation's check #367652, in the amount of \$44,696.30, representing the bonus payment due for your oil and gas interest in the above referenced properties.

Please indicate your receipt of the enclosed check as the full amount due from Energen by signing, dating, and returning one (1) copy of this letter in the envelope provided. Should you have any questions or concerns, please do not hesitate to contact me at 432-684-3698.

Sincerely,

A handwritten signature in black ink, appearing to read "RCH", followed by a long horizontal flourish.

Robert (Bob) C. Heller
District Landman

RCH/mm
Enclosures

RECEIVED AND ACCEPTED THIS _____ day of March, 2011.

STATE OF TEXAS - GENERAL LAND OFFICE

By: _____
Drew Reid

ENERGEN RESOURCES CORPORATION

605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-2710

11701729

Page 1 of 1

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	AMOUNT
STATE OF TEXAS	9710	Oct-14-2010	352111	\$716,160.50

VOUCHER	VENDOR INV #	INV DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
10-AP-2983	101310C	10/12/10	716,160.50	0.00	716,160.50
LEASE BONUS					
OVERNIGHT TO MIDLAND - ATTN: KEN GRAY					
TOTAL INVOICES PAID					716,160.50

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(P)



February 9, 2011

Mr. Drew Reid
Texas General Land Office
1700 Congress Avenue
Austin TX 78701.1495

Re: Balance Settlement from Lease Bonus Overpayment (Energen's Touchwood Resources/
Eddie Wallace Lease Package) & Additional Payment for Mineral Classified Leases
Multiple tracts in Reeves County, Texas

Dear Drew:

Enclosed please find certified copies of the three Mineral Classified Leases dated December 1, 2010 from the Houston and Emma Hill Trust Estate, et al., which Energen Resources Corporation acquired in our transaction with Touchwood Resources/Eddie Wallace. The bonus money to the State of Texas was pre-paid by Energen, and as we have discussed, the amount paid was in excess of the actual bonus amount due. Those leases and the bonus money paid for each are as follows:

- 11/1923A
1. Mineral Classified Lease dated December 1, 2010, recorded in Volume 863, page 186, Official Public Records of Reeves County, from the Houston and Emma Hill Trust Estate, et al., as Agents for the State of Texas, as Lessor, and Energen Resources Corporation, as Lessee, covering 2,373.21 net acres in Reeves County. Energen previously paid \$716,160.50 by check #352111, when in fact the total amount due to the State of Texas was \$652,632.75 as bonus, and \$1,186.61 as pre-paid delay rentals for the 2nd and 3rd years of the lease. Therefore, Energen overpaid by \$62,341.14. *will use on other lease*
 2. Mineral Classified Lease dated December 1, 2010, recorded in Volume 863, page 225, Official Public Records of Reeves County, from the Houston and Emma Hill Trust Estate, et al., as Agents for the State of Texas, as Lessor, and Energen Resources Corporation, as Lessee, covering 896.46 net acres in Reeves County. Energen previously paid \$632,073.00 by check #352109, when in fact the total amount due to the State of Texas was \$582,699.00 as bonus, and \$448.23 as pre-paid delay rentals for the 2nd and 3rd years of the lease. Therefore, Energen overpaid by \$48,925.77.
 3. Mineral Classified Lease dated December 1, 2010, recorded in Volume 863, page 264, Official Public Records of Reeves County, from the Houston and Emma Hill Trust Estate, et al., as Agents for the State of Texas, as Lessor, and Energen Resources Corporation, as Lessee, covering 2,387.5 net acres in Reeves County. Energen previously paid \$945,500.00 by check #352110, when in fact the total amount due to the State of Texas was \$864,626.00 as bonus, and \$1,080.78 as pre-paid delay rentals for the 2nd and 3rd years of the lease. Therefore, Energen overpaid by \$79,793.22.

Energen's overpayment totals \$191,060.13. In order to settle this balance, we would like to credit this amount towards two Mineral Classified Leases dated January 3rd, 2011, each covering Section 12, Block 57, T-3, T&P RR Co. Survey, Reeves County, Texas, which were previously provided to you via email. These leases were executed by James O. Stack and Dariel J. Stack, as Agents for the State of Texas, and each of these leases provide for a bonus amount of \$128,000.00 to the State of Texas, being \$256,000.00 total bonus for both leases. After applying Energen's overpayment balance of \$191,060.13 to the total bonus due, Energen owes

Mr. Drew Reid
Texas General Land Office
February 9, 2011
Page 2

an additional amount of \$64,939.87. Please find enclosed Energen's check #361923 in the amount of \$62,225.00 and Energen's check #363863 for \$2,714.87, which checks cover the remaining balance due for the Stack leases covering Section 12 as described.

Certified copies of the Stack leases covering Section 12 are also enclosed. Please give me a call if there is any question concerning the foregoing.

Sincerely,



Robert (Bob) C. Heller
District Landman

RCH/mm
Enclosures

c: Ken Gray

ON BEHALF OF THE TEXAS GENERAL LAND OFFICE, I HAVE ACCEPTED THE CHECKS AND THE BONUS OVERPAYMENT ALLOCATION AS DESCRIBED ABOVE AS FULL PAYMENT OF THE STATE'S BONUS FOR THE STACK LEASES (as agents for the State) COVERING SECTION 12, BLOCK 57, T-3, T&P RR CO. SURVEY, REEVES COUNTY, TEXAS. RECEIVED AND ACCEPTED THIS _____ DAY OF FEBRUARY, 2011.

TEXAS GENERAL LAND OFFICE

Drew Reid, CPL



October 18, 2010

Mr. Drew Reid
The State of Texas
Office of the Commission of General Land
Stephen F. Austin Building
Austin TX 78701

Re: Mineral Classified Land
Hill Family
Reeves County TX

Dear Drew:

Enclosed please find the following:

1. Check #352109, in the amount of \$632,073.00, representing the State's share (calculated at \$1,300.00 per acre) on 972.42 net and gross acres. A copy of the lease currently being circulated to the surface owners is also enclosed;
2. Check #352110, in the amount of \$945,500.00, representing the State's share (calculated at \$800.00 per acre) on 2,363.75 net acres (2,387.50 gross acres). A copy of the lease currently being circulated to the surface owners is also enclosed; and
3. We have enclosed check #352111 in the amount of \$716,160.50. This check represents an overpayment of \$8,219.75 to the State for its one-half of the bonus (2,574.33 net acres x \$550.00 per acre x 50% = \$707,940.25; \$716,160.50 - \$707,940.25 = \$8,219.75). At this time, we are asking that you credit Energen with \$8,219.75 until further notified. A copy of the lease currently being circulated to the surface owners is enclosed which covered 3,699.33 gross acres and 2,574.33 net acres.

This trade with the Hills is the same one discussed with you several times by Ed Wallace.

Mr. Drew Reid
The State of Texas
General Land Office
October 18, 2010
Page 2

If anything additional is needed, do not hesitate to contact me. Please acknowledge your agreement with the enclosed by signing, dating, and returning one copy of this letter in the enclosed postage paid envelope.

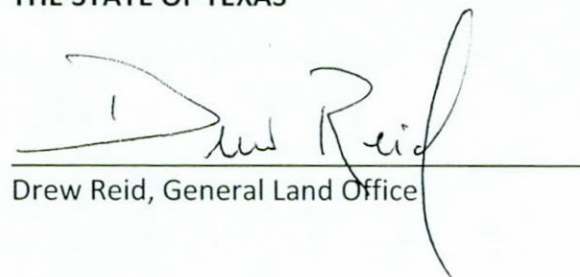
Yours very truly,


Kenneth H. Gray
District Land Manager

KHG/mm
Enclosures

Received and Agreed to this 20 day of October, 2010.

THE STATE OF TEXAS


Drew Reid, General Land Office

ENERGEN RESOURCES CORPORATION

605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-2710

12709310

Page 1 of 1

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	AMOUNT
STATE OF TEXAS	21640	Mar-20-2012	411503	\$900.00

VOUCHER	VENDOR INV #	INV DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
03-AP-10125	031312B	03/01/12	900.00	0.00	900.00
LEGAL & TITLE OVERNIGHT TO KEN GRAY TOTAL INVOICES PAID					X 900.00

fees

MF 111921A \$125
921B 25
MF 111923A 125
923B 25

MF 112093 125
MF 112081A 125
081B 25
MF 112095A 125
095B 25
095C 25
MF 111922A 125
922B 25

\$900

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DETACH BEFORE DEPOSITING



March 27, 2012

Ms. Harriet Dunne
Texas General Land Office
P. O. Box 12873
Austin TX 78711.2873

Re: Unpaid Processing and Filing Fees
Reeves County TX

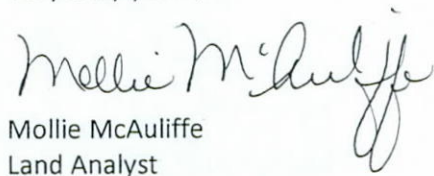
Dear Harriet:

Enclosed is Energen Resources Corporation's replacement check #4115003 in the amount of \$900.00, representing the processing and filing fees for nine leases which remained unpaid at the time the lease bonuses were paid. Hopefully, this clears up all the payments due for those leases!

Please indicate your receipt of the enclosed check as the full amount due from Energen for the above by signing, dating, and returning one copy of this letter in the postage paid envelope provided. If you have any questions or concerns, please do not hesitate to contact me at 432-688-3326.

If there is anything further that must be done to further complete this transaction, please contact me at 432.688.3328.

Very truly yours,


Mollie McAuliffe
Land Analyst

/mm
Enclosures

Register 11701729

\$31,170.57 MF112081A - Bonus
\$31,170.57 MF112081B - Bonus
\$652,632.75 MF111923A - Bonus
\$1186.61 MF111923A - Rental

Register 11701728

\$24,462.88 MF112081A - Bonus
\$24,462.89 MF112081B - Bonus
\$582,699 MF111922A - Bonus
\$448.23 MF111922A - Rental

Register 11701730

\$39,896.61 MF112081A - Bonus
\$39,896.61 MF112081B - Bonus
\$864,626 MF111921A - Bonus
\$1080.78 MF111921A - Rental

Register 11705750

\$31,112.50 MF112081A - Bonus
\$31,112.50 MF112081B - Bonus

Register 11705751

\$1,357.44 MF112081A - Bonus
\$1,357.43 MF112081B - Bonus

Register 11707501

\$44,615.18 MF111923B - Bonus
\$81.12 MF111923B - Rental

Register 11707499

\$39,833.95 MF111922B - Bonus
\$30.65 MF111922B - Rental

Register 11707500

\$52,540 MF111921B - Bonus
\$65.68 MF111921B - Rental



MF111921
111923
112093
112081
112844
112095
111922

February 27, 2012

Mr. Drew Reid
Texas General Land Office
P. O. Box 12873
Austin TX 78711.2873

Re: Unpaid Processing and Filing Fees
Reeves County TX

Dear Mr. Reid:

Enclosed is Energen Resources Corporation's check #408098 in the amount of \$1,200.00, representing the processing and filing fees which remained unpaid at the time the lease bonuses were paid. The Leases are described as follows:

1. State Lease MF111921A dated December 1, 2010, recorded in Book 863, Page 264, Houston and Emma Hill Trust Estate et al., Agent;
2. State Lease MF111921B dated February 7, 2012, recorded in Book 874, Page 730, Jase Minerals, LP, et al., Agent;
3. State Lease MF111923A dated December 1, 2010, recorded in Book 863, Page 186, Houston & Emma Hill Trust Estate et al., Agent;
4. State Lease MF111923B dated February 7, 2011, recorded in Book 874, Page 741, Jase Minerals, LP et al., Agent;
5. State Lease MF112093 dated December 1, 2010, recorded in Book 867, Page 555, Sections 5, 6, 39, Block 56, PSL Survey;
6. State Lease MF112081, dated January 3, 2011, recorded in Book 865, Page 466, James O. Stack, Jr., Agent;
7. State Lease MF112081B dated January 3, 2011, recorded in Book 865, Page 475, Daniel J. Stack, Agent;
8. State Lease MF112844A dated May 16, 2011, recorded in Book 882, Page 312, Houston Lowell Goodspeed, Agent;
9. State Lease MF112844B dated May 16, 2011, recorded in Book 882, Page 412, John Taylor, Agent;
10. State Lease MF112844C dated May 16, 2011, recorded in Book 882, Page 358, Glenice Barnett, Agent;
11. State Lease MF112844D dated May 16, 2011, recorded in Book 882, Page 367, Terry Fortune, Agent;
12. State Lease MF112844E dated May 16, 2011, recorded in Book 882, Page 376, Gayle Walker, Agent;

13. State Lease MF112844F dated May 16, 2011, recorded in Book 882, Page 385, Tobi Stepan, Agent;
14. State Lease MF112844G dated May 16, 2011, recorded in Book 882, Page 394, Gracie Atkinson, Agent;
15. State Lease MF112844H dated May 16, 2011, recorded in Book 882, Page 403, Linda Spires, Agent;
16. State Lease MF112844I dated May 16, 2011, recorded in Book 882, Page 321, Doyle F. Goodspeed, Agent;
17. State Lease MF112844J dated May 16, 2011, recorded in Book 882, Page 331, Joe Bayne Goodspeed, Agent;
18. State Lease MF112844K dated May 16, 2011, recorded in Book 882, Page 340, Mary Jane Rogers, Agent;
19. State Lease MF112095A dated January 4, 2011, recorded in Book 866, Page 340, Estate of Perkins D. Sams, et al., Agent;
20. State Lease MF112095B dated January 4, 2011, recorded in Book 865, Page 430, Dorothy H. Marrow Family Trust, Agent;
21. State Lease MF112095C dated January 4, 2011, recorded in Book 867, Page 546, Estate of N. S. Marrow, Agent;
22. State Lease MF111922A dated December 1, 2010, recorded in Book 863, Page 225, Houston & Emma Hill Trust Estate, Et al., Agent; and
23. State Lease MF111922B dated February 7, 2011, recorded in Book 874, Page 719, Jase Minerals, LP, et al., Agent.

Please indicate your receipt of the enclosed check as the full amount due from Energen for the above by signing, dating, and returning one copy of this letter in the postage paid envelope provided. If you have any questions or concerns, please do not hesitate to contact me at 432-688-3326.

If there is anything further that must be done to complete this transaction, please contact me at 432.688.3328.

Very truly yours,



Mollie McAuliffe
Land Analyst

/mm
Enclosures

ENERGEN RESOURCES CORPORATION

805 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-2710

12707787

Page 1 of 1

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	AMOUNT
STATE OF TEXAS	21640	Feb-21-2012	408098	\$1,200.00

VOUCHER	VENDOR INV #	INV DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
02-AP-8038	021312H	02/09/12	1,200.00	0.00	1,200.00
LEGAL & TITLE					
OVERNIGHT TO KEN GRAY					
TOTAL INVOICES PAID					1,200.00

DETACH BEFORE DEPOSITING

Harriet Dunne - Payment of processing & filing fees to State of TX

From: Harriet Dunne
To: mollie.mcauliffe@energen.com
Date: 3/1/2012 8:54 AM
Subject: Payment of processing & filing fees to State of TX
CC: Lou Moreno
Attachments: Energen ltr - processing & filing fees.pdf

MF 111923

Mollie,

Attached is a copy of your letter accompanying your payment of \$1200 for processing and filing fees. The amounts due for each lease are written by each lease. You will note they total \$900.

You have listed in your letter eleven leases (MF112844A - MF112844K) which seem to be in this payment (there are actually twelve leases in MF112844). Also attached is a copy of Drew Reid's letter of December 29, 2011, wherein he states the remittances by Doyle Snow covers the \$100 processing fee and the \$300 filing fees for these twelve leases.

Therefore, unless you have found more letters where fees are due, you have overpaid by \$300. Please send me a reply requesting we refund this \$300 and we will process a refund request. Please make the request on behalf of Energen Resources Corporation, the company on whose bank account the check was written.

We have no way of keeping up with any credits you might have, so please do not ask us to credit this toward any futures fees that might be due. We have no way of tracking it.

Thank you,

Harriet Dunne, CPL
Manager, Mineral Leasing, Energy Resources
Texas General Land Office
512-475-1579
harriet.dunne@glo.state.tx.us



February 27, 2012

Mr. Drew Reid
Texas General Land Office
P. O. Box 12873
Austin TX 78711.2873

Re: Unpaid Processing and Filing Fees
Reeves County TX

Dear Mr. Reid:

Enclosed is Energen Resources Corporation's check #408098 in the amount of \$1,200.00, representing the processing and filing fees which remained unpaid at the time the lease bonuses were paid. The Leases are described as follows:

1. State Lease MF111921A dated December 1, 2010, recorded in Book 863, Page 264, Houston and Emma Hill Trust Estate et al., Agent; *\$100 processing \$25 filing fee*
2. State Lease MF111921B dated February 7, 2012, recorded in Book 874, Page 730, Jase Minerals, LP, et al., Agent; *\$25 filing fee*
3. State Lease MF111923A dated December 1, 2010, recorded in Book 863, Page 186, Houston & Emma Hill Trust Estate et al., Agent; *\$100 processing fee \$25 filing fee*
4. State Lease MF111923B dated February 7, 2011, recorded in Book 874, Page 741, Jase Minerals, LP et al., Agent; *\$25 filing fee*
5. State Lease MF112093 dated December 1, 2010, recorded in Book 867, Page 555, Sections 5, 6, 39, Block 56, PSL Survey; *\$100 processing fee \$25 filing fee*
6. State Lease MF112081, dated January 3, 2011, recorded in Book 865, Page 466, James O. Stack, Jr., Agent; *\$100 processing fee \$25 filing fee*
7. State Lease MF112081B dated January 3, 2011, recorded in Book 865, Page 475, Daniel J. Stack, Agent; *\$25 filing fee*
8. State Lease MF112844A dated May 16, 2011, recorded in Book 882, Page 312, Houston Lowell Goodspeed, Agent;
9. State Lease MF112844B dated May 16, 2011, recorded in Book 882, Page 412, John Taylor, Agent;
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11. State Lease MF112844D dated May 16, 2011, recorded in Book 882, Page 367, Terry Fortune, Agent;
12. State Lease MF112844E dated May 16, 2011, recorded in Book 882, Page 376, Gayle Walker, Agent;

already paid

Already
Paid

13. State Lease MF112844F dated May 16, 2011, recorded in Book 882, Page 385, Tobi Stepan, Agent;
14. State Lease MF112844G dated May 16, 2011, recorded in Book 882, Page 394, Gracie Atkinson, Agent;
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20. State Lease MF112095B dated January 4, 2011, recorded in Book 865, Page 430, Dorothy H. Marrow Family Trust, Agent; \$25 filing fee
21. State Lease MF112095C dated January 4, 2011, recorded in Book 867, Page 546, Estate of N. S. Marrow, Agent; \$25 filing fee
22. State Lease MF111922A dated December 1, 2010, recorded in Book 863, Page 225, Houston & Emma Hill Trust Estate, Et al., Agent; and \$100 processing fee \$25 filing fee
23. State Lease MF111922B dated February 7, 2011, recorded in Book 874, Page 719, Jase Minerals, LP, et al., Agent. \$25 filing fee

Please indicate your receipt of the enclosed check as the full amount due from Energen for the above by signing, dating, and returning one copy of this letter in the postage paid envelope provided. If you have any questions or concerns, please do not hesitate to contact me at 432-688-3326.

