



CAUTION

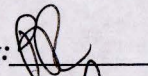
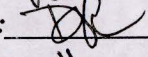
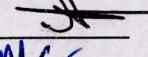
Documents in this file have been placed in Table of Contents order and scanned.

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

Thank you for your assistance.

Archives and Records Staff

MF112094

Depths Retained Lease A 10/4/17 until - B 10/4/17 C 10/4/17 D 1/21/18	State Lease MF112094	Control 07-109381	Base File 94105	County REEVES
iNUT 10245 iNUT 10246 iNUT 10247 iNUT 10248 I-NUT 12293 I-NUT 12294 I-NUT 12295 I-NUT 12297 iNUT 13441 iNUT 13442	Survey Block Block Name Township Section/Tract Land Part Part Description Acres Depth Below	T & P RY CO 57 3-S 10 ALL 640 Depth Above Depth Other		
Leasing: 	Name Lease Date Primary Term Bonus (\$) Rental (\$) Lease Royalty	ENERGEN RESOURCES CORP 10/4/2010 3 yrs \$147,840.00 \$0.00 0.1250		
Analyst: 				
Maps: 				
GIS: MC				
DocuShare: _____				

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

CONTENTS OF FILE NO. MF-

112094

1. Email	12/13/10	See MF 064567 P/14 Demand Letter 7/6/15
2. PPA Review	12/15/10	Scanned PT 8-24-15
3. Letter + fee	1/5/11	30. DRR Checks for Leases A, B, C 9/30/15
4. Letter + bonus	1/11/11	31. DRR Form for Leases A, B, C 9/30/15
5. Email	1/14/11	32. Letter accepting DRR checks + form 10/6/15
6. Email	1/20/11	Scanned PT 11-23-15
7. Email	2/14/11	33. DRR Payment for Lease D 1/12/16
8. (2) Leases	2/18/11	34. DRR Form Lease D 1/12/16
9. Letter + bonus	3/18/11	35. Letter Accepting DRR Payment ^{Leased} 1/21/16
10. NO letter	7/13/11	Scanned PT 2-5-16
11. Letter	7/22/11	36. Division Order 10-20-16
12. Lease status	7/21/11	(See MF 111748 #30, Assign #9861)
13. NO letter	7/26/11	(From: Energen To: 299 Resources)
14. Lease A	2/18/11	Scanned PT 11-14-16
15. Lease B	2/18/11	See MF 111748 #32, Assign #10317
16. Lease C	7/27/11	299 (4) PDC 299 7-27-17
17. Lease D	6/30/11	Scanned PT 8-1-2017
Scanned SM 4/11/13		37. Ltr. From MSM+LW 2/6/19
18. Permit 389-33820	6/5/13	38. Memo to SLB 3/5/19
19. Spud rpt. 389-33820	9/14/13	39. Ltr. to MSM+LW 3/13/19
20. Production Interval rpt. cement 389-33820	2/14/16	40. Production Sharing Agmt. 3/13/19
21. Permit 389-33820	6/5/13	Scanned PT 3-21-2019
22. Surface Damage Pmt	4/16/14	41. Commingling Denial 8/15/2019
23. NumL 8007	5/1/14	Scanned PT 8-23-2019
Scanned PT 7-31-14		42. iNut 10245 9/12/2019
24. Unit designation form + Ltr	5-18-15	43. iNut 10246 9/12/2019
25. Unit designation	5-18-15	44. iNut 10247 9/12/2019
26. 1st Amendment to Designation	5-18-15	45. iNut 10248 9/12/2019
27. 2nd Amendment to Designation	5-18-15	Scanned SM 10/09/2019
28. Amendment to Designation	5-18-15	(46) Division Order 2/5/20
29. RRC Forms 389-33820	4-11-17	Scanned SM 02/06/2020
		47. Surface Damage Pmt 7/12/2021

↓

48. Surface Damage Pmt	7/12/2021
49. Surface Damage Pmt	7/12/2021
Scanned <i>AS</i> 13 July 2021	

MF112094

50. Ltr. from Leede Opr. 07/08/22
 50A. iNut12293 - API 42.389.38081 01/06/23
 51. iNut12294 - API 42.389.38082 01/06/23
 52. iNut12295 - API 42.389.38084 01/06/23
 53. iNut12297 - API 42.389.38083 01/06/23
 54. Division Order 2/17/2023

Scanned WM 3.7.2023

55. Surface Damage 4.14.23

Scanned WM 4.17.2023

56. Surface Damage 5/9/23

Scanned WM 5.16.2023

See MF11356 #72 Audit Letter 6/26/2023

Scanned WM 6.27.2023

See #35 in MF11399 Final Audit Billing Notice 11/8/2023

See #36 in MF11399 Final Audit Billing Notice 11/8/2023

Scanned WM 11.21.2023

See #37 in MF11399 Audit Closure Letter 1/3/2024

See #38 in MF11399 Audit Closure Letter 1/3/2024

Scanned WM 1.10.2024

57. iNut13441 - API 42.389.40399 4/11/24

58. iNut13442 - API 42.389.40398 4/11/24

Scanned PJ 4.17.2024

59. O. / Draft Audit Billing Notice 6/3/2024

60. Gas Draft Audit Billing Notice 6/3/2024

Scanned SM 06/06/2024

61. Recon Billing 8/26/2025

Scanned SM 09/02/2025

Now

Drew Reid - Lease Approval

From: "Bob Heller" <Bob.Heller@energen.com>
To: "Drew Reid" <Drew.Reid@GLO.STATE.TX.US>
Date: 12/13/2010 4:53 PM
Subject: Lease Approval
Attachments: Roca Lease.pdf; Zoller Lease.pdf; Pine Lease.pdf

Drew,

Energen is in the process of buying a large lease package from a group of mineral owners that lease together for multiple tracts. One of their tracts happens to be mineral classified lands of which they are the surface owners. I have attached all three leases covering their interests and am seeking your approval of the leases so that I can pay for them. I'm aware that we need to have our management sign the lease as well prior to recording the lease and that you would normally require a certified copy. I was hoping that I could get your approval ASAP so that I can close our deal this week with the mineral/surface owners as a package.

If you approve of the form and bonus amount please let me know how the GLO is to be paid. I will pay by check. I've never taken a mineral classified lease directly before, so this is a first for me. I wasn't aware if there was also an application that I needed to fill out.

Thanks for your help,
 BOB HELLER

Robert (Bob) C. Heller

District Landman

Energen Resources Corporation

3300 North "A" Street, Bldg. 4, Suite 100

Midland, TX 79705

(432) 684-3698 office

(432) 661-9537 cell

(432) 687-1796 fax

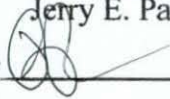
\$1,848.00
 1/4
 3yr
 Paid up

1.
File No. DF112094

Email

Date Filed: 12/13/10

Jerry E. Patterson, Commissioner

By 

RAL REVIEW SHEET

Transaction # 7036
Lessor: Zoller, Geraldine L.
Lessee: Energen Resources Corporation

Geologist: R. Widmayer
Lease Date: 10/4/2010 **UL** ☐
Gross Acres: 640
Net Acres: 80

LEASE DESCRIPTION

County	PIN#	Base File No	Part	Sec.	Block	Twp	Survey	Abst#
REEVES	07-109381	94105	ALL	10	57	03S	T & P RY CO	2464

TERMS OFFERED

Primary Term: 3 years
Bonus/Acre: \$1,848.00
Rental/Acre: \$1.00
Royalty: 1/4

TERMS RECOMMENDED

Primary Term 3 years
Bonus/Acre \$1,848.00
Rental/Acre \$1.00
Royalty 1/4

COMPARISONS

MF #	Lessee	Date	Term	Bonus/Ac.	Rental/Ac.	Royalty	Distance
MF106880	Anadarko Petroleum Corporation	6/16/2006	5 years	\$400.00	\$1.00	1/4	Last Lease

AV. paid is 1300.00 per acre

Comments: Paid up lease. 3 leases in this file 160 net out of 640.

Approved: TH 12/15/10

RELINQUISHMENT ACT LEASE APPLICATION

Texas General Land Office

Jerry Patterson, Commissioner

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

DATE: 15-Dec-10

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

Applicant:	Energen Resources Corporation	County:	REEVES
Prim. Term:	3 years	Bonus/Acre	\$1,848.00
Royalty:	1/4	Rental/Acre	\$1.00

Consideration

Recommended: TH

Date: 12/15/10

Not Recommended: _____

Comments: Paid up lease. 3 leases in this file 160 net out of 640.

☒ Lease Form

Recommended: TRH

Date: 12/16/10

Not Recommended: _____

Comments:

Louis Renaud, Deputy Commissioner

Date: 1-3-11

Recommended: CLR

Not Recommended: _____

Bill Warnick, General Counsel

Date: 1/4/11

Recommended: WW

Not Recommended: _____

Larry Laine, Chief Clerk

Date: 1/4/11

Approved: [Signature]

Not Approved: _____

Jerry Patterson, Commissioner

Date: 1/5/11

Approved: Jerry E. Patterson

Not Approved: _____

2.

File No. MF 112094

GAAL Review

Date Filed: 12/15/10

Jerry E. Patterson, Commissioner

By [Signature]



December 30, 2010

Mr. Walter Talley
Texas General Land Office
P. O. Box 12873
Austin TX 78711-2873

Re: GLO Leases
Reeves County, TX
Leede Package Leases

Dear Mr. Talley:

Enclosed please find Energen Resources Corporation's check #359613 in the amount of \$300.00, representing the agreed upon lease processing fee for three leases described above.

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

Sincerely,

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

Robert (Bob) C. Heller
District Landman

RCH/mm
Enclosures

RECEIVED AND ACCEPTED THIS _____ *day of January, 2011.*

Texas GENERAL LAND OFFICE

Walter Talley

ENERGEN RESOURCES CORPORATION

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

Page 1 of 1

11704184

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	AMOUNT
TEXAS GENERAL LAND OFFICE	7692	Dec-28-2010	359613	\$300.00

VOUCHER	VENDOR INV #	INV DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
12-AP-7915	122110J	12/20/10	300.00	0.00	300.00
PROCESSING FEES FOR 3 LEASES					
OVERNIGHT TO MIDLAND - KEN GRAY					
TOTAL INVOICES PAID					

300.00

X

121

Processing fee 100
filing fee for 4 100
200

✓

3.
File No.

MF112094

Letter + fee

Date Filed:

11/5/11

Jerry E. Patterson, Commissioner

By



1. 2. 3.



January 10, 2011

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

Re: Mineral Classified Leases
Section 10, Block 57, T3S,
T&P RR Co. Survey, Reeves County, TX

Dear Drew:

Enclosed please find Energen Resources Corporation's check #359614 in the amount of \$148,000.00, representing a payment for the three Mineral Classified leases covering captioned land described above, executed by the following parties as Agents for the State of Texas:

1. Geraldine L. Zoller, a widow;
2. Roca Development, L.L.C., a Colorado limited liability company; and
3. Clyde and Sharon Pine 1990 Irrevocable Trust.

The surface owners (Agents for the State of Texas) have previously been paid their bonuses, and we are currently waiting for the certified, recorded copies to be returned to our office. For your benefit, I have enclosed copies of the executed leases, although these copies are unrecorded. Once I receive the certified copies from Reeves County, I will immediately forward the certified copies on to you.

Please indicate your receipt of the enclosed check as the full amount due from Energen for the above transaction by signing, dating, and returning one copy of this letter in the postage paid envelope provided. If you need anything further, please contact me as soon as possible at 432.684.3698 or bob.heller@energen.com.

Very truly yours,

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

Robert (Bob) C. Heller
District Landman

RCH/mm
Enclosures

RECEIVED AND ACCEPTED THIS 11 day of January, 2011.

TEXAS GENERAL LAND OFFICE

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

Drew Reid

ENERGEN RESOURCES CORPORATION

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

Page 1 of 1

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	AMOUNT
TEXAS GENERAL LAND OFFICE	7692	Dec-28-2010	359614	\$148,000.00

VOUCHER	VENDOR INV #	INV DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
12-AP-8063	122210B	12/21/10	148,000.00	0.00	148,000.00
BONUS					
OVERNIGHT TO MIDLAND - KEN GRAY					
TOTAL INVOICES PAID					148,000.00

147,840.00 Bonus
160.00 Rule 1

Bad Bonus

11704474

P

RECEIVED
JAN 11 2011
RECEIVER'S OFFICE
RECEIVED
JAN 11 2011
RECEIVER'S OFFICE

File No. MF 112094

Letter + bonus

Date Filed: 1/11/11

Jerry E. Patterson, Commissioner

By [Signature]

1.11.11

Drew Reid - Section 10, Blk 57, T-3-S, T&P, Reeves

From: "Bob Heller" <Bob.Heller@energen.com>
To: "Drew Reid" <Drew.Reid@GLO.STATE.TX.US>
Date: 1/14/2011 12:50 PM
Subject: Section 10, Blk 57, T-3-S, T&P, Reeves

Drew,

I'm hoping we haven't created a problem for ourselves, Energen just paid you on Tuesday for the three mineral classified leases in Section 10, Block 57, T-3-S, T&P RR Co., Reeves County (Roca Development, Geraldine Zoller, and the Clyde Pine Trust).

I had another party do a takeoff for the other interest in that section, and it stated that Roca Development, Geraldine Zoller and the Clyde Pine Trust were leased to Chesapeake in 2007.

Can you tell me whether they paid the delay rentals on the leases for those parties or if their leases are no longer valid? My worry is that we just leased on top of Chesapeake!

Feel free to call me on my cell phone, 432-661-9537 if that's easiest for you.

