MF111969

| State Lease | Control | Base File | County |
|---|---|---|---|
| MF111969 | 07-031721 | 143991 | CULBERSON |
| MF111969 | 07-031892 | 143988 | CULBERSON |
| MF111969 | 07-031909 | 143986 | CULBERSON |
| MF111969 | 07-031918 | 143987 | CULBERSON |

TERMINATION
DATE 12/1/13
LEASING SSD
MAPS [illegible]
GIS MC

*Survey* PUBLIC SCHOOL LAND
*Block* 109, 110
*Block Name*
*Township*
*Section/Tract* 15, 6, 7, 18, 23
*Land Part*
*Part Description*
*Acres* 3259.12
*Depth Below* *Depth Above* *Depth Other*

*Leasing:* [illegible]
*Analyst:* [illegible]
*Maps:*
*GIS:* MC
*DocuShare:*

*Name* BRAZOS LIMITED PARTNERSHIP
*Lease Date* 12/1/2010
*Primary Term* 5 yrs
*Bonus ($)* $814,780.00
*Rental ($)* $0.00
*Lease Royalty* 0.1250

STOP

CAUTION

Documents in this file have been placed in Table of Contents order and scanned.
Please help keep documents in content order and let the ScanLab know when new documents are added to this file.

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*Archives and Records Staff*

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CONTENTS OF FILE NO. MF- 111969

| | |
|---|---|
| (1) RAL Sheet 9/1/10 | |
| (2) Lease 1/3/11 | |
| (3) Cover Letter & Fees 12/27/10 | |
| (4) Final Letter 11/15/11 | |
| (5) Assignment, WZ #8063 from 1/5/12 | |
| Brazos Limited to Limestone Exploration | |
| scanned PJC 3-27-13 | |
| 6. Termination Letter sent failure to 12/11/13 | |
| pay 4th yr. Rental | |
| Lease Terminated 12/1/13 | |
| - talked to Travis Golding @ Limestone | |
| by phone. He called to verify | |
| termination - Lease terminated | |
| 7 Release by Limestone 1.21.14 | |
| Scanned PJ 7-9-14 | |
| 8. Filing Fee 11/22/14 | |
| Scanned sm 02/11/2020 | |

# RAL REVIEW SHEET

**Transaction #** 6903

**Geologist:** R. Widmayer

**Lessor:** Simmons, Benny Gail Hunnicutt, John Richard Hunnicutt, J

**Lease Date:** 8/20/2010 **UL** ☐

**Lessee:** ~~Patrick Energy Company~~ Brazos Limited Partnership

**Gross Acres:** 1603.93

**Net Acres:** 1603.93

* total Ac 3259.12

**LEASE DESCRIPTION**

| County | PIN# | Base File No | Part | Sec. | Block | Twp | Survey | Abst# |
|---|---|---|---|---|---|---|---|---|
| CULBERSON | 07-031892 | 143988 321.45 | ~~ALL~~ S/2 | 5 | 110 | 00 | PUBLIC SCHOOL LAND | 6421 |
| CULBERSON | 07-031909 | 143986 562.29 | N 7/8 } All | 6 | 110 | 00 | PUBLIC SCHOOL LAND | 6419 |
| CULBERSON | 07-031918 | 143987 80.36 | ~~S/8~~ } All | 6 | 110 | 00 | PUBLIC SCHOOL LAND | 6420 |
| " | 07-031927 | 143984 | N 1/8 86.29 | 7 | " | " | " | 6417 |
| " | 07-031936 | 143985 | S 7/8 560.43 | 7 | " | " | " | 6418 |

**TERMS OFFERED**

| | |
|---|---|
| **Primary Term:** | 5 years |
| **Bonus/Acre:** | ~~$600.00~~ $500.00 |
| **Rental/Acre:** | $1.00 |
| **Royalty:** | 1/4 |

**TERMS RECOMMENDED**

| | |
|---|---|
| **Primary Term** | 5 years |
| **Bonus/Acre** | ~~$600.00~~ $500.00 |
| **Rental/Acre** | $1.00 |
| **Royalty** | 1/4 |

**COMPARISONS**

| MF # | Lessee | Date | Term | Bonus/Ac. | Rental/Ac. | Royalty | Distance |
|---|---|---|---|---|---|---|---|
| MF106722 | Petro-Hunt, L.L.C. | 6/22/2005 | 5 years | $300.00 | $1.00 | 1/5 | **Last Lease** |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

**Comments:** 2nd and 3rd year rentals are paid up. 4th year rental will be ~~$600.00~~ $500.00 per acre and will pay up the 5th year. ~~MUST DRILL WELL in the First 6 MONTHS OR PAY $200,000.00~~

**Approved:** TM 9/1/10

Wednesday, September 01, 2010

# RAL REVIEW SHEET

**Transaction #** 6902

**Lessor:** Simmons, Benny Gail Hunnicutt, John Richard Hunnicutt, J

**Lessee:** ~~Parrick Energy Company~~ Brazos

**Geologist:** R. Widmayer

**Lease Date:** 8/20/2010 **Ut** ☐

**Gross Acres:** 1653.54

**Net Acres:** 1653.54

**LEASE DESCRIPTION**

| County | PIN# | Base File No | Part | Sec. | Block | Twp | Survey | Abst# |
|---|---|---|---|---|---|---|---|---|
| CULBERSON | 07-031721 | 143991 | ALL | 15 | 109 | 00 | PUBLIC SCHOOL LAND | 6424 |
| CULBERSON | 07-032105 | 143973 | ALL | 18 | 110 | 00 | PUBLIC SCHOOL LAND | 6406 |
| CULBERSON | 07-032150 | 143968 | ALL | 23 | 110 | 00 | PUBLIC SCHOOL LAND | 6401 |

**TERMS OFFERED**

| | |
|---|---|
| **Primary Term:** | 5 years |
| **Bonus/Acre:** | ~~$600.00~~ $500.00 |
| **Rental/Acre:** | $1.00 |
| **Royalty:** | 1/4 |

**TERMS RECOMMENDED**

| | |
|---|---|
| **Primary Term** | 5 years |
| **Bonus/Acre** | ~~$600.00~~ $500.00 |
| **Rental/Acre** | $1.00 |
| **Royalty** | 1/4 |

**COMPARISONS**

| MF # | Lessee | Date | Term | Bonus/Ac. | Rental/Ac. | Royalty | Distance |
|---|---|---|---|---|---|---|---|
| MF106721 | Petro-Hunt, L.L.C. | 6/22/2005 | 5 years | $300.00 | $1.00 | 1/5 | Last Lease |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

**Comments:** 2nd and 3rd year rentals are paid up. 4th year rental will be ~~$600.00~~ $500.00 per acre and will pay up the 5th year. ~~MUST DRILL WELL in the First 6 MONTHS OR PAY $200,000.00~~.

**Approved:** m 9/1/10

Wednesday, September 01, 2010

RELINQUISHMENT ACT LEASE APPLICATION

Texas General Land Office | Jerry Patterson, Commissioner

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

DATE: 01-Sep-10

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

| | | | |
|---|---|---|---|
| Applicant: | ~~Parsick Energy Company~~ BRAZOS | County: | CULBERSON |
| Prim. Term: 5 years | | Bonus/Acre | ~~$600.00~~ $500.00 |
| Royalty: 1/4 | | Rental/Acre | $1.00 |

Consideration

Recommended: TM Date: 9/1/10

Not Recommended: ______

Comments: 2nd and 3rd year rentals are paid up. 4th year rental will be ~~$600.00~~ $500.00 per acre and will pay up the 5th year. ~~MUST DRILL WELL in the First 6 MONTHS OR PAY $200,000.00.~~

Lease Form

Recommended: TCM Date: 9/8/10

Not Recommended: ______

Comments:

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

Recommended: CLR

Not Recommended: ______

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

Recommended: WFW

Not Recommended: ______

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

Approved: LL

Not Approved: ______

Jerry Patterson, Commissioner Date: 9/14/10

Approved: Jerry E. Patterson

Not Approved: ______

①

File No. 111969

RAL Sheet

Date Filed: ~~[illegible]~~ 9/1/10

Jerry E. Patterson, Commissioner

By GH

Acc# 00000066392

General Land Office
Relinquishment Act Lease Form
Revised, September 1997

# The State of Texas

THE STATE OF TEXAS

## Austin, Texas

Paid 1st 2nd + 3rd

A CERTIFIED COPY
IF IT BEARS THE SEAL OF THE COUNTY CLERK
ATTEST: 12-29-10
LINDA McDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS
BY Ana C. Luna DEPUTY