If there is anything further that must be done to complete this transaction, please contact me at 432.688.3328.

Very truly yours,

Mollie McAuliffe

Mollie McAuliffe
Land Analyst

/mm
Enclosures

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ENERGEN RESOURCES CORPORATION
605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-2710

12707787

Page 1 of 1

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	AMOUNT
STATE OF TEXAS	21640	Feb-21-2012	408098	\$1,200.00

VOUCHER	VENDOR INV #	INV DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
02-AP-8038	021312H	02/09/12	1,200.00	0.00	1,200.00
LEGAL & TITLE					
OVERNIGHT TO KEN GRAY					
TOTAL INVOICES PAID					1,200.00

COPY

RECEIVED
FEB 29 2012

DETACH BEFORE DEPOSITING

THIS DOCUMENT CONTAINS SECURITY FEATURES - SEE BACK FOR DETAILS

ENERGEN RESOURCES CORPORATION
605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-2710

Wells Fargo
Birmingham, Alabama

No. 408098

PAY EXACTLY \$1,200.00

CHECK NO.	DATE	PAY EXACTLY
408098	Feb-21-2012	\$1,200.00

TO THE ORDER OF

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

President

Treasurer

408098

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

December 29, 2011

Chris Curry
Energen Resources
3300 North A Street Building 4
Suite 100
Midland, Texas 79705

Re: State Lease MF 112844

Twelve Relinquishment Act Leases described on Page 2 hereof
Covering Sec. 4, Blk 57, T-3, T&P Ry Co Survey, Reeves
County, TX

Dear Mr. Curry:

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. The remittances by Doyle Snow for \$100.00 cover the processing fee and \$300.00 cover the filing fees.

Sincerely yours,

Drew Reid
Mineral Leasing, Energy Resources
(512) 475-1534
drew.reid@glo.texas.gov

MF 112844A - MF 112844L

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

File No.

ME 111923

~~Proposed by [Signature]~~
of filing fees ~~3/21/11~~

Date Filed:

Jerry E. Patterson, Commissioner

By

[Signature]

Cover Letter @ Bows @ Fees

Bonus

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

December 29, 2011

Chris Curry
Energen Resources
3300 North A Street Building 4
Suite 100
Midland, Texas 79705

Re: **State Lease MF 111923**

Two Relinquishment Act Leases described on **Page 2** hereof
Covering portion of Sec. 22, Blk 59, Sec. 43, 44, 45, Blk 59,
portion of Sec. 14, Blk 58, portion of Sec. 2, Blk 71, PSL
Survey, portion Sec. 30 & 34, Blk 55, T-5, T&P Ry Co. Survey,
Reeves County, TX

Dear Mr. Curry:

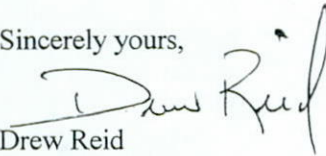
The certified copies of the Relinquishment Act leases covering the referenced tract have been approved and filed in our records under Mineral File numbers as set out on Page 2. **Please refer to these numbers when making payments to the State and in all future correspondence concerning the leases. Failure 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. We have no record of having received the \$100.00 processing fee or the \$25.00 filing fee per lease (for a total of \$150.00), which we request you send as soon as possible.

Sincerely yours,


Drew Reid
Mineral Leasing, Energy Resources
(512) 475-1534
drew.reid@glo.texas.gov

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

Chris Curry
December 29, 2011
Page 2

State Lease MF111923A

Lease dated December 1, 2010 recorded Book 863, Pg 186, Reeves
Houston & Emma Hill Trust Estate et al, agents for State of Texas,
Lessor, Bonus received \$652,632.75

State Lease MF111923B

Lease dated February 7, 2011 recorded Book 874, Pg 741, Reeves
Jase Minerals, LP, et al, agents for State of Texas, Lessor
Bonus received \$44,615.18

(4)

File No. 111923

Final Letter

Date Filed: 12/29/11

Jerry E. Patterson, Commissioner

By Git

FILE # 151

MF111923A

General Land Office
Relinquishment Act Lease Form
Revised, September 1997

PAID UP
OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 1st day of December, 2010, between the State of Texas, acting by and through its agent, care of SEE ATTACHED SIGNATURE PAGE, of said agent herein referred to as the owner of the soil (whether one or more), and **Energien Resources Corporation**, of 3300 North "A" Street, Building 4, Suite 100, Midland, Texas. 79705 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:

Public School Land Survey, Block 59 ✓
Section 22 : South 360 acres
being 360.00 gross acres

Public School Land Survey, Block 59
Section 43 : All ✓
Section 44 : All ✓
Section 45 : All ✓
being 1920.00 gross acres

Public School Land Survey, Block 58
Section 14 : E2, SW ✓
being 480.00 gross acres

T & P Railroad Company Survey, Block 55, T5
Section 30 : South 360 acres ✓
Section 34 : South 360 acres ✓
being 720.00 gross acres

Public School Land Survey, Block 71
Section 2 : north 219.33 acres ✓
being 219.33 gross acres

containing 3699.33 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: six hundred fifty-two thousand six hundred thirty-two and 75/100
Dollars (\$ 652,632.75)

To the owner of the soil: six hundred fifty-two thousand six hundred thirty-two and 75/100
Dollars (\$ 652,632.75)

Total bonus consideration: one million three hundred five thousand two hundred sixty-five and 50/100
Dollars (\$ 1,305,265.50)

The total bonus consideration paid represents a bonus of five hundred fifty 00/100 Dollars (\$ 550.00) per acre, on 2373.21 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.

3. DELAY RENTALS. If no well be 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 " THIS IS A PAID-UP LEASE: SEE PARAGRAPH 40 " Bank, at _____, or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the

Energien #3 GLO 10-15-10



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Reeves County
Clerks Office

11.01.3

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 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 twenty-five percent (25%) 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 twenty-five percent (25%) 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 twenty-five percent (25%) 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 1/4th 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.

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Clerks Office

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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 accruing when the royalty is sixty (60) days overdue. Affidavits and supporting documents which are not filed when due shall incur a penalty in an amount set by the General Land Office administrative rule which is effective on the date when the affidavits or supporting documents were due. The Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law nor act to postpone the date on which royalties were originally due. The above penalty provisions shall not apply in cases of title dispute as to the State's portion of the royalty or to that portion of the royalty in dispute as to fair market value.

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 well 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 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

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Clerks Office

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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 in an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period. 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.

(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.

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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, of 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.

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 (of 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;

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- (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 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, Chapter 9 of the Texas Business and Commerce Code. Lessee agrees that the Commissioner may require Lessee to execute and record such instruments as may be reasonably necessary to acknowledge, attach or perfect this lien. Lessee hereby represents that there are no prior or superior liens arising from and relating to Lessee's activities upon the above-described property or from Lessee's acquisition of this lease. Should the Commissioner at any time determine that this representation is not true, then the Commissioner may declare this lease forfeited as provided herein.

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**

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(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 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 (I) A VIOLATION OF THE FOREGOING PROHIBITION OR (II) 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.

40. Rentals in the amount of \$ 2373.21 for years two and three of this lease have been prepaid. 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 \$ 1,395,265.50 has not been paid and if the fourth year rental is not paid then this lease will expire if no well has been commenced per the provisions of paragraph 3. DELAY RENTALS. 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.

41. See "ADDENDUM TO LEASE for additional provisions

LESSEE: Energien Resources Corporation

BY: Kenneth H. Gray

TITLE: District Land Manager

DATE: 12/30/10

SEE ATTACHED SIGNATURE PAGE

STATE OF TEXAS

BY: _____

TITLE: Individually and as agent for the State of Texas

Date: _____

STATE OF TEXAS

TITLE: Individually and as agent for the State of Texas

Date: _____

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ACKNOWLEDGEMENT
(Company, LP, Ltd. or LLC)

STATE OF

COUNTY OF _____

Before me, the undersigned authority, on this day personally appeared _____,
known to me to be the person whose name is subscribed to the foregoing instrument, as _____ of
_____ and acknowledged to me that
_____ executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act
and deed of said _____ (Limited Liability Company or Company)

Given under my hand and seal of office this the _____ day of _____,
_____, 2010.

Notary Public in and for the State of _____

ACKNOWLEDGEMENT
(Corporation)

STATE OF

COUNTY OF Midland

Before me, the undersigned authority, on this day personally appeared, Kenneth H. Gray
known to me to be the person whose name is subscribed to the foregoing
instrument, as District Land Manager of Energen Resources Corporation
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 30th day of December,
_____, 2010.



Mollie McAuliffe
Notary Public in and for the State of Texas

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SIGNATURE PAGE

James Robert Hill, individually and as
Trustee of the Houston and Emma
Hill Trust Estate

Virginia Glenn Hill Lattimore
Individually and as Trustee of the
Houston and Emma Hill Trust Estate

Houston and Emma Hill Trust Estate
John A. Sitysky, Trustee

Petrol Hill Resources, LLC
Michael S. Waltrip, Member, as agent for
Waltrip Marital Trust
MISW Revocable Trust
MLH Revocable Trust

Nancy Puff Jones Trust
by :
Its :

Jase Minerals
By :
Its :

Westco Family Limited Partnership
by :
Its :

H-S Minerals & Realty, Ltd.
RC Star, LLC General Partner
E. Robert Shepard, Jr.
Managing Member

Hill Investments, Ltd.
by Casady Enterprises, LLC
its General Partner
Alan M. Hill, President

11.01.2

Emergen - GLO #3 10-15-10



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Original filed in
Reeves County
Clerks Office

ACKNOWLEDGEMENT
(individual)

STATE OF TEXAS

COUNTY OF TARRANT

Before me, the undersigned authority, on this day personally appeared, James Robert Hill
known to me to be the person whose name is subscribed to the foregoing
and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 15th day of October
_____, 2010.



Sheila D. Richards
Notary Public in and for the State of Texas

Energen #2 GLO 10-15-10



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copy of
Original filed in
Reeves County
Clerks Office

11.01.10

ACKNOWLEDGEMENT
(individual)

STATE OF TEXAS

COUNTY OF TARRANT

Before me, the undersigned authority, on this day personally appeared, Virginia Glenn Hill
Lattimore known to me to be the person whose name is subscribed to the foregoing
and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 14th day of October
2010.



Sheila D. Richards
Notary Public in and for the State of Texas

Energex #2 GLO 10-15-10



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Original filed in
Reeves County
Clerks Office

11013

ACKNOWLEDGEMENT
(Company, LP, Ltd, LLC, Trust)

STATE OF TEXAS

COUNTY OF TARRANT

James Robert Hill, Virginia
Glenn Hill Lattimore and John
A. Styrsky

Before me, the undersigned authority, on this day personally appeared _____,
known to me to be the person whose name is subscribed to the foregoing instrument, as Co-Trustees of
Houston & Emma Hill Trust Estate and acknowledged to me that
_____ executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act
and deed of said Trust (Limited Liability Company or Company)

Given under my hand and seal of office this the 15th day of October -
_____, 2010.



Sheila D. Richards
Notary Public in and for the State of

ACKNOWLEDGEMENT
(Corporation)

STATE OF

COUNTY OF _____

Before me, the undersigned authority, on this day personally appeared, _____
known to me to be the person whose name is subscribed to the foregoing
instrument, as _____ of _____
and acknowledged to me that _____ 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 _____ -
_____, 2010.

Notary Public in and for the State of Texas

Energex - GLO #3 10-15-10



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

11073

SIGNATURE PAGE

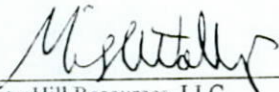
James Robert Hill, individually and as
Trustee of the Houston and Emma
Hill Trust Estate

Hill Investments, Ltd.
by Casody Enterprises, LLC
its General Partner
Alan M. Hill, President

Virginia Glenn Hill Lattimore
Individually and as Trustee of the
Houston and Emma Hill Trust Estate

H-S Minerals & Realty, Ltd.
RC Star, LLC General Partner
E. Robert Shepard, Jr.
Managing Member

Houston and Emma Hill Trust Estate
John A. Styrsky, Trustee


PetroHill Resources, LLC
Michael S. Waltrip, Member, as agent for
Waltrip Marital Trust
MSW Revocable Trust
MLH Revocable Trust

Nancy Puff Jones Trust
by : _____
Its : _____

Jase Minerals
By : _____
Its : _____

Westco Family Limited Partnership
by : _____
Its : _____

Energex - GLO #3 10-15-10



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copy of
Original filed in
Reeves County
Clerks Office

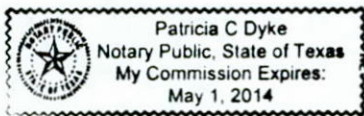
11073

ACKNOWLEDGEMENT
(Company, LP, Ltd., LLC, Trust)

STATE OF Texas
COUNTY OF Tarrant

Before me, the undersigned authority, on this day personally appeared MICHAEL S. WATKINS, known to me to be the person whose name is subscribed to the foregoing instrument, as MANAGING MEMBER of ATLANTIC TRADING LLC and acknowledged to me that ATLANTIC TRADING LLC executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said LLC (Limited Liability Company or Company)

Given under my hand and seal of office this the 12th day of October, 2010.



Patricia C. Dyke
Notary Public in and for the State of

ACKNOWLEDGEMENT
(Corporation)

STATE OF _____
COUNTY OF _____

Before me, the undersigned authority, on this day personally appeared, _____ known to me to be the person whose name is subscribed to the foregoing instrument, as _____ of _____ and acknowledged to me that _____ 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 _____, 2010.

Notary Public in and for the State of Texas

Energize - GLO #3 10-15-10



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Clerks Office

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SIGNATURE PAGE

James Robert Hill, individually and as
Trustee of the Houston and Emma
Hill Trust Estate

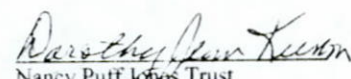
Hill Investments, Ltd.
by Casody Enterprises, LLC
its General Partner
Alan M. Hill, President

Virginia Glenn Hill Lattimore
Individually and as Trustee of the
Houston and Emma Hill Trust Estate

H-S Minerals & Realty, Ltd.
RC Star, LLC General Partner
E. Robert Shepard, Jr.
Managing Member

Houston and Emma Hill Trust Estate
John A. Styrsky, Trustee

PetroHill Resources, LLC
Michael S. Waltrip, Member, as agent for
Waltrip Marital Trust
MSW Revocable Trust
MLH Revocable Trust


Nancy Puff Jones Trust
by: Dorothy Jean Keenom
Its: Sole Trustee

Jase Minerals
By : _____
Its : _____

Westco Family Limited Partnership
by : _____
Its : _____

Energex - GLO #3 10-15-10



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Original filed in
Reeves County
Clerks Office

11.01.10

ACKNOWLEDGEMENT
(Company, LP, Ltd, LLC, Trust)

STATE OF TEXAS

COUNTY OF TARRANT

Before me, the undersigned authority, on this day personally appeared Dorothy Jean Keenom, known to me to be the person whose name is subscribed to the foregoing instrument, as Sole Trustee of Nancy Puff Jones Trust and acknowledged to me that _____ executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said Trust.

Given under my hand and seal of office this the 12th day of October, 2010.

Jennise L. Hook
Notary Public in and for the State of

ACKNOWLEDGEMENT

STATE OF

COUNTY OF _____

Before me, the undersigned authority, on this day personally appeared, _____
 _____ known to me to be the person whose name is subscribed to the foregoing
 instrument, as _____ of _____
 _____ and acknowledged to me that _____ 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 _____, 2010.

Notary Public in and for the State of Texas

3
Energen #1 GLO 10-15-10



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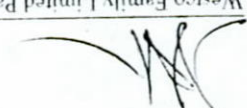
SIGNATURE PAGE

James Robert Hill, individually and as
Trustee of the Houston and Emma
Hill Trust Estate

Virginia Glenn Hill Latimore
Individually and as Trustee of the
Houston and Emma Hill Trust Estate

Houston and Emma Hill Trust Estate
John A. Strysky, Trustee

PetroHill Resources, LLC
Michael S. Waltrip, Member as agent for
Waltrip Marital Trust
MSW Revocable Trust
NLH Revocable Trust

Nancy Puff Jones Trust
by :
Its :


Westco Family Limited Partnership
By : Westco Energy, LLC, as general partner
Stephen R. Henson, President

Ensign #3 GLO 10-15-10

Hill Investments, Ltd.
by Casody Enterprises, LLC
its General Partner
Alan M. Hill, President

H-S Minerals & Realty, Ltd.
RC Star, LLC General Partner
E. Robert Shepard, Jr.
Managing Member

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Clerks Office



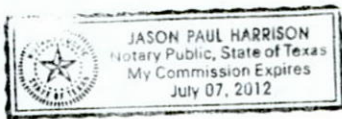
11.01.2

ACKNOWLEDGEMENT
(Company, LP, Ltd. or LLC)

STATE OF Tx
COUNTY OF Upshur

Before me, the undersigned authority, on this day personally appeared Stephen R. Harrison, known to me to be the person whose name is subscribed to the foregoing instrument, as President of Wester Energy LLC 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 LLC (Limited Liability Company or Company)

Given under my hand and seal of office this the 22 day of Nov, 2010.



[Signature]
Notary Public in and for the State of

ACKNOWLEDGEMENT
(Corporation)

STATE OF _____
COUNTY OF _____

Before me, the undersigned authority, on this day personally appeared, _____ known to me to be the person whose name is subscribed to the foregoing instrument, as _____ of _____ and acknowledged to me that _____ 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 _____, 2010.

Notary Public in and for the State of Texas

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SIGNATURE PAGE

James Robert Hill, individually and as
Trustee of the Houston and Emma
Hill Trust Estate


Hill Investments, Ltd.
by Casody Enterprises, LLC
its General Partner
Alan M. Hill, President

Virginia Glenn Hill Lattimore
Individually and as Trustee of the
Houston and Emma Hill Trust Estate

H-S Minerals & Realty, Ltd.
RC Star, LLC General Partner
E. Robert Shepard, Jr.
Managing Member

Houston and Emma Hill Trust Estate
John A. Styrsky, Trustee

PetroHill Resources, LLC
Michael S. Waltrip, Member as agent for
Waltrip Marital Trust
MSW Revocable Trust
MLH Revocable Trust

Nancy Puff Jones Trust

by : _____
Its : _____

Westco Family Limited Partnership
By : Westco Energy, LLC, as general partner
Stephen R. Henson, President

Energex #3 GLO 10-15-10

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Original filed in
Reeves County
Clerks Office

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ACKNOWLEDGEMENT
(Company, LP, Ltd. or LLC)

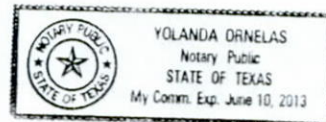
STATE OF _____
COUNTY OF _____

Before me, the undersigned authority, on this day personally appeared Alan M Hill,
known to me to be the person whose name is subscribed to the foregoing instrument, as PRESIDENT of
Hill Investments, LTD and acknowledged to me that
HS executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act
and deed of said TEXAS LTD (Limited Liability Company or Company)

Given under my hand and seal of office this the 23 day of November, 2010.