Thanks,
BOB HELLER

Robert (Bob) C. Heller

District Landman

Energen Resources Corporation

3300 North "A" Street, Bldg. 4, Suite 100

Midland, TX 79705

(432) 684-3698 office

(432) 661-9537 cell

(432) 687-1796 fax

Also

Fedel

432 - 528 - 4523

All Three Cessal
Paid up until
3-9-12

5.
File No. MF112094

Enail

Date Filed: 11/4/11

Jerry E. Patterson, Commissioner

By [Signature]

Drew Reid - Section 10, Block 57, T-3-S, T&P RR Survey, Reeves County, TX

From: "Bob Heller" <Bob.Heller@energen.com>
To: "Drew Reid" <Drew.Reid@GLO.STATE.TX.US>
Date: 1/20/2011 6:43 PM
Subject:) Section 10, Block 57, T-3-S, T&P RR Survey, Reeves County, TX
CC: "Rusty Brusenhan" <Rusty@leedeco.com>, "Fidel Saldivar" <fidel@camaka.net>, "Ken Gray" <Ken.Gray@energen.com>
Attachments: Zoller Amendment.pdf; Pine Trust Amendment.pdf; Roca Amendment.pdf; Roca Release.pdf

Drew,

With respect to the discussion we had the other day regarding the previous leases on Section 10, Block 57, T-3-S, T&P RR Survey, Reeves County, TX, I have attached several documents which you probably do not have in your files.

These documents are recorded in Reeves County. The first three are amendments to the leases (Zoller, Pine Trust and Roca) taken by Chesapeake on March 9, 2007 providing that rentals for years 4 and 5 of the leases are due. The fourth document is an actual release of the Roca lease from Chesapeake and Anadarko (I'm assuming this was part of their acreage split deal they had going). My guess is that all three of the surface owners were probably provided releases, but that Roca was the only one who bothered to record it.

Either way, if you can verify to me that rentals for years 4 & 5 were never paid to the state, then those leases would have expired, meaning that Energen's leases aren't clouding anyone's title.

BOB HELLER

Robert (Bob) C. Heller

District Landman

Energen Resources Corporation

3300 North "A" Street, Bldg. 4, Suite 100

Midland, TX 79705

(432) 684-3698 office

(432) 661-9537 cell

(432) 687-1796 fax

94105
✱

6.
File No. MF112094

Amal

Date Filed: 1/20/11

Jerry E. Patterson, Commissioner

By [Signature]

Drew Reid - New Leases from Brennand Energy

From: "Bob Heller" <Bob.Heller@energen.com>
To: "Drew Reid (Drew.Reid@GLO.STATE.TX.US)" <Drew.Reid@GLO.STATE.TX.US>
Date: 2/14/2011 9:20 AM
Subject: New Leases from Brennand Energy
Attachments: Oil and Gas Lease--Mineral Classified-Brennand Original version_Energen (2).DOC

Drew,

I have negotiated two leases from Brennand Energy covering the following mineral classified lands:

- WF 112094 1) Section 10, Blk. 57, T3S, T&P RR Co. Survey, Reeves County (320 acres) <
2) E/2 of Section 44, Blk. 57, T2S, T&P RR Co. Survey, Reeves County (106.67 acres)

We have agreed to a total bonus of \$1,020, one half of which will be paid to the state.
Please let me know if the lease form and bonus is acceptable.

Thanks,
BOB HELLER

Robert (Bob) C. Heller

District Landman

Energen Resources Corporation

3300 North "A" Street, Bldg. 4, Suite 100

Midland, TX 79705

(432) 684-3698 office

(432) 661-9537 cell

(432) 687-1796 fax

41848

7.

File No. MF 112094

Email

Date Filed: 2/14/11

Jerry E. Patterson, Commissioner

By [Signature]

ENERGEN RESOURCES CORPORATION

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

11707465

Page 1 of 1

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	AMOUNT
STATE OF TEXAS	21640	Mar-03-2011	366494	\$163,200.00

VOUCHER	VENDOR INV #	INV DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
02-AP-9925	022811G	02/24/11	163,200.00	0.00	163,200.00
LEASE BONUS					
OVERNIGHT TO MIDLAND KEN GRAY					
TOTAL INVOICES PAID					163,200.00

Handwritten red mark: A red checkmark and the number "121" are written next to the total amount.

Handwritten: MF112094D

Handwritten: A large checkmark.

Handwritten: A circled letter "P".



March 16, 2011

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

Re: Section 10, Block 57, T3S, T&P RR Co. Survey
Reeves County TX; 320.00 net acres
Mineral Classified Lease

Dear Drew:

Enclosed please find Energen Resources Corporation's check #366494, in the amount of \$163,200.00, representing the bonus payment due for your oil and gas interest in the above referenced property.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "RCH", with a long horizontal flourish extending to the right.

Robert (Bob) C. Heller
District Landman

RCH/mm
Enclosures

RECEIVED AND ACCEPTED THIS _____ day of March, 2011.

STATE OF TEXAS

By: _____
Drew Reid

9.
File No. MF 112094

Letter + Bonus

Date Filed: 3/18/11

Jerry E. Patterson, Commissioner

By [Signature]

2-10-11

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

July 13, 2011

Bob Heller
Energen Resources Corporation
3300 North "A" St Building 4 Suite 100
Midland TX 79705

Re: **State Lease Mineral File MF112094D**

RAL Lease covering Sec 10, Blk 57, T3S,
T&P RR Co Survey, Reeves Co TX, 320 net
acres, Brennand Energy, agent for State of
TX, Lessor

Dear Bob:

On March 16, 2011 you transmitted to the General Land Office a check for \$163,200.00 as bonus payment for a lease executed by Brennand Energy sometime in 2010. We have not been furnished a copy of that lease in its entirety and we need to be furnished a certified copy of this lease.

This lease will not be formally approved by the General Land Office until we receive the certified copy.

I look forward to receiving same from you very soon.

Yours truly,

Harriet Dunne, CPL
Mineral Leasing, Energy Resources
512-475-1579
512-475-1543 (fax)
harriet.dunne@glo.texas.gov

*7/19 Debbie Walker called.
Will send copy of certified
lease, will order a new
certified & send it when
available.*

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

10.

File No. MF112094

No letter

Date Filed: 7/13/11

Jerry E. Patterson, Commissioner

By [Signature]



July 19, 2011

Texas General Land Office
P.O. Box 12873
Austin, TX 78701-1495

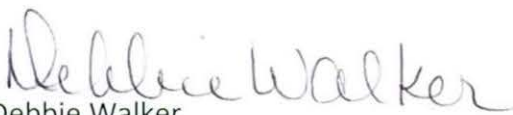
Attention: Harriet Dunne, CPL

Re: State Lease Mineral File MF112094D

As discussed on the phone today, attached is a copy of the Certified Lease as referenced above. We have ordered another Certified Lease to forward to you. As soon as the Lease is received in our office we will forward it on to you.

If you have any questions, please feel free to give me a call.

Sincerely,


Debbie Walker
Supervisor of Land Administration
Energen Resources Corp.
432-687-0660

/dcw
Enclosure

F:\GLO-BRENNAND-MF112094D

11.

File No. MF112094

Letter

Date Filed: 7/27/11

Jerry E. Patterson, Commissioner

By [Signature]

L.S.T.

MF 112094
 County Reeves
 Gross Ac 640

Rental/Lease Status
 RAL Undivided
 Interest Leases

Description:

Leases	A	B	C	D	E	F	G	H	I
Lessee/Assignees									
<u>Energen</u>	✓	✓	✓	✓					
Recorded Book/page	865/448	865/439	865/457	881/128					
Lessor Name (short)	G. Zoller	Roca Dev	Pine Trust	Brennand					
Date of lease	10-4-10	10-4-10	10-4-10	1-21-11					
Net Ac	80	60	20	320					
Term	3 yr	3 yr	3 yr	3 yr					
Yr 2 & 3 rentals prepaid (y/n)	yes	yes	yes	yes					
2nd yr rental									
3rd yr rental									
4th yr rental (w/o 5th yr)									
5th yr rental									
4th yr rental (includes 5th yr)									
Rentals paid - date/amount									
2nd yr									
3rd yr									
4th yr									
5th yr									
Comments:									

Date Prepared: 1-21-11
 By: 1-21-11

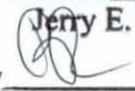
12.

File No. MF112094

Lease Status

Date Filed: 7/24/11

Jerry E. Patterson, Commissioner

By 

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

July 26, 2011

Debbie Walker
Energen Resources Corporation
3300 North "A" St Building 4 Suite 100
Midland TX 79705

Re: **State Lease Mineral File MF112094A**
State Lease Mineral File MF 112094B
State Lease Mineral File MF 112094C
State Lease Mineral File MF 112094D

Geraldine L. Zoller, agent for State of TX
Roca Dev LLC, agent for State of TX
Pine 1990 Trust, agent for State of TX
Brennand Energy, Ltd, agent for State of TX
RAL Leases covering Sec 10, Blk 57, T3S, T&P
RR Co Survey, Reeves Co TX, 640 gross acres

Dear Debbie:

The certified copies of the Relinquishment Act leases covering the referenced description have been approved and filed in our records under the **State Lease No. MF112094A through D. Please refer to those numbers when making rental, shut-in or any other payments to the State and in all future correspondence concerning the leases. Failure to include the mineral file numbers may delay processing of any payments towards the leases.**

There are several contractual and statutory responsibilities for the Lessee which are material provisions of the lease as outlined in the agreement such as Section 10(B) which requires submission of written notice for all drilling, production and related activities. When forms are filed with the Texas Railroad Commission, they are required to be submitted to the General Land Office as well. Examples are W-1, Application to Drill; W-2, Oil Well Completion Report and Log; G-1, Gas Well Completion Report and Log; W-3, Plugging Report; G-5, Gas Well Classification Report; G-10, Gas Well Status Report; W-10, Oil Well Status Report; W-12, Inclination Report; electric logs; directional surveys.

Your remittance of **\$148,000.00** has been applied to the State's portion of the cash bonuses for Leases A-C as well as the State's portion of the paid up rentals. Your remittance of **\$300.00** covers the processing and filing fees for the four leases. Your remittance of **\$163,200.00** has been applied to the State's portion of the cash bonus for Lease D.

Yours truly,

Harriet Dunne, CPL
Mineral Leasing, Energy Resources
512-475-1579
512-475-1543 (fax)
harriet.dunne@glo.texas.gov

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

Post Office Box 12873 • Austin, Texas 78711-2873

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www.glo.state.tx.us

13.

File No. MF112094

J. E. Patterson

Date Filed: 7/26/11

Jerry E. Patterson, Commissioner

By [Signature]

MF112094A

FILE # 489

General Land Office
Relinquishment Act Lease Form
Revised, September 1997

The State of Texas



Austin, Texas

Paid

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 4th day of October, 2010, between the State of Texas, acting by and through its agent, Geraldine L. Zoller, a widow of P O Box 1446, Marble Falls, Texas 78654 (Give Permanent Address) said agent herein referred to as the owner of the soil (whether one or more), and Energen Resources Corporation of 3300 North "A" Street, Building 4, Suite 100, Midland, Texas 79705 hereinafter called Lessee. (Give Permanent Address)

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

Block 57, Township 3, T & P Ry. Co. Survey Abstract-2464
Section 10: ALL

containing 640 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Seventy three thousand nine hundred twenty Dollars and no cents

Dollars (\$73,920.00)

To the owner of the soil: Seventy three nine hundred twenty Dollars and no cents

Dollars (\$73,920.00)

Total bonus consideration: One hundred forty seven thousand eight hundred forty Dollars and no cents

Dollars (\$147,840.00)

The total bonus consideration paid represents a bonus of One thousand eight hundred forty eight Dollars and no cents

Dollars (\$1,848.00) per acre, on 80.0 net acres.

2. TERM. Subject to the other provisions in this lease, this lease shall be for a term of three (3) years from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land. As used in this lease, the term "produced in paying quantities" means that the receipts from the sale or other authorized commercial use of the substance(s) covered exceed out of pocket operational expenses for the six months last past.

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3. DELAY RENTALS. If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the This is a paidup lease, no annual delay rentals are due. See paragraph 40. Bank, at N/A or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

11. DRY HOLE/CESSATION OF PRODUCTION DURING PRIMARY TERM. If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if during the primary term hereof and after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall not terminate if on or before the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or pays or tenders the next annual delay rental in the same manner as provided in this lease. If, during the last year of the primary term or within sixty (60) days prior thereto, a dry hole be completed and abandoned, or the production of oil or gas should cease for any cause, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term; and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking



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operations pursuant to Paragraph 13, using the expiration of the primary term as the date of cessation of production under Paragraph 13. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in oil or gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided herein on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in oil or gas well and upon the failure to make such payment, this lease shall ipso facto terminate. If at the expiration of the primary term or any time thereafter a shut-in oil or gas well is located on the leased premises, payments may be made in accordance with the shut-in provisions hereof.

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

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

14. SHUT-IN ROYALTIES. For purposes of this paragraph, "well" means any well that has been assigned a well number by the state agency having jurisdiction over the production of oil and gas. If, at any time after the expiration of the primary term of a lease that, until being shut in, was being maintained in force and effect, a well capable of producing oil or gas in paying quantities is located on the leased premises, but oil or gas is not being produced for lack of suitable production facilities or lack of a suitable market, then Lessee may pay as a shut-in oil or gas royalty an amount equal to double the annual rental provided in the lease, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre. To be effective, each initial shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term, (2) 60 days after the Lessee ceases to produce oil or gas from the leased premises, or (3) 60 days after Lessee completes a drilling or reworking operation in accordance with the lease provisions; whichever date is latest. Such payment shall be made one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil. If the shut-in oil or gas royalty is paid, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one year from the end of the primary term, or from the first day of the month following the month in which production ceased, and, after that, if no suitable production facilities or suitable market for the oil or gas exists, Lessee may extend the lease for four more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year.