## 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,
**Benny Gail Hunnicutt Simmons, 13513 Overland Pass, Austin, TX 78738**
**John Richard Hunnicutt, Jr., P.O. Box 966, Ozona, Texas 76943**
**Hope Elaine Phillips, Individually & as Executrix for the Estate of H. M. Phillips, Jr. 234 W. Bandera, #214, Boerne, TX 78006**

(Give Permanent Address)
said agent herein referred to as the owner of the soil (whether one or more), and **Brazos Limited Partnership**, P. O. Box 911, Breckenridge, Texas 76424,

hereinafter called Lessee.
(Give Permanent Address)

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

Block 109, Public School Lands Survey
Section 15: All

Block 110, Public School Lands Survey
Section 5: S/2
Section 6: All
Section 7: All
Section 18: All
Section 23: All

Containing 3259.12 acres, more or less. The bonus consideration paid for this lease is as follows:

Add remaining acreage

To the State of Texas: Eight Hundred Fourteen Thousand Seven Hundred Eighty and no/100 Dollars ($814,780)
To the owner of the soil: Eight Hundred Fourteen Thousand Seven Hundred Eighty and no/100 Dollars ($814,780)

Total bonus consideration: One Million Six Hundred Twenty-nine Thousand Five Hundred Sixty and no/100 Dollars ($1,629,560)

The total bonus consideration paid represents a bonus of Five Hundred Dollars ($500.00)per acre, on 3259.12 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 is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil ~~or to his credit in the ____ Bank, at ____,~~
~~or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below~~; in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date.

Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts: This lease is partially paid-up. See Paragraphs U. and V. of the Addendum attached hereto for amended Delay Rental Provisions.

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 **One Fourth (1/4)** part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity in the general area where produced and when run, or 2) the highest market price thereof offered or paid in the general area where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is the greater. Lessee agrees that before any gas produced from the leased premises is sold, used or processed in a plant, it will be run free of cost to the royalty owners through an adequate oil and gas separator of conventional type, or other equipment at least as efficient, so that all liquid hydrocarbons recoverable from the gas by such means will be recovered. The requirement that such gas be run through a separator or other equipment may be waived, in writing, by the royalty owners upon such terms and conditions as they prescribe.

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

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

(D) OTHER PRODUCTS. Royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be "casinghead," "dry," or any other gas, by fractionating, burning or any other processing shall be **One Fourth (1/4)** part of the gross production of such products, or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such market value to be determined as follows: 1) on the basis of the highest market price of each product for the same month in which such product is produced, or 2) on the basis of the average gross sale price of each product for the same month in which such products are produced; whichever is the greater.

5. MINIMUM ROYALTY. During any year after the expiration of the primary term of this lease, if this lease is maintained by production, the royalties paid under this lease in no event shall be less than an amount equal to the total annual delay rental herein provided; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of this lease a sum equal to the total annual rental less the amount of royalties paid during the preceding year. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar ($1.00) per acre.

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

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

8. PLANT FUEL AND RECYCLED GAS. No royalty shall be payable on any gas as may represent this lease's proportionate share of any fuel used to process gas produced hereunder in any processing plant. Notwithstanding any other provision of this lease, and subject to the written consent of the owner of the soil and the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises or for injection into any oil or gas producing formation underlying the leased premises after the liquid hydrocarbons contained in the gas have been removed; no royalties shall be payable on the recycled gas until it is produced and sold or used by Lessee in a manner which entitles the royalty owners to a royalty under this lease.

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

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

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

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

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

11. DRY HOLE/CESSATION OF PRODUCTION DURING PRIMARY TERM. If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if during the primary term hereof and after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall not terminate if on or before the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or pays or tenders the next annual delay rental in the same manner as provided in this lease. If, during the last year of the primary term or within sixty (60) days prior thereto, a dry hole be completed and abandoned, or the production of oil or gas should cease for any cause, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term; and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking operations pursuant to Paragraph 13, using the expiration of the primary term as the date of cessation of production under Paragraph 13. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in oil or gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided herein on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in oil or gas well and upon the failure to make such payment, this lease shall ipso facto terminate. If at the expiration of the primary term or any time thereafter a shut-in oil or gas well is located on the leased premises, payments may be made in accordance with the shut-in provisions hereof.

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

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

14. SHUT-IN ROYALTIES. For purposes of this paragraph, "well" means any well that has been assigned a well number by the state agency having jurisdiction over the production of oil and gas. If, at any time after the expiration of the primary term of a lease that, until being shut in, was being maintained in force and effect, a well capable of producing oil or gas in paying quantities is located on the leased premises, but oil or gas is not being produced for lack of suitable production facilities or lack of a suitable market, then Lessee may pay as a shut-in oil or gas royalty an amount equal to double the annual rental provided in the lease, but not less than $1,200

a year for each well capable of producing oil or gas in paying quantities. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar ($1.00) per acre. To be effective, each initial shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term, (2) 60 days after the Lessee ceases to produce oil or gas from the leased premises, or (3) 60 days after Lessee completes a drilling or reworking operation in accordance with the lease provisions; whichever date is latest. Such payment shall be made one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil. If the shut-in oil or gas royalty is paid, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one year from the end of the primary term, or from the first day of the month following the month in which production ceased, and, after that, if no suitable production facilities or suitable market for the oil or gas exists, Lessee may extend the lease for four more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year.

15. COMPENSATORY ROYALTIES. If, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the leased premises and completed in the same producing reservoir, or in any case in which drainage is occurring, the right to continue to maintain the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid. The Lessee may maintain the lease for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in the lease of the market value of production from the well causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the leased premises. The compensatory royalty is to be paid monthly, one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil, beginning on or before the last day of the month following the month in which the oil or gas is produced from the well causing the drainage or that is completed in the same producing reservoir and located within one thousand (1,000) feet of the leased premises. If the compensatory royalty paid in any 12-month period is an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 9 of this lease. None of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in Texas Natural Resources Code 52.173; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties can satisfy the obligation to drill offset wells.

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

(A) VERTICAL. In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 14 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Texas Natural Resources Code 52.151-52.154, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction. If at any time after the effective date of the partial termination provisions hereof, the applicable field rules are changed or the well or wells located thereon are reclassified so that less acreage is thereafter allocated to said well or wells for production purposes, this lease shall thereupon terminate as to all acreage not thereafter allocated to said well or wells for production purposes. Notwithstanding the termination of this lease as to a portion of the lands covered hereby, Lessee shall nevertheless continue to have the right of ingress to and egress from the lands still subject to this lease for all purposes described in Paragraph 1 hereof, together with easements and rights-of-way for existing roads, existing pipelines and other existing facilities on, over and across all the lands described in Paragraph 1 hereof ("the retained lands"), for access to and from the retained lands and for the gathering or transportation of oil, gas and other minerals produced from the retained lands.

(B) HORIZONTAL. In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (hereinafter "deeper depths") in each well located on acreage retained in Paragraph 16 (A) above, unless on or before two (2) years after the primary or extended term Lessee pays an amount equal to one-half (1/2) of the bonus originally paid as consideration for this lease (as specified on page 1 hereof). If such amount is paid, this lease shall be in force and effect as to such deeper depths, and said termination shall be delayed for an additional period of two (2) years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths covered by this lease.

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

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

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

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

20. (A) PROPORTIONATE REDUCTION CLAUSE. If the owner of the soil owns less than the entire undivided surface estate in the above described land, whether or

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

(B) REDUCTION OF PAYMENTS. If, during the primary term, a portion of the land covered by this lease is included within the boundaries of a pooled unit that has been approved by the School Land Board and the owner of the soil in accordance with Natural Resources Code Sections 52.151-52.154, or if, at any time after the expiration of the primary term or the extended term, this lease covers a lesser number of acres than the total amount described herein, payments that are made on a per acre basis hereunder shall be reduced according to the number of acres pooled, released, surrendered, or otherwise severed, so that payments determined on a per acre basis under the terms of this lease during the primary term shall be calculated based upon the number of acres outside the boundaries of a pooled unit, or, if after the expiration of the primary term, the number of acres actually retained and covered by this lease.