Yolanda Ornel
Notary Public in and for the State of Texas

ACKNOWLEDGEMENT
(Corporation)



STATE OF _____
COUNTY OF _____

Before me, the undersigned authority, on this day personally appeared, _____
known to me to be the person whose name is subscribed to the foregoing
instrument, as _____ of _____
and acknowledged to me that _____ 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 _____, 2010.

Notary Public in and for the State of Texas

Energex #3 GLO 10-15-10

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Clerks Office

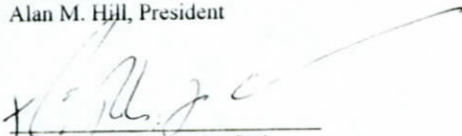
11.01.3

SIGNATURE PAGE

James Robert Hill, individually and as
Trustee of the Houston and Emma
Hill Trust Estate

Hill Investments, Ltd.
by Casody Enterprises, LLC
its General Partner
Alan M. Hill, President

Virginia Glenn Hill Lattimore
Individually and as Trustee of the
Houston and Emma Hill Trust Estate


H-S Minerals & Realty, Ltd.
RC Star, LLC General Partner
E. Robert Shepard, Jr.
Managing Member

Houston and Emma Hill Trust Estate
John A. Styrsky, Trustee

PetroHill Resources, LLC
Michael S. Waltrip, Member, as agent for
Waltrip Marital Trust
MSW Revocable Trust
MLH Revocable Trust

Nancy Puff Jones Trust
by : _____
Its : _____

Jase Minerals
By : _____
Its : _____

Westco Family Limited Partnership
by : _____
Its : _____

Energex - GLO #3 10-15-10



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copy of
Original filed in
Reeves County
Clerks Office

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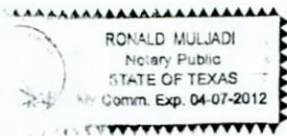
ACKNOWLEDGEMENT
(Company, LP, Ltd. LLC, Trust)

STATE OF Texas

COUNTY OF Travis

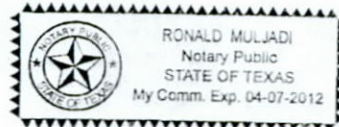
Before me, the undersigned authority, on this day personally appeared E. ROBERT SHEPARD, JR.
known to me to be the person whose name is subscribed to the foregoing instrument, as MANAGING MEMBER OF
RESTAR, LLC, GENERAL MANAGER OF HERMITAGE REALTY, LTD. and
acknowledged to me that HE executed the same for the purposes and consideration therein expressed, in
the capacity stated, and as the act and deed of said TEXAS LIMITED PARTNERSHIP

Given under my hand and seal of office this the 14th day of October, 2010.



Ronald Muljadi
Notary Public in and for the State of Texas

ACKNOWLEDGEMENT
(Corporation)



STATE OF

COUNTY OF

Before me, the undersigned authority, on this day personally appeared, _____
known to me to be the person whose name is subscribed to the foregoing
instrument, as _____ of _____
and acknowledged to me that _____ 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 _____, 2010.

Notary Public in and for the State of Texas

Energien # 3 GLO 10-15-10



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EXHIBIT "A"

ADDENDUM TO LEASE

Attached to and made a part of that certain Oil and Gas Lease dated 12-01-10 by and between the STATE OF TEXAS, acting by and through its agent, as set out on the signature page attached hereto, Owner of the Soil, and Energen Resources Corporation, Lessee.

Notwithstanding any provisions of this Lease to the contrary, it is expressly understood and agreed by and between the parties that:

1. Lessee shall not use any existing water, whether from wells, tanks, ponds or reservoirs, from Leased Premises without prior written consent of Lessor as owner of the surface estate. Lessee, its successors and assigns, may itself drill a water well and then use the potable water from that well for drilling operations that are conducted on the Leased Premises or lands pooled therewith. However, Lessee shall have no right to the use of potable water from the Leased Premises for water flooding or secondary recovery operations without the prior written consent of Lessor as the owner of the surface estate. In the event Lessee drills a new well and encounters non-potable water which is certified as not suitable for human, animal or agricultural use, Lessee may use same for its drilling, water flooding or secondary recovery operations. Lessee may not drill a new well within 500 feet of an existing water well located on the leased premises without Lessor's prior written consent. In the event lessee drills a water well on the Leased Premises and completes its use of same, upon termination of Lessee's use of said water well, Lessee will give Lessor a thirty (30) day written notice as to Lessee's intention to plug and abandon said water well. Lessor may during said thirty (30) day notice period, provide to Lessee a written request as to Lessor's election to take over the ownership of said water well and in such event, Lessee agrees upon receipt of written request by Lessor to transfer said water well to Lessor as owners of the surface estate, upon Lessee's execution of a written transfer instrument that includes Lessor's agreement to accept the water well 'AS IS' without any warranty and Lessor's agreement to assume all rights, responsibilities and liabilities, if any, for the operation and maintenance of said water well, including but not limited to plugging of the well in accordance with any regulations of applicable governmental agency or agencies.
2. Lessee is granted the right to use existing roads on the leased premises for ingress and egress, and to the extent such roads are used by Lessee, agrees to maintain, restore and keep roads in usable condition so long as this lease is in force and effect.
3. Lessee shall notify Lessor a minimum of 24 hours before cutting any new road, if necessary, into or on the leased premises.
4. Lessee shall install and maintain cattle guards at every fence crossing, said cattle guards to remain upon premises as Lessor's property at the expiration of this lease.
5. Lessee will bury and maintain all pipelines and electrical transmission lines 24 inches below the surface only in the event that topographic or ground conditions allow for lines being buried to the set out depth. Lessee may further use temporary poly flowlines on the surface with the written permission of the Lessor.
6. Lessee may use no more of the surface of the leased premises than is reasonably necessary to use for the purpose of which this lease is granted, and it shall exercise all rights granted to it herein with due regard for the rights of the Owner of the Soil.
7. Lessee, its successors and assigns, shall not erect any building or houses on the leased premises and that only those structures which are reasonably necessary for production facilities or tank batteries shall be erected on the surface of the leased premises.
8. Lessee will not pollute any water aquifers or fresh water in, upon or under the leased premises, and Lessee agrees to notify owner of the Soil in writing if fresh water is encountered during drilling, or if a fresh water formation is penetrated.
9. Lessee shall maintain all drill sites and other portions of the surface used or occupied by lessee, its successors or assigns, free and clear of weed and noxious vegetation, and will maintain the same in a reasonable manner to prevent additional damage to Owner of the Soil, other land, and crops.
10. Upon written demand by Owner of the Soil, Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries to protect livestock against loss, damage or injury; and upon completion or abandonment of any well or wells, Lessee shall fill and level off all slush pits and cellars and completely clean up the drill site of all rubbish thereon.
11. In the event of a dry hole or production from a well which production ceases and the abandonment of such well, or upon the abandonment of any well location, drill site, tank battery site or roadway, the premises will be restored by Lessee as nearly as reasonably possible to its former condition at the cost and expense of Lessee, it being the intention of the parties hereto that Lessee shall restore the surface to as nearly the state that it is in at the time of execution of this lease.
12. If all or any part of this lease is assigned, released, pooled or unitized, Lessee agrees to furnish the Owner of the Soil with a copy of any such document.
13. This lease grants no hunting or fishing rights whatsoever. Furthermore, Lessee, its agents, contractors, employees or assigns shall be prohibited from carrying or transporting firearms of any type upon or across the herein described premises.
14. Weather permitting, Lessee shall remove from the herein described premises any and all structures, equipment and property of every kind and character placed by Lessee on said premises within ninety (90) days after Lessee has finished with the use of the area where such structure, equipment and property are placed. After thirty (30) days written notice to Lessee by Owner of the Soil, any such structure, equipment or property left on the lease premises by Lessee after the ninety (90) day

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period, shall at Lessor's option, become the property of Owner of the Soil. Lessee shall properly plug all wells drilled by Lessee on the leased premises in accordance with the requirement of the Railroad Commission of Texas, the Texas Natural Resources Conservation Commission or other governmental agencies having jurisdiction. In plugging the wells, Lessee shall cut off the casing at least thirty six (36) inches below the surface.

15. If at the expiration of the primary term and/or the expiration of any extension of the primary term, Lessee has completed a well(s) or Lessee is then engaged in drilling, reworking, or other operations reasonably calculated to obtain or restore production, Lessee shall have the option to commence a continuous development program on said lease and this lease shall remain in full force and effect during such time as said continuous drilling program on the lands covered by this lease is conducted by Lessee. "Continuous Drilling Program" is defined herein to mean the continuous development of the leased premises by Lessee with no more than one hundred eighty (180) days elapsing between the completion of one (1) well and commencement of actual drilling operations of a succeeding well. For purposes of interpretation of this provision, a well should be determined to be completed on the day Lessee releases the drilling rig used to drill such well, or the date such rig is moved off the location, whichever date occurs first, and a well should be determined to be commenced when such well is spudded. The termination of rights hereunder shall be the sole liability or penalty for the failure to drill any well or wells acquired or permitted hereunder. Upon cessation of such continuous drilling program this lease shall terminate as to all lands covered hereby, except as to each well capable of producing oil or gas in paying quantities, together with the proration unit allocated thereto in accordance with the rules and regulations of the Texas Railroad Commission as of the date of such termination from the surface down to the depth of one hundred feet (100') below the deepest producing formation. Thereafter, Lessee shall promptly execute and deliver to Owner of the Soil a recorded release of this lease as to all lands covered hereby, save and except to each such producing proration unit, and to all depths of such producing proration units except from the surface down to the depth of one hundred feet (100') below the deepest producing formation.
16. Lessee agrees to provide the Owner of the Soil with a chromatograph test for any gas well completed on the land covered by this lease, if possible.

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Clerks Office

11013

GENERAL POWER OF ATTORNEY

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF TARRANT §

THAT WALTRIP ENERGY, LTD., KPW NORTH TEXAS, LTD., GASCO ENERGY, LTD. (SUCCESSOR TO GMOM, LTD.), KPW GULF COAST, LTD. (SUCCESSOR TO KPW SOUTH TEXAS, LTD. AND KW4000, LTD.), MICHAEL S. WALTRIP IN HIS CAPACITY AS TRUSTEE OF THE MSW REVOCABLE TRUST (SUCCESSOR TO THE MICHAEL SCOTT WALTRIP TRUST), MARGERY L. HANNA IN HER CAPACITY AS TRUSTEE OF THE MLH REVOCABLE TRUST (SUCCESSOR TO THE MARGERY LINN HANNA TRUST), KENNETH M. WALTRIP IN HIS CAPACITY AS TRUSTEE OF BOTH THE KENNETH M. WALTRIP TRUST AND WALTRIP MARITAL TRUST (SUCCESSOR TO GEO P. HILL TRUST AND KPW REVOCABLE TRUST), AND EXPORT PETROLEUM CORPORATION (collectively "Principals"), do hereby appoint PETROHILL RESOURCES, LLC, A TEXAS LIMITED LIABILITY COMPANY ("Agent"), as Principals' true and lawful attorney-in-fact, with full power of substitution to act in Principals' names, places and steads and on Principals' behalf to do and execute all or any of the following acts, matters and things whatsoever, to-wit:

- (1) To exercise, do or perform any act, right, power, duty, or obligation whatsoever that Principals each now have or may acquire the legal right, power or capacity to exercise, do, or perform in connection with, arising out of, or relating to any person, item, thing, transaction, business property, real or personal, tangible or intangible, or matter whatsoever, except as otherwise specifically limited or restricted herein.
- (2) To execute in the name of and on behalf of each of Principals' respective oil, gas and mineral interests, any and all oil, gas and mineral division orders and transfer orders, oil, gas and mineral leases and subleases, farm-out agreements, operating agreements, seismic permits, easements, utilization agreements, pooling agreements and any other document, contract or agreement relating to Principals' oil, gas and mineral interests.
- (3) To receive and accept on behalf of each of Principals all Joint Interest Billings ("JIB") and Authorizations For Expenditures ("AFE") and to remit payment to third parties as required or contemplated by the JIB and AFE; and for convenience, Principals each authorize Agent to request that, for billing purposes, any third party combine any or all of Principals' respective oil, gas and mineral interests and the JIB and AFE relating thereto, and bill Principals' respective interests collectively in a single bill under Agent's name and under Agent's Federal Taxpayer Identification Number.
- (4) To sign, endorse, execute, acknowledge, deliver, receive and possess such applications, contracts, agreements, options, covenants, leases, assignments, insurance policies, bills



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of lading, warehouse receipts, documents of title, bills, checks, drafts, bills of exchange, commercial paper, receipts, withdrawal receipts and deposit instruments relating to accounts or deposits in banks, savings and loan or other institutions or associations, proofs of loss, releases, and judgment liens, and other debts and obligations, and other instruments in writing of whatever kind and nature as may be necessary or proper in the exercise of the rights and powers herein granted.

(5) To ask, demand, sue for, recover, collect, receive and hold and possess all sums of money, debts, dues, goods, wares, merchandise, chattels, effects, bonds, notes, checks, drafts, accounts, deposits, interests, dividends, certificates of deposit, insurance benefits and proceeds, documents of title, choses in action, personal and real property, tangible and intangible property and property rights, and demands whatsoever, liquidated or unliquidated, and things of whatsoever nature or description which now are or hereafter shall be or become due, owing, payable or belonging to Principals in or by any right, title, ways or means howsoever, and upon receipt thereof or of any part thereof to make, sign, execute, and deliver such receipts, releases or other discharges for the same as Agent shall think fit or be advised.

(6) To lease, purchase, exchange and acquire and to bargain, contract and agree for the lease, purchase and exchange and acquisition of and to take, receive and possess any real or personal property whatsoever, tangible or intangible, or any interest therein, on such terms and conditions and under such covenants as Agent shall deem proper, with title to be held in the name of the entity for which such activity is performed.

(7) To enter into and upon all and each of Principals' respective real property, and to let, manage, and improve the same or any part thereof, and to repair or otherwise improve or alter, and to insure any buildings or structures thereon.

(8) To manage, utilize, conserve, demolish, repair, rebuild, alter or improve any real estate or structure thereon or personal property owned or claimed to be owned by any one of Principals in whole or in part, and to protect the same by action, proceeding or otherwise, including, but not limited to the recovery or possession thereof and the removal of tenants or other persons, animals or objects therefrom.

(9) To enter into contracts for the storage of tangible personal property of every kind.

(10) To deposit any moneys which may come to Principals or Agent as such Agent with any bank or other financial institution or other person either in the names of Principals or in the name of Agent as trustee to hold in trust for Principals, and to employ or expend as Agent shall think fit any of such money or any other money to which Principals are entitled, which now is or shall be so deposited; to withdraw, in the payment of any debts, or interest payable by Principals, or taxes, assessments, insurance, and expenses due and payable or to become due and payable on account of Principals' real and personal estate, or in or about any of the purposes herein mentioned, or otherwise for Principals' use and benefit, and to receive and give receipts for any income or dividend arising from Owners' investments; to establish deposit accounts either in the names of Principals or in the name of Agent as trustee.



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(11) To engage, employ, and dismiss any agents, clerks, employees, attorneys-at-law, accountants, investment advisors, custodians, independent contractors, or other persons in and about the performance of these presents as Agent shall think fit.

(12) To make, execute and file income and all other tax returns and declarations of estimated tax required to be made by Principals by any law or regulation of any government or governmental authority; to represent and act for Principals in all tax matters in dispute or litigation, in any governmental department, board or court; to receive, endorse, and collect checks in settlement of any refund of taxes; to execute consents agreeing to a later determination of taxes than is provided by statutes of limitation; to execute closing agreements relative to tax liabilities; to file claims for abatement, refund, or credit taxes; to make any adjustments or agreements pertaining to all income or other taxes assessed against Principals or Principals' respective property by statute.

(13) To modify, reform, renegotiate or rescind any contract or obligation heretofore or hereafter made by Principals or in Principals' behalf.

(14) In general, to do all other acts, matters and things whatsoever in or about Principals' respective real or personal property, or to concur with persons jointly interested with ourselves therein in doing all acts, matters, and things herein, either particularly or generally described, as fully and effectually to all intents and purposes as Principals could do if present and competent.

General Power. This instrument is to be construed and interpreted as a general power of attorney. The enumeration of specific items, acts, rights, or powers herein does not limit or restrict, and it is not to be construed or interpreted as limiting or restricting the general power herein granted to Agent.

Restriction on Transfer of Title. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, AGENT SHALL NOT HAVE AUTHORITY TO ENCUMBER, SELL, OR TRANSFER TITLE TO ANY REAL OR PERSONAL PROPERTY OWNED BY PRINCIPALS.

Restriction on Acquisition of Property. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, AGENT SHALL NOT HAVE ANY AUTHORITY TO PURCHASE OR ACQUIRE ANY REAL OR PERSONAL PROPERTY FOR OR ON BEHALF OF PRINCIPALS.

Restriction on Borrowing. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, AGENT SHALL NOT HAVE ANY AUTHORITY TO BORROW FUNDS FOR OR ON BEHALF OF PRINCIPALS.

Revocation of Prior Powers of Attorney. This general power of attorney revokes any previous powers of attorney granted by Principals. This general power of attorney may be voluntarily revoked only by any one of Principals or all of Principals by a written revocation entered



of record in the offices of the County Clerk of Tarrant County, Texas; provided, however, a revocation by any one of Principals shall not constitute a revocation by any other one of Principals.

Bond. No attorney-in-fact shall be obligated to furnish bond or other security.

Ratification and Indemnity. Principals hereby ratify and confirm all that Agent shall lawfully do or cause to be done by virtue of this power of attorney and the rights and powers granted herein. Principals hereby indemnify and hold harmless any third party who accepts and acts under this power of attorney, unless and to the extent revoked by one or more of Principals in the manner stated above, against any and all claims, demands, losses, damages, actions and causes of action, including expenses, costs and reasonable attorneys' fees which such third party may incur in connection with such third party's reliance on this power of attorney.

Principals hereby bind Principals to indemnify and hold harmless Agent against any and all claims, demands, losses, damages, actions and causes of action, including expenses, costs and reasonable attorneys' fees which Agent at any time may sustain or incur in connection with Agent carrying out the authority granted it in the power of attorney.

IN WITNESS WHEREOF, authorized representatives of Principals hereunto execute this instrument to be effective as of July 1, 2010.