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

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

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



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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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



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

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

40. Paid Up Lease. Rentals in the amount of \$160.00 for years two and three of this lease have been prepaid. One half of this amount has been paid to the Lessor and one half has been paid to the State of Texas.

LESSEE Energen Resources Corporation
 BY: *James H. May* *PC*
 Title: District Land Manager
 Date: 1-7-11

STATE OF TEXAS
 BY: *Geraldine L. Zoller*
 Individually and as agent for the State of Texas
 Date: 11/22/10
 Geraldine L. Zoller, a widow

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

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

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



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STATE OF _____ (CORPORATION ACKNOWLEDGMENT)
COUNTY OF _____

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

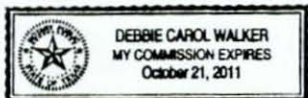
Given under my hand and seal of office this the _____ day of _____, 20____.

Notary Public in and for _____

STATE OF Texas (CORPORATION ACKNOWLEDGMENT)
COUNTY OF Midland

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

Given under my hand and seal of office this the 7th day of January, 2011.

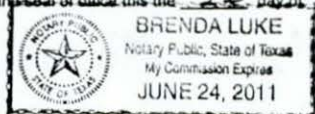


Debbie Carol Walker
Notary Public in and for Midland Co, TX

STATE OF TEXAS (INDIVIDUAL ACKNOWLEDGMENT)
COUNTY OF LIANO

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

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



Brenda Luke
Notary Public in and for State of Texas

STATE OF _____ (INDIVIDUAL ACKNOWLEDGMENT)
COUNTY OF _____

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

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

Notary Public in and for _____

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

FILE # 489

FILED FOR RECORD ON THE 26TH DAY OF JANUARY A.D. 2011 2:34 P.M.

DULY RECORDED ON THE 2ND DAY OF FEBRUARY A.D. 2011 9:00 A.M.

BY: [Signature], DEPUTY

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS



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copy of
Original filed in
Reeves County
Clerks Office

11013

14 ~~14~~
File No. 112094
Lease A
Date Filed: 2/18/11
Jerry E. Patterson, Commissioner
By BIT

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

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office, found in VOL. 865 PAGE 448, THRU 456 OFFICIAL PUBLIC RECORDS

I hereby certified on 02/04/11

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS
Dianne Florez DEPUTY

570017

FILE # 488

General Land Office
Relinquishment Act Lease Form
Revised, September 1997

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 4th day of October, 2010, between the State of Texas, acting by and through its agent, Roca Development, L.L.C., a Colorado limited liability company of 6400 South Fiddler's Green Circle, Suite 2100, Greenwood Village, Colorado 80111 (Give Permanent Address) said agent herein referred to as the owner of the soil (whether one or more), and Energen Resources Corporation of 3300 North "A" Street, Building 4, Suite 100, Midland, Texas 79705 hereinafter called Lessee. (Give Permanent Address)

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

Block 57, Township 3, T & P Ry. Co. Survey Abstract-2464
Section 10: ALL

containing 640 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Fifty five thousand four hundred forty Dollars and no cents
Dollars (\$55,440.00)

To the owner of the soil: Fifty five thousand four hundred forty Dollars and no cents
Dollars (\$55,440.00)

Total bonus consideration: one hundred ten thousand eight hundred eighty Dollars and no cents
Dollars (\$110,880.00)

The total bonus consideration paid represents a bonus of One thousand eight hundred forty eight Dollars and no cents
Dollars (\$1,848.00) per acre, on 60.0 net acres.

2. TERM. Subject to the other provisions in this lease, this lease shall be for a term of three (3) years from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land. As used in this lease, the term "produced in paying quantities" means that the receipts from the sale or other authorized commercial use of the substance(s) covered exceed out of pocket operational expenses for the six months last past.



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3. **DELAY RENTALS.** If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the This is a paidup lease, no annual delay rentals are due. See paragraph 40. Bank, at N/A, or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below, in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11. DRY HOLE/CESSATION OF PRODUCTION DURING PRIMARY TERM. If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if during the primary term hereof and after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall not terminate if on or before the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or pays or tenders the next annual delay rental in the same manner as provided in this lease. If, during the last year of the primary term or within sixty (60) days prior thereto, a dry hole be completed and abandoned, or the production of oil or gas should cease for any cause, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term; and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking



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operations pursuant to Paragraph 13, using the expiration of the primary term as the date of cessation of production under Paragraph 13. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in oil or gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided herein on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in oil or gas well and upon the failure to make such payment, this lease shall ipso facto terminate. If at the expiration of the primary term or any time thereafter a shut-in oil or gas well is located on the leased premises, payments may be made in accordance with the shut-in provisions hereof.

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

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

14. SHUT-IN ROYALTIES. For purposes of this paragraph, "well" means any well that has been assigned a well number by the state agency having jurisdiction over the production of oil and gas. If, at any time after the expiration of the primary term of a lease that, until being shut in, was being maintained in force and effect, a well capable of producing oil or gas in paying quantities is located on the leased premises, but oil or gas is not being produced for lack of suitable production facilities or lack of a suitable market, then Lessee may pay as a shut-in oil or gas royalty an amount equal to double the annual rental provided in the lease, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre. To be effective, each initial shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term, (2) 60 days after the Lessee ceases to produce oil or gas from the leased premises, or (3) 60 days after Lessee completes a drilling or reworking operation in accordance with the lease provisions; whichever date is latest. Such payment shall be made one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil. If the shut-in oil or gas royalty is paid, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one year from the end of the primary term, or from the first day of the month following the month in which production ceased, and, after that, if no suitable production facilities or suitable market for the oil or gas exists, Lessee may extend the lease for four more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year.

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

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

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



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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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



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

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

40. Paid Up Lease. Rentals in the amount of \$120.00 for years two and three of this lease have been prepaid. One half of this amount has been paid to the Lessor and one half has been paid to the State of Texas.

LESSEE Energen Resources Corporation
BY: [Signature] RM
Title: District Land Manager
Date: 1-7-11

STATE OF TEXAS
BY: [Signature] nib
Individually and as agent for the State of Texas
Date: 11-16-2010
Edward H. Leede, Manager of Roca
Development, L.L.C.

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

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

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



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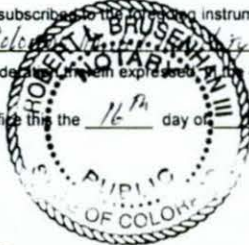
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STATE OF Colorado
COUNTY OF ARAPAHOE

(CORPORATION ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared EDWARD H. LEEDE
known to me to be the person whose name is subscribed to the foregoing instruments as MANAGER
of Koca Development, LLC, a Colorado Limited Liability Company and acknowledged to me that he
executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation. Company.

Given under my hand and seal of office this the 16th day of NOVEMBER, 2010.



[Signature]
Notary Public in and for STATE OF Colorado

My Commission Expires 11/24/2012

STATE OF Texas
COUNTY OF Midland

(CORPORATION ACKNOWLEDGMENT)

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

Given under my hand and seal of office this the 7th day of January, 2011.



[Signature]
Notary Public in and for Midland Co., TX

STATE OF _____
COUNTY OF _____

(INDIVIDUAL ACKNOWLEDGMENT)

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

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

Notary Public in and for _____

STATE OF _____
COUNTY OF _____

(INDIVIDUAL ACKNOWLEDGMENT)

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

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

Notary Public in and for _____

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

FILE # 488

FILED FOR RECORD ON THE 26TH DAY OF JANUARY A.D. 20112:34 P.M.

DULY RECORDED ON THE 2ND DAY OF FEBRUARY A.D. 20119:00 A.M.

BY: [Signature] DEPUTY

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

11013



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Reeves County
Clerks Office

15
File No. 112094
Lease B
Date Filed: 2/18/11
Jerry E. Patterson, Commissioner
By CWT

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

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office, found in VOL. 865, PAGE 439, THRU 447 OFFICIAL PUBLIC RECORDS

I hereby certify on 02/04/11



DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY [Signature] DEPUTY



FILE # 490

General Land Office
Relinquishment Act Lease Form
Revised, September 1997

The State of Texas



Austin, Texas

Paid p

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 4th day of October, 2010, between the State of Texas, acting by and through its agent, Clyde and Sharon Pine 1990 Irrevocable Trust of 837 Forest Willow, El Paso, Texas 79922 (Give Permanent Address) said agent herein referred to as the owner of the soil (whether one or more), and Energen Resources Corporation of 3300 North "A" Street, Building 4, Suite 100, Midland, Texas 79705 hereinafter called Lessee. (Give Permanent Address)

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

Block 57, Township 3, T & P Ry. Co. Survey Abstract-2464
Section 10: ALL

containing 640 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Eighteen thousand four hundred eighty Dollars and no cents
Dollars (\$18,480.00)

To the owner of the soil: Eighteen thousand four hundred eighty Dollars and no cents
Dollars (\$18,480.00)

Total bonus consideration: Thirty six thousand nine hundred sixty Dollars and no cents
Dollars (\$36,960.00)

The total bonus consideration paid represents a bonus of One thousand eight hundred forty eight Dollars and no cents
Dollars (\$1,848.00) per acre, on 20.0 net acres.

2. **TERM.** Subject to the other provisions in this lease, this lease shall be for a term of three (3) years from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land. As used in this lease, the term "produced in paying quantities" means that the receipts from the sale or other authorized commercial use of the substance(s) covered exceed out of pocket operational expenses for the six months last past.



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3. **DELAY RENTALS.** If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the This is a paidup lease, no annual delay rentals are due. See paragraph 40. Bank, at N/A or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

11. DRY HOLE/CESSATION OF PRODUCTION DURING PRIMARY TERM. If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if during the primary term hereof and after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall not terminate if on or before the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or pays or tenders the next annual delay rental in the same manner as provided in this lease. If, during the last year of the primary term or within sixty (60) days prior thereto, a dry hole be completed and abandoned, or the production of oil or gas should cease for any cause, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term; and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking



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operations pursuant to Paragraph 13, using the expiration of the primary term as the date of cessation of production under Paragraph 13. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in oil or gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided herein on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in oil or gas well and upon the failure to make such payment, this lease shall ipso facto terminate. If at the expiration of the primary term or any time thereafter a shut-in oil or gas well is located on the leased premises, payments may be made in accordance with the shut-in provisions hereof.

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

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

14. SHUT-IN ROYALTIES. For purposes of this paragraph, "well" means any well that has been assigned a well number by the state agency having jurisdiction over the production of oil and gas. If, at any time after the expiration of the primary term of a lease that, until being shut in, was being maintained in force and effect, a well capable of producing oil or gas in paying quantities is located on the leased premises, but oil or gas is not being produced for lack of suitable production facilities or lack of a suitable market, then Lessee may pay as a shut-in oil or gas royalty an amount equal to double the annual rental provided in the lease, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre. To be effective, each initial shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term, (2) 60 days after the Lessee ceases to produce oil or gas from the leased premises, or (3) 60 days after Lessee completes a drilling or reworking operation in accordance with the lease provisions; whichever date is latest. Such payment shall be made one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil. If the shut-in oil or gas royalty is paid, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one year from the end of the primary term, or from the first day of the month following the month in which production ceased, and, after that, if no suitable production facilities or suitable market for the oil or gas exists, Lessee may extend the lease for four more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year.

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

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

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



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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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



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11.01.03

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

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

40. Paid Up Lease. Rentals in the amount of \$40.00 for years two and three of this lease have been prepaid. One half of this amount has been paid to the Lessor and one half has been paid to the State of Texas.

LESSEE Energen Resources Corporation
 BY: [Signature] ^{RM}
 Title: District Land Manager
 Date: 1-7-11

STATE OF TEXAS
 BY: [Signature]
 Individually and as agent for the State of Texas
 Date: 10-4-10
 Clyde A. Pine, Jr., Trustee of the
 Clyde and Sharon Pine 1990 Irrevocable Trust

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

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

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



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11.01.2

STATE OF _____

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF _____

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

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

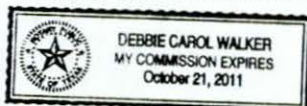
 Notary Public in and for _____

STATE OF Texas
 COUNTY OF midland

(CORPORATION ACKNOWLEDGMENT)

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

Given under my hand and seal of office this the 7th day of January, 2011.



Debbie Carol Walker
 Notary Public in and for Midland Co., TX

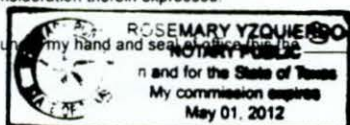
STATE OF TEXAS

(INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF EL PASO

BEFORE ME, the undersigned authority, on this day personally appeared Clyde A. Pine, Jr., Trustee of the
Clyde and Sharon Pine 1990 Irrevocable Trust
 known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the
 purposes and consideration therein expressed.

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



Rosemary Yzquierdo
 Notary Public in and for Texas

STATE OF _____

(INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF _____

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

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

 Notary Public in and for _____

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

FILE # 490FILED FOR RECORD ON THE 26TH DAY OF JANUARY A.D. 2011 2:34 P.M.DULY RECORDED ON THE 2ND DAY OF FEBRUARY A.D. 2011 9:00 A.M.

BY: Julia H. Flores DEPUTY

DIANNE O. FLOREZ, COUNTY CLERK
 REEVES COUNTY, TEXAS



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 copy of
 Original filed in
 Reeves County
 Clerks Office

11.01.3

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

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office, found in VOL. 865 PAGE 457, THRU 465.