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

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

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

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

25. POLLUTION. In developing this area, Lessee shall use the highest degree of care and all proper safeguards to prevent pollution. Without limiting the foregoing, pollution of coastal wetlands, natural waterways, rivers and impounded water shall be prevented by the use of containment facilities sufficient to prevent spillage, seepage or ground water contamination. In the event of pollution, Lessee shall use all means at its disposal to recapture all escaped hydrocarbons or other pollutant and shall be responsible for all damage to public and private properties. Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries so as to protect livestock against loss, damage or injury; and upon completion or abandonment of any well or wells, Lessee shall fill and level all slush pits and cellars and completely clean up the drilling site of all rubbish thereon. Lessee shall, while conducting operations on the leased premises, keep said premises free of all rubbish, cans, bottles, paper cups or garbage, and upon completion of operations shall restore the surface of the land to as near its original condition and contours as is practicable. Tanks and equipment will be kept painted and presentable.

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

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

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

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

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

29. FILING OF ASSIGNMENTS AND RELEASES. If all or any part of this lease is assigned or released, such assignment or release must be recorded in the county where the land is situated, and the recorded instrument, or a copy of the recorded instrument certified by the County Clerk of the county in which the instrument is

recorded, must be filed in the General Land Office within 90 days of the last execution date accompanied by the prescribed filing fee. If any such assignment is not so filed, the rights acquired under this lease shall be subject to forfeiture at the option of the Commissioner of the General Land Office.

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

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

32. FORFEITURE. If Lessee shall fail or refuse to make the payment of any sum within thirty days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or if Lessee should refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if Lessee shall knowingly violate any of the material provisions of this lease, or if this lease is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under this lease shall be subject to forfeiture by the Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease under the terms of the Relinquishment Act. However, nothing herein shall be construed as waiving the automatic termination of this lease by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto.

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

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

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

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

PERTAINING TO HAZARDOUS MATERIALS WHICH MAY AFFECT THE LEASED PREMISES. THE OBLIGATIONS OF LESSEE HEREUNDER SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION, FOR ANY REASON, OF THIS AGREEMENT.

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

38. EXECUTION. This oil and gas lease must be signed and acknowledged by the Lessee before it is filed of record in the county records and in the General Land Office of the State of Texas. Once the filing requirements found in Paragraph 39 of this lease have been satisfied, the effective date of this lease shall be the date found on Page 1.

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

LESSEE Brazos Limited Partnership
BY: By: Breck Operating Corp., its General Partner
Title:
Date: By: John H. Connally, President

STATE OF TEXAS

BY: **Benny Gail Hunnicutt Simmons**

Individually and as agent for the State of Texas
Date:

STATE OF TEXAS

BY: **John Richard Hunnicutt, Jr.**

Individually and as agent for the State of Texas
Date:

STATE OF TEXAS

BY: **Hope Elaine Phillips, Individually & as Executrix for the Estate of H. M. Phillips, Jr.**

Individually and as agent for the State of Texas

Date:

STATE OF Texas (INDIVIDUAL ACKNOWLEDGMENT)
COUNTY OF TRAVIS
BEFORE ME, the undersigned authority, on this day personally appeared **Benny Gail Hunnicutt Simmons** known to me to be the person whose name issubscribed to the foregoing instrument, 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 day of 15, DECEMBER 2010

RYAN E. STIBA
Notary Public
STATE OF TEXAS
My Comm. Exp. September 9, 2012

Notary Public in and for

STATE OF TEXAS (INDIVIDUAL ACKNOWLEDGMENT)
COUNTY OF CROCKETT
BEFORE ME, the undersigned authority, on this day personally appeared **John Richard Hunnicutt, Jr.** known to me to be the person whose name s subscribed to the foregoing instrument, 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 16th day of December, 2010.

Betsy McKinney
Notary Public in/and for CROCKETT Co, TEXAS

A CERTIFIED COPY
IF IT BEARS THE SEAL OF THE COUNTY CLERK
ATTEST: 12-29-10
BY DEPUTY

STATE OF TEXAS (INDIVIDUAL ACKNOWLEDGMENT)
COUNTY OF TRAVIS

BEFORE ME, the undersigned authority, on this day personally appeared **Hope Elaine Phillips, Individually & as Executrix for the Estate of H. M. Phillips, Jr.** known to me to be the person whose name are subscribed to the foregoing instrument, 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 18TH day of DECEMBER 2010.

Notary Public in and for

RYAN E. STIBA
Notary Public
STATE OF TEXAS
My Comm. Exp. September 9, 2012

STATE OF TEXAS )
)
COUNTY OF Stephens )

Before me, the undersigned authority, on this day personally appeared John H. Connally, President of Breck Operating Corp., a Texas Corporation, General Partner of Brazos Limited Partnership, a Texas limited partnership, known to me to be the person whose name is subscribed to the foregoing instrument, 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 28 day of December, 2010.

Barbara Beene
Notary Public in and for the State of Texas

BARBARA BEENE
Notary Public
STATE OF TEXAS
My Commission
Expires 01/21/2012

## ADDENDUM

To Oil & Gas Lease dated December 1, 2010, from the undersigned (whether one or more),and Brazos Limited Partnership.

ADDITIONAL PROVISIONS OF LEASE

Notwithstanding anything to the contrary in the foregoing Oil & Gas Lease, it is agreed and understood as follows, to-wit:

**IF THE LAND COVERED BY THIS LEASE IS MINERALLY CLASSIFIED DAMAGES PAYABLE TO LESSOR SHALL BE PAYABLE 1/2 TO THE STATE OF TEXAS AND 1/2 TO THE OWNER OF THE SOIL, IF NOT MINERALLY CLASSIFIED DAMAGES SHALL BE PAYABLE TO THE SURFACE OWNER. DAMAGES PAYABLE FOR THE ACTUAL VALUE OF IMPROVEMENTS (SUCH AS BARNS, HOUSES, PENS, GROWING CROPS AND WATERING FACILITIES), WHICH ARE PAYABLE SOLELY TO THE OWNER OF THE IMPROVEMENTS.**

A. RETAINED DEPTHS. Lessor reserves and excepts from this lease all depths from the surface down to and including 1,000' below the surface.

B. OIL & GAS ONLY. This lease covers only oil, gas and associated hydrocarbons. No fresh or potable water may be taken from Lessor's land without Lessor's prior written consent.

C. ABSTRACTS. If Lessor allows Lessee to use its abstracts of title, then those abstracts of title shall be returned to Lessor within sixty days of written request for the return of same by Lessor. In the event such abstracts are not returned to Lessor within ninety (90) days of demand for return of same then Lessee shall pay as liquidated damages two times the replacement value thereof. In the event that Lessee obtains supplemental or additional abstracts of title covering the leased premises Lessee agrees to give the abstracts to Lessor, when Lessee's need for same has ceased.

D. NO PETS, FIREARMS OR RECREATION. Lessee shall keep its employees from hunting, fishing and carrying firearms on the leased premises at all times. During the recognized deer hunting season, all pumpers shall exit the premises prior to 4:00 o'clock p.m., unless on an emergency basis to avoid harm to any well or during actual drilling operations.

E. COPIES OF REPORTS. Lessee agrees to furnish Lessor with copies of any and all reports filed with the Railroad Commission of Texas, well logs and surveys within thirty (30) days of receipt by Lessee of a written request from Lessor which written request shall specify the type of report requested by Lessor.

F. METERS. Lessor shall have the right and option to place his own measuring or metering devices on wells on the leased premises. Any such measuring or metering devices shall be constructed and installed by Lessee at Lessor's sole risk, cost and expense.

G. AGENT OR EMPLOYEE. Lessor shall have the right, at Lessor's risk and expense, to place an employee or agent on the leased premises to observe all operations for drilling, testing, plugging, and abandoning or completing and equipping and producing any and all wells on the leased premises.