[SIGNATURES ON FOLLOWING PAGES]



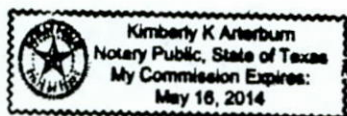
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Waltrip Energy, Ltd., a Texas limited partnership

By: Michael S. Waltrip
Michael S. Waltrip, President, MSW, Inc., a Texas corporation, General Partner

THE STATE OF TEXAS §
§
COUNTY OF TARRANT §

This instrument was acknowledged before me on the 9th day of June, 2010 by Michael S. Waltrip, President of MSW, Inc., a Texas Corporation, General Partner of Waltrip Energy, Ltd., a Texas limited partnership, on behalf of said limited partnership.



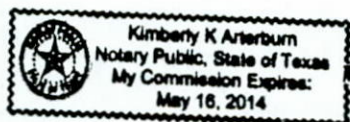
Kimberly K. Arterburn
Notary Public -- State of Texas

KPW North Texas, Ltd.,
a Texas Limited Partnership

By: Kenneth M. Waltrip
Kenneth M. Waltrip,
President KPW, Inc.,
a Texas Corporation, General Partner

THE STATE OF TEXAS §
§
COUNTY OF TARRANT §

This instrument was acknowledged before me on the 9th day of June, 2010 by Kenneth M. Waltrip, President of KPW, Inc., a Texas Corporation, General Partner of KPW North Texas, Ltd., a Texas limited partnership, on behalf of said limited partnership.



Kimberly K. Arterburn
Notary Public -- State of Texas

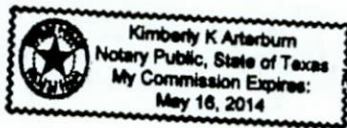


GASCO Energy, Ltd., a Texas limited partnership (Successor to GMOM, Ltd.)

By: Margery L. Hanna
Margery L. Hanna, President, Hanna's Holdings, Inc., a Texas corporation, General Partner

THE STATE OF TEXAS §
§
COUNTY OF TARRANT §

This instrument was acknowledged before me on the 9th day of June, 2010 by Margery L. Hanna, President of Hanna's Holdings, Inc., a Texas corporation, General Partner of GASCO Energy, Ltd., a Texas Limited Partnership (Successor to GMOM, Ltd.), on behalf of said limited partnership.



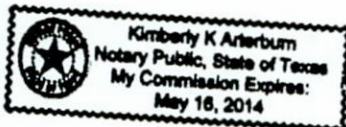
Kimberly K. Arterburn
Notary Public -- State of Texas

KPW Gulf Coast, Ltd., a Texas limited partnership (Successor to KPW South Texas, Ltd. and KW4000, Ltd.)

By: Kenneth M. Waltrip
Kenneth M. Waltrip, President, KPW, Inc., a Texas corporation, General Partner

THE STATE OF TEXAS §
§
COUNTY OF TARRANT §

This instrument was acknowledged before me on the 9th day of June, 2010 by Kenneth N. Waltrip, President of KPW, Inc., a Texas Corporation, General Partner of KPW Gulf Coast, Ltd., A Texas limited partnership (Successor to KPW South Texas, Ltd. and KW4000, Ltd.), on behalf of said limited partnership.



Kimberly K. Arterburn
Notary Public -- State of Texas

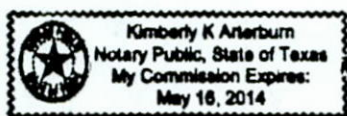


The MSW Revocable Trust dated October 1, 1994 (Successor to the Michael Scott Waltrip Trust)

By: *Michael S. Waltrip*
Michael S. Waltrip, Trustee

THE STATE OF TEXAS §
§
COUNTY OF TARRANT §

This instrument was acknowledged before me on the 9th day of June, 2010 by Michael S. Waltrip, Trustee for The MSW Revocable Trust dated October 1, 1994 (Successor to the Michael Scott Waltrip Trust), on behalf of said trust.



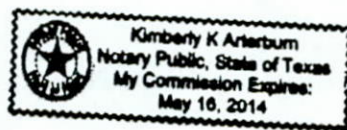
Kimberly K. Arterburn
Notary Public -- State of Texas

The MLH Revocable Trust dated October 1, 1994 (Successor to the Margery Linn Hanna Trust)

By: *Margery L. Hanna*
Margery L. Hanna, Trustee

THE STATE OF TEXAS §
§
COUNTY OF TARRANT §

This instrument was acknowledged before me on the 9th day of June, 2010 by Margery L. Hanna, Trustee for the MLH Revocable Trust dated October 1, 1994 (Successor to the Margery Linn Hanna Trust), on behalf of said trust.



Kimberly K. Arterburn
Notary Public -- State of Texas



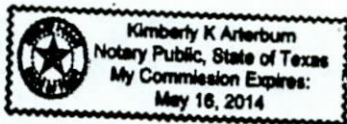
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The Kenneth M. Waltrip Trust (Successor to
Geo P. Hill Trust and KPW Revocable Trust)

By: Kimberly K. Arterburn
Kenneth M. Waltrip, Trustee

THE STATE OF TEXAS §
§
COUNTY OF TARRANT §

This instrument was acknowledged before me on the 9th day of June, 2010 by Kenneth M. Waltrip, Trustee for the Kenneth M. Waltrip Trust (Successor to Geo P. Hill Trust and KPW Revocable Trust), on behalf of said trust.



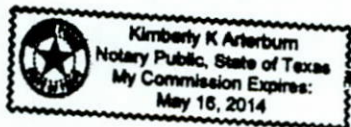
Kimberly K. Arterburn
Notary Public -- State of Texas

The Waltrip Marital Trust (Successor to Geo
P. Hill Trust and KPW Revocable Trust)

By: Kimberly K. Arterburn
Kenneth M. Waltrip, Trustee

THE STATE OF TEXAS §
§
COUNTY OF TARRANT §

This instrument was acknowledged before me on the 9th day of June, 2010 by Kenneth M. Waltrip, Trustee for The Waltrip Marital Trust (Successor to Geo P. Hill Trust and KPW Revocable Trust), on behalf of said trust.



Kimberly K. Arterburn
Notary Public -- State of Texas



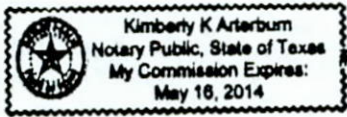
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Export Petroleum Corporation, a Texas corporation

By: Michael S. Waltrip
Michael S. Waltrip, its President

THE STATE OF TEXAS §
 §
COUNTY OF TARRANT §

This instrument was acknowledged before me on the 9th day of June, 2010 by Michael S. Waltrip, President of Export Petroleum Corporation, a Texas Corporation, on behalf of said corporation.



Kimberly K. Arterburn
Notary Public -- State of Texas



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LegalDocs - Financial Durable Power of Attorney, Legal Forms and Documents by LegalDocs.com, Dallas, Texas, Private, Downloadable, Download

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RECORDING REQUESTED BY:)
AND WHEN RECORDED MAIL TO:)
)
)
)
)

DURABLE POWER OF ATTORNEY FOR FINANCIAL MATTERS

ARTICLE I CREATION OF POWER OF ATTORNEY

Appointment of Attorney-in-Fact

I, Mary Agnes Driscoll, (hereinafter sometimes referred to as "Principal"), appoint Geraldine M. Tyll as my Attorney-in-Fact (hereinafter sometimes referred to as "Agent"). My Agent shall act for me and in my name as authorized in this document. Upon the death, resignation or legal disability of Geraldine M. Tyll as my Attorney-in-Fact, then I appoint Tom C. Driscoll as my Successor Attorney-in-Fact.

The initial Attorney-in-Fact named above shall be replaced upon his or her death, resignation or legal disability, and the Successor Attorney-in-Fact, if any is named, shall replace and succeed the initial Attorney-in-Fact, and shall carry out the terms of this Durable Power of Attorney for financial matters as set forth herein.

I give my Attorney-in-Fact the powers set forth in Article II of this Power of Attorney with the understanding that they will be used for my benefit and on my behalf and will be exercised only in a fiduciary capacity.

This Power shall only become effective upon a determination of my incapacity, as determined in accordance with Article III of this Durable Power of Attorney for Financial Decisions.

Creation of Durable Power of Attorney

By this document I intend to create a durable power of attorney for financial decisions under the laws of the state of Texas. This power of attorney is a durable power of attorney and shall not be affected by my subsequent incapacity.

Nomination of Conservator

If a conservator is to be appointed for me, I nominate the persons I have appointed to hold this Durable Financial Power of Attorney (in the same order of preference) to serve as the conservator of my Estate. I request the court to grant to any Conservator of my Estate the additional powers as provided in this Durable Power of Attorney.

ARTICLE II POWERS OF ATTORNEY-IN-FACT

Powers Related to Property Management

I give my Attorney-in-Fact the following powers that may be necessary for the management of my property: (Check all any powers you do not want to grant, if any)

- (1) To open, close, any commercial or personal checking or savings account, either in my own name or jointly with another, and to make any deposits or withdrawals therefrom.
- (2) To sell or lease real property, and to encumber any real property owned by me or in which I have an interest.
- (3) To hire such property managers and other professionals to oversee, manage, sell, or encumber any real property I may own.

<http://www.legaldocs.com/docs/POA.pdf>

Page 1 of 1



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legals.com - Original Court Papers of Attorneys, Judges, Clerks and Documents by Legals.com Online. Free. Printable. Downloadable. Download

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(4) To collect and receive all amounts owing to me from any source, including from contractual debts of any kind, dividends, insurance proceeds and bequests, and retirement funds of and proceeds of any kind, and to select the manner of payment and distribution, whether in lump sum or otherwise, of any such proceeds.

(5) To open or close any safety deposit box I may own either in my own name or jointly with another, and to deposit or withdraw any tangible goods and documents therefrom.

(6) To file suit to collect on any promissory note receivable, whether secured or unsecured, and any related deed of trust, and/or to compromise a claim thereon.

(7) To purchase or sell personal property of every kind and nature, including securities of any kind, and to execute any documents necessary for such purchase or sale.

(8) To open accounts with brokers and securities agents for purpose of buying and/or selling securities of any kind, and to borrow against any such securities.

(9) To vote, either in person or by proxy, for any matter in which a shareholder is entitled to vote, for any securities that I may own.

(10) To file suit and to defend against suits of any nature brought by or against me in any court of law.

(11) To hire professionals for purpose of preparing any tax return of any kind which I may be required to file with any governmental agency, and to pay, compromise or object to the payment of any such taxes.

(12) To appear before any court dealing with a tax matter of any kind, to hire professionals to represent him or her before such tribunal, and to defend, compromise, and object to any such claim.

(13) To borrow money, including but not limited to bank loans, unsecured loans, secured loans, credit card loan, and to give hypothecate my personal property assets as security therefor.

(14) To receive and open any mail I receive from any source, to respond thereto in my name, and to give any appropriate change of address to facilitate same.

(15) To collect and secure any documents owned by me or pertaining to any matters affecting me, including any contracts, insurance policies, wills, trusts, account statements, bills, checkbooks, or any other such documents.

(16) To hire investment counsel, attorneys, accountants, brokers, or any other specialists with respect to the purchase, sale, preservation, collection, and defense of my assets.

(17) To make reasonable gifts on my behalf to those members of any class of persons to whom I have made reasonable gifts in the past.

(18) To exercise or release any power of appointment I may hold.

(19) To release, assert, defend against or assert any marital rights to any property I may own or have a claim to.

(20) To create, revoke, and amend any revocable or irrevocable trust for the benefit of myself and/or any of my issue, whether currently in existence or not, and to add to or remove from any such trust any asset or property.

(21) To apply for and receive governmental assistance of every kind, whether federal or state level, including Medi-Cal, any benefits for the elderly, Social Security, and any other governmental agency of any kind available to me now or in the future.

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(22) To implement any strategy for the preservation of assets in the event of my disability or requirement for long-term nursing home care.

(23) To apply, obtain and pay for any life insurance, medical insurance, disability insurance, or any other private or public insurance benefit, and to collect, negotiate, compromise and/or collect against same.

(24) To maintain my household in the fashion I am or was accustomed to prior to my incapacity, including the maintenance of my residence, home, furnishings, pets and other live animals, and to hire and pay for the upkeep of same including utilities and maintenance costs.

Restrictions on Powers

The following powers are excluded from the powers set forth above:

- (1) To act as Trustee under an Irrevocable Trust wherein my Attorney-in-Fact is Trustor and I am Trustee.
- (2) To discharge any support obligations of the Attorney-in-Fact.
- (3) To amend any insurance policy owned in my name, and which insures the life of the Attorney-in-Fact.

ARTICLE III DETERMINATION OF INCAPACITY

"Incapacity" shall be established by certification of two physicians licensed to practice in the state of Texas (or the state which is my residence on the date of the incapacity), that I am unable to care properly for myself or my property, or by a decree of a court of competent jurisdiction that I am unable to care for myself or my property.

Any such physician's statement or judicial decree shall be attached to this Power of Attorney for this Power of Attorney to be effective, and if recorded such statement or decree shall be recorded as an attachment to this Power of Attorney.

In the event I have regained capacity, as evidenced either through the statements of two physicians, or a decree of a court of competent jurisdiction, that I am able to care for myself and property, this Power of Attorney shall be revoked.

Except for myself, I expressly prohibit any person from contesting the validity and creation of any Power of Attorney created herein, or the fact of my incapacity as determined as set forth above. If any person contests this Power of Attorney or the fact of my incapacity, I request such person not be named a conservator of my person or my estate.

ARTICLE IV MISCELLANEOUS

Reliance by Third Parties.

If this document is revoked or amended for any reason, I, my estate, my heirs, successors, and assigns will hold any third party harmless from any loss suffered, or liability incurred, by the third party in acting in accordance with this document before the third party's receipt of written notice of termination or amendment.

No person acting in reliance upon any representation of my Attorney-in-Fact as to the scope of his authority granted under this document shall be liable to me, my estate, my heirs, successors, or assigns for permitting my Attorney-in-Fact to exercise any such power, nor shall any person who deals with my Attorney-in-Fact be responsible to determine or ensure the proper application of funds or property.

Ratification

I ratify and confirm all that my Attorney-in-Fact does or causes to be done under the authority granted in this Power of Attorney. All contracts, promissory notes, checks, or other bills of exchange, drafts, other obligations, stock powers, instruments, and other documents signed, endorsed, drawn, accepted, made, executed, or delivered by my Attorney-in-Fact shall bind me, my estate, my heirs, successors, and assigns.

http://www.legaldocs.com/doc-7012.html

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Exculpation of Attorney-in-Fact

The Attorney-in-Fact shall not be liable to me or any of my successors in interest for any action taken or not taken in good faith, but shall be liable for any willful misconduct or gross negligence.

Revocation and Amendment

I revoke all prior General Powers of Attorney that I may have executed and I retain the right to revoke or amend this document and to substitute other attorneys in fact in place of my Attorney-in-Fact. Amendments to this document shall be made in writing by me personally (not by my Attorney-in-Fact) and they shall be attached to the original of this document and recorded in the same county or counties as the original if the original is recorded.

Severability

If any of the provisions of this Power are found to be invalid for any reason, such invalidity shall not affect any of the other provisions of this Power, and all invalid provisions shall be wholly disregarded.

Governing Law

This Power of Attorney shall be interpreted under the laws of the state of Texas.

On this 4 day of July, 2009, in the County of Williamson County, State of Texas, I herewith sign this instrument and declare it to be my last Durable Power of Attorney for financial matters.

Mary Agnes Driscoll

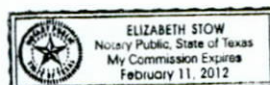
State of Texas

County of Williamson

On this the 8th day of July, 2009, before me, the undersigned, a notary public in and for said County and State, personally appeared Mary Agnes Driscoll personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

Signature of Notary



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77-013



ARC Cedar Park
Medical Plaza

July 15, 2010

To whom it may concern,
Re: Mary A. Driskell

Please be advised that I have been asked to write this letter attesting to the mental competence of Mary A. Driskell by her daughter Deannie to assume full guardianship and oversight of medical and financial matters. Ms. Driskell was brought to my office for the first time on July 12, 2010. After my visit, I requested and have reviewed the past three years of medical records from her psychiatrist Dr William Holcomb. These records clearly show a declining mental status to the point where Ms. Driskell is now only oriented to self. I found the same at my interview and exam. Based on the evidence that I have, I concur with Dr Holcomb's assessment of Ms Driskell's mental status.

Professionally

Mohi S. Pegany
Mohi S. Pegany M.D.
1401 Medical Parkway
Bldg B Suite 200
Cedar Park, TX 78613

1401 Medical Parkway
Bldg. B, Suite 220
Cedar Park, TX 78613
512-260-1581
www.AustinRegionalClinic.com



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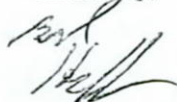
From the desk of
William Holcomb, M.D.

7/10/10

To Whom It May Concern,

I am writing on behalf of Ms Mary Driscoll (SS# 461-28-1845). She has a diagnosis of Dementia, mixed cortical and subcortical type. This is consistent with Alzheimer's Dx. She lacks the capacity to care for her daily living skills, including finances and medical decisions.

Sincerely,



Austin Family Mental Health
515 S. Capital of Texas Hwy., Ste. 230
Austin, Texas 78746

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# 151

FILED FOR RECORD ON THE 11TH DAY OF JANUARY A.D. 2011 10:35A M.
DULY RECORDED ON THE 20TH DAY OF JANUARY A.D. 2011 9:00 AM.

BY: , DEPUTY

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS



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5

File No. 111923

lease A

Date Filed: 2/10/11

Jerry F. Patterson, Commissioner

By C H

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 863 PAGE 186, THRU 224.

OFFICIAL PUBLIC RECORDS

I hereby certified on 01/25/11



DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY [Signature] DEPUTY

5.711.11

FILE # 2210

MF111923 B

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 7th day of February, 2011, between the State of Texas, acting by and through its agent, Jase Minerals, LP and JK Royalty LP of P.O. Box 904, Midland, Texas 79702 said agent herein referred to as the owner of the soil (whether one or more), and Energen Resources Corporation of 3300 North "A" Street, Building 4, Suite 100, Midland, Texas 79705 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:

Public School Land Survey, Block 59
Section 22: South 360 acres
being 360.00 gross acres

Public School Land Survey, Block 59
Section 43: All
Section 44: All
Section 45: All
being 1,920.00 gross acres

Public School Land Survey, Block 58
Section 14: E2, SW
being 480.00 gross acres

T&P Railroad Company Survey, Block 55, T5
Section 30: South 360 acres
Section 34: South 360 acres
being 720.00 gross acres

Public School Land Survey, Block 71
Section 2: North 219.33 acres
being 219.33 gross acres

containing 3,699.33 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Forty Four Thousand Six Hundred Fifteen and 18/100
Dollars (\$44,615.18)

To the owner of the soil: Forty Four Thousand Six Hundred Fifteen and 18/100
Dollars (\$44,615.18)

Total bonus consideration: Eighty Nine Thousand Two Hundred Thirty and 36/100
Dollars (\$89,230.36)

The total bonus consideration paid represents a bonus of Five Hundred Fifty and No/100 Dollars (\$550.00) per acre, on 162.237

net acres.



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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.