**OFFICIAL PUBLIC
RECORDS**

I hereby certified on 02/04/11



DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY

[Handwritten signature]

DEPUTY





July 25, 2011

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

Re: Certified Mineral Classified Lease – Brennand Energy, Ltd.
Stae Lease Mineral File MF112094D

Dear Ms. Dunne:

As promised, enclosed please find the certified copy of the above described mineral classified lease.

If there is anything further that must be done to complete this transaction, please contact me as soon as possible at 432.688.3328 or mollie.mcauliffe@energen.com

Very truly yours,

A handwritten signature in blue ink that reads "Mollie McAuliffe".

Mollie McAuliffe
Land Analyst

/mm
Enclosure

File No. 112094

Lease C

Date Filed: 7/27/11

Jerry E. Patterson, Commissioner
CH

1311

FILE# 3301

General Land Office
Relinquishment Act Lease Form
Revised, September 1997

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 21st day of January, 2011, between the State of Texas, acting by and through its agent, BRENNAND ENERGY, LTD., of 1330 Post Oak Blvd, Suite 2540, Houston, Texas 77056
(Give Permanent Address)

said agent herein referred to as the owner of the soil (whether one or more), and ENERGEN RESOURCES CORPORATION, of 3300 North "A" Street Building 4, Suite 100, Midland, Texas 79705, hereinafter called Lessee.
(Give Permanent Address)

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

All of Section 10, Block 57, T-3, T&P Ry. Co. Survey

Containing 640 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: One Hundred Sixty Three Thousand Two Hundred and 00/100
Dollars (\$163,200.00)

To the owner of the soil: One Hundred Sixty Three Thousand Two Hundred and 00/100
Dollars (\$163,200.00)

Total bonus consideration: Three Hundred Twenty Six Thousand Four Hundred and 00/100
Dollars (\$326,400.00)

The total bonus consideration paid represents a bonus of One Thousand Twenty Dollars (\$1,020) per acre, on 320.00 net acres.

2. TERM. Subject to the other provisions in this lease, this lease shall be for a term of three (3) 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. [This is a paid-up lease and no delay rentals are payable hereunder. This provision is completed solely for the purpose of providing an amount for use in paying minimum royalties (Paragraph 5) and shut-in royalties (Paragraph 14).] 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 _____
N/A Bank, at _____ N/A, or its successors
(which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:

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

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other equipment, as hereinafter provided, shall be 25% part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity in the general area where produced and when run, or 2) the highest market price thereof offered or paid in the general area where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is the greater. Lessee agrees that before any gas produced from the leased premises is sold, used or processed in a plant, it will be run free of cost to the royalty owners through an adequate oil and gas separator of conventional type, or other equipment at least as efficient, so that all liquid hydrocarbons recoverable from the gas by such means will be recovered. The requirement that such gas be run through a separator or other equipment may be waived, in writing, by the royalty owners upon such terms and conditions as they prescribe.

(B) NON PROCESSED GAS. Royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (A) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons or other products) shall be 25% part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is the greater; provided that the maximum pressure base in measuring the gas under this lease shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to tests made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

(C) PROCESSED GAS. Royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons shall be 25% part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office. All royalties due herein shall be based on one hundred percent (100%) of the total plant production of residue gas attributable to gas produced from this lease, and on fifty percent (50%), or that percent accruing to Lessee, whichever is the greater, of the total plant production of liquid hydrocarbons attributable to the gas produced from this lease; provided that if liquid hydrocarbons are recovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid hydrocarbons shall be fifty percent (50%) or the highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at arm's length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in the industry), whichever is the greater. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest market price paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area, or 2) the gross price paid or offered for such residue gas (or the weighted average gross selling price for the respective grades of liquid hydrocarbons), whichever is the greater. In no event, however, shall the royalties payable under this paragraph be less than the royalties which would have been due had the gas not been processed.

(D) OTHER PRODUCTS. Royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be "casinghead," "dry," or any other gas, by fractionating, burning or any other processing shall be 25% 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 five dollars (\$5.00) 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. **All provisions accruing to the State with regard to time of payment and penalties shall also extend to the owner of the soil.**

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.



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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 and to the owner of the soil 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 160 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 the stratigraphic equivalent of the base of the deepest formation from which oil and/or gas is then being produced in paying quantities (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. **Lessee also agrees to provide a recorded copy of any release to the owner of the soil promptly following the recordation thereof.**

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



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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. **Additionally, Lessee shall pay one-half (1/2) to the State of Texas and one-half (1/2) to the owner of the soil the damage amounts stipulated on Exhibit A attached hereto, which amounts shall be rebuttably presumptive evidence of actual damages. Lessee also agrees to comply with the other provisions set forth on Exhibit A.**

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



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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, 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. **A copy of any recorded assignment shall also be provided to the owner of the soil promptly following its recordation.**

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.

40. CONTINUOUS DEVELOPMENT. Notwithstanding the provisions of paragraphs 16 (A) and 16 (B) above and any other provision in this lease to the contrary, if at the expiration of the primary term, Lessee is then engaged in operations for drilling or completion operations on the leased premises or reworking a well in the manner provided in Paragraph 12 above or production of oil or gas in paying quantities has been obtained on said lease, this lease shall be and continue to remain in full force and effect until either (i) one hundred eighty (180) days after the expiration of said primary term if production of oil or gas in paying quantities has been obtained on said lease but no well is being drilled, completed or reworked at the expiration of the primary term; or (ii) one hundred eighty (180) days from the date the well which is being drilled, completed or reworked at the expiration of the primary term of this lease is completed; and if a well is commenced prior to the expiration of said additional period of time, for so long thereafter as Lessee conducts a continuous drilling program on the leased premises with no more than one hundred eighty (180) consecutive days elapsing between the completion of one well and the commencement of the actual drilling of the next succeeding well. The term "completed" or "completion," as used herein shall mean the date that the drilling rig is released from the well being drilled by Lessee. To constitute "operations for drilling or reworking a well on the leased premises," drilling and reworking operations must be performed in good faith and with equipment reasonably capable of reaching the total depth of said drilling or reworking operation. Upon the cessation of any such drilling program, or if no such program has been implemented, this lease shall terminate as to all the lands and depths covered hereby in accordance with the provisions of paragraph 16 hereinabove. Within sixty (60) days after such



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termination, Lessee shall furnish a release of all of the lands and depths which have terminated in accordance with paragraphs 28 and 29 above.

LESSEE

ENERGEN RESOURCES CORPORATION

By: *Kenneth H. Gray*

Name: Kenneth H. Gray

Title: District Land Manager

Date: _____

LESSOR

STATE OF TEXAS

BY: BRENNAND ENERGY, LTD.
individually and as agent for the State of Texas

BY: *Dawson O. George*
Dawson O. George, Manager

Date: Feb 16, 2011

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on February 16, 2011, by Dawson O. George, Manager of BRENNAND ENERGY, LTD., a Texas limited partnership, as agent for the State of Texas.



Cathy Barnum
Notary Public in and for Harris County, Texas
My Commission expires: _____

STATE OF TEXAS

COUNTY OF Midland

This instrument was acknowledged before me on May 16 2011, by Kenneth H. Gray District Land Mgr of ENERGEN RESOURCES CORPORATION, an Alabama corporation, on behalf of said corporation.



Mollie McAuliffe
Notary Public in and for _____ County, Texas
My Commission expires: _____



EXHIBIT A

SURFACE DAMAGE SCHEDULEJanuary 21, 2011Brennand Energy, Ltd.

I. Lessee as a covenant of this lease, agrees to pay one-half (1/2) to the owner of the soil and one-half (1/2) to the State of Texas, within thirty (30) days after such operations are conducted, for the respective types of operations conducted on the Leased Premises, the sums set forth below:

Type of Operation

- | | |
|---|------------------|
| 1. Well location | \$10,000.00 |
| 2. Pipelines | |
| (a) Up to 4" ID | \$16.50 per rod |
| (b) Greater than 4" ID and less than 12" ID | \$25.00 per rod |
| (c) Larger than 12" ID | To be negotiated |
| 3. Roads | |
| (a) Dirt Roads (limited to 20' in width) | \$20.00 per rod |
| (b) Caliche and gravel roads (limited to 20 feet) | \$25.00 per rod |
| (c) Use of existing roads | \$16.50 per rod |
| 4. Utility/Telephone Lines | \$16.50 per rod |
| 5. Tank Battery (regardless of whether on location) | \$6,000.00 |
| 6. Leaks and spills (per square foot) | \$0.10 |

minimum payment for any leak or spill shall be on basis of 500 square feet whether or not leak or spill covers that much area. All leaks or spills shall be cleaned up and affected dirt hauled off. If this amount is not sufficient to compensate surface owner for such damage, damages will be negotiated.



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

7. Seismic lines

- | | |
|--------|--|
| (a) 2D | \$2,000.00 per linear mile (for all lines laid, including transmission and receiver lines. |
| (b) 3D | \$25.00/acre, or \$2,000.00 per linear mile (for all lines laid, including transmission and receiver lines, whichever is greater |

The amounts set forth in the above damage schedule shall increase by 5%, compounded, on each anniversary date of this agreement.

II. Surface/Subsurface Protection Clauses: As a part of the consideration of this Lease, Lessee covenants and agrees as follows:

(a) Prior to commencing any operations under this lease, Lessee shall consult surface owner and provide information as to the form of operations, the proposed date of commencement and the location of said operations.

(b) Lessee and all persons entering or leaving said lands in connection with Lessee's operations hereunder shall keep all outside and interior gates along the route or routes designated for such use securely closed except immediately before and immediately after each such separate use. Lessee agrees that it will promptly repair any gate, fence or other improvement that may suffer damage or injury by reason of Lessee's operations hereunder.

(c) Lessee will maintain approaches, gates, cattle guards and roadways designated and used in connection with its operations in a good state of repair and will promptly cause to be repaired and restored any damage thereto occasioned by or resulting from Lessee's operations.

(d) Drillsites shall not exceed 350' x 350'. Within ninety (90) days after completion of a well capable of producing in paying quantities or as soon thereafter as weather permits, Lessee will remove all pit liners (if used), fill all pits, level all mounds and other excavations, remove all caliche or other base materials from the drillsite except as to a minimum area around the wellbore necessary for maintaining and operating such well not exceeding 200' x 200', restore the top soil uniformly across the entire location area except the remaining location pad and clean up the well site and remove from said lands any and all oil and/or gas waste materials, oil spills, junk materials, pieces of iron, pipes, steel and other debris and foreign materials, and all deleterious materials and substances that might cause injury to persons or livestock and generally restore such location to its original condition

Within one hundred eighty (180) days after a well is plugged or any compression facility, tank battery or storage facility, metering station or other location on which Lessee erects surface facilities in connection with operations on and production from this Lease is abandoned or as soon thereafter as weather permits, Lessee shall remove all



caliche or other base materials from the location and road leading to such location or facility (unless such road is then being utilized to gain access to another existing well or facility and restore the top soil uniformly across the entire location area (and, if applicable, road) and will clean up the site and remove from said lands any and all oilfield equipment, oil and/or gas waste materials, oil spills, junk materials, pieces of iron, pipes, steel and other debris and foreign materials, and all deleterious materials and substances that might cause injury to persons or livestock and generally restore such location to surface owner's reasonable satisfaction, including reseeding of the affecting area with grass seed reasonably requested by surface owner.

Lessee shall notify the surface owner prior to conducting any operations required under this Paragraph II(d),

(e) Lessee will use its best efforts to prevent the escape of salt water or other deleterious substances and will not permit the same to run into any surface water tank, water well, creek, ravine, or upon or over the Leased Premises, nor to penetrate, seep or flow or be injected into any subsurface fresh water stratum, but will be contained and disposed of in keeping with applicable governmental rules and regulations, including without limitation, Environmental Laws, as hereinabove defined.

(f) Lessee will use its best efforts to prevent fires on said lands and will use its best efforts to prevent papers, boxes, sacks and containers and waste materials of any kind from coming on said lands and littering the Leased Premises.

(g) No employee, representative, contractor or subcontractor of Lessee or any other person allowed to come upon the Leased Premises by Lessee shall be permitted to hunt, fish, swim, camp or picnic on said land, and no dog, gun, firearm or fishing equipment will be permitted on the premises.

(h) With respect to each pipeline laid on the Leased Premises, Lessee expressly covenants and agrees: (1) to bury any pipeline below the existing ground level contour, provided that none of the facilities, valves or equipment installed or constructed in connection with such pipeline shall extend above the surface of the ground, except that Lessee shall be permitted to place line posts or markers where said pipeline crosses surface owner's fence lines and except as may otherwise authorize. Surface owner reserves the right to impound water over any pipeline right-of-way; (2) during the period of construction of said pipeline and during the period of any subsequent altering, repairing, replacing or removing thereof, Lessee shall leave or arrange for reasonable crossings over and across said right-of-way for any vehicles, equipment, cattle and/or livestock of surface owner or surface owner's tenants, lessees, successors or assigns. Upon completion of construction of said pipeline, Lessee agrees to provide a caliche base road crossing to accommodate vehicles and equipment at all locations where the pipeline crosses existing roads; (3) to stack all trees and brush which are cut from the cleared right-of-way at the time any necessary clearing is performed, so as to leave the cleared right-of-way free of all trees, stumps, brush and debris, except for the stacked vegetation. All brush and other material which is stacked on the right-of-way shall be free of dirt so as to be capable of being burned completely and that no mounds of dirt or debris shall be



left on or adjacent to the cleared right-of-way. Any trees, brush or other growth damaged outside the cleared right-of-way shall be removed, or at surface owner's option, stacked in the same manner as pipeline rights of way; (4) following any such construction, repair, removal or other operations, to backfill (in the manner aforesaid), pack and level any such ditch or trench opened and fill, grade and restore the surface of the right-of-way as near as practicable to its original level and contour as when entered upon and in such manner that surface or rain water may pass and flow undisturbed and unimpeded from one side of the right-of-way to the other side of the right-of-way; Lessee's obligation to remove property and fixtures within ninety days (90) days after termination of the lease as provided in Paragraph II(d) above shall include the obligation in said ninety days (90) day period to commence the removal of all pipelines and to restore the surface to the surface owner's reasonable satisfaction and in compliance with the restoration and reseeded provisions of Paragraph II(d) above.