H. RELEASE. After the end of the primary term, Lessee, its successors or assigns, shall deliver a release to Lessor within ninety (90) days of plugging and abandoning any well located on the leased premises. Such release shall cover such portions of the leased premises as were included within the proration unit established or drilling unit established as the case may be for such well and not otherwise being maintained by other provisions of this lease. If Lessee wrongfully withholds any release, Lessor shall be entitled to recover its costs in obtaining same, including reasonable attorney's fees.

I. PITS AND RESTORATION. Lessee agrees to remove all unnecessary caliche and pits from each location within six (6) months of obtaining total depth, and to restore the surface land and reseed with grasses and seed approved by the local Soil Conservation Service.

J. TANKS. All tanks will be placed as near as possible to the wellhead and will be constructed of fiberglass or other material to prevent leakage.

K. SURFACE DAMAGES. Lessee agrees to pay reasonable surface damages for roads, locations, flowline, caliche, trees and water, consistent with the prevailing rates in the area, but not less than the minimum amount of $5.50 per rod for roadways and six cents ($.06) per square foot or $2613 dollars per acre for locations and pits. As to damages to oak trees and mesquite trees inches (10") or more in diameter, Lessee agrees to pay based upon the formula used by the Texas Agricultural Extension Service in <u>Evaluation of Shade Trees</u>, by Alan D. Dreesen.

L. FENCES. Fences shall be placed around all pits, such shall be constructed and removed in accordance with surface owner's specifications.

M. CALICHE. All caliche removed from a location at restoration shall be placed on another location on the lease, or placed upon existing roadways upon the lease or in existing caliche pits, at the request of surface owner. No caliche from any surface owner's lands may be placed upon any other surface owner's lands without the written consent of each such surface owner. No caliche may be taken from the lands hereunder without construction of an all weather road with part of the caliche.

N. PAINT. Lessee will paint all of Lessee's equipment with non-toxic paint and will police each wellsite to remove all trash therefrom.

O. WATER. Lessee agrees to purchase any water needed for drilling or other operations on the leased premises from the surface owners' existing water wells; provided, however, that if said wells are incapable of providing sufficient water to

IF IT BEARS THE SEAL OF THE COUNTY CLERK

ATTEST: 12-29-10

BY ana C lucas DEPUTY

meet Lessee's needs, Lessee may drill its own water well or wells for use in its operations under this lease, or may transport water from other locations onto the leased premises for use in its operations under this lease, at its discretion. The cost for any water taken from a surface owners' wells shall be $2500.00 per well drilled by Lessee. In the event Lessee drills its own water well or wells on the leased premises, the ownership of such water well or wells shall revert to the surface owner upon the complete termination of this lease.
P. SHUT-IN LIMITS. It is hereby agreed that this Lease can be maintained solely by the payment of shut-in royalty for a period of no more than two (2) years beyond the expiration date of the primary term.
Q. ROADS. Once Lessee has entered the premises Lessee will at all times maintain all roads it uses with at least a two inch (2") caliche base, crowned in the center and a width of at least twelve feet (12') except at fence crossings, where the width shall be the width of the gate; Lessee shall install and maintain at each fence crossing on Lessor's land a cattle guard of good quality and sufficient to turn cattle.
R. SEISMIC. In the event that Lessee conducts seismic operations on the leased premises, Lessee agrees to allow Lessor and Lessor's agents to review said seismic data at Lessee's office where the seismic data is kept. Lessee and Lessor agree not to disclose the data to the public, but may disclose it to potential owners or investors in the lease or lands or to enforce obligations under this lease. Prior to entry onto the lands to conduct seismic or magnetic surveys Lessee must pay to the surface owners a surface damage fee for the estimated seismic or magnetic work to be done in the amount not less than the prevailing rate in the area. LESSEE agrees to provide LESSOR written notice of its intent to commence such geophysical operations at least one (1) week prior to the actual commencement of said activities.
S. PIPELINES. Lessee will notify Lessor in writing at least twenty (20) days prior to the construction of any pipeline. When requested by the surface owner, Lessee agrees, when and where requested by the surface owner, to bury all pipelines below deep root plow depth (minimum 36"). . In the event solid rock is encountered within 36 inches of the surface, the pipelines may be laid on top of the rock for that portion of pipeline. All fittings, fixtures, structures, and other appurtenances to the pipeline that by their nature and function are customarily placed above the ground need not be buried.
T.
**CONTINUOUS DEVELOPMENT:** If, at the end of the primary term, Lessee has completed or is drilling at least one (1) well on the leased premises, this lease shall continue so long as drilling is continued with no cessation or interruption of more than one hundred fifty (150) consecutive days between the date when total depth is reached in one well and the date the next well is spudded, by a rig capable of reaching total permitted depth to a formation reasonably believed to contain hydrocarbons in paying quantities ("Continuous Development Program"). At the end of the Continuous Development Program this lease will terminate as to all lands covered by this lease, except the land: a) included in the minimum size unit allowed by the Railroad Commission of Texas (or subsequent successor authority) for each well capable of producing in paying quantities, and b) depths from the surface down to the base of the producing formation in each retained unit. In the event, after the end of the Continuous Development Program, the minimum size unit necessary for a well is reduced, in order to retain the acreage in excess of the new minimum amount, after sixty day notice from Lessor, Lessee may begin another drilling program ("Subsequent Drilling Program") by beginning new drilling operations within one hundred eighty (180) days with no cessation or interruption of more than one hundred eighty (180) consecutive days between the date when total depth is reached in one new well and the date the next new well is spudded, by a rig capable of reaching total permitted depth to a formation reasonably believed to contain hydrocarbons in paying quantities. At the end of the Subsequent Drilling Program or Subsequent Drilling Programs (if the minimum units are reduced more than once) this lease will terminate as to all lands covered by this lease, except the land: a) included in the minimum size unit allowed by the Railroad Commission of Texas (or subsequent successor authority) for each well capable of producing in paying quantities, and b) the producing formation in each retained unit. Lessee shall be authorized to accumulate unused time between wells provided for in this paragraph, so that if Lessee commences a subsequent well in less than the 150-day period allowed between wells, the difference may be accumulated and added to the number of days between the completion of one well and the commencement of a subsequent well; provided, that the time between completion of one well and the commencement of a subsequent well shall never exceed 270 days.

U. PAID-UP LEASE. The rentals for the first three (3) years of this lease have been pre-paid with the bonus for this lease and no additional payments for the first three (3) years are due and payable. The total payments to the State and to the owner of the soil is $500.00 per acre. The State and the owner of the soil have split the total payment of $500.00 per acre equally. If delay rentals are paid on or before the 3rd anniversary date, the total rental paid shall be $1,629,560.00. Said payment will constitute a pre-payment for the delay rentals for the 4th and 5th years of the lease. Payments shall be made as follows:

To the owner of the soil: $814,780.00
To the State of Texas: $814,780.00

V. PAYMENTS OF MINIMUM ROYALTY AND SHUT-IN ROYALTY. Paragraph 5 (Minimum Royalty) and Paragraph 14 (Shut-in Royalty) contains a reference to a computation based upon the delay rental amount specified in Paragraph 3. However, notwithstanding anything contained herein to the contrary, the undersigned do hereby recognize, acknowledge and agree that i) all minimum royalty payments due pursuant to Paragraph 5 shall be calculated on the basis of the delay rental amount being one dollar ($1.00) per acre, and ii) all shut-in royalty payments due pursuant to Paragraph 14 shall be calculated on the basis of double the annual rental amount of one dollar ($1.00) per acre (being two dollars ($2.00) per acre), but not less than $1200.00 a year for each well capable of producing oil and gas in paying quantities.

(Owners of the Soil, Agent for the State of Texas):

Benny Gail Hunnicutt Simmons

John Richard Hunnicutt, Jr.

Hope Elaine Phillips, Invidually & as Executrix for the Estate of H. M. Phillips, Jr.

LESSEE:

By: John H. Connally, President of Breck Operating Corp.,
General Partner of Brazos Limited Partnership

A CERTIFIED COPY
IF IT BEARS THE SEAL OF THE COUNTY CLERK
ATTEST: 12-29-10
LINDA McDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS
BY Dina C ... DEPUTY

File No. 111969

Lease

Date Filed: ~~[illegible]~~ 1/3/11

Jerry E. Patterson, Commissioner

By GH

THE STATE OF TEXAS

COUNTY OF CULBERSON I, Linda McDonald, Clerk of the County Court in and for said County and State, do hereby certify that the foregoing is a true and correct copy of Oil & Gas Lease dated December 16 2010 filed for record in my office this 29th day of December 2010, at 2:16 P.M, under Clerk's File No. 66392 to be recorded in the Oil & Gas Records of Culberson County, Texas.