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 "THIS IS A PAID-UP LEASE: SEE PARAGRAPH 40" 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 twenty-five percent (25%) 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 twenty-five percent (25%) 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 twenty-five percent (25%) 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 1/4th 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,



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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.



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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 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



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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.

(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.



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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.

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



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an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if Lessee shall knowingly violate any of the material provisions of this lease, or if this lease is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under this lease shall be subject to forfeiture by the Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease 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



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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.

40. Rentals in the amount of \$162.24 for years two and three of this lease have been prepaid. 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 ~~\$89,230.36~~ has not been paid and if the fourth year rental is not paid then this lease will expire if no well has been commenced per the provisions of paragraph 3. DELAY RENTALS. 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 rental is paid then no additional rentals are due under this lease.

41. See "ADDENDUM TO LEASE" for additional provisions.

LESSEE

BY: _____

Title: _____

Date: _____

STATE OF TEXAS

BY: [Signature]
Jase Minerals, LP
Jase LLC, General Partner of Jase Minerals, LP
John H. Webb, President
Date: 7/2/11

STATE OF TEXAS

BY: [Signature]
JK Royalty LP
JK Royalty and Holdings LLC, General Partner of JK Royalty LP
John H. Webb, President
Date: 7/2/11

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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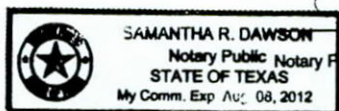
STATE OF TEXAS _____

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF MIDLAND _____

BEFORE ME, the undersigned authority, on this day personally appeared John H. Webb known to me to be the person whose name is subscribed to the foregoing instruments as President of Jase LLC, General Partner of Jase Minerals, LP 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 Limited Partnership.

Given under my hand and seal of office this the 21st day of February, 2011.



Samantha R. Dawson

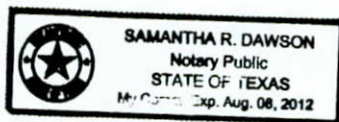
STATE OF TEXAS _____

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF MIDLAND _____

BEFORE ME, the undersigned authority, on this day personally appeared John H. Webb known to me to be the person whose name is subscribed to the foregoing instruments as President of JK Royalty and Holdings LLC, General Partner of JK Royalty LP 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 Limited Partnership.

Given under my hand and seal of office this the 21st day of February, 2011.



Samantha R. Dawson

True



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copy of
Original filed in
Reeves County
Clerks Office

EXHIBIT "A"

ADDENDUM TO LEASE

Attached to and made a part of that certain Oil and Gas Lease dated February 14, 2011 by and between the STATE OF TEXAS, acting by and through its agent, as set out on the signature page attached hereto, Owner of the soil and Energen Resources Corporation, Lessee.

Notwithstanding any provisions of this lease to the contrary, it is expressly understood and agreed by and between the parties that:

1. Lessee shall not use any existing water, whether from wells, tanks, ponds or reservoirs, from the Leased Premises without prior written consent of Lessor as owner of the surface estate. Lessee, its successors and assigns, may itself drill a water well and then use the potable water from that well for drilling operations that are conducted on the Leased Premises or lands pooled therewith. However, Lessee shall have no right to use the potable water from the Leased Premises for water flooding or secondary recovery operations without the prior written consent of Lessor as the owner of the surface estate. In the event Lessee drills a new well and encounters non-potable water which is certified as not suitable for human, animal or agricultural use, Lessee may use the same for its drilling, water flooding or secondary recovery operations. Lessee may not drill a new well within 500 feet of an existing water well located on the leased premises without Lessor's prior written consent. In the event lessee drills a water well on the Leased Premises and completes its use of same, upon termination of Lessee's use of said water well, Lessee will give Lessor a thirty (30) day written notice as to Lessee's intention to plug and abandon said water well. Lessor may during said thirty (30) day notice period, provide to Lessee a written request as to Lessors's election to take over the ownership of said water well and in such event, Lessee agrees upon receipt of written request by Lessor to transfer said water well to Lessor as owners of the surface estate, upon Lessee's execution of a written transfer instrument that includes Lessor's agreement to accept the water well 'AS IS' without any warranty and Lessor's agreement to assume all rights, responsibilities and liabilities, if any, for the operation and maintenance of said water well, including but not limited to plugging of the well in accordance with any regulations of applicable governmental agency or agencies.
2. Lessee is granted the right to use existing roads on the leased premises for ingress and egress, and to the extent such roads are used by Lessee, agrees to maintain, restore and keep roads in useable condition so long as this lease is in force and effect.
3. Lessee shall notify Lessor a minimum of 24 hours before cutting any new road, if necessary, into or on the leased premises.
4. Lessee shall install and maintain cattle guards at every fence crossing, said cattle guards to remain upon premises as Lessor's property at the expiration of this lease.
5. Lessee will bury and maintain all pipelines and electrical transmission lines 24 inches below the surface only in the event that topographic or ground conditions allow for lines being buried to the set out depth. Lessee may further use temporary poly flowlines on the surface with the written permission of the Lessor.
6. Lessee may use no more of the surface of the leased premises than is reasonably necessary to use for the purpose of which this lease is granted, and it shall exercise all rights granted to it herein with due regard for the rights of the Owner of the Soil.
7. Lessee, its successors and assigns, shall not erect any building or houses on the leased premises and that only those structures which are reasonably necessary for production facilities or tank batteries shall be erected on the surface of the leased premises.
8. Lessee will not pollute any water aquifers or fresh water in, upon or under the leased premises, and Lessee agrees to notify owner of the Soil in writing if fresh water is encountered during drilling, or if a fresh water formation is penetrated.
9. Lessee shall maintain all drill sites and other portions of the surface used or occupied by lessee, its successors or assigns, free and clear of weed and noxious vegetation, and will maintain the same in a reasonable manner to prevent additional damage to Owner of the Soil, other land, and crops.
10. Upon written demand by Owner of the Soil, Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries to protect livestock against loss, damage or injury; and upon



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- completion or abandonment of any well or wells, Lessee shall fill and level off all slush pits and cellars and completely clean up the drill site of all rubbish thereon.
11. In the event of a dry hole or production from a well which production ceases and the abandonment of such well, or upon the abandonment of any well location, drill site, tank battery site or roadway, the premises will be restored by Lessee as nearly as reasonably possible to its former condition at the cost and expense of Lessee, it being the intention of the parties hereto that Lessee shall restore the surface to as nearly the state that it is in at the time of execution of this lease.
 12. If all or any part of this lease is assigned, released, pooled or unitized, Lessee agrees to furnish the Owner of the Soil with a copy of any such document.
 13. This lease grants no hunting or fishing rights whatsoever. Furthermore, Lessee, its agents, contractors, employees or assigns shall be prohibited from carrying or transporting firearms of any type upon or across the herein described premises.
 14. Weather permitting, Lessee shall remove from the herein described premises any and all structures, equipment and property of every kind and character placed by Lessee on said premises within ninety (90) days after Lessee has finished with the use of the area where such structure, equipment and property are placed. After thirty (30) days written notice to Lessee by Owner of the Soil, any such structure, equipment or property left on the lease premises by Lessee after the ninety (90) day period, shall at Lessor's option, become the property of Owner of the Soil. Lessee shall properly plug all wells drilled by Lessee on the leased premises in accordance with the requirement of the Railroad Commission of Texas, the Texas Natural Resources Conservation Commission or other governmental agencies having jurisdiction. In plugging the wells, Lessee shall cut off the casing at least thirty six (36) inches below the surface.
 15. If at the expiration of the primary term and/or the expiration of any extension of the primary term, Lessee has completed a well(s) or Lessee is then engaged in drilling, reworking, or other operations reasonably calculated to obtain or restore production, Lessee shall have the option to commence a continuous development program on said lease and this lease shall remain in full force and effect during such time as said continuous drilling program on the lands covered by this lease is conducted by Lessee. "Continuous Drilling Program" is defined herein to mean the continuous development of the leased premises by Lessee with no more than one hundred eighty (180) days elapsing between the completion of one (1) well and commencement of actual drilling operations of a succeeding well. For purposes of interpretation of this provision, a well should be determined to be completed on the day Lessee releases the drilling rig used to drill such well, or the date such rig is moved off the location, whichever date occurs first, and a well should be determined to be commenced when such well is spudded. The termination of rights hereunder shall be the sole liability or penalty for the failure to drill any well or wells acquired or permitted hereunder. Upon cessation of such continuous drilling program this lease shall terminate as to all lands covered hereby, except as to each well capable of producing oil or gas in paying quantities, together with the proration unit allocated thereto in accordance with the rules and regulations of the Texas Railroad Commission as of the date of such termination from the surface down to a depth of one hundred feet (100') below the deepest producing formation. Thereafter, Lessee shall promptly execute and deliver to Owner of the Soil a recorded release of this lease as to all lands covered hereby, save and except to each such producing proration unit, and to all depths of such producing proration units except from the surface down to the depth of one hundred feet (100') below the deepest producing formation.
 16. Lessee agrees to provide the Owner of the Soil with a chromatograph test for any gas well completed on the land covered by this lease, if possible.

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

FILE # 2210

FILED FOR RECORD ON THE 15TH DAY OF APRIL A.D. 2011 11:19AM.

DULY RECORDED ON THE 29TH DAY OF APRIL A.D. 2011 9:00 A.M.

BY:

DEPUTY

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

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

6

File No. 11-923
Lease 11-923 Case B
Date Filed: 5/13/11
Jerry E. Patterson, Commissioner
By GL

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. 874, PAGE 741, THRU 751, OFFICIAL PUBLIC RECORDS

I hereby certified on 5/03/2011



DIANNE C. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY [Signature] DEPUTY

PAYMENT IS MADE UNDER INSTRUMENT DESCRIBED BELOW, PLEASE DEPOSIT AMOUNT OF CHECK TO THE CREDIT OF PARTY OR PARTIES NAMED.
DATE, SIGN AND RETURN THIS RECEIPT ON THE DAY YOU RECEIVE IT.
THIS PAYMENT IS MADE IN A MANNER TO CONFORM TO THE TERMS OF THE INSTRUMENT REFERRED TO WHEREIN YOU ARE NAMED DEPOSITORY.

*WHEN SIGNED, PLEASE MAIL TO:

ENERGEN RESOURCES CORPORATION
605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-8139

RENTAL RECEIPT/
SHUT IN RECEIPT

Wells Fargo
BIRMINGHAM, ALABAMA

Page 1 of 1

DATE 11/21/2013 NO. 33563

LEASE RECORDS ACCOUNT

RENTAL PERIOD

COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO
REEVES	TEXAS	863-186	12/01/10	12	12/01/13	12/01/14

LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER	PAY EXACTLY
TX430344-01R	JAMES ROBERT HILL ST OF TX	\$696,878.73

PAY TO THE
ORDER OF

STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TX 78701-1495

RECEIVED ON 11/22 2013
THE AMOUNT SHOWN ABOVE

State of Texas
NAME OF BANK, CORPORATION OR INDIVIDUAL

BY

RECEIPT IS HEREBY ACKNOWLEDGED OF THE AMOUNT STATED
WHICH IS IN FULL SETTLEMENT OF RENTAL/SHUT-IN DUE PARTY
NAMED COVERING OUR INTEREST IN OIL AND GAS
LEASE DESCRIBED HEREIN.

PAYEE WILL PLEASE DATE, SIGN AND RETURN THIS RECEIPT
BY NEXT MAIL. OFFICERS SIGNING FOR CORPORATIONS WILL
PLEASE GIVE FULL NAME AND TITLE.

TO BE CREDITED TO

RENTAL AMOUNT

BANK

ENERGEN RESOURCES CO** DELAY RENTALS **
STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TEXAS 78701-1495

TRACT
52786

PSL A-3968 59 22
More Tracts On Lease

X \$696,878.73

121

14704060

MF11/923 A

RENTAL PAYMENT - 4th year

(P)

PAYMENT IS MADE UNDER INSTRUMENT DESCRIBED BELOW. PLEASE DEPOSIT AMOUNT OF CHECK TO THE CREDIT OF PARTY OR PARTIES NAMED.
DATE, SIGN AND RETURN THIS RECEIPT ON THE DAY YOU RECEIVE IT.
THIS PAYMENT IS MADE IN A MANNER TO CONFORM TO THE TERMS OF THE INSTRUMENT REFERRED TO WHEREIN YOU ARE NAMED DEPOSITORY.

WHEN SIGNED, PLEASE MAIL TO:

ENERGEN RESOURCES CORPORATION
605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-8139

RENTAL RECEIPT/
SHUT IN RECEIPT

Wells Fargo
BIRMINGHAM, ALABAMA

Page 1 of 1

DATE 11/21/2013

NO. 33563

LEASE RECORDS ACCOUNT

RENTAL PERIOD

COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO
REEVES	TEXAS	863-186	12/01/10	12	12/01/13	12/01/14

LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER	PAY EXACTLY
TX430344-01R	JAMES ROBERT HILL ST OF TX	\$696,878.73

PAY TO THE
ORDER OF

STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TX 78701-1495

RECEIVED ON _____ 20____
THE AMOUNT SHOWN ABOVE

NAME OF BANK, CORPORATION OR INDIVIDUAL

BY _____

RECEIPT IS HEREBY ACKNOWLEDGED OF THE AMOUNT STATED
WHICH IS IN FULL SETTLEMENT OF RENTAL/SHUT-IN DUE PARTY
NAMED COVERING OUR INTEREST IN OIL AND GAS
LEASE DESCRIBED HEREIN.

PAYEE WILL PLEASE DATE, SIGN AND RETURN THIS RECEIPT
BY NEXT MAIL. OFFICERS SIGNING FOR CORPORATIONS WILL
PLEASE GIVE FULL NAME AND TITLE.

TO BE CREDITED TO

RENTAL AMOUNT

BANK

ENERGEN RESOURCES CO** DELAY RENTALS **
STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TEXAS 78701-1495

TRACT
52786
PSL A-3968 59 22
More Tracts On Lease

X \$696,878.73

14704060

MF11/923

PLEASE DETACH THIS PORTION BEFORE DEPOSITING THIS CHECK

THIS CHECK HAS A COLORED BACKGROUND AND CONTAINS MULTIPLE SECURITY FEATURES - SEE BACK FOR DETAILS

ENERGEN RESOURCES CORPORATION

605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-8139

Wells Fargo
BIRMINGHAM, ALABAMA

61-8
620 No. 33563

DATE: 11/21/2013

LEASE RECORDS ACCOUNT

RENTAL PERIOD

COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO
REEVES	TEXAS	863-186	12/01/10	12	12/01/13	12/01/14

LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER	PAY EXACTLY
TX430344-01R	JAMES ROBERT HILL ST OF TX	\$696,878.73

PAY TO THE ORDER OF \$696,878.73dols73cts

PAY TO THE
ORDER OF

STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TX 78701-1495

TREASURER

PRESIDENT



033563



November 21, 2013

State of Texas
Commissioner of the General Land Office
ATT: LINDA PRICE
1700 North Congress Avenue
Stephen F Austin Building
Austin, TX 78701-1436

RE:

Please find enclosed the rental payments due under the terms of the oil and gas leases identified below for the month of December, 2013.

<u>File No.</u>	<u>Amount</u>	<u>Due Date</u>	<u>CHECK #</u>
TX430342-00R	\$382,890.38	12-01-13	33529
TX430343-00R	\$910,558.12	12-01-13	33543
TX430344-00R	\$696,878.73	12-01-13	33563

See Attached Breakdown per Drew Reid Conversation.

To confirm for our files that you have received the above mentioned payment(s) please fill in the RECEIVED ON date of the check copy and return it to Energen Resources Corporation in the enclosed return envelope.

Thank you for your consideration in this matter.

Yours truly,

Energen Resources Corporation

Cathy Carter Hitt
Lease Analyst IV
Alabama-Texas Properties
205-326-4373

Robert Plumb

• **Subject:** RE: MCL Lease Issues

From: Andrew Waller
Sent: Thursday, November 21, 2013 11:15 AM
To: drew.reid@glo.texas.gov
Cc: Robert Plumb
Subject: FW: MCL Lease Issues

Drew,

As we spoke about on the phone, we have come across an issue in three different Relinquishment Act leases and are in the process of correcting. The State lease numbers are:

MF111921
MF111922
MF111923

In 2005 parties owning the surface conveyed minerals under all sections involved. When title work was prepared the landman incorrectly followed the chain of title on these interests and took the leases based on the mineral deeds. We have recently had new title reports on all the sections involved and found that the leases were taken with incorrect net acres listed on the form. As a part of this, Dorothy Jean Keenom (a/k/a Dorothy Jean Hill) only signed as Trustee of the Nancy Puff Jones Trust when she should have signed individually as well. She has informed us that she will do what is necessary to fix the issue and if she were to sign as well as have all the other current owners sign amended leases, the correct lease numbers would be the following:

<u>Lease #</u>	<u>Gross Acres</u>	<u>Amended Lease Net Acres</u>	<u>Amended Total Rental Payment</u>	<u>Original Lease Net Acres</u>	<u>Original Total Rental Payment</u>
MF111921	2387.50	2276.3953	(\$800)/\$1,821,116.24	2161.565	(\$800)/\$1,729,252.00
MF111922	972.42	957.225938	(\$800)/\$765,780.75	896.46	(\$800)/\$717,168.00
MF111923	3699.33	2534.10447	(\$550)/\$1,393,757.46	2373.21	(\$550)/\$1,305,265.50

These reflect the total numbers which the State and the surface owner's payments are based on. Our Birmingham office has prepared checks that will reflect the amended amount to be paid. These checks will be sent to the State today by overnight mail. In order to correct the net acres on the leases you informed me that they will need to be amended to reflect the net acres and rental amounts attributed to each lease. We will have all the current surface owners sign amended leases.

I have attached the first page of each lease for descriptive purposes. If there is anything I have missed or if you have anything to add, please let me know.

Thanks,

Andy Waller
District Landman
Energen Resources Corporation

PAID UP
OIL AND GAS LEASE

TX 430344-OR

MF 111923

THIS AGREEMENT is made and entered into this 1st day of December, 2010, between the State of Texas, acting by and through its agent, care of SEE ATTACHED SIGNATURE PAGE, of said agent herein referred to as the owner of the soil (whether one or more), and **Energren Resources Corporation**, of 3300 North "A" Street, Building 4, Suite 100, Midland, Texas. 79705, 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:

Public School Land Survey, Block 59

Section 22 : South 360 acres ✓
being 360.00 gross acres

Public School Land Survey, Block 59

Section 43 : All ✓
Section 44 : All ✓
Section 45 : All ✓
being 1920.00 gross acres

Public School Land Survey, Block 58

Section 14 : E 1/4 SW ✓
being 480.00 gross acres

T & P Railroad Company Survey, Block 55, T5

Section 30 : South 360 acres ✓
Section 34 : South 360 acres ✓
being 720.00 gross acres

Public School Land Survey, Block 71

Section 2 : north 219.33 acres ✓
being 219.33 gross acres

containing 3699.33 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: six hundred fifty-two thousand six hundred thirty-two and 75/100
Dollars (\$ 652,632.75)

To the owner of the soil: six hundred fifty-two thousand six hundred thirty-two and 75/100
Dollars (\$ 652,632.75)

Total bonus consideration: one million three hundred five thousand two hundred sixty-five and 50/100
Dollars (\$ 1,305,265.50)

The total bonus consideration paid represents a bonus of five hundred fifty 00/100 Dollars (\$ 550.00) per acre, on 2373.21 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.