(i) Each water well drilled on the Leased Premises by Lessee together with all equipment in or on said well shall become the property of surface owner upon the full release of this lease; provided, however, the surface owner shall have the right to use water therefrom during the term of this lease, so long as such use does not interfere with Lessee's operations. Provided, further, that if Lessor so elects, Lessee shall, at Lessee's sole cost and expense, plug and abandon each water well which surface owner elects not to take over.

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HOU:3090340.1

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

FILE# 3301

FILED FOR RECORD ON THE 26TH DAY OF MAY A.D. 2011 10:44 A.M.

DULY RECORDED ON THE 8TH DAY OF JUNE A.D. 2011 9:00 A.M.

BY: [Signature], DEPUTYDIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

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

17 ~~17~~

File No. MF 112094

(W) Leases Lease D

Date Filed: APR 6 30 11

Jerry E. Patterson, Commissioner

By [Signature]

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

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office, found in VOL. 881, PAGE 128, THRU 140 OFFICIAL PUBLIC RECORD

I hereby certified on 06/13/11

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS



BY Kendra Aguilar DEPUTY

8.20.11

API No. <u>42-389-33820</u> Drilling Permit # <u>764072</u> SWR Exception Case/Docket No. _____		RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER <i>This facsimile W-1 was generated electronically from data submitted to the RRC.</i> <i>A certification of the automated data is available in the RRC's Austin office.</i>				FORM W-1 07/2004 Permit Status: Approved	
1. RRC Operator No. <u>252002</u>		2. Operator's Name (as shown on form P-5, Organization Report) <u>ENERGEN RESOURCES CORPORATION</u>		3. Operator Address (include street, city, state, zip): _____ _____ _____			
4. Lease Name <u>WINCHESTER 57-10</u>		5. Well No. <u>1H</u>					
GENERAL INFORMATION							
6. Purpose of filing (mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-Enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)							
7. Wellbore Profile (mark ALL appropriate boxes): ☐ Vertical ☒ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack							
8. Total Depth <u>11200</u>		9. Do you have the right to develop the minerals under any right-of-way? ☒ Yes ☐ No		10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☐ Yes ☒ No			
SURFACE LOCATION AND ACREAGE INFORMATION							
11. RRC District No. <u>08</u>		12. County <u>REEVES</u>		13. Surface Location ☒ Land ☐ Bay/Estuary ☐ Inland Waterway ☐ Offshore			
14. This well is to be located <u>5.5</u> miles in a <u>SW</u> direction from <u>ORLA</u> which is the nearest town in the county of the well site.							
15. Section <u>10</u>	16. Block <u>57 T3</u>	17. Survey <u>T&P RR CO/SMITH, W W</u>		18. Abstract No. <u>A-2464</u>	19. Distance to nearest lease line: <u>200</u> ft.	20. Number of contiguous acres in lease, pooled unit, or unitized tract: <u>640</u>	
21. Lease Perpendiculars: <u>250</u> ft from the <u>NORTH</u> line and <u>1960</u> ft from the <u>WEST</u> line.							
22. Survey Perpendiculars: <u>250</u> ft from the <u>NORTH</u> line and <u>1960</u> ft from the <u>WEST</u> line.							
23. Is this a pooled unit? ☐ Yes ☒ No		24. Unitization Docket No.: _____		25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☒ No			
FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line.							
26. RRC District No.	27. Field No.	28. Field Name (exactly as shown in RRC records)		29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Reservoir	
08	71052900	PHANTOM (WOLFCAMP)		Oil or Gas Well	11200	0.00	
BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)							
Remarks [FILER Jun 5, 2013 4:12 PM]: HAVE A BLESSED DAY!				Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge. <u>Jenifer Sorley, Regulatory Analyst</u> Name of filer <u>Jun 05, 2013</u> Date submitted <u>(432)8181732</u> Phone <u>midlandrrc@energen.com</u> E-mail Address (OPTIONAL)			
RRC Use Only Data Validation Time Stamp: Jun 11, 2013 2:57 PM('As Approved' Version)							

Permit Status: **Approved**

*The RRC has not approved this application.
Duplication or distribution of information is
at the user's own risk.*

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

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

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

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

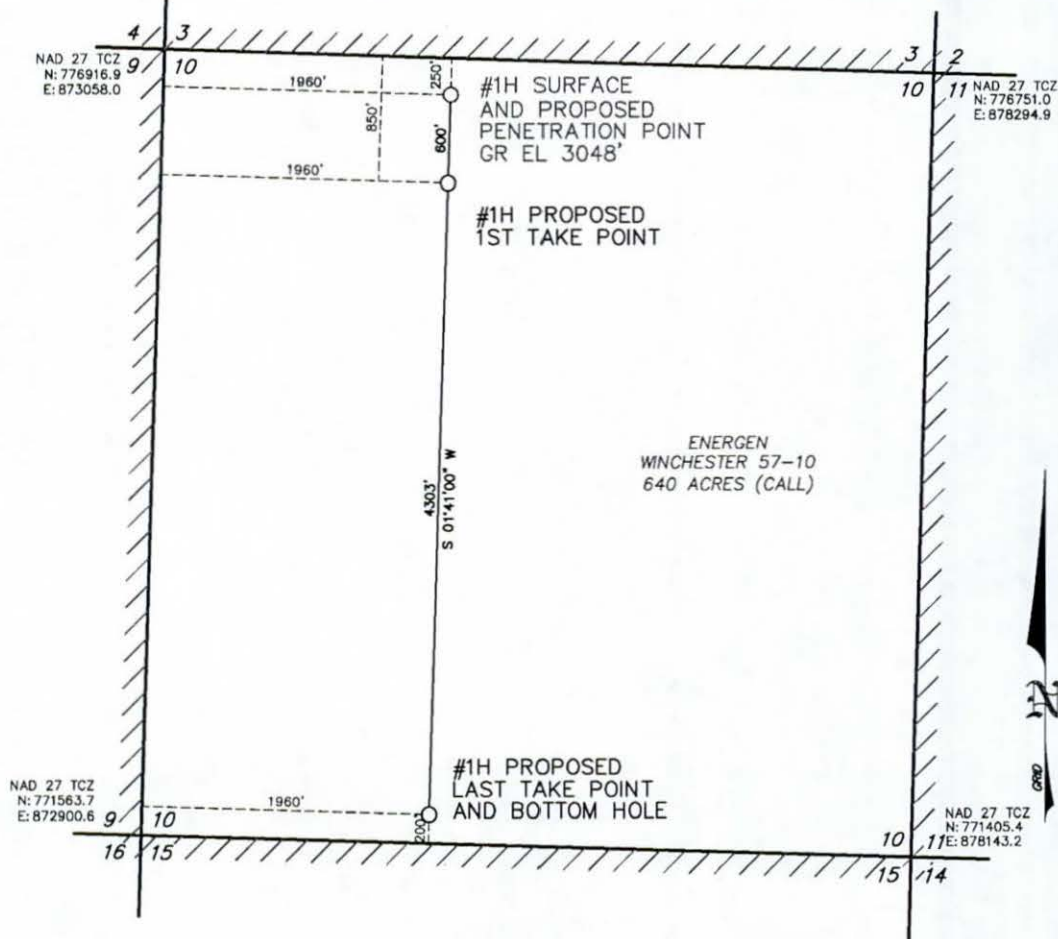
Permit # **764072**

Approved Date: **Jun 11, 2013**

1. RRC Operator No. 252002	2. Operator's Name (exactly as shown on form P-5, Organization Report) ENERGEN RESOURCES CORPORATION	3. Lease Name WINCHESTER 57-10	4. Well No. 1H
Lateral Drainhole Location Information			
5. Field as shown on Form W-1 PHANTOM (WOLFCAMP) (Field # 71052900, RRC District 08)			
6. Section 10	7. Block 57 T3	8. Survey T&P RR CO/SMITH, W W	9. Abstract 2464
10. County of BHL REEVES			
11. Terminus Lease Line Perpendiculars 200 ft. from the SOUTH line, and 1960 ft. from the WEST line			
12. Terminus Survey Line Perpendiculars 200 ft. from the SOUTH line, and 1960 ft. from the WEST line			
13. Penetration Point Lease Line Perpendiculars 250 ft. from the NORTH line, and 1960 ft. from the WEST line			

A-2484

SECTION 10, BLOCK 57, T-3, T & P RR SURVEY



NAD 83, TEXAS CENTRAL ZONE		NAD 27, TEXAS CENTRAL ZONE	
S/L: N=10619181.6', E=1171471.4'	LAT=31.7517696 N, LONG=103.9535764 W	S/L: N=776604.9', E=875009.6'	LAT=31.7516435 N, LONG=103.9531037 W
P/P: N=10618581.9', E=1171453.8'	LAT=31.7501203 N, LONG=103.9535703 W	P/P: N=776005.2', E=874982.0'	LAT=31.7499941 N, LONG=103.9530976 W
B/H: N=10614281.0', E=1171327.4'	LAT=31.7382924 N, LONG=103.9535265 W	B/H: N=771704.5', E=874865.6'	LAT=31.7381660 N, LONG=103.9530540 W

APPROXIMATELY 5.5 MILES SW OF ORLA, TEXAS

NOTES:
 1. COORDINATES AND BEARINGS ARE BASED ON LAMBERT CONICAL PROJECTION OF THE STATE PLANE COORDINATE SYSTEM NAD 83, CORRS 98, TEXAS CENTRAL ZONE WITH A CONVERGENCE ANGLE OF $-01^{\circ}51'52.4''$ AND DISTANCES ARE OF GRID VALUE WITH A CENTRAL COMBINED SCALE FACTOR OF 0.999969173.
 2. THIS SURVEY WAS PERFORMED WITHOUT THE BENEFIT OF A TITLE REPORT AND REVIEW OF THE ABSTRACT OF TITLE. THERE MAY BE EASEMENTS AND/OR COVENANTS AFFECTING THIS PROPERTY NOT SHOWN HEREON. LOCATION OF IMPROVEMENTS AND/OR EASEMENTS WERE BEYOND COMMISSIONED SCOPE OF THIS PROJECT AND HAVE BEEN SPECIFICALLY OMITTED. VESTING DOCUMENTS NOT FURNISHED FOR THIS SURVEY.
 3. SEE DOCUMENTS AND ELECTRONIC DATA FILED IN THE OFFICE OF WPG INC FOR COMPLETE RECONSTRUCTION OF THESE SECTIONS OR BLOCKS.

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT THE SURVEY INFORMATION FOUND ON THIS PLAT WAS DERIVED FROM ACTUAL FIELD NOTES OF ON-THE-GROUND SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. NO WARRANTY IS MADE OR INTENDED FOR THE LOCATION OF ANY OR ALL EASEMENTS THAT MAY EXIST WITHIN THE BOUNDS OF THIS SURVEY. THE INFORMATION PRESENTED HEREON IS FOR THE PRIVATE USE OF THE PARTY NAMED IN THE "REFERENCE PORTION" OF THE TITLE BLOCK AND DOES NOT CONSTITUTE A COMPLETE BOUNDARY SURVEY AS DEFINED BY THE "PROFESSIONAL LAND SURVEYING PRACTICES ACT."

W.D. Watson, Jr. TEXAS R.P.L.S. No. 1989
 FILE: T:REEVES/BLOCK 57 T-3.dwg

6/4/13
 DATE



- ☼ GAS WELL
- ▲ WATER INJECTION WELL
- OIL WELL
- LOCATED WELL
- ⊙ DRY HOLE
- ⊗ WATER WELL
- ⊘ SHUT IN WELL

1000 0 1000 2000 FEET

Watson Professional Group Inc



P.O. DRAWER 11186
 MIDLAND, TEXAS 79702
 (432) 520-9200
 FAX (432) 520-9212
 wdwatson@wpg-usa.com

PERMIT PLAT
ENERGEN RESOURCES
WINCHESTER 57-10#1H
 S/L: 250' FNL & 1960' FWL
 PROPOSED 1ST T/P: 850' FNL & 1960' FWL
 PROPOSED B/H: 200' FSL & 1960' FWL
SECTION 10, BLOCK 57, T-3, T & P RR SURVEY
REEVES COUNTY, TEXAS

DATE: MAY 31, 2013 DATE SURVEYED: 5/22/13
 JOB NO.: 13-2073-00 FIELD BOOK 718/13 DRAFT TA REV. 0

File No. MF112094
Permit 389-33820

Date Filed: 6/5/13
Jerry E. Patterson, Commissioner

By SSD

Well Event Detail



API Number:	42-389-33820	Location:	Reeves , Texas
Current Well Type:	Permitted Oil and Gas	Status:	drilling in progress
Current Lease Name:	WINCHESTER 57-10		

Event:	Spud	Event Date:	09/14/2013 06:00	Event Depth:	
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Operator (ph):	ENERGEN RESOURCES CORPORATION	Well Number:	1H
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Drilling Contractor:	NABORS	Rig Number:	M45
Company Man:	LEE DOBRINSKI (832-531-7344)		
Location:	PECOS TX GO N ON 285, TO 285 AND 302 GO NORTH ON 285 GO LEFT ON 437 4.3 MI., GO LEFT ON 349, 8.1 MI TO LOCATION		
Tubing Depth1:		Tubing Size1:	
Tubing Depth2:		Tubing Size2:	

Liner Top:		Liner Bottom:		Liner Size:	
Casing Depth:		Casing Size:			
Cement:					
Comments:					

Relational Data

[Well Event History](#) - All the well events for this well.