TO CERTIFY WHICH, Witness my hand and seal at Van Horn this 29th day of December 2010

By Ana C. Uueo Deputy

LINDA McDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS

12-27-10

121

1636

**BRAZOS LIMITED PARTNERSHIP**
P.O. BOX 911
BRECKENRIDGE, TEXAS 76424

FIRST NATIONAL BANK
Albany / Breckenridge
Member FDIC
101 East Walker
Breckenridge, TX 76424

11703895

88-966-1119

December 22, 2010

PAY TO THE ORDER OF Texas General Land Office $ xxx814,780.00xxx

Eight hundred fourteen thousand seven hundred eighty and no/100******** DOLLARS

1700 Congress Ave.
Austin, Texas 78701-1495

AUTHORIZED SIGNATURE

Security features. Details on back.

MEMO vo# 120278

SFV

⑈001636⑈ [redacted]

P

12-27-10

121

FIRST NATIONAL BANK Albany / Breckenridge
101 E. WALKER
BRECKENRIDGE, TX 76424

**BANSHEE RESOURCES, LLC**
3323 MIDLAND DR., STE 113
MIDLAND, TX 79707

11703894

1069

88-966/1119

DATE 12/22/10

PAY TO THE ORDER OF Texas General Land Office $ 100.00/xx

One hundred & no/100 DOLLARS

Security Features Details on Back

THIS CHECK IS DELIVERED IN CONNECTION WITH THE FOLLOWING ACCOUNT (S)

| | | | |
|---|---|---|---|
| | | | |
| | | | |
| | | | |

MP

[redacted]1069⑈ [redacted]

# BANSHEE RESOURCES, LLC

**3323 N Midland Drive**
**Ste 113, PMB 139**
**Midland, TX 79707**
**325-665-2244**


**Mr. Reid,**

**Please find the two checks attached. The first check is from Brazos Limited Partnership for the lease bonus in the amount of $814,780.00 and then a processing fee check for the amount of $100.00 from Banshee Resources, LLC. The checks are for the Hunnicutt lease I emailed you on December 22, 2010. Thank you again for all your time and help with is matter. Please feel free to contact me at anytime at the number provided above.**

**Sincerely,**

**Andrew T. Connally, RPL**

**Drew Reid - FW: Hunnicutt Lease**

**From:** "David W. Wallace" <wallace@sonoratx.net>
**To:** "'Frank N. Cremer'" <fncremer@dgclaw.com>
**Date:** 12/8/2010 5:14 PM
**Subject:** FW: Hunnicutt Lease
**CC:** <ccaozona@aol.com>, "'Drew Reid'" <Drew.Reid@GLO.STATE.TX.US>
**Attachments:** Brazos-Hunnicutt_Northstar_Final_Draft 12 08 2010.pdf

Frank – Looks good to me. I'll forward it to Rick Hunnicutt o begin getting signatures. Also, I'll let Drew Reid know.

David


WALLACE LAW OFFICES
Board Certified Oil, Gas & Energy Law

**David W. Wallace**
*Attorney at Law*

**Wallace Law Offices**
105 SW Main Street
Sonora, Texas 76950

tel: 325-387-6551
fax: 325-387-6554

wallace@sonoratx.net




---

**From:** Frank N. Cremer [mailto:fncremer@dgclaw.com]
**Sent:** Wednesday, December 08, 2010 9:04 AM
**To:** 'David W. Wallace'
**Subject:** RE: Hunnicutt Lease

Here is the final draft.


Frank N. Cremer
Davis, Gerald & Cremer
P. O. Box 2796
Midland, TX 79702
PHONE (432) 687-0011
FAX (432) 686-5133

****************************

**From:** David W. Wallace [mailto:wallace@sonoratx.net]
**Sent:** Tuesday, December 07, 2010 3:28 PM
**To:** ccaozona@aol.com; Frank N. Cremer
**Subject:** RE: Hunnicutt Lease

Frank – The only issue is the pipeline burial. Rick was out at the ranch last weekend and he's concerned about pipelines on the surface. He says there's virtually no rocks on the ranch, so burial would not be a problem. Here's my normal language:

Lessee will notify Lessor in writing at least twenty (20) days prior to the construction of any pipeline. When requested by the surface owner, Lessee agrees, when and where requested by surface owner, to bury all pipelines below deep root plow depth (minimum 36").

Let me know it that's ok.

David

**From:** David W. Wallace [mailto:wallace@sonoratx.net]
**Sent:** Thursday, December 02, 2010 2:54 PM
**To:** 'ccaozona@aol.com'
**Cc:** 'Frank N. Cremer'
**Subject:** FW: Hunnicutt Lease

Frank – Looks good to me, subject to client final approval (and GLO). I'll send it on to Rick Hunnicutt and ask for his prmpt input. Thanks for your dilgent work on this.

David

WALLACE LAW OFFICES
Board Certified Oil, Gas & Energy Law

**David W. Wallace**
*Attorney at Law*

**Wallace Law Offices**
105 SW Main Street
Sonora, Texas 76950

tel: 325-387-6551
fax: 325-387-6554

wallace@sonoratx.net

**From:** Frank N. Cremer [mailto:fncremer@dgclaw.com]
**Sent:** Thursday, December 02, 2010 1:58 PM
**To:** 'David W. Wallace'; 'Andrew Connally'
**Subject:** Hinnicut lease

Attached is the lease in pdf format. David, aside from filling in blanks for acres and amounts, I changed the addendum paragraph pertaining to delay rentals to use lease years instead of anniversary dates. I think that is less confusing. No other changes were made except the ones we agreed to previously. Andrew, I have a hard copy available if you want it. Thanks

Frank N. Cremer
Davis, Gerald & Cremer
P. O. Box 2796
Midland, TX 79702
PHONE (432) 687-0011
FAX (432) 686-5133
****************************



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For more information please visit http://www.messagelabs.com/email

This email has been scanned by the MessageLabs Email Security System.
For more information please visit http://www.messagelabs.com/email

(3)

File No. 111969

Cover Letter & fees

Date Filed: 12/27/10

Jerry E. Patterson, Commissioner

By GH

TEXAS GENERAL LAND OFFICE
JERRY PATTERSON, COMMISSIONER

November 15, 2011

Brazos Limited Partnership
PO Box 911
Breckenridge, Texas 76424

Re: **State Lease MF 111969** RAL Lease dated December 1, 2010 recorded in Document #66392, covering Sec 15, Blk 109 & Secs. 5, 6, 7, 18 & 23, Blk 110 PSL Survey, Culberson Co TX, Benny Gail Hunnicutt Simmons, et al, agents for State of TX, Lessors

Dear Ladies & Gentlemen:

The certified copy of the Relinquishment Act lease covering the above referenced tract has been approved and filed in our records under the **State Lease No. MF111969. Please refer to this number when making rental, shut-in or any other payments to the State and in all future correspondence concerning the lease. Failure to include the mineral file number 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 of **$814,780.00** has been applied to the State's portion of the cash bonus. The remittance by Banshee Resources, LLC for **$100.00** has been applied to the processing fee. We have no record of having received the $25.00 filing fee which we request you send as soon as possible.

Sincerely yours,

Drew Reid

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

(4

File No. 111969

Final Letter

Date Filed: ~~[illegible]~~ 11/15/11

Jerry E. Patterson, Commissioner

By GH

January 5, 2012

Travis Golding
Limestone Exploration II, LLC
PO Box 10280
Midland, TX 79702

RE: GLO Assignment ID # 8063

Dear Mr. Golding,

The General Land Office received the following instrument(s) and has filed them in the appropriate files. Please see attached "Exhibit A" for reference.

> Assignment of Oil, Gas and Mineral Lease, effective October 10th 2011, from Brazos Limited Partnership, as Assignor, to Limestone Exploration II, LLC, as Assignee. MF111969, Culberson Co. #67491.