3. DELAY RENTALS. If no well be 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 " THIS IS A PAID-UP LEASE: SEE PARAGRAPH 40 " Bank, at _____, or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the

File No. MF111923 (7)
Rentals - 4th year - Lease A

Date Filed: 11/22/2013

Jerry E. Patterson, Commissioner

By JEP

11.55.13

PAYMENT IS MADE UNDER INSTRUMENT DESCRIBED BELOW, PLEASE DEPOSIT AMOUNT OF CHECK TO THE CREDIT OF PARTY OR PARTIES NAMED.
DATE, SIGN AND RETURN THIS RECEIPT ON THE DAY YOU RECEIVE IT.
THIS PAYMENT IS MADE IN A MANNER TO CONFORM TO THE TERMS OF THE INSTRUMENT REFERRED TO WHEREIN YOU ARE NAMED DEPOSITORY.

WHEN SIGNED, PLEASE MAIL TO:

ENERGEN RESOURCES CORPORATION
605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-8139

RENTAL RECEIPT/
SHUT IN RECEIPT

Wells Fargo
BIRMINGHAM, ALABAMA

4705983

Page 1 of 1

DATE 01/06/2014

NO. 33629

LEASE RECORDS ACCOUNT

RENTAL PERIOD

COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO
REEVES	TEXAS	874-741	02/07/11	12	02/07/14	02/07/15

LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER	PAY EXACTLY
TX430344-02R	JASE MINERALS ET AL ST OF TX	\$11,061.54

PAY TO THE
ORDER OF

STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TX 78701-1495

RECEIVED ON _____ 20____
THE AMOUNT SHOWN ABOVE

NAME OF BANK, CORPORATION OR INDIVIDUAL

BY _____

RECEIPT IS HEREBY ACKNOWLEDGED OF THE AMOUNT STATED
WHICH IS IN FULL SETTLEMENT OF RENTAL/SHUT-IN DUE PARTY
NAMED COVERING OUR INTEREST IN OIL AND GAS
LEASE DESCRIBED HEREIN

PAYEE WILL PLEASE DATE, SIGN AND RETURN THIS RECEIPT
BY NEXT MAIL. OFFICERS SIGNING FOR CORPORATIONS WILL
PLEASE GIVE FULL NAME AND TITLE.

TO BE CREDITED TO

RENTAL AMOUNT

BANK

ENERGEN RESOURCES CO** DELAY RENTALS **
STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TEXAS 78701-1495

X \$11,061.54

TRACT
52786

PSL A-3968 59 22

More Tracts On Lease

RENTAL PAYMENT

4th & 5th years

(P)

121
1st payment

m-111923B

WHEN SIGNED, PLEASE MAIL TO:

ENERGEN RESOURCES CORPORATION
605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-8139

RENTAL RECEIPT/
SHUT IN RECEIPT

Wells Fargo
BIRMINGHAM, ALABAMA

14705983

Page 1 of 1

DATE 01/06/2014

NO. 33629

LEASE RECORDS ACCOUNT

RENTAL PERIOD

COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO
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LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER	PAY EXACTLY
TX430344-02R	JASE MINERALS ET AL ST OF TX	\$11,061.54

PAY TO THE
ORDER OF

STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TX 78701-1495

RECEIVED ON _____ 20____
THE AMOUNT SHOWN ABOVE

NAME OF BANK, CORPORATION OR INDIVIDUAL

BY _____

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NAMED COVERING OUR INTEREST IN OIL AND GAS
LEASE DESCRIBED HEREIN.

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TO BE CREDITED TO

RENTAL AMOUNT

BANK

ENERGEN RESOURCES CO** DELAY RENTALS **
STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TEXAS 78701-1495
TRACT
52786
PSL A-3968 59 22
More Tracts On Lease

X \$11,061.54

121

m-111923B

PLEASE DETACH THIS PORTION BEFORE DEPOSITING THIS CHECK

THIS CHECK HAS A COLORED BACKGROUND AND CONTAINS MULTIPLE SECURITY FEATURES - SEE BACK FOR DETAILS

ENERGEN RESOURCES CORPORATION

605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-8139

Wells Fargo
BIRMINGHAM, ALABAMA

61-8
620

14705983
No. 33629

DATE: 01/06/2014

LEASE RECORDS ACCOUNT

RENTAL PERIOD

COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO
REEVES	TEXAS	874-741	02/07/11	12	02/07/14	02/07/15

LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER	PAY EXACTLY
TX430344-02R	JASE MINERALS ET AL ST OF TX	\$11,061.54

PAY EXACTLY \$11,061.54

PAY TO THE
ORDER OF

STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TX 78701-1495

TREASURER

PRESIDENT



033629

ENERGEN

RESOURCES

January 9, 2014

State of Texas
Commissioner of the General Land Office
ATT: LINDA PRICE
1700 North Congress Avenue
Stephen F Austin Building
Austin, TX 78701-1436

RE:

Please find enclosed the rental payments due under the terms of the oil and gas leases identified below for the month of February 2014.

<u>File No.</u>	<u>Amount</u>	<u>Due Date</u>	<u>CHECK #</u>
TX430342-02R MF-111922B	\$6,077.63	2-07-14	33625
TX430343-02R MF-111921B	\$13,721.88	2-07-13	33627
TX430344-02R MF-111923B	\$11,061.54	2-07-14	33629

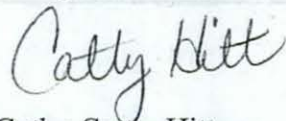
See Attached Breakdown per Drew Reid Conversation.

To confirm for our files that you have received the above mentioned payment(s) please fill in the RECEIVED ON date of the check copy and return it to Energen Resources Corporation in the enclosed return envelope.

Thank you for your consideration in this matter.

Yours truly,

Energen Resources Corporation



Cathy Carter Hitt
Lease Analyst IV
Alabama-Texas Properties
205-326-4373

Cathy Hitt

From: Andrew Waller
Sent: Friday, December 20, 2013 8:46 AM
To: drew.reid@glo.texas.gov
Cc: Robert Plumb; Cathy Hitt
Subject: FW: FW: MCL Lease Issues

Drew,

Please see below. The following three leases rentals are due soon and they are part of the same issue as we have on the prior three. Please let Linda know so there will be no confusion when the checks arrive. Thanks and have a Merry Christmas.

Andy

<u>Lease #</u>	<u>Gross Acres</u>	<u>Amended Lease Net Acres</u>	<u>Amended Total Rental Payment</u>	<u>Original Lease Acres</u>
MF-111921B	2387.50	34.3047	(\$800)\$27,443.76	131.35
MF-111922B	972.42	15.1940625	(\$800)\$12,155.26	61.283
MF-111923B	3699.33	40.22379125	(\$550) \$22,123.08	162.237

From: Drew Reid [<mailto:Drew.Reid@GLO.TEXAS.GOV>]
Sent: Thursday, November 21, 2013 11:32 AM
To: Andrew Waller
Subject: Re: FW: MCL Lease Issues

Thanks Andy, I have given Linda Price a heads up, so rentals will be handled. Keep me in the loop on the amendments and please send me a working copy of the amendment.
Drew

>>> Andrew Waller <Andrew.Waller@energen.com> 11/21/2013 11:14 AM >>>
Drew,

As we spoke about on the phone, we have come across an issue in three different Relinquishment Act leases and are in the process of correcting. The State lease numbers are:

MF111921
MF111922
MF111923

In 2005 parties owning the surface conveyed minerals under all sections involved. When title work was prepared the landman incorrectly followed the chain of title on these interests and took the leases based on the mineral deeds. We have recently had new title reports on all the sections involved and found that the leases were taken with incorrect net acres listed on the form. As a part of this, Dorothy Jean Keenom (a/k/a Dorothy Jean Hill) only signed as Trustee of the Nancy Puff Jones Trust when she should have signed individually as well. She has informed us that she will do what is necessary to fix the issue and if she were to sign as well as have all the other current owners sign amended leases, the correct lease numbers would be the following:

<u>Lease #</u>	<u>Gross Acres</u>	<u>Amended Lease Net Acres</u>	<u>Amended Total Rental Payment</u>	<u>Origin Acres</u>
MF111921	2387.50	2276.3953	(\$800)\$1,821,116.24	2161.5
MF111922	972.42	957.2259375	(\$800)\$765,780.75	896.46
MF111923	3699.33	2534.104472	(\$550) \$1,393,757.46	2373.2

These reflect the total numbers which the State and the surface owner's payments are based on. Our Birmingham office has prepared checks that will reflect the amended amount to be paid. These checks will be sent to the State today by overnight mail. In order to correct the net acres on the leases you informed me that they will need to be amended to reflect the net acres and rental amounts attributed to each lease. We will have all the current surface owners sign amended leases.

I have attached the first page of each lease for descriptive purposes. If there is anything I have missed or if you have anything to add, please let me know.

Thanks,

Andy Waller
District Landman
Energen Resources Corporation
3300 North A St., Bldg. 4, Ste. 100
Midland, TX 79705
(432) 688-3147 (office)
(432) 557-1025 (cell)
andrew.waller@energen.com

File No. MF 111923 ⑧

Rentals - 4th & 5th year - lease B

Date Filed: 01/10/2014

Jerry E. Patterson, Commissioner

By JEP

PAYMENT IS MADE UNDER INSTRUMENT DESCRIBED BELOW, PLEASE DEPOSIT AMOUNT OF CHECK TO THE CREDIT OF PARTY OR PARTIES NAMED.
DATE, SIGN AND RETURN THIS RECEIPT ON THE DAY YOU RECEIVE IT.
THIS PAYMENT IS MADE IN A MANNER TO CONFORM TO THE TERMS OF THE INSTRUMENT REFERRED TO WHEREIN YOU ARE NAMED DEPOSITORY.

***WHEN SIGNED, PLEASE MAIL TO:**

ENERGEN RESOURCES CORPORATION
605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-8139

**RENTAL RECEIPT/
SHUT IN RECEIPT**

Wells Fargo
BIRMINGHAM, ALABAMA

Page 1 of 1

DATE **11/21/2013** NO. **33563**

LEASE RECORDS ACCOUNT

RENTAL PERIOD

COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO
REEVES	TEXAS	863-186	12/01/10	12	12/01/13	12/01/14

LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER	PAY EXACTLY
TX430344-01R	JAMES ROBERT HILL ST OF TX	\$696,878.73

PAY TO THE
ORDER OF

STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TX 78701-1495

RECEIVED ON 11/22 20 13
THE AMOUNT SHOWN ABOVE

[Signature]
NAME OF BANK, CORPORATION OR INDIVIDUAL

BY _____

RECEIPT IS HEREBY ACKNOWLEDGED OF THE AMOUNT STATED
WHICH IS IN FULL SETTLEMENT OF RENTAL/SHUT-IN DUE PARTY
NAMED COVERING OUR INTEREST IN OIL AND GAS
LEASE DESCRIBED HEREIN.

PAYEE WILL PLEASE DATE, SIGN AND RETURN THIS RECEIPT
BY NEXT MAIL. OFFICERS SIGNING FOR CORPORATIONS WILL
PLEASE GIVE FULL NAME AND TITLE.

TO BE CREDITED TO

RENTAL AMOUNT

BANK

ENERGEN RESOURCES CO** DELAY RENTALS **
STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TEXAS 78701-1495

TRACT

52786

PSL A-3968 59 22

More Tracts On Lease

X \$696,878.73

121

14704060

MF11/923 A

RENTAL PAYMENT - 4th year

(P)

PAYMENT IS MADE UNDER INSTRUMENT DESCRIBED BELOW. PLEASE DEPOSIT AMOUNT OF CHECK TO THE CREDIT OF PARTY OR PARTIES NAMED.
DATE, SIGN AND RETURN THIS RECEIPT ON THE DAY YOU RECEIVE IT.
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WHEN SIGNED, PLEASE MAIL TO:

ENERGEN RESOURCES CORPORATION
605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-8139

RENTAL RECEIPT/
SHUT IN RECEIPT

Wells Fargo
BIRMINGHAM, ALABAMA

Page 1 of 1

DATE 11/21/2013 NO. 33563

LEASE RECORDS ACCOUNT

RENTAL PERIOD

COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO
REEVES	TEXAS	863-186	12/01/10	12	12/01/13	12/01/14

LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER	PAY EXACTLY
TX430344-01R	JAMES ROBERT HILL ST OF TX	\$696,878.73

PAY TO THE
ORDER OF

STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TX 78701-1495

RECEIVED ON _____ 20____
THE AMOUNT SHOWN ABOVE

NAME OF BANK, CORPORATION OR INDIVIDUAL

BY _____

RECEIPT IS HEREBY ACKNOWLEDGED OF THE AMOUNT STATED
WHICH IS IN FULL SETTLEMENT OF RENTAL/SHUT-IN DUE PARTY
NAMED COVERING OUR INTEREST IN OIL AND GAS
LEASE DESCRIBED HEREIN

PAYEE WILL PLEASE DATE, SIGN AND RETURN THIS RECEIPT
BY NEXT MAIL. OFFICERS SIGNING FOR CORPORATIONS WILL
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TO BE CREDITED TO

RENTAL AMOUNT

BANK

ENERGEN RESOURCES CO** DELAY RENTALS **
STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TEXAS 78701-1495

TRACT
52786

PSL A-3968 59 22

More Tracts On Lease

X \$696,878.73

121

14704060

MF11/923

PLEASE DETACH THIS PORTION BEFORE DEPOSITING THIS CHECK

THIS CHECK HAS A COLORED BACKGROUND AND CONTAINS MULTIPLE SECURITY FEATURES - SEE BACK FOR DETAILS

ENERGEN RESOURCES CORPORATION

605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-8139

Wells Fargo
BIRMINGHAM, ALABAMA

67-8
620 No. 33563

DATE: 11/21/2013

LEASE RECORDS ACCOUNT

RENTAL PERIOD

COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO
REEVES	TEXAS	863-186	12/01/10	12	12/01/13	12/01/14

LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER	PAY EXACTLY
TX430344-01R	JAMES ROBERT HILL ST OF TX	\$696,878.73

PAY TO THE ORDER OF \$696,878dols73cts

PAY TO THE
ORDER OF

STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TX 78701-1495

TREASURER

PRESIDENT



033563



November 21, 2013

State of Texas
Commissioner of the General Land Office
ATT: LINDA PRICE
1700 North Congress Avenue
Stephen F Austin Building
Austin, TX 78701-1436

RE:

Please find enclosed the rental payments due under the terms of the oil and gas leases identified below for the month of December, 2013.

<u>File No.</u>	<u>Amount</u>	<u>Due Date</u>	<u>CHECK #</u>
TX430342-00R	\$382,890.38	12-01-13	33529
TX430343-00R	\$910,558.12	12-01-13	33543
TX430344-00R	\$696,878.73	12-01-13	33563

See Attached Breakdown per Drew Reid Conversation.

To confirm for our files that you have received the above mentioned payment(s) please fill in the RECEIVED ON date of the check copy and return it to Energen Resources Corporation in the enclosed return envelope.

Thank you for your consideration in this matter.

Yours truly,

Energen Resources Corporation

A handwritten signature in cursive script, reading "Cathy Hitt".

Cathy Carter Hitt
Lease Analyst IV
Alabama-Texas Properties
205-326-4373

Robert Plumb

Subject: RE: MCL Lease Issues

From: Andrew Waller
Sent: Thursday, November 21, 2013 11:15 AM
To: drew.reid@glo.texas.gov
Cc: Robert Plumb
Subject: FW: MCL Lease Issues

Drew,

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MF111922
MF111923

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Andy Waller
District Landman
Energen Resources Corporation

PAID UP
OIL AND GAS LEASE

TX 430344-OR
MF 111923

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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:

Public School Land Survey, Block 59

Section 22 : South 360 acres ✓
being 360.00 gross acres

Public School Land Survey, Block 59

Section 43 : All ✓
Section 44 : All ✓
Section 45 : All ✓
being 1920.00 gross acres

Public School Land Survey, Block 58

Section 14 : E2 SW ✓
being 480.00 gross acres

T & P Railroad Company Survey, Block 55, T5

Section 30 : South 360 acres ✓
Section 34 : South 360 acres ✓
being 720.00 gross acres

Public School Land Survey, Block 71

Section 2 : north 219.33 acres ✓
being 219.33 gross acres

containing 3699.33 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: six hundred fifty-two thousand six hundred thirty-two and 75/100
Dollars (\$ 652,632.75)

To the owner of the soil: six hundred fifty-two thousand six hundred thirty-two and 75/100
Dollars (\$ 652,632.75)

Total bonus consideration: one million three hundred five thousand two hundred sixty-five and 50/100
Dollars (\$ 1,305,265.50)

The total bonus consideration paid represents a bonus of five hundred fifty 00/100 Dollars (\$ 550.00) per acre, on 2373.21 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.

3. DELAY RENTALS. If no well be 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 " THIS IS A PAID-UP LEASE: SEE PARAGRAPH 40 " Bank, at _____, or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the

File No. MF111923 (7)
Rentals - 4th year - Lease A

Date Filed: 11/22/2013

Jerry E. Patterson, Commissioner

By JEP

11.55.13

PAYMENT IS MADE UNDER INSTRUMENT DESCRIBED BELOW, PLEASE DEPOSIT AMOUNT OF CHECK TO THE CREDIT OF PARTY OR PARTIES NAMED.
DATE, SIGN AND RETURN THIS RECEIPT ON THE DAY YOU RECEIVE IT.
THIS PAYMENT IS MADE IN A MANNER TO CONFORM TO THE TERMS OF THE INSTRUMENT REFERRED TO WHEREIN YOU ARE NAMED DEPOSITORY.

WHEN SIGNED, PLEASE MAIL TO:

ENERGEN RESOURCES CORPORATION
605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-8139

RENTAL RECEIPT/
SHUT IN RECEIPT

Wells Fargo
BIRMINGHAM, ALABAMA

14706736

Page 1 of 1

DATE 01/22/2014

NO. 33638

LEASE RECORDS ACCOUNT

RENTAL PERIOD

COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO
REEVES	TEXAS	874-741	02/07/11	12	02/07/14	02/07/15

LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER	PAY EXACTLY
TX430344-02R	JASE MINERALS ET AL ST OF TX	\$33,553.64

PAY TO THE
ORDER OF

STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TX 78701-1495

RECEIVED ON _____ 20____
THE AMOUNT SHOWN ABOVE

NAME OF BANK, CORPORATION OR INDIVIDUAL

BY _____

RECEIPT IS HEREBY ACKNOWLEDGED OF THE AMOUNT STATED
WHICH IS IN FULL SETTLEMENT OF RENTAL/SHUT-IN DUE PARTY
NAMED COVERING OUR INTEREST IN OIL AND GAS
LEASE DESCRIBED HEREIN.