[Well History / One-Page Production Summary](#) - A complete history of this well broken out by lease.

[Related Filings](#) - Links to all permits, completions, production for this wellbore.

[Stratigraphic Column](#) - Image of the stratigraphic layers near this well.

[Play Data](#) - USGS based play information near this well.

[Well Logs](#) - Find out what logs are available and order them online.

[Well or Field Research](#) - Send a researcher to find more data.

[products & features](#) | [events & training](#) | [company](#) | [contact](#) | [about](#)

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19.

File No. MF 112094
Spud 389-33820

Date Filed: 9/14/13
Jerry E. Patterson, Commissioner

By SSD

MF 112094
MF 112692

Well Event Detail



API Number:	42-389-33820	Location:	Reeves , Texas
Current Well Type:	Permitted Oil and Gas	Status:	drilling in progress
Current Lease Name:	WINCHESTER 57-10		

Event:	Prod_Int	Event Date:	11/11/2013 00:01	Event Depth:	
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Operator (ph):	ENERGEN RESOURCES CORPORATION	Well Number:	1H
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Drilling Contractor:	NEIGHBORS	Rig Number:	M45
Company Man:	PATRICK TRACEY (832-531-7344)		
Location:	PECOS TX GO N ON 285, TO 285 AND 302 GO NORTH ON 285 GO LEFT ON 437 4.3 MI., GO LEFT ON 349, 8.1 MI TO LOCATION		
Tubing Depth1:		Tubing Size1:	
Tubing Depth2:		Tubing Size2:	

Liner Top:		Liner Bottom:		Liner Size:	
Casing Depth:	14,716.0	Casing Size:	5 1/2		
Cementer:	HALIBURTON				
Comments:	OH:8 1/2 CEMENT PLANS:1,500 SX TOTAL CEMENT:12:00 AM 11-12-13				

Relational Data

[Well Event History](#) - All the well events for this well.

[Well History / One-Page Production Summary](#) - A complete history of this well broken out by lease.

[Related Filings](#) - Links to all permits, completions, production for this wellbore.

[Stratigraphic Column](#) - Image of the stratigraphic layers near this well.

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20.

File No. MF 112094

Production Interval - cementing
389-33820 214,716

Date Filed: ~~3/4/14~~ 11/11/13
Jerry E. Patterson, Commissioner

By SSD

API No. <u>42-389-33820</u> Drilling Permit # <u>764072</u> SWR Exception Case/Docket No. _____		RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER <i>This facsimile W-1 was generated electronically from data submitted to the RRC.</i> <i>A certification of the automated data is available in the RRC's Austin office.</i>			FORM W-1 07/2004 Permit Status: Approved	
1. RRC Operator No. <u>252002</u>		2. Operator's Name (as shown on form P-5, Organization Report) ENERGEN RESOURCES CORPORATION		3. Operator Address (include street, city, state, zip): _____		
4. Lease Name WINCHESTER 57-10		5. Well No. 1H				
GENERAL INFORMATION						
6. Purpose of filing (mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-Enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)						
7. Wellbore Profile (mark ALL appropriate boxes): ☐ Vertical ☒ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack						
8. Total Depth <u>11200</u>		9. Do you have the right to develop the minerals under any right-of-way? ☒ Yes ☐ No		10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☐ Yes ☒ No		
SURFACE LOCATION AND ACREAGE INFORMATION						
11. RRC District No. <u>08</u>		12. County REEVES		13. Surface Location ☒ Land ☐ Bay/Estuary ☐ Inland Waterway ☐ Offshore		
14. This well is to be located <u>5.5</u> miles in a <u>SW</u> direction from <u>ORLA</u> which is the nearest town in the county of the well site.						
15. Section <u>10</u>		16. Block <u>57 T3</u>		17. Survey T&P RR CO/SMITH, W W		
		18. Abstract No. <u>A-2464</u>		19. Distance to nearest lease line: <u>200</u> ft.		
20. Number of contiguous acres in lease, pooled unit, or unitized tract: <u>640</u>						
21. Lease Perpendiculars: <u>250</u> ft from the <u>NORTH</u> line and <u>1960</u> ft from the <u>WEST</u> line.						
22. Survey Perpendiculars: <u>250</u> ft from the <u>NORTH</u> line and <u>1960</u> ft from the <u>WEST</u> line.						
23. Is this a pooled unit? ☐ Yes ☒ No		24. Unitization Docket No: _____		25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☒ No		
FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line.						
26. RRC District No.	27. Field No.	28. Field Name (exactly as shown in RRC records)		29. Well Type	30. Completion Depth	
08	71052900	PHANTOM (WOLFCAMP)		Oil or Gas Well	11200	
BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)						
Remarks [FILER Jun 5, 2013 4:12 PM]: HAVE A BLESSED DAY!				Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge. <u>Jenifer Sorley, Regulatory Analyst</u> <u>Jun 05, 2013</u> Name of filer Date submitted <u>(432)8181732</u> <u>midlandrrc@energen.com</u> Phone E-mail Address (OPTIONAL)		
RRC Use Only Data Validation Time Stamp: Jun 11, 2013 2:57 PM('As Approved' Version)						

 11-112044
112692

Permit Status: **Approved**

*The RRC has not approved this application.
Duplication or distribution of information is
at the user's own risk.*

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

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

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

Form W-1H

07/2004

Supplemental Horizontal Well Information

Permit # **764072**

Approved Date: **Jun 11, 2013**

1. RRC Operator No. 252002	2. Operator's Name (exactly as shown on form P-5, Organization Report) ENERGEN RESOURCES CORPORATION	3. Lease Name WINCHESTER 57-10	4. Well No. 1H
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Lateral Drainhole Location Information

5. Field as shown on Form W-1 **PHANTOM (WOLFCAMP) (Field # 71052900, RRC District 08)**

6. Section 10	7. Block 57 T3	8. Survey T&P RR CO/SMITH, W W	9. Abstract 2464	10. County of BHL REEVES
-------------------------	--------------------------	--	----------------------------	------------------------------------

11. Terminus Lease Line Perpendiculars

200 ft. from the **SOUTH** line, and **1960** ft. from the **WEST** line

12. Terminus Survey Line Perpendiculars

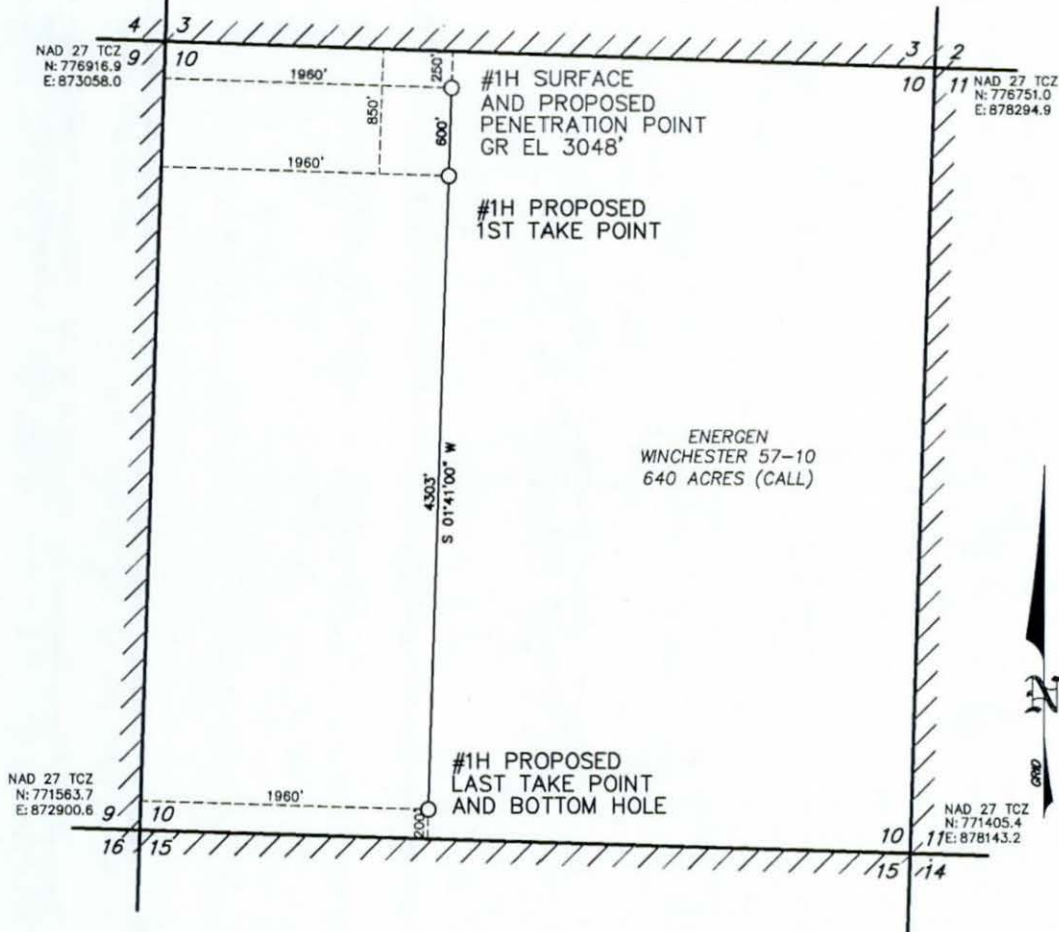
200 ft. from the **SOUTH** line, and **1960** ft. from the **WEST** line

13. Penetration Point Lease Line Perpendiculars

250 ft. from the **NORTH** line, and **1960** ft. from the **WEST** line

A-2484

SECTION 10, BLOCK 57, T-3, T & P RR SURVEY



NAD 83, TEXAS CENTRAL ZONE		NAD 27, TEXAS CENTRAL ZONE	
S/L: N=10619181.6', E=1171471.4'	LAT=31.7517696 N, LONG=103.9535764 W	S/L: N=776604.9', E=875009.6'	LAT=31.7516435 N, LONG=103.9531037 W
P/P: N=10618581.9', E=1171453.8'	LAT=31.7501203 N, LONG=103.9535703 W	P/P: N=776005.2', E=874992.0'	LAT=31.7499941 N, LONG=103.9530976 W
B/H: N=10614281.0', E=1171327.4'	LAT=31.7382924 N, LONG=103.9535265 W	B/H: N=771704.5', E=874865.6'	LAT=31.7381660 N, LONG=103.9530540 W

APPROXIMATELY 5.5 MILES SW OF ORLA, TEXAS

- NOTES:
- COORDINATES AND BEARINGS ARE BASED ON LAMBERT CONICAL PROJECTION OF THE STATE PLANE COORDINATE SYSTEM NAD 83, CORRS 95, TEXAS CENTRAL ZONE WITH A CONVERGENCE ANGLE OF -01°51'52.4\"
 - THIS SURVEY WAS PERFORMED WITHOUT THE BENEFIT OF A TITLE REPORT AND REVIEW OF THE ABSTRACT OF TITLE. THERE MAY BE EASEMENTS AND/OR COVENANTS AFFECTING THIS PROPERTY NOT SHOWN HEREON. LOCATION OF IMPROVEMENTS AND/OR EASEMENTS WERE BEYOND COMMISSIONED SCOPE OF THIS PROJECT AND HAVE BEEN SPECIFICALLY OMITTED. VESTING DOCUMENTS NOT FURNISHED FOR THIS SURVEY.
 - SEE DOCUMENTS AND ELECTRONIC DATA FILED IN THE OFFICE OF WPG INC FOR COMPLETE RECONSTRUCTION OF THESE SECTIONS OR BLOCKS.

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT THE SURVEY INFORMATION FOUND ON THIS PLAT WAS DERIVED FROM ACTUAL FIELD NOTES OF ON-THE-GROUND SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. NO WARRANTY IS MADE OR INTENDED FOR THE LOCATION OF ANY OR ALL EASEMENTS THAT MAY EXIST WITHIN THE BOUNDS OF THIS SURVEY. THE INFORMATION PRESENTED HEREON IS FOR THE PRIVATE USE OF THE PARTY NAMED IN THE \"REFERENCE PORTION\" OF THE TITLE BLOCK AND DOES NOT CONSTITUTE A COMPLETE BOUNDARY SURVEY AS DEFINED BY THE \"PROFESSIONAL LAND SURVEYING PRACTICES ACT.\"

W.D. Watson, Jr. TEXAS R.P.L.S. No. 1989
FILE: T:REEVES/BLOCK 57 T-3.dwg

6/4/13
DATE



- ☼ GAS WELL
- ▲ WATER INJECTION WELL
- OIL WELL
- LOCATED WELL
- ⊙ DRY HOLE
- ⊗ WATER WELL
- ⊘ SHUT IN WELL

1000 0 1000 2000 FEET

**Watson
Professional
Group Inc**



P.O. DRAWER 11186
MIDLAND, TEXAS 79702
(432) 520-9200
FAX (432) 520-9212
wdwatson@wpg-usa.com

CONSULTING ENGINEERS, LAND SURVEYORS & PLANNERS

PERMIT PLAT
**ENERGEN RESOURCES
WINCHESTER 57-10#1H**
S/L: 250' FNL & 1960' FWL
PROPOSED 1ST T/P: 850' FNL & 1960' FWL
PROPOSED B/H: 200' FSL & 1960' FWL
SECTION 10, BLOCK 57, T-3, T & P RR SURVEY
REEVES COUNTY, TEXAS

DATE: MAY 31, 2013

DATE SURVEYED: 5/22/13

JOB NO.: 13-2073-00 FIELD BOOK 718/13

DRAFT TA REV. 0

File No. MF 112094
Permit 389-33820

Date Filed: 6/5/13
Jerry E. Patterson, Commissioner

By SSD



March 17, 2014

Commissioner of the General Land Office
Bill Farr, Mineral Leasing Division
PO Box 12873
Austin, TX 78711

Re: Additional Damages – Well Pad
Winchester 57-10 #1
Section 10, Block 57, T3, T&P RR Co. Survey, Reeves County

Dear Mr. Farr:

Enclosed please find check #501939 from Energen Resources Corporation in the amount of \$3,087.50, representing remaining balance due for your share of the damages described above. We previously paid \$3,912.50 on check #497892, February 11, 2014.