Filing fees of $100.00 were received in connection with the above assignment. If you have questions, please feel free to contact me.

Sincerely,

Beverly Boyd

Beverly Boyd
Mineral Leasing
Energy Resources
512-463-6521

WY

# *Exhibit "A"*

| *GLO ID* | *County* | *Lease* |
|---|---|---|
| *8063* | *Culberson* | MF111969 |

**Limestone**
Exploration II, LLC

Mailing:
P.O. Box 10280
Midland, Texas 79702
Office: (432) 687-4220

Physical:
1100 W. Wall Street
Midland, Texas 79701
Fax: (432) 687-4288

**December 8, 2011**

**Texas General Land Office**
**P.O. Box 12873**
**Austin, Texas 78711**
**Attention: Drew Reid & Ronald Widmayer**

**Re: GLO Filing**
**Certified Copy of Assignment**
**of Oil, Gas & Mineral Lease**
**MF 111969**

**Gentlemen,**

**Enclosed please find:**

**(1). The Certified Copy of the recorded Assignment of Oil, Gas & Mineral Lease, dated effective October 10, 2011, filed of record on December 7, 2011, and recorded under Clerks File No. 67491 in the Oil and Gas Records of Culberson County, Texas.**

**(2). List of State Leases affected by the assignment.**

**(3). $100.00 check to cover the filling fee.**

**Please let me know if you have any questions.**

**Thank you,**

Travis Golding

**Travis Golding**
**Limestone Exploration II, LLC**
**Land Manager**

Limestone Exploration II, LLC    Date: 12/14/2011    NO. 11656

12704667

| Inv No | Date | Description | B/W Amt | Discount | Amount |
|---|---|---|---|---|---|
| 12-12-11 | 12/12/2011 | Filing Fees | 0.00 | 0.00 | 100.00 |
| | | | TOTAL CHECK | | 100.00 |

12-12-11

129

**Limestone**
**Exploration II, LLC**

Mailing:
P.O. Box 10280
Midland, Texas 79702
Office: (432) 687-4220

Physical:
1100 W. Wall Street
Midland, Texas 79701
Fax: (432) 687-4288

**State Leases affected by the Assignment:**
**Brazos, Limited Partnership to Limestone Exploration II, LLC**

**State of Texas - Relinquishment Act Lease - MF 111969**

| | |
|---|---|
| **Dated Effective:** | **December 1, 2010** |
| **Recorded:** | **Volume 104, Page 16, Oil & Gas Records** |
| **Lessors:** | **Benny Gail Hunnicutt Simmons**<br>**John Richard Hunnicutt, Jr.**<br>**Hope Elaine Phillips, Individually and as Executrix for the Estate of H.M. Phillips, Jr.** |
| **Lessee:** | **Brazos Limited Partnership** |
| **Primary Term:** | **5 Years** |
| **Royalty:** | **25%** |
| **Subject Lands:** | **Block 109, Public School Lands Survey, Culberson County, Texas**<br>**Section 15: ALL**<br><br>**Block 110, Public School Lands Survey, Culberson County, Texas**<br>**Section 5: S/2**<br>**Section 6: ALL**<br>**Section 7: ALL**<br>**Section 18: ALL**<br>**Section 23: ALL**<br><br>**Containing 3259.12 acres, more or less, Save and Except the depths from the surface down to and including 1,000 feet below the surface.** |

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

## ASSIGNMENT OF OIL, GAS AND MINERAL LEASE

**STATE OF TEXAS** §
§
**COUNTY OF CULBERSON** §

**BRAZOS LIMITED PARTNERSHIP**, a Texas limited partnership (herein called "**Assignor**"), for Ten Dollars and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), does hereby GRANT, BARGAIN, SELL, CONVEY, ASSIGN, TRANSFER, SET OVER, and DELIVER unto **LIMESTONE EXPLORATION II, LLC**, a Delaware limited liability company (herein called "**Assignee**"), whose address is 1100 W Wall St., Midland, Texas 79701, the following described properties, rights and interests:

(a) The oil and gas lease described in **Exhibit A** attached hereto and made a part hereof for all purposes;

(b) Without limitation of the foregoing, all other right, title and interest (of whatever kind or character, whether legal or equitable, and whether vested or contingent) of Assignor in and to the oil, gas and other minerals in and under or that may be produced from the lease described in **Exhibit A** (including interests in oil, gas and/or mineral leases covering such lands and wells, overriding royalties, production payments and net profits interests in such lands, such leases, and fee mineral interests, fee royalty interests and other interests in such oil, gas and other minerals) whether such lands be described in a description set forth in such **Exhibit A** or be described in such **Exhibit A** by reference to another instrument (and without limitation by any depth limitations that may be set forth in such **Exhibit A** or in any such instrument so referred to for description), even though Assignor's interest in such oil, gas and other minerals may be incorrectly described in, or omitted from, such **Exhibit A**;

(c) All rights, titles and interests of Assignor in and to, or otherwise derived from, all presently existing and valid oil, gas and/or mineral unitization, pooling, and/or communitization agreements, declarations and/or orders including those set forth on **Exhibit A** and in and to the properties covered and the units created thereby (including all units formed under orders, rules, regulations, or other official acts of any federal, state, or other authority having jurisdiction, voluntary unitization agreements, designations and/or declarations) relating to the properties described in paragraphs (a) and (b) above; and

(d) All rights, titles and interests of Assignor in and to all easements, rights-of-way, surface leases and other surface rights, all permits and licenses, and all other appurtenances being used or held for use in connection with, or otherwise related to, the exploration, development, operation or maintenance of any of the properties described in paragraphs (a), (b) and (c) above.

A CERTIFIED COPY
IF IT BEARS THE SEAL OF THE COUNTY CLERK
ATTEST: December 7, 2011
LINDA McDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS
CULBERSON COUNTY TEXAS
BY Veronica D. B. DEPUTY



G:\Docs\FNC-11\Brazos-Limestone II-AOGML-CulbersonCo.,Tx.doc

The properties, rights and interests specified in the foregoing subparagraphs (a) through (d) are herein sometimes collectively called the "**Subject Properties**".

TO HAVE AND TO HOLD the Subject Properties unto Assignee, its successors and assigns, forever.

**GRANTOR WARRANTS AND FOREVER DEFENDS TITLE TO THE SUBJECT PROPERTIES UNTO GRANTEE (BUT NOT ITS SUCCESSORS AND ASSIGNS) AGAINST THE CLAIMS AND DEMANDS OF ALL PERSONS CLAIMING, OR TO CLAIM THE SAME, OR ANY PART THEREOF, BY, THROUGH OR UNDER GRANTOR, BUT NOT OTHERWISE. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THE PURCHASE AGREEMENT AND THE SPECIAL WARRANTY OF TITLE SET FORTH ABOVE, THIS ASSIGNMENT IS MADE WITHOUT ANY WARRANTIES OR REPRESENTATIONS, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE AND GRANTOR EXPRESSLY DISCLAIMS ANY AND ALL OTHER REPRESENTATIONS AND WARRANTIES, RELATING TO TITLE TO THE SUBJECT PROPERTIES OR RELATING TO THE CONDITION, QUANTITY, QUALITY, FITNESS FOR A PARTICULAR PURPOSE, CONFORMITY TO THE MODELS OR SAMPLES OF MATERIALS OR MERCHANTABILITY OF ANY EQUIPMENT OR ITS FITNESS FOR ANY PURPOSE. ALSO WITHOUT LIMITATION OF THE FOREGOING, GRANTOR MAKES NO WARRANTY OR REPRESENTATION, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, AS TO THE ACCURACY OR COMPLETENESS OF ANY DATA, REPORTS, RECORDS, PROJECTIONS, INFORMATION OR MATERIALS NOW, HERETOFORE OR HEREAFTER FURNISHED OR MADE AVAILABLE TO GRANTEE IN CONNECTION WITH THIS ASSIGNMENT OR ANY OTHER MATTERS CONTAINED IN ANY MATERIALS FURNISHED OR MADE AVAILABLE TO GRANTEE BY GRANTOR OR BY GRANTOR'S AGENTS OR REPRESENTATIVES. ANY AND ALL SUCH DATA, RECORDS, REPORTS, PROJECTIONS, INFORMATION AND OTHER MATERIALS (WRITTEN OR ORAL) FURNISHED BY GRANTOR OR OTHERWISE MADE AVAILABLE OR DISCLOSED TO GRANTEE ARE PROVIDED GRANTEE AS A CONVENIENCE AND SHALL NOT CREATE OR GIVE RISE TO ANY LIABILITY OF OR AGAINST GRANTOR AND ANY RELIANCE ON OR USE OF THE SAME SHALL BE AT GRANTEE'S SOLE RISK TO THE MAXIMUM EXTENT PERMITTED BY LAW. THE SPECIAL WARRANTY OF TITLE CONTAINED HEREIN IS NOT ASSIGNABLE, IN WHOLE OR IN PART, AND ANY ATTEMPT TO ASSIGN OR CONVEY ANY INTERESTS IN THIS SPECIAL WARRANTY OR THE BENEFITS THEREOF SHALL BE VOID AND OF NO FORCE AND EFFECT.**

Assignor agrees to execute and deliver to Assignee, from time to time, such other and additional instruments, notices, division orders, transfer orders and other documents, and to do all such other and further acts and things as may be necessary to more fully and effectively grant, convey and assign to Assignee the Subject Properties.