PAYEE WILL PLEASE DATE, SIGN AND RETURN THIS RECEIPT
BY NEXT MAIL. OFFICERS SIGNING FOR CORPORATIONS WILL
PLEASE GIVE FULL NAME AND TITLE.

TO BE CREDITED TO

RENTAL AMOUNT

BANK

ENERGEN RESOURCES CO** DELAY RENTALS **

This is an additional payment to the \$11,061.54 alre X \$33,553.64

STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TEXAS 78701-1495

TRACT

52786

PSL A-3968 59 22

MF-111923B

RENTAL PAYMENT - 2nd payment
4th & 5th years

(P)

PAYMENT IS MADE UNDER INSTRUMENT DESCRIBED BELOW, PLEASE DEPOSIT AMOUNT OF CHECK TO THE CREDIT OF PARTY OR PARTIES NAMED.
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ENERGEN RESOURCES CORPORATION
605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-8139

RENTAL RECEIPT/
SHUT IN RECEIPT

Wells Fargo
BIRMINGHAM, ALABAMA
14706736

Page 1 of 1

DATE 01/22/2014

NO. 33638

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RENTAL PERIOD

COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO
REEVES	TEXAS	874-741	02/07/11	12	02/07/14	02/07/15
LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER					PAY EXACTLY
TX430344-02R	JASE MINERALS ET AL ST OF TX					\$33,553.64

PAY TO THE
ORDER OF

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1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TX 78701-1495

RECEIVED ON _____ 20____
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BY _____

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TO BE CREDITED TO

RENTAL AMOUNT

BANK

ENERGEN RESOURCES CO** DELAY RENTALS **

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STATE OF TEXAS
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1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TEXAS 78701-1495

TRACT
52786

PSL A-3968 59 22

MF-111923B

PLEASE DETACH THIS PORTION BEFORE DEPOSITING THIS CHECK

THIS CHECK HAS A COLORED BACKGROUND AND CONTAINS MULTIPLE SECURITY FEATURES - SEE BACK FOR DETAILS

ENERGEN RESOURCES CORPORATION

605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-8139

Wells Fargo
BIRMINGHAM, ALABAMA

01-0
620

No. 33638

DATE: 01/22/2014

LEASE RECORDS ACCOUNT

RENTAL PERIOD

COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO
REEVES	TEXAS	874-741	02/07/11	12	02/07/14	02/07/15
LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER					PAY EXACTLY
TX430344-02R	JASE MINERALS ET AL ST OF TX					\$33,553.64

PAY EXACTLY \$33,553.64

PAY TO THE
ORDER OF

STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TX 78701-1495

TREASURER

PRESIDENT



033638

PAYMENT IS MADE UNDER INSTRUMENT DESCRIBED BELOW, PLEASE DEPOSIT AMOUNT OF CHECK TO THE CREDIT OF PARTY OR PARTIES NAMED.
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RENTAL RECEIPT/
SHUT IN RECEIPT

Wells Fargo
BIRMINGHAM, ALABAMA

Page 1 of 1

DATE 01/22/2014

NO. 33638

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PAY TO THE
ORDER OF

STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TX 78701-1495

RECEIVED ON 20
THE AMOUNT SHOWN ABOVE

NAME OF BANK, CORPORATION OR INDIVIDUAL

BY

RECEIPT IS HEREBY ACKNOWLEDGED OF THE AMOUNT STATED
WHICH IS IN FULL SETTLEMENT OF RENTAL/SHUT-IN DUE PARTY
NAMED COVERING OUR INTEREST IN OIL AND GAS
LEASE DESCRIBED HEREIN.

PAYEE WILL PLEASE DATE, SIGN AND RETURN THIS RECEIPT
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PLEASE GIVE FULL NAME AND TITLE.

TO BE CREDITED TO

RENTAL AMOUNT

BANK

ENERGEN RESOURCES CO** DELAY RENTALS **

This is an additional payment to the \$11,061.54 alre \$33,553.64

STATE OF TEXAS

COMMISSIONER OF THE GENERAL LAND OFFICE

1700 NORTH CONGRESS AVENUE

STEPHEN F AUSTIN BUILDING

AUSTIN, TEXAS 78701-1495

TRACT

52786

PSL

A-3968

59

22

MF-111923B

RECEIVED
01/27/2014
J. S. Richardson for GLO

PLEASE DETACH THIS PORTION BEFORE DEPOSITING THIS CHECK

THIS CHECK HAS A COLORED BACKGROUND AND CONTAINS MULTIPLE SECURITY FEATURES. SEE BACK FOR DETAILS.

ENERGEN RESOURCES CORPORATION

605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-8139

Wells Fargo
BIRMINGHAM, ALABAMA

61-8
620

No. 33638

DATE: 01/22/2014

LEASE RECORDS ACCOUNT

RENTAL PERIOD

COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO
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TX430344-02R	JASE MINERALS ET AL ST OF TX	\$33,553.64

PAY EXACTLY \$33,553.64

PAY TO THE
ORDER OF

STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TX 78701-1495



Charles V. Patten
TREASURER
J. S. Richardson
PRESIDENT

033638



January 24, 2014

State of Texas
Commissioner of the General Land Office
ATT: LINDA PRICE
1700 North Congress Avenue
Stephen F Austin Building
Austin, TX 78701-1436

RE:

Per our recent email conversation please find enclosed the other part of the rental payment due under the terms of the oil and gas leases identified below for the month of February 2014.

<u>File No.</u>	<u>Amount</u>	<u>Due Date</u>	<u>CHECK #</u>
TX430342-02R MF-111922B	\$6,077.63	2-07-14	33625 already paid
	\$33,756.32	2-07-14	33636
TX430343-02R MF-111921B	\$13,721.88	2-07-13	33627 already paid
	\$38,818.12	2-07-14	33637
TX430344-02R MF-111923B	\$11,061.54	2-07-14	33629 already paid
	\$33,553.64	2-07-14	33638

To confirm for our files that you have received the above mentioned payment(s) please fill in the RECEIVED ON date of the check copy and return it to Energen Resources Corporation in the enclosed return envelope.

Thank you for your consideration in this matter.

Yours truly,


Energen Resources Corporation

Cathy Carter Hitt
Lease Analyst IV
Alabama-Texas Properties
205-326-4373

⑨

File No. MF111923

Rentals - 4th & 5th year - lease &

2nd payment

Date Filed: 01/27/2014

Jerry E. Patterson, Commissioner

By 

PAYMENT IS MADE UNDER INSTRUMENT DESCRIBED BELOW. PLEASE DEPOSIT AMOUNT OF CHECK TO THE CREDIT OF PARTY OR PARTIES NAMED.
DATE, SIGN AND RETURN THIS RECEIPT ON THE DAY YOU RECEIVE IT.
THIS PAYMENT IS MADE IN A MANNER TO CONFORM TO THE TERMS OF THE INSTRUMENT REFERRED TO WHEREIN YOU ARE NAMED DEPOSITORY.

WHEN SIGNED, PLEASE MAIL TO:

ENERGEN RESOURCES CORPORATION
605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-8139

RENTAL RECEIPT/
SHUT IN RECEIPT

Wells Fargo
BIRMINGHAM, ALABAMA

Page 1 of 1

DATE 02/03/2014

NO. 33643

LEASE RECORDS ACCOUNT

RENTAL PERIOD

COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO
REEVES	TEXAS	874-741	02/07/11	12	02/07/14	02/07/15

LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER	PAY EXACTLY
TX430344-02R	JASE MINERALS ET AL ST OF TX	\$29,092.12

PAY TO THE
ORDER OF

TRIANGLE ROYALTY LP
P O BOX 904
MIDLAND, TX 79701-4574

RECEIVED ON _____ 20____
THE AMOUNT SHOWN ABOVE

NAME OF BANK, CORPORATION OR INDIVIDUAL

BY _____

RECEIPT IS HEREBY ACKNOWLEDGED OF THE AMOUNT STATED
WHICH IS IN FULL SETTLEMENT OF RENTAL/SHUT-IN DUE PARTY
NAMED COVERING OUR INTEREST IN OIL AND GAS
LEASE DESCRIBED HEREIN

PAYEE WILL PLEASE DATE, SIGN AND RETURN THIS RECEIPT
BY NEXT MAIL. OFFICERS SIGNING FOR CORPORATIONS WILL
PLEASE GIVE FULL NAME AND TITLE.

TO BE CREDITED TO

RENTAL AMOUNT

BANK

ENERGEN RESOURCES CO** DELAY RENTALS **

This is an additional payment to the \$11,061.54 alre \$29,092.12

TRIANGLE ROYALTY LP

P O BOX 904

MIDLAND, TEXAS 79701-4574

TRACT

52786

PSL A-3968 59 22

MF111923B Agents 2nd ck

PLEASE DETACH THIS PORTION BEFORE DEPOSITING THIS CHECK

THIS CHECK HAS A COLORED BACKGROUND AND CONTAINS MULTIPLE SECURITY FEATURES - SEE BACK FOR DETAILS

ENERGEN RESOURCES CORPORATION

605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-8139

Wells Fargo
BIRMINGHAM, ALABAMA

61-8
620

No. 33643

DATE: 02/03/2014

LEASE RECORDS ACCOUNT

RENTAL PERIOD

COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO
REEVES	TEXAS	874-741	02/07/11	12	02/07/14	02/07/15

LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER	PAY EXACTLY
TX430344-02R	JASE MINERALS ET AL ST OF TX	\$29,092.12

PAY TO THE ORDER OF \$29,092dols12cts

PAY TO THE
ORDER OF

TRIANGLE ROYALTY LP
P O BOX 904
MIDLAND, TX 79701-4574

Charles V. Porter Jr.
TREASURER
J. S. Richardson
PRESIDENT



033643

ENERGEN

RESOURCES

January 9, 2014
February 4, 2014

Triangle Royalty LP
550 West Texas, Suite 1155
Midland, TX 79701

432-682-1118

RE:

Please find enclosed the rental payments due under the terms of the oil and gas leases identified below:

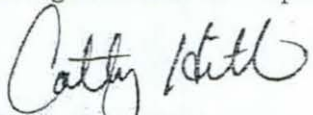
File No.	Amount	Due Date	CHECK #	
MF 111922B TX430342-02R ✓	\$6,077.63 \$15,984.25 <u>22,061.88</u>	24,513.20 - 22,061.88 2-07-14 2-07-14 2,451.32	33626 already pd 33639	49,026.40 X .50 24,513.20 - 6,077.63 18,435.57 - 15,984.25 2,451.32
MF 111921B TX430343-02R ✓	\$13,721.88 \$33,564.12 <u>47,286.00</u>	52,546.00 - 47,286.00 2-07-14 2-07-14 5,254.00	33628 already pd 33641	105,086.00 X .50 52,540.00
MF 111923B TX430344-02R ✓	\$11,061.54 \$29,092.12 <u>40,153.66</u>	44,615.18 - 40,153.66 2-07-14 2-07-14 4,461.52	33630 already pd 33643	\$89,230.36 X .50 44,615.18

To confirm for our files that you have received the above mentioned payment(s) please fill in the RECEIVED ON date of the check copy and return it to Energen Resources Corporation in the enclosed return envelope.

Thank you for your consideration in this matter.

Yours truly,

Energen Resources Corporation


Cathy Carter Hitt
Lease Analyst IV
Alabama-Texas Properties
205-326-4373

Linda Price - RE: MF111921B, MF111922B and MF111893B

From: Cathy Hitt <Cathy.Hitt@energen.com>
To: 'Linda Price' <Linda.Price@GLO.TEXAS.GOV>
Date: 2/4/2014 3:17 PM
Subject: RE: MF111921B, MF111922B and MF111893B
Attachments: jk triangle check paid.pdf; triangle pd.pdf

Linda,

Attached are the checks already paid to Triangle and the checks to JK and Triangle being sent out today Federal Express. You will be emailed from Federal express showing Pkgs were delivered.

Triangle Tracking # 7978 1542 3844

JK Royalty Tracking # 7978 1532 5204

I will be sending to you tomorrow by separate email a request for over payment.

Thanks again for all your help in this matter.

Cathy Carter Hitt
Energen Resources Corporation
Lease Analyst IV
Alabama & Texas Properties
205 326-4374

From: Linda Price [mailto:Linda.Price@GLO.TEXAS.GOV]
Sent: Friday, January 31, 2014 1:03 PM
To: Cathy Hitt
Subject: RE: MF111921B, MF111922B and MF111893B

Cathy:

Please read the rest of my email. There is a certain process to follow before I can submit a Request For Refund.

We also need verification that Energen paid the agents the full amount due them with a second check.

Thank you.

Linda

>>> Cathy Hitt <Cathy.Hitt@energen.com> 1/31/2014 12:56 PM >>>

Linda Price - FedEx Shipment 797815423844 Delivered

From: <trackingupdates@fedex.com>
 To: <linda.price@glo.texas.gov>
 Date: 2/5/2014 12:18 PM
 Subject: FedEx Shipment 797815423844 Delivered

fedex.com | Ship | Track | Manage | Learn | Office/Print Services

Your package has been delivered

Tracking # 797815423844

Ship (P/U) date:
Tuesday, 2/4/14

Billie Lopez
 ENERGEN RESOURCES
 CORPORATION
 BIRMINGHAM, AL 35203
 US



Delivered

Delivery date:
Wednesday, 2/5/14
12:12 PM

TRIANGLE ROYALTY LP
 550 WEST TEXAS SUITE 1155
 MIDLAND, TX 79701
 US

Shipment Facts

Our records indicate that the following package has been delivered.

Tracking number:	797815423844
Status:	Delivered: 02/05/2014 12:12 PM Signed for By: W.LANETTE
Signed for by:	W.LANETTE
Delivery location:	MIDLAND, TX
Delivered to:	Receptionist/Front Desk
Service type:	FedEx Priority Overnight
Packaging type:	FedEx Envelope
Number of pieces:	1
Weight:	0.50 lb.
Special handling/Services:	Deliver Weekday

Please do not respond to this message. This email was sent from an unattended mailbox. This report was generated at approximately 12:18 PM CST on 02/05/2014.

To learn more about FedEx Express, please go to fedex.com.

All weights are estimated.

To track the latest status of your shipment, click on the tracking number above, or go to fedex.com.

This tracking update has been sent to you by FedEx at your request. FedEx does not validate the authenticity of the requestor and does not validate, guarantee or warrant the authenticity of the request, the requestor's message, or the accuracy of this tracking update. For tracking results and terms of use, go to fedex.com.

Thank you for your business.

File No. MF111923 (10)

Agent's 2nd ck - lease B. 4th & 5th yr.

Triangle Royalty

Date Filed: 02/05/14

Jerry E. Patterson, Commissioner

By JEP

PAYMENT IS MADE UNDER INSTRUMENT DESCRIBED BELOW. PLEASE DEPOSIT AMOUNT OF CHECK TO THE CREDIT OF PARTY OR PARTIES NAMED.
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WHEN SIGNED, PLEASE MAIL TO:

ENERGEN RESOURCES CORPORATION
605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-8139

RENTAL RECEIPT/
SHUT IN RECEIPT

Wells Fargo
BIRMINGHAM, ALABAMA

Page 1 of 1

DATE 02/03/2014

NO. 33644

LEASE RECORDS ACCOUNT

RENTAL PERIOD

COUNTY	STATE	RECORDED-BOOK PAGE	DATE OF LEASE	MONTHS	FROM	TO
REEVES	TEXAS	874-741	02/07/11	12	02/07/14	02/07/15

LEASE NUMBER	ORIGINAL LESSOR IDENTIFICATION OR LEASE SERIAL NUMBER	PAY EXACTLY
TX430344-02R	JASE MINERALS ET AL ST OF TX	\$4,461.52

PAY TO THE
ORDER OF

J K ROYALTY LP
P O BOX 904
MIDLAND, TX 79702

RECEIVED ON _____ 20____
THE AMOUNT SHOWN ABOVE

NAME OF BANK, CORPORATION OR INDIVIDUAL

BY _____

RECEIPT IS HEREBY ACKNOWLEDGED OF THE AMOUNT STATED
WHICH IS IN FULL SETTLEMENT OF RENTAL/SHUT-IN DUE PARTY
NAMED COVERING OUR INTEREST IN OIL AND GAS
LEASE DESCRIBED HEREIN

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TO BE CREDITED TO

RENTAL AMOUNT

BANK

ENERGEN RESOURCES CO** DELAY RENTALS **

J K ROYALTY LP
P O BOX 904
MIDLAND, TEXAS 79702

TRACT

52786

PSL

A-3968 59 22

\$4,461.52

MF111923B

Agent's 2nd check

PLEASE DETACH THIS PORTION BEFORE DEPOSITING THIS CHECK

THIS CHECK HAS A COLORED BACKGROUND AND CONTAINS MULTIPLE SECURITY FEATURES - SEE BACK FOR DETAILS

ENERGEN RESOURCES CORPORATION

605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-8139

Wells Fargo
BIRMINGHAM, ALABAMA

61-8
620

No. 33644

DATE: 02/03/2014

LEASE RECORDS ACCOUNT

RENTAL PERIOD

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TX430344-02R	JASE MINERALS ET AL ST OF TX	\$4,461.52

PAY TO THE ORDER OF \$4,461dols52cts

PAY TO THE
ORDER OF

J K ROYALTY LP
P O BOX 904
MIDLAND, TX 79702

TREASURER

PRESIDENT



033644

ENERGEN

RESOURCES

January 9, 2014
February 4, 2014

Triangle Royalty LP
550 West Texas, Suite 1155
Midland, TX 79701

432-682-1118

RE:

Please find enclosed the rental payments due under the terms of the oil and gas leases identified below:

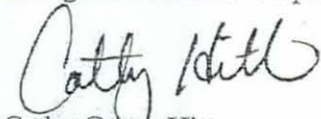
File No.	Amount	Due Date	CHECK #	
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Yours truly,

Energen Resources Corporation



Cathy Carter Hitt
Lease Analyst IV
Alabama-Texas Properties
205-326-4373

Linda Price - RE: MF111921B, MF111922B and MF111893B

From: Cathy Hitt <Cathy.Hitt@energen.com>
To: 'Linda Price' <Linda.Price@GLO.TEXAS.GOV>
Date: 2/4/2014 3:17 PM
Subject: RE: MF111921B, MF111922B and MF111893B
Attachments: jk triangle check paid.pdf; triangle pd.pdf

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JK Royalty Tracking # 7978 1532 5204

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Thanks again for all your help in this matter.

Cathy Carter Hitt
Energen Resources Corporation
Lease Analyst IV
Alabama & Texas Properties
205 326-4374

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Sent: Friday, January 31, 2014 1:03 PM
To: Cathy Hitt
Subject: RE: MF111921B, MF111922B and MF111893B

Cathy:

Please read the rest of my email. There is a certain process to follow before I can submit a Request For Refund.

We also need verification that Energen paid the agents the full amount due them with a second check.