Please indicate your receipt of the enclosed check as the full amount due from Energen for the above by signing, dating, and returning one copy of this letter in the postage paid envelope provided. If you have any questions or concerns, please don't hesitate to contact me at (432) 818-1744.

Sincerely,

Patrick A. Mayers
Sr. Right-of-Way Agent

PAM/lw
Enclosure

RECEIVED AND ACCEPTED this _____ day of _____, 2014.

By: _____

Gross 640
Net 480 ac
266.7 ac
746.7
M-112094 Energen Res Corp.
M-112692 Chalfant Properties. A-

ENERGEN RESOURCES CORPORATION

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

14709514

Page 1 of 1

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	AMOUNT
STATE OF TEXAS	9710	Mar-13-2014	501939	\$3,087.50

VOUCHER	VENDOR INV #	INV DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
03-AP-2616	021814	02/18/14	3,087.50	0.00	3,087.50
DAMAGES					
OVERNIGHT TO PATRICK MAYERS					
TOTAL INVOICES PAID					

X 3,087.50

161

Energen Resources Corporation now offers payment via **DIRECT DEPOSIT**.
If you would like to receive your payments in a more secure, efficient and timely manner,
please contact the Vendor Relations group by email at AP.ERCACH@energen.com for an enrollment form.

DETACH BEFORE DEPOSITING

22

File No. M-112094

Surface Damage Pmt

Date Filed: 4/16/14

Jerry E. Patterson, Commissioner

By BJ



Information for processing a Non Unit Multiple Lease Transaction (NUML)

NUML No. 8007

GENERAL INFORMATION

Name of NUML: Winchester 57-10, Section 10, Block 57, T-3, T. & P. Ry. Co., A-2464

Name of Operator: Energen Resources Corporation County: Reeves

Operator Contact Person: Cristy Vice Phone (205) 326-2722

Basis of participation: Length of Lateral _X_ Surface acres **Effective Date:** 5/1/2014

I. ALLOCATION OF REVENUE

Lease Type	Lease No	Lease Dates	Gross Acreage	Lease Net Acres	Lease Participation in Revenue	Lease Rylyty	Lease Rylyty in Well
RAL	MF112094	10/4/2010	640	480	0.75	0.125	0.09375
RAL	MF112692	3/11/2011	640	160	0.25	0.125	0.03125
							0
							0
Total Royalty =							0.125

Comments:

- NUML set-up because lease (MF112094) shares an undivided interest with (MF112692) for Section 10.
- Effective date is not important because all royalty revenue is being paid to the state.

Attach a plat showing the lease numbers in this geographic area.

Lease Types:

Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW)

NUML Well (s):

API # 42-389-33820

RRC ID#08-764072

Prepared by: Susan Draughn SSD

Alamo updated by: Susan Draughn SSD

RAM approval by: Swallen 4-11-14

GIS updated by: mc 7-7-14

WI updated by: mb 4/9/14



Winchester 57-10

MF112094 & MF112692

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

Printed: Apr 08, 2014



23

File No. MF 112094

NUMC 8007

Date Filed: 5/1/14

Jerry E. Patterson, Commissioner

By SSD



MF 111964
Unit 7494

XTO Energy Inc.
810 Houston Street
Fort Worth, TX 76102-6298
(817) 870-2800
(817) 885-2224 Fax

May 12, 2015

Mr. Mark Adams
Texas General Land Office
1700 North Congress Avenue
Austin, Texas 78701-1495

file copy
unit worked
up using emailed
application
5/13/15

RE: Highway Right-of-Way Unit Designation Form
Scorpions DU
San Augustine County, Texas

Dear Mr. Adams,

Enclosed for the files of the Texas General Land Office is Highway Right-of-Way Unit Designation Form for the XTO Energy Inc. operated Scorpions DU well located in San Augustine County, Texas. A Unit plat identifying the tracts within the unit accompany the form. Also enclosed are copies of the initial Unit Designation and Amendments.

Contact me at craig_haesly@xtoenergy.com or 817-885-3633 should you have any questions or need any additional information.

Cordially,

A handwritten signature in blue ink that reads 'Craig Haesly'.

Craig Haesly, CPL
Division Landman
XTO Energy Inc.



An ExxonMobil Subsidiary

**Highway Right-of-Way Unit Designation Form**

Texas General Land Office
Jerry Patterson, Commissioner
1700 North Congress Avenue
Austin, Texas 78701-1495

OPERATOR INFORMATION

Contact Name Craig Haesly Phone (817) 885-3633
Name of Pooled Unit Scorpions Deep Unit
Operator of Pooled Unit XTO Energy Inc. County San Augustine
Effective Date of Unit Declaration: April 12, 2011

HROW LEASE(S) IN UNIT

HRWO State Lease No.	Lease Date	Term	HROW Royalty	Total Acreage in HROW Lease	HROW Lease Acreage in Unit
MF111964	01/04/2011	1 Year	25%	6.617	12.666*
					*increased by
					actual
					survey

Total Unit Acreage 717.4946 Ac.

Total HRWO Acreage In Unit 12.6660 Ac.

Total Private (non-state) Acreage In Unit 704.8286 Ac.

**State's Royalty Revenue
Interest in Unit:**

0. 0 0 4 4 1 3 2 7

Attach a plat showing the pooled unit outline, unit well(s) location, and HROW lease tracts.

Type of Mineral Pooled: ☐ Oil ☒ Gas ☐ Oil & Gas

Pooled Interval: All Depths ☐ Top Depth 13,280 Base Depth 13,860

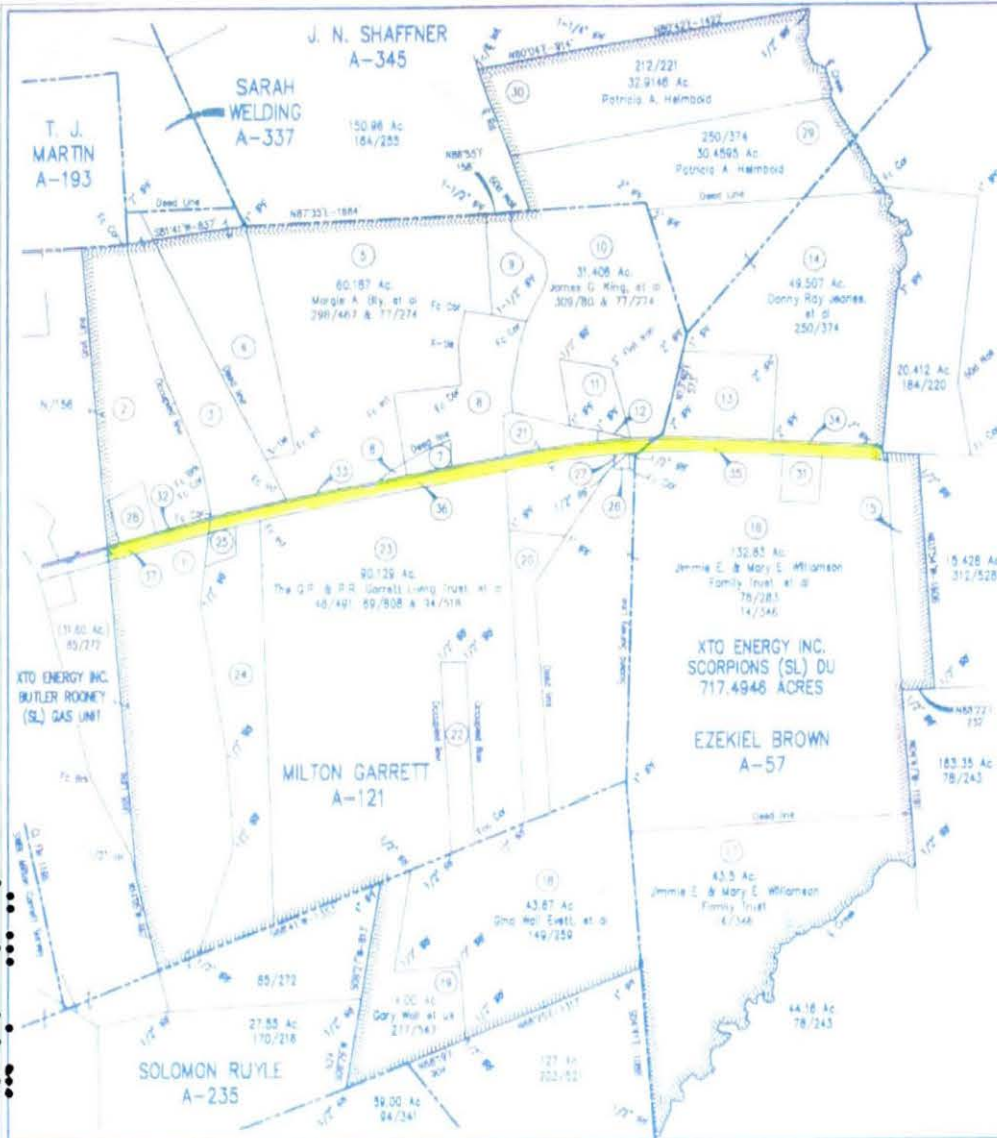
If pooling a Formation(s) please list Formation Name: Haynesville

RRC Field Name(s): Carthage (Haynesville)

UNIT WELL(S)

API # 42-405-30384 RRC ID# 261119
API # _____ RRC ID# _____
API # _____ RRC ID# _____
API # _____ RRC ID# _____

57075



Tract No.	Acreage	Ownership	Vol./Pg.
1	37.976 Ac.	Patsy Butler Whipple, et al	85/272
2	21.886 Ac.	Kent Emil Lambou, et al	17/156
3	17.023 Ac.	Kerry King Whilton, et al	14/327
4	18.17 Ac.	Kerry King Whilton, et al	52/213
5	0.34 Ac.	Margie A. Ry, et al	198/747 & 89/608
6	1.468 Ac.	Carline Cleveland, et al	100/214 & 89/608
7	10.394 Ac.	Carline Cleveland, et al	100/214 & 77/274
8	5 Ac.	James Marie Hammerler	77/274
11	4.06 Ac.	Francis Rowson, et al	157/553 & 77/274
12	0.18 Ac.	Francis Rowson, et al	157/553 & 89/608
13	9.2092 Ac.	Karin Ewell, et al	218/713
14	8 Ac.	Jimmie E. & Mary E. Williamson Family Trust, et al	118/188
20	8.5662 Ac.	Jimmie E. & Mary E. Williamson Family Trust, et al	47/111 & 89/608
21	7.1981 Ac.	Thomas Costello	89/608
22	5 Ac.	Quade Michael Dickerson, et al	274/65 & 89/608
24	17.107 Ac.	Kerry King Whilton, et al	107/814 & 89/608
25	1 Ac.	Kerry King Whilton, et al	39/284 & 89/608
26	0.18 Ac.	Ratcliff Church of Christ, et al	113/184
27	0.09 Ac.	Ratcliff Church of Christ, et al	113/184
28	2.00 Ac.	Kent Emil Lambou, et al	308/649
31	2.00 Ac.	Virginia L. Griffin	256/470
32	0.350 Ac.	State of Texas	74/626
33	1.448 Ac.	State of Texas	75/92
34	0.731 Ac.	State of Texas	74/625 & 74/624
35	3.279 Ac.	State of Texas	88/757
36	5.691 Ac.	State of Texas	88/751 & 88/565
37	11.369 Ac.	State of Texas	89/789



FOR THE EXCLUSIVE USE OF
XTO ENERGY INC.

STATE OF TEXAS -- COUNTY OF SMITH
I, E. L. Sartain, Registered Professional Land
Surveyor, do hereby certify the above plat to be
true and correct to the best of my knowledge.
Date January 05, 2015 Tyler, Texas

Harry L. Johnson & Associates
E.L.S. Surveying & Mapping, Inc.

Registered Professional Land Surveyor No. 1657

The location shown hereon was taken from tract lines
as evidenced by occupation. Distances shown are not
intended to be definitive in establishing title boundaries.
The acreages shown hereon were provided by others.