This Assignment may be executed in several counterparts all of which are identical. All of such counterparts together shall constitute one and the same instrument.

This Assignment is made subject to that certain Purchase and Sale Agreement between Assignor and Assignee dated effective October 10$^{th}$, 2011 (the "**Purchase Agreement**"). The Purchase Agreement contains certain representations, warranties, covenants and agreements between the parties, which survive the delivery of this Assignment, as more particular provided for therein, but third parties may conclusively rely on this Assignment to vest title to the Subject Properties in Assignee.

IN WITNESS WHEREOF this Assignment has been executed by Assignor on the date of its acknowledgment effective as of 7:00 a.m. Local Time of the applicable Subject Properties on October 10, 2011.

**ASSIGNOR:**

BRAZOS LIMITED PARTNERSHIP

By: ______________________________
Name: Frank N. Cremer
Title: Agent and Attorney-in-Fact

**ASSIGNEE:**

LIMESTONE EXPLORATION II, LLC

By: ______________________________
Name: Kevin Herrmann
Title: President

A CERTIFIED COPY
IF IT BEARS THE SEAL OF THE COUNTY CLERK
ATTEST: December 7, 2011
LINDA McDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS
BY Veronica D. Baez DEPUTY



G:\Docs\FNC-11\Brazos-Limestone II-AOGML-CulbersonCo.,Tx.doc

## ACKNOWLEDGEMENTS

STATE OF TEXAS §
§
COUNTY OF MIDLAND §

On this 20th day of October, 2011, before me appeared Frank N. Cremer, to me personally known, who, being by me duly sworn, did say that he is the Agent and Attorney-in-Fact of Brazos Limited Partnership, a Texas limited partnership, and that the instrument was signed in behalf of said limited partnership and that Frank N. Cremer acknowledged the instrument to be the act and deed of said limited partnership.

Terri Wolf

Notary Public, State of Texas

TERRI WOLF
Notary Public
STATE OF TEXAS
My Comm. Exp. 10/14/2012

STATE OF TEXAS §
§
COUNTY OF MIDLAND §

On this 20th day of October, 2011, before me appeared Kevin Hermann to me personally known, who, being by me duly sworn, did say that he is the President of Limestone Exploration II, LLC, a Delaware limited liability company, and that the and that the instrument was signed on behalf of said company by authority of its board of managers and that Kevin Herrmann acknowledged the instrument to be the act and deed of said company.

Terri Wolf

Notary Public, State of Texas

TERRI WOLF
Notary Public
STATE OF TEXAS
My Comm. Exp. 10/14/2012

A CERTIFIED COPY
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ATTEST: December 7, 2011
LINDA McDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS
BY Veronica D Berry DEPUTY



G:\Docs\FNC-11\Brazos-Limestone II-AOGML-CulbersonCo.,Tx.doc

## EXHIBIT A

### Lease

**State of Texas - Relinquishment Act Lease**

| | |
|---|---|
| Dated Effective: | December 1, 2010. |
| Recorded: | Volume 104, page 16, Oil and Gas Records. |
| Lessors: | Benny Gail Hunnicutt Simmons<br>John Richard Hunnicut, Jr.<br>Hope Elaine Phillips, Individually and as Executrix for the Estate of H.M. Phillips, Jr. |
| Lessee: | Brazos Limited Partnership. |
| Primary Term: | 5 Years. |
| Royalty: | 25%. |
| Subject Lands: | <u>**Block 109, Public School Lands Survey, Culberson County, Texas**</u><br>Section 15: All<br><br><u>**Block 110, Public School Land Survey, Culberson County, Texas**</u><br>Section 5: S/2<br>Section 6: ALL<br>Section 7: ALL<br>Section 18: ALL<br>Section 23: ALL<br><br>Containing 3259.12 acres, more or less, **Save and Except** the depths from the Surface down to and including 1,000 feet below the surface. |

A CERTIFIED COPY
IF IT BEARS THE SEAL OF THE COUNTY CLERK
ATTEST: December 7, 2011
LINDA McDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS
BY Veronica D. Baez DEPUTY

CULBERSON COUNTY TEXAS



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(5)

File No. MF 111969
Assignment

Date Filed: 1/5/12
Jerry E. Patterson, Commissioner
By EA

THE STATE OF TEXAS

COUNTY OF CULBERSON I, Linda McDonald, Clerk of the County Court in and for said County and State, do hereby certify that the foregoing is a true and correct copy of Assignment of Oil Gas and Mineral Lease dated October 10 2011 filed for record in my office this 7TH day of December 2011, at 1:26 P.M, under Clerk's File No. 67491 to be recorded in the Oil And Gas Records of Culberson County Texas.

TO CERTIFY WHICH, Witness my hand and seal at Van Horn this 7TH day of December 2011

LINDA McDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS

By Veronica D Borrego, Deputy

UNITED STATES POSTAL SERVICE

First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

• Sender: Please print your name, address, and ZIP+4 in this box •

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

## SENDER: *COMPLETE THIS SECTION*

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Travis Golding
Limestone Exploration II, LLC
P. O. Box 10280
Midland, TX 79702

## *COMPLETE THIS SECTION ON DELIVERY*

A. Signature
X Hannah Seth
☐ Agent
☐ Addresse

B. Received by *( Printed Name)* HANNAH Seth

C. Date of Deliver 12/23/13

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

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandis
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? *(Extra Fee)* ☐ Yes

2. Article Number
*(Transfer from service label)* 7011 1150 0001 2416 3434

7011 1150 0001 2416 3434

# U.S. Postal Service™
# CERTIFIED MAIL™ RECEIPT
*(Domestic Mail Only; No Insurance Coverage Provided)*

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

OFFICIAL USE

| | | |
|---|---|---|
| Postage | $ | Postmark Here |
| Certified Fee | | |
| Return Receipt Fee (Endorsement Required) | | |
| Restricted Delivery Fee (Endorsement Required) | | |
| Total | | |

*Sent To* Travis Golding
Limestone Exploration II, LLC
*Street, or PO B* P. O. Box 10280
*City, St* Midland, TX 79702

PS Form 3800, August 2006 — See Reverse for Instructions

## Certified Mail Provides:

- A mailing receipt
- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

***Important Reminders:***

- Certified Mail may ONLY be combined with First-Class Mail® or Priority Mail®.
- Certified Mail is *not* available for any class of international mail.
- NO INSURANCE COVERAGE IS PROVIDED with Certified Mail. For valuables, please consider Insured or Registered Mail.
- For an additional fee, a *Return Receipt* may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS® postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement *"Restricted Delivery"*.
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

**IMPORTANT: Save this receipt and present it when making an inquiry.**

December 11, 2013

Travis Golding
Limestone Exploration II, LLC
P. O. Box 10280
Midland, TX 79702

Certified Mail: #70111150000124163434

RE: **State Lease MF111969**

RAL Lease dated December 1, 2013
Primary Term: 5 years
3259.12 acres, Culberson County, Texas
Block 109, Section 15 - All, PSL Survey,
Block 110, Section 5- S/2, Sections 6, 7, 18, 23 - All, PSL Survey.