Thank you.

Linda

>>> Cathy Hitt <Cathy.Hitt@energen.com> 1/31/2014 12:56 PM >>>

Linda Price - FedEx Shipment 797815325204 Delivered

From: <trackingupdates@fedex.com>
To: <linda.price@glo.texas.gov>
Date: 2/5/2014 12:18 PM
Subject: FedEx Shipment 797815325204 Delivered

fedex.com | Ship | Track | Manage | Learn | Office/Print Services

Your package has been delivered

Tracking # 797815325204

Ship (P/U) date:
Tuesday, 2/4/14

Billie Lopez
ENERGEN RESOURCES
CORPORATION
BIRMINGHAM, AL 35203
US



Delivered

Delivery date:
Wednesday, 2/5/14
12:12 PM

J K ROYALTY LP
550 WEST TEXAS SUITE 1155
MIDLAND, TX 79701
US

Shipment Facts

Our records indicate that the following package has been delivered.

Tracking number:	<u>797815325204</u>
Status:	Delivered: 02/05/2014 12:12 PM Signed for By: W.LANETTE
Signed for by:	W.LANETTE
Delivery location:	MIDLAND, TX
Delivered to:	Receptionist/Front Desk
Service type:	FedEx Priority Overnight
Packaging type:	FedEx Envelope
Number of pieces:	1
Weight:	0.50 lb.
Special handling/Services:	Deliver Weekday

Please do not respond to this message. This email was sent from an unattended mailbox. This report was generated at approximately 12:18 PM CST on 02/05/2014.

To learn more about FedEx Express, please go to fedex.com.

All weights are estimated.

To track the latest status of your shipment, click on the tracking number above, or go to fedex.com.

This tracking update has been sent to you by FedEx at your request. FedEx does not validate the authenticity of the requestor and does not validate, guarantee or warrant the authenticity of the request, the requestor's message, or the accuracy of this tracking update. For tracking results and terms of use, go to fedex.com.

Thank you for your business.

File No. MF111923

(11)

Agent's 2nd ck. lease B. 4th & 5th yr.

J K Royalty

Date Filed: 02/05/2014

Jerry E. Patterson, Commissioner

By adp

Drew Reid - RE: FW: FW: MCL Lease Issues

From: Andrew Waller <Andrew.Waller@energen.com>
To: 'Drew Reid' <Drew.Reid@GLO.TEXAS.GOV>
Date: 12/20/2013 10:01 AM
Subject: RE: FW: FW: MCL Lease Issues

I have not put it together yet. I will send it to you before finalized for your approval.

Thanks

From: Drew Reid [mailto:Drew.Reid@GLO.TEXAS.GOV]
Sent: Friday, December 20, 2013 9:28 AM
To: Andrew Waller
Subject: Re: FW: FW: MCL Lease Issues

Do you have an amendment for theses leases?
Drew

>>> Andrew Waller <Andrew.Waller@energen.com> 12/20/2013 8:46 AM >>>
Drew,

Please see below. The following three leases rentals are due soon and they are part of the same issue as we have on the prior three. Please let Linda know so there will be no confusion when the checks arrive. Thanks and have a Merry Christmas.

Andy

Lease #	Gross Acres	Amended Lease Net Acres	Amended Total Rental Payment	Original Lease Net Acres	Original Total Rental Payment
MF-111921B	2387.50	34.3047	(\$800)\$27,443.76	131.35	(\$800) \$105,080.00
MF-111922B	972.42	15.1940625	(\$800) \$12,155.26	61.283	(\$800) \$49,026.40
MF-111923B	3699.33	40.22379125	(\$550) \$22,123.08	162.237	(\$550) \$89,230.36

From: Drew Reid [mailto:Drew.Reid@GLO.TEXAS.GOV]
Sent: Thursday, November 21, 2013 11:32 AM
To: Andrew Waller
Subject: Re: FW: MCL Lease Issues

Thanks Andy, I have given Linda Price a heads up, so rentals will be handled. Keep me in the loop on the amendments and please send me a working copy of the amendment.
Drew

>>> Andrew Waller <Andrew.Waller@energen.com> 11/21/2013 11:14 AM >>>
Drew,

As we spoke about on the phone, we have come across an issue in three different Relinquishment Act leases and are in the process of correcting. The State lease numbers are:

MF111921
MF111922
MF111923

In 2005 parties owning the surface conveyed minerals under all sections involved. When title work was prepared the landman incorrectly followed the chain of title on these interests and took the leases based on the mineral deeds. We have recently had new title reports on all the sections involved and found that the leases were taken with incorrect net acres listed on the form. As a part of this, Dorothy Jean Keenom (a/k/a Dorothy Jean Hill) only signed as Trustee of the Nancy Puff Jones Trust when she should have signed individually as well. She has informed us that she will do what is necessary to fix the issue and if she were to sign as well as have all the other current owners sign amended leases, the correct lease numbers would be the following:

Lease #	Gross Acres	Amended Lease Net Acres	Amended Total Rental Payment	Original Lease Net Acres	Original Total Rental Payment
MF111921	2387.50	2276.3953	(\$800) \$1,821,116.24	2161.565	(\$800) \$1,729,252.00

MF111922	972.42	957.2259375	(\$800) \$765,780.75	896.46	(\$800) \$717,168.00
MF111923	3699.33	2534.104472	(\$550) \$1,393,757.46	2373.21	(\$550) \$1,305,265.50

These reflect the total numbers which the State and the surface owner's payments are based on. Our Birmingham office has prepared checks that will reflect the amended amount to be paid. These checks will be sent to the State today by overnight mail. In order to correct the net acres on the leases you informed me that they will need to be amended to reflect the net acres and rental amounts attributed to each lease. We will have all the current surface owners sign amended leases.

I have attached the first page of each lease for descriptive purposes. If there is anything I have missed or if you have anything to add, please let me know.

Thanks,

Andy Waller
District Landman
Energen Resources Corporation
3300 North A St., Bldg. 4, Ste. 100
Midland, TX 79705
(432) 688-3147 (office)
(432) 557-1025 (cell)
andrew.waller@energen.com

PAID UP
OIL AND GAS LEASE

TX 430344-OR
MF 111923

THIS AGREEMENT is made and entered into this 1st day of December, 2010, between the State of Texas, acting by and through its agent, care of SEE ATTACHED SIGNATURE PAGE, of _____, said agent herein referred to as the owner of the soil (whether one or more), and **Energren Resources Corporation**, of 3300 North "A" Street, Building 4, Suite 100, Midland, Texas. 79705, 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:

Public School Land Survey, Block 59

Section 22 : South 360 acres ✓
being 360.00 gross acres

Public School Land Survey, Block 59

Section 43 : All ✓
Section 44 : All ✓
Section 45 : All ✓
being 1920.00 gross acres

Public School Land Survey, Block 58

Section 14 : E2, SW ✓
being 480.00 gross acres

T & P Railroad Company Survey, Block 55, T5

Section 30 : South 360 acres ✓
Section 34 : South 360 acres ✓
being 720.00 gross acres

Public School Land Survey, Block 71

Section 2 : north 219.33 acres ✓
being 219.33 gross acres

containing 3699.33 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: six hundred fifty-two thousand six hundred thirty-two and 75/100
Dollars (\$ 652,632.75)

To the owner of the soil: six hundred fifty-two thousand six hundred thirty-two and 75/100
Dollars (\$ 652,632.75)

Total bonus consideration: one million three hundred five thousand two hundred sixty-five and 50/100
Dollars (\$ 1,305,265.50)

The total bonus consideration paid represents a bonus of five hundred fifty 00/100 Dollars (\$ 550.00) per acre, on 2373.21 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.

3. DELAY RENTALS. If no well be 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 " THIS IS A PAID-UP LEASE: SEE PARAGRAPH 40 " Bank, at _____, or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the

File No. MF 111923 (12)

Enrol re amendments 12/22/2013

Date Filed: 05/27/2014

Jerry E. Patterson, Commissioner

By JP

Linda Price - RE: MF111921, MF111922, MF111923

From: Linda Price
To: Andrew Waller; Cathy Hitt
Date: 1/15/2014 11:48 AM
Subject: RE: MF111921, MF111922, MF111923
CC: Drew Reid; Robert Plumb

Andrew:

The amendments were requested today because we were under the impression that you already had executed amendments in hand and we were trying to get a working copy for the files. We were not aware that Energen does not have executed amendments yet.

If the leases are to be amended, it is imperative that you pursue obtaining the amendments as quickly as possible and submit the amendments for approval before they are executed and recorded. Please send them to Drew Reid and copy me for the files.

Yes, you may make additional payments in order to maintain the "B" leases. The State cannot issue credits, i.e., move money from one lease to another so making the additional payments is the only way to prevent the leases from terminating.

Yes, upon written request, the State always refunds valid payment overages and will do so for the "A" and "B" leases upon the final reconciliation of the rental payments.

If you have further questions or concerns, please contact me or Drew.

Linda

>>> Andrew Waller <Andrew.Waller@energen.com> 1/15/2014 11:09 AM >>>

Linda,

I am working on the amendments. I have no possible way of getting them to you today. I do have two questions: 1) If the rentals are due by February 7, why would the amendments be due today? The checks are not due until then so I believe the amendments would not be either. 2) If I am unable to secure the amendments before February 7, would Energen be able to make the additional payment to match with the original lease schedule to hold the leases until amendments were secured, and at that point receive a refund from the State for the overpayment?

Thank you for your help.

Regards,

Andy Waller
District Landman
Energen Resources Corporation
3300 North A St., Bldg. 4, Ste. 100
Midland, TX 79705

(432) 688-3147(office)
 (432) 557-1025 (cell)
andrew.waller@energen.com

From: Linda Price [mailto:Linda.Price@GLO.TEXAS.GOV]
Sent: Wednesday, January 15, 2014 10:38 AM
To: Cathy Hitt
Cc: Andrew Waller; Robert Plumb; Drew Reid
Subject: MF111921, MF111922, MF111923

Cathy:

The GLO received the following Energen checks on 01/10/2014:

Number	Amount	Lease Rental Due	Rental Due Date	Lease No.
33627	\$13,721.88	\$52,540.00	02/07/2014	MF111921B
33625	\$ 6,077.63	\$24,513.20	02/07/2014	MF111922B
33629	\$11,061.54	\$44,615.18	02/07/2014	MF111923B

The GLO was notified by Andrew Waller's email dated November 21, 2013 that Energen would be amending the above leases and that the amendments would change the rental amounts due. However, to date, we have not received certified, recorded copies of the amendments or even an emailed copy of the amendments for our files.

Please be advised that, without documentation to support the reduced rental payments, the GLO cannot accept the reduced rentals as payment in full and the leases will terminate on February 7, 2014. **To that end, please email me copies of the executed amendments for each lease by the end of today.** Additionally, please update me as to the status of the recording of the amendments. Certified, recorded copies of the amendments and the \$25 filing fee per state lease should be sent to my attention at the GLO.

Finally, no receipt of the reduced rental payments was requested, as is Energen's usual practice. If you would like a receipt, please let me know.

Thank you.
 Linda

Linda Price, RL
 Texas General Land Office
 Energy Resources, Mineral Leasing
 Phone: (512) 463-5118
 Fax: (512) 475-1543
Linda.Price@glo.texas.gov

File No. MF111923 (13)

Email re amendments 01/15/2014

Date Filed: 05/27/2014

Jerry E. Patterson, Commissioner

By JEP

Linda Price - MF111921A, MF111922A and MF111923A

From: Linda Price
To: Cathy Hitt
Date: 1/16/2014 10:16 AM
Subject: MF111921A, MF111922A and MF111923A
CC: Andrew.Waller@energen.com; Drew Reid; Robert Plumb

Cathy:

To follow up our conversations of yesterday, if you would like to request a refund of the rental overages paid to State Leases MF111921A, MF111922A and MF111923A, please send a request in writing to me to include the following:

State the reason the refund is being requested
Energen's State of Texas Comptroller's Office Tax Identification Number
Contact name, title, email and mailing addresses and phone number of person that the Comptroller's Office may contact regarding the refund request, if necessary

If sending the request by email, please send it as a separate email, not as a reply to this email.

Once I receive the written request, I have to prepare the formal Refund Request and obtain necessary approval signatures within Energy Resources, Mineral Leasing. Then, I deliver them to the GLO's Financial Management Division where the request is processed further. After that, Financial Management sends the refund requests to the State Comptroller's Office which makes the final approval and issues the refund. The entire process can take six to eight weeks normally and longer in holiday seasons.

If you have any questions, please let me know.

Thank you.
Linda

Linda Price, RL
Texas General Land Office
Energy Resources, Mineral Leasing
Phone: (512) 463-5118
Fax: (512) 475-1543
Linda.Price@glo.texas.gov

File No. MF111923

(14)

Email re amendments 01/16/2014

Date Filed: 05/27/2014

Jerry E. Patterson, Commissioner

By JEP

Linda Price - RE: MF111921, MF111922 & MF111923

From: Linda Price
To: Andrew Waller; Cathy Hitt; Robert Plumb
Date: 5/16/2014 9:16 AM
Subject: RE: MF111921, MF111922 & MF111923
CC: Drew Reid
Attachments: MF111921, MF111922 and MF111923 Energen Rentals.pdf

All:

Based upon the current status of the lease amendments, I have reconciled the rentals in order to return the files to Archives.

Please review the attached spreadsheet to see if it agrees with your records. If so, you may request a refund of the overpayments by submitting a written request to me. The request may be by email but it must be a separate email than this one and must include the following information:

Reason for the request

Energen's Federal Tax ID #

Energen's GLO Customer ID #

Name, title, email & mailing addresses and phone number of the appropriate person at Energen that the State of Texas Comptroller's Office may contact to discuss the refund request, if necessary.

Refunds can take from between four to six weeks from the date of receipt for processing and may take longer during holidays.

If you have any questions, please contact me. The files will be held until Friday, May 23, 2014 after which time they will be returned to Archives.

Thank you.

Linda

Linda Price, RL
Texas General Land Office
Energy Resources, Mineral Leasing
Phone: (512) 463-5118
Fax: (512) 475-1543
Linda.Price@glo.texas.gov

>>> Andrew Waller <Andrew.Waller@energen.com> 5/15/2014 3:30 PM >>>

Linda,

The surface owners are working to fix the situation so amendments may not be necessary. I will let you know. We did pay the correct amount for the leases, however, so we should be good on that end.

Thanks,

Andy

From: Linda Price [Linda.Price@glo.texas.gov]
Sent: Wednesday, May 14, 2014 8:49 AM
To: Andrew Waller; Cathy Hitt; Robert Plumb
Cc: Drew Reid
Subject: MF111921, MF111922 & MF111923

All:

I've been holding MF111921, MF111922 & MF111923 because we were told that amendments of the leases were forthcoming.

Please update me as to the status of the amendments; i.e., is Energen still even pursuing them?

Thank you.
Linda

Linda Price, RL
Texas General Land Office
Energy Resources, Mineral Leasing
Phone: [\(512\) 463-5118](tel:(512)463-5118)
Fax: [\(512\) 475-1543](tel:(512)475-1543)
Linda.Price@glo.texas.gov

Lease	4th Year Rentals Due Date	Total Rentals Due	Rentals Due Each To State & Agent	1st State Rentals Paid Date	1st State Rentals Pd.	2nd State Rentals Paid Date	2nd State Rentals Paid	Total State Rentals Paid	State 4th Year Rentals Overpaid	State 4th Year Rentals Underpaid	Refund Date	Refund Amt.	Balance
MF111921A	12/1/2013	\$1,729,252.00	\$864,626.00	11/22/2013	\$910,558.12	NA	\$0.00	\$910,558.12	\$45,932.12	0.00	NA	\$0.00	\$45,932.12
MF111921B	2/7/2014	\$105,080.00	\$52,540.00	01/10/2014	\$13,721.88	01/27/2014	\$38,818.12	\$52,540.00	\$0.00	0.00	NA	\$0.00	\$0.00
MF111922A	12/1/2013	\$717,168.00	\$358,584.00	11/22/2013	\$382,890.38	NA	\$0.00	\$382,890.38	\$24,306.38	0.00	NA	\$0.00	\$24,306.38
MF111922B	2/7/2014	\$49,026.40	\$24,513.20	01/10/2014	\$6,077.63	01/27/2014	\$33,756.32	\$39,833.95	\$15,320.75	0.00	2/25/2014	\$15,320.75	\$0.00
MF111923A	12/1/2013	\$1,305,265.50	\$652,632.75	11/22/2013	\$696,878.73	NA	\$0.00	\$696,878.73	\$44,245.98	0.00	\$0.00	\$0.00	\$44,245.98
MF111923B	2/7/2014	\$89,230.36	\$44,615.18	01/10/2014	\$11,061.54	01/27/2014	\$33,553.64	\$44,615.18	\$0.00	0.00	0	\$0.00	\$0.00
Total		\$3,995,022.26	\$1,997,511.13		\$2,021,188.28		\$106,128.08	\$2,127,316.36	\$129,805.23	0.00		\$15,320.75	\$114,484.48

File No. MF111923

(15)

Email re amendments 05/16/2014

Date Filed: 05/27/2014

Jerry E. Patterson, Commissioner

By JEP

RELEASE OF OIL AND GAS LEASE

STATE OF TEXAS §
 §
COUNTY OF REEVES §

KNOW ALL MEN BY THESE PRESENTS:

THAT, Energen Resources Corporation, in accordance with the terms of that certain Oil and Gas Lease dated December 1, 2010, by and between the State of Texas, acting by and through its agent, care of James Robert Hill, individually and as Trustee of the Houston and Emma Hill Trust Estate, et al, as Lessor, and Energen Resources Corporation, as Lessee, recorded in Volume 863, Page 186 of the Official Public Records of Reeves County, Texas, does hereby release, relinquish, surrender and forever quitclaim unto Lessor all of its right, title and interest in and to such lease.

EXECUTED this 31st day of January, 2015.

ENERGEN RESOURCES CORPORATION

By: 

David W. Bolton
Vice President – Land

KR

STATE OF ALABAMA §
 §
COUNTY OF JEFFERSON §

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that David W. Bolton, whose name as Vice President – Land of Energen Resources Corporation, an Alabama corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand this 31st day of January, 2015.

My Commission expires:
MY COMMISSION EXPIRES
December 20, 2018


NOTARY PUBLIC



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116

Figure 1 consists of four sub-diagrams labeled (a) through (d), each showing a set of 10 points arranged in a regular grid. (a) shows a standard 2x5 grid of points. (b) shows the same grid with one point missing from the center. (c) shows the same grid with one extra point added to the center. (d) shows the same grid with one point moved from its original position to a new location, creating a distorted grid.

File No. 111923

County _____

Release - A

Date Filed: 04/06/16

George P. Bush, Commissioner

By _____

VOL

5714

PG

www.ky.gov

Inst No. 15-11192
DIANNE O. FLOREZ
COUNTY CLERK
2015 Nov 19 at 01:23 PM
REEVES COUNTY, TEXAS
By: BA Brittany Clark, DEPUTY