Dear Mr. Golding,

Our records indicate that the referenced lease has terminated for failure to pay the fourth year delay rentals due on or before December 1, 2013.

Pursuant to the Texas Administrative Code, we request that you file with this office a recorded original or certified copy of a Release of this State Oil and Gas Lease along with a processing fee of $25.00 per document to be sent to my attention.

In accordance with the provisions of the TAC, if you disagree with this assessment please provide evidence to this office at the address shown below within thirty (30) days of receipt of this letter. Failure to reply or failure to present sufficient evidence of the continuation of the lease will result in the mineral file being endorsed as "terminated". You will receive no further communication from this office prior to endorsement.

Sincerely yours,

Susan Draughn

Susan Draughn, Landman
Mineral Leasing, Energy Resources
512-463-6521 (direct)
512-475-1543 (fax)
susan.draughn@glo.state.tx.us

6.

File No. MF 111969

Termination Letter sent.

Failure to pay 4th yr. rental

Date Filed: 12/11/13

Jerry E. Patterson, Commissioner

By SSD

Doc# 00000069967

# RELEASE OF STATE OIL & GAS LEASE

MF111969

| | | |
|---|---|---|
| **STATE OF TEXAS** | § | |
| | § | |
| **COUNTY OF CULBERSON** | § | |

**LESSORS:** (1). Benny Gail Hunnicutt Simmons
13513 Overland Pass, Austin, Texas 78738
(2). John Richard Hunnicutt, Jr.
P.O. Box 966, Ozona, Texas 76943
(3). Hope Elaine Phillips, Individually & as Executrix for the Estate of H.M. Phillips, Jr.
234 W. Bandera, #214, Boerne, Texas 78006

**LESSEE:** Brazos Limited Partnership
P.O. Box 911
Breckenridge, Texas 76424

**LEGAL DESCRIPTION:** State Lease MF111969
Block 109, Public School Lands Survey
Section 15: All

Block 110, Public School lands Survey
Section 5: S/2
Section 6: All
Section 7: All
Section 18: All
Section 23: All

Containing 3259.12 acres, more or less, limited to depths below 1,000 feet beneath the surface.

**LEASE DATE:** 1st day of December, 2010

**RECORDED:** Volume 104, Page 16, Culberson County Oil and Gas Records

**ASSIGNOR:** Brazos Limited Partnership
P.O. Box 911
Breckenridge, Texas 76424

**ASSIGNEE:** Limestone Exploration II, LLC
P.O. Box 10280
Midland, TX 79702-0280

**ASSIGNMENT EFFECTIVE DATE:** 10th day of October, 2011

**ASSIGNMENT RECORDED:** Volume 107, Page 158, Culberson County Oil and Gas Records

**WHEREAS,** a certain Oil & Gas Lease dated the 1st day of December, 2010 was given by Benny Gail Hunnicutt Simmons, et al, as Lessors, to Brazos Limited Partnership, as Lessee, covering the lands described above. With said lease being recorded on the 29th day of December, 2010 in Volume 104, Page 16 of the Oil and Gas Records of Culberson County, Texas.

**WHEREAS,** said certain Oil & Gas Lease was assigned from Brazos Limited Partnership to Limestone Exploration II, LLC in that certain Assignment of Oil and Gas Leases dated effective the 10th day of October, 2011, and recorded the 19th day of December, 2011 in Volume 107, Page 158, of the Oil and Gas Records of Culberson County, Texas.

**WHEREAS,** that certain Oil & Gas Lease dated the 1st day of December, 2010 has been terminated.

**NOW THERFORE,** the undersigned does hereby cancel, release, relinquish and surrender all right, title and interest owned by the undersigned in and to said Oil & Gas lease covering the lands described above as to all depths.

**WITNESS,** the following signature this 31st day of December, 2013, but effective the 1st day of December, 2013.

**LIMESTONE EXPLORATION II, LLC**

By: ______________________________
Name: Kevin Herrmann
Title: President

**STATE OF TEXAS** §
§
**COUNTY OF MIDLAND** §

Personally appeared before me, the undersigned Notary public, within and for said County and State, **Kevin Herrmann**, to me known to be the identical person who signed the name of the corporation to the above and foregoing instrument as its **President**, and acknowledged that he executed the same as his free and voluntary act and deed, as the free and voluntary act and deed of the said corporation for uses and purposes therein set forth.

**IN WITNESS WHEREOF,** I have hereunto set my hand and Notary Seal on this 31st day of December, 2013.

NOTARY PUBLIC STATE OF TEXAS
DARCY ANDERSON
Notary Public, State of Texas
My Commission Expires
June 08, 2016

______________________________
Notary Public, State of Texas

CULBERSON COUNTY TEXAS
True and Correct copy of VGB.
Original filed in
Culberson County 1-13-14
Clerks Office

THE STATE OF TEXAS

COUNTY OF CULBERSON I, Linda McDonald, Clerk of the County Court in and for said County and State, do hereby certify that the foregoing is a true and correct copy of Release of State Oil & Gas dated December 31, 2013 filed for record in my office this 13 day of January 2014 at 11:39 A.M, under Clerk's File No. 69967 to be recorded in the Oil And Gas Records of Culberson County, Texas.

TO CERTIFY WHICH, Witness my hand and seal at Van Horn this 13TH day of January, 2014

By [illegible] Deputy

LINDA McDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS

Limestone Exploration II, LLC    Date: 01/15/2014    NO. 14044

| Inv No | Date | Description | B/W Amt | Discount | Amount |
|---|---|---|---|---|---|
| 1-14-14 | 1/14/2014 | RECORDING FEES- RIO GRANDE #1 | 0.00 | 0.00 | 75.00 |
| | | | TOTAL CHECK | | 75.00 |

14706396

126

File No. M/F 111969

Release by Limestone

Date Filed: 1-21-14

Jerry Patterson, Commissioner

By CBonn

Doc# 00000069967
#Pages 2 #NFPages 0
1/13/2014 11:39:59 AM
Filed & Recorded in
Official Public Records of
County and District Clerk
Linda McDonald
Fees 24.00

State of Texas
County of Culberson

I hereby certify this instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the VOL ______ and Page ______ of the ______ Records of Culberson County, Texas on:

By Deputy ______

VENDOR # 082542 **TEXAS GENERAL LAND OFFICE** *Accounts Payable* CHECK NO. 277511

| VOUCHER NUMBER | INVOICE DATE | INVOICE NUMBER | GROSS AMOUNT | DISCOUNT AMOUNT | NET AMOUNT |
|---|---|---|---|---|---|
| 110245 | 11/22/2011 | FILING FEE:O&G LSE | 25.00 | .00 | 25.00 |
| Description: F/A/O BRAZOS | | | | | |

Total for Check 277511 25.00

121

12703704

MF 111969 filing fee

**PAYMENT FOR THE ACCOUNT OF BRECK OPERATING CORP.**

BRECK OPERATING CORP.
P.O. Box 911
Breckenridge  TX  76424

TEXAS GENERAL LAND OFFICE
P O BOX 12873
AUSTIN          TX  78711 2873

11-28-11

BRECK OPERATING CORP.
P.O. BOX 911
BRECKENRIDGE, TEXAS 76424-0911
254-559-3355

November 22, 2011

Mr. Drew Reid
Mineral Leasing, Energy Resources
Texas General Land Office
P. O. Box 12873
Austin, Texas 78711-2873

Re: Filing Fee for Oil and Gas Lease
State Lease No. MF111969
Culberson County, Texas

Dear Mr. Reid:

We acknowledge receipt of your letter dated November 15, 2011 regarding the captioned Oil and Gas Lease.

As you requested, enclosed please find Breck Operating Corp.'s check No. 277511 in the amount of $25.00 to cover the filing fee for the Oil and Gas Lease.

If anything further is needed, please let us know.

Yours very truly,

Lorie Hill

Lorie Hill
Lease Records Supervisor

/lh
Check enclosed

BRECK

MAIN OFFICE FAX 254-559-3220

PRODUCTION FAX 254-559-7066

8

File No. MF 111969

Filing Fee

Date Filed: 11/22/14

Jerry E. Patterson, Comissio

By EA