EXHIBIT "B"

UNIT PLAT

XTO ENERGY INC.
SCORPIONS (SL) DU

J. N. SHAFFNER SURVEY, A-345
EZEKIEL BROWN SURVEY, A-57
SOLOMON RUYLE SURVEY, A-235
MILTON GARRETT SURVEY, A-121
SAN AUGUSTINE COUNTY, TEXAS



From the office of E.L.S. Surveying & Mapping, Inc.
Harry L. Johnson & Associates, Tyler, Texas
2004 W. Grande Blvd. (903) 581-7754
TBPLS Firm No. 100327-00

Job No. 307144

Map No. SA-1417-10

NY
4
6
4
NY

File No. MF 112094
Unit designation ~~County~~
form + ltr
Date Filed: 5-18-15
George P. Bush, Commissioner
By JK

24

038553

UNIT DESIGNATION
SCORPIONS DEEP UNIT

STATE OF TEXAS

§

§ KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF SAN AUGUSTINE §

VOL 208 PAGE 0588

WHEREAS, XTO ENERGY INC., 810 Houston Street, Fort Worth, Texas 76102, XH, LLC, Cabot Oil & Gas Corporation and EOG Resources, Inc. (each called a Lessee as defined in this Unit Designation) is the present owner and holder of the oil, gas and mineral leases (hereinafter collectively referred to as "Said Leases"), identified and described on Exhibit "A" which is attached hereto and made a part hereof for all purposes, insofar as Said Leases cover the lands included within the hereinafter described unit; and

WHEREAS, each of Said Leases, as may be amended, provide that the Lessee shall have the right and power to designate, pool or combine, as to the gas rights therein and thereunder, the acreage covered thereby, or portions thereof, with other land, lease, or leases in the immediate vicinity thereof, in order to form a gas unit or units of the size and type hereinafter described, provided that the Lessee shall execute an instrument in writing identifying and describing such acreage; and

WHEREAS, in the judgment of the Lessee it is necessary and advisable to designate Said Leases and to pool and combine Said Leases, insofar as they cover the lands included in the said unit, in order to properly develop and operate the premises for the production of gas, and in order to promote the conservation of gas in, under and that may be produced from said unitized premises;

WHEREAS, the unitized premises are limited to those depths commencing one hundred (100) feet below the Travis Peak Formation or its Geological Equivalent, which is defined for purposes of this Unit Designation as the correlative stratigraphic equivalent to that point found at 11,615 feet measured depth on the electric log (the "Log") of the Butler Rooney 1H Well (API #42-405-30311), located in the Thomas J. Martin Survey, A-193, San Augustine County, Texas

NOW, THEREFORE, the Lessee, acting under and by virtue of the power and authority conferred and granted by the provisions of the oil, gas and mineral leases, as may be amended, described in said Exhibit "A", does hereby designate, pool and combine Said Leases, as may be amended, supplemented and/or ratified, into a unit designated as the XTO ENERGY INC. - SCORPIONS DEEP UNIT, containing 653.5123 acres of land, more or less, being the land within the dashed outline on Plat marked Exhibit "B" and described by reference on Exhibit "C," said exhibits attached hereto and made a part hereof, for the purpose of developing and operating the lands and leases for the production, storage, processing, and marketing of gas and gas rights, all as provided for in and authorized by Said Leases as amended. It is the intent to designate and pool all leases owned by Lessee covering said lands, regardless of whether said leases are listed on Exhibit "A".

Lessee reserves the right to amend this Unit Designation, from time to time, and at any time, in order to correct any error herein or to include in the Unit any newly acquired interest within the Unit boundary or to enlarge or reduce the Unit area in accordance with the applicable rules and regulations of any governmental regulatory body or agency having jurisdiction insofar as such right is granted in Said Leases, or by appropriate amendments or agreements. The Unit

038553

may be dissolved by the Lessee, its successors or assigns, by instrument filed for record in the appropriate records of San Augustine County, Texas, at any time after the cessation of production on the Unit insofar as provided in Said Leases, or by appropriate amendments thereto.

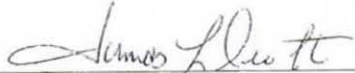
If at any time any tract of land or interest within the Unit is not properly pooled or unitized hereby, or is not otherwise committed to the Unit, such facts shall not affect, terminate, impair or invalidate the Unit as to any interest properly pooled or unitized or otherwise.

Production from the Unit shall be allocated proportionately among all of the tracts within the Unit in the proportion which the number of surface acres in each of such tracts bears to the total number of surface acres in the Unit.

The Unit Designation may not be ratified or joined in by any party who is not a named party below, without the written consent of Lessee or its successors or assigns.

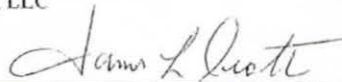
This instrument is signed by the Lessee on the date its signature is acknowledged, but it is understood and agreed that same shall be effective as of the date it is filed of record in the official public records of San Augustine County, Texas. This instrument may be executed in any number of counterparts, each of which shall constitute an original instrument. Executed signature pages from one counterpart may be combined with signature pages from one or more other counterparts in order to form a single executed instrument.

XTO ENERGY INC.



By: James L. Death
Senior Vice President, Land *JS*

XH, LLC

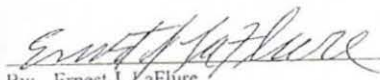


By: James L. Death
Attorney-in-Fact *JS*

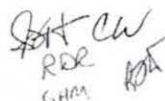
CABOT OIL AND GAS CORPORATION

By: John S. Muire
Attorney in Fact

EOG RESOURCES, INC.



By: Ernest J. LaFlure
Vice President and General Manager

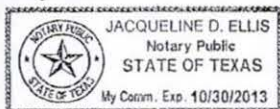


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57075

STATE OF TEXAS §
COUNTY OF TARRANT §

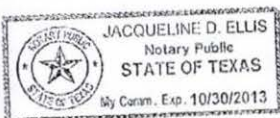
This instrument was acknowledged before me on the 6th day of December 2010, by James L. Death, Senior Vice President, Land, of XTO Energy Inc., a Delaware Corporation.



Jacqueline Ellis
Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF TARRANT §

This instrument was acknowledged before me on the 6th day of December 2010, by James L. Death, Attorney-in-Fact, of XH, LLC, a Delaware limited liability corporation.



Jacqueline Ellis
Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____ 2010, by John S. Muire, Attorney in Fact, of Cabot Oil and Gas, Corporation, a Delaware Corporation.

Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF Smith §

This instrument was acknowledged before me on the 8 day of February 2010, by Ernest J. LaFleur, Vice President and General Manager, of EOG Resources, Inc., a Delaware Corporation.



Judy Pond
Notary Public, State of Texas

EXHIBIT "A"

Description of Leases to be included in the **XTO ENERGY INC. – SCORPIONS DEEP UNIT**, containing **653.5123** acres, San Augustine County, Texas

1. Oil and Gas Lease from Harold Hagle, et al to Mullins & White Exploration, Inc., dated August 26, 2006, recorded in Volume 76, Page 659, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 1 of 39.38 acres.
2. Oil and Gas Lease from Patsy Butler Whipple to Mullins & White Exploration, Inc., dated August 26, 2006, recorded in Volume 76, Page 420, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 1 of 39.38 acres.
3. Oil and Gas Lease from Janice Butler McMullen to Mullins & White Exploration, Inc., dated February 9, 2007, recorded in Volume 86, Page 252, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 2 of 24.25 acres.
4. Oil and Gas Lease from Evie Butler Keeling to Mullins & White Exploration, Inc., dated February 9, 2007, recorded in Volume 86, Page 256, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 2 of 24.25 acres.
5. Oil and Gas Lease from Hilliard Butler, Individually to Mullins & White Exploration, Inc., dated February 9, 2007, recorded in Volume 86, Page 250, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 2 of 24.25 acres.
6. Oil and Gas Lease from Durwood Butler to Mullins & White Exploration, Inc., dated February 9, 2007, recorded in Volume 86, Page 254, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 2 of 24.25 acres.
7. Oil and Gas Lease from Harold Hagle, et al to Mullins & White Exploration, Inc., dated February 9, 2007, recorded in Volume 86, Page 246, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 2 of 24.25 acres.
8. Oil and Gas Lease from Patricia Hembold to XH, LLC, dated February 26, 2010, recorded in Volume 170, Page 613, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 2 of 24.25 acres.
9. Oil and Gas Lease from Deborah Mary Capelli to XH, LLC, dated February 26, 2010, recorded in Volume 170, Page 622, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 2 of 24.25 acres.
10. Oil and Gas Lease from Sandra Ferguson to XH, LLC, dated February 26, 2010, recorded in Volume 170, Page 617, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 2 of 24.25 acres.
11. Oil and Gas Lease from Thomas Costello to XH, LLC, dated February 26, 2010, recorded in Volume 170, Page 608, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 2 of 24.25 acres.
12. Oil and Gas Lease from Susan Costello to XII, LLC, dated February 26, 2010, recorded in Volume 170, Page 611, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 2 of 24.25 acres.
13. Oil and Gas Lease from Mary C. Watson to XH, LLC, dated February 26, 2010, recorded in Volume 170, Page 621, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 2 of 24.25 acres.
14. Oil and Gas Lease from Kent Lambeau to Southeast Texas Oil & Gas, dated November 20, 2009, recorded in Volume 152, Page 466, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 2 of 24.25 acres.

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15. Oil and Gas Lease from Robert Costello to Southeast Texas Oil & Gas, dated November 20, 2009, recorded in Volume 152, Page 470, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 2 of 24.25 acres.
16. Oil and Gas Lease from Kerry King Whitton to CS Platinum, dated March 25, 2008, recorded in Volume 104, Page 228, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 3 of 17.27 acres.
17. Oil and Gas Lease from Janice Marie Permenter to Cabot Oil & Gas, Inc., dated March 20, 2009, recorded in Volume 134, Page 242, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 3 of 17.27 acres.
18. Oil and Gas Lease from Kerry King Whitton to CS Platinum, dated March 25, 2008, recorded in Volume 104, Page 228, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 4 of 16.17 acres.
19. Oil and Gas Lease from Janice Marie Permenter to Cabot Oil & Gas, Inc., dated March 20, 2009, recorded in Volume 134, Page 242, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 4 of 16.17 acres.
20. Oil and Gas Lease from Margie A. Bly to XH, LLC, dated January 12, 2010, recorded in Volume 151, Page 726, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 5 of 60.64 acres.
21. Oil and Gas Lease from Janice Marie Permenter to Cabot Oil & Gas, Inc., dated March 20, 2009, recorded in Volume 134, Page 242, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 5 of 60.64 acres.
22. Oil and Gas Lease from Margie A. Bly to XH, LLC, dated January 12, 2010, recorded in Volume 151, Page 726, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 6 of 0.54 acres.
23. Oil and Gas Lease from Janice Marie Permenter to Cabot Oil & Gas, Inc., dated March 20, 2009, recorded in Volume 134, Page 242, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 6 of 0.54 acres.
24. Oil and Gas Lease from Earline Cleveland to Cabot Oil & Gas, Inc., dated April 2, 2009, recorded in Volume 135, Page 396, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 7 of 1.446 acres.
25. Oil and Gas Lease from Janice Marie Permenter to Cabot Oil & Gas, Inc., dated March 20, 2009, recorded in Volume 134, Page 242, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 7 of 1.446 acres.
26. Oil and Gas Lease from Earline Cleveland to Cabot Oil & Gas, Inc., dated April 2, 2009, recorded in Volume 135, Page 396, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 8 of 10.594 acres.
27. Oil and Gas Lease from Janice Marie Permenter to Cabot Oil & Gas, Inc., dated March 20, 2009, recorded in Volume 134, Page 242, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 8 of 10.594 acres.
28. Oil and Gas Lease from Jerry W. Mills, et al to XH, LLC dated October 4, 2010, recorded in Volume 189, Page 220, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 9 of 5.00 acres.
29. Oil and Gas Lease from Janice Marie Permenter to Cabot Oil & Gas, Inc., dated March 20, 2009, recorded in Volume 134, Page 242, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 9 of 5.00 acres.

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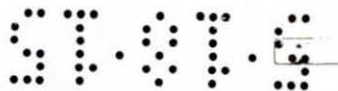
30. Oil and Gas Lease from James King and wife, Carolyn L. King to Cabot Oil & Gas, Inc., dated May 27, 2009, recorded in Volume 139, Page 77, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 10 of 31.51 acres.
31. Oil and Gas Lease from Janice Marie Permenter to Cabot Oil & Gas, Inc., dated March 20, 2009, recorded in Volume 134, Page 242, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 10 of 31.51 acres.
32. Oil and Gas Lease from Janice Marie Permenter to Cabot Oil & Gas, Inc., dated March 20, 2009, recorded in Volume 134, Page 242, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 11 of 4.06 acres.
33. Oil and Gas Lease from Frances Rawson to Cabot Oil & Gas, Inc., dated May 28, 2009, recorded in Volume 139, Page 490, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 11 of 4.06 acres.
34. Oil and Gas Lease from Frances Rawson to Cabot Oil & Gas, Inc., dated May 28, 2009, recorded in Volume 139, Page 490, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 12 of .18 acres.
35. Oil and Gas Lease from Kent Lambeau to Southeast Texas Oil & Gas, Inc. dated August 28, 2009, recorded in Volume 146, Page 275, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 12 of 0.18 acres.
36. Oil and Gas Lease from Patricia Lambeau Helmbold to Southeast Texas Oil & Gas, Inc. dated August 28, 2009, recorded in Volume 146, Page 262, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 12 of 0.18 acres.
37. Oil and Gas Lease from Thomas Costello to Southeast Texas Oil & Gas, Inc. dated August 28, 2009, recorded in Volume 146, Page 249, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 12 of 0.18 acres.
38. Oil and Gas Lease from Robert Costello to Southeast Texas Oil & Gas, Inc. dated August 28, 2009, recorded in Volume 146, Page 258, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 12 of 0.18 acres.
39. Oil and Gas Lease from Deborah Mary Capelli to Southeast Texas Oil & Gas, Inc. dated August 28, 2009, recorded in Volume 146, Page 254, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 12 of 0.18 acres.
40. Oil and Gas Lease from Sandra Ferguson to Southeast Texas Oil & Gas, Inc. dated August 28, 2009, recorded in Volume 147, Page 171, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 12 of 0.18 acres.
41. Oil and Gas Lease from Susan L. Costello to Southeast Texas Oil & Gas, Inc. dated August 28, 2009, recorded in Volume 146, Page 267, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 12 of 0.18 acres.
42. Oil and Gas Lease from Mary C. Watson to Southeast Texas Oil & Gas, Inc. dated August 28, 2009, recorded in Volume 146, Page 271, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 12 of 0.18 acres.
43. Oil and Gas Lease from Kent Lambeau to Southeast Texas Oil & Gas, Inc. dated August 28, 2009, recorded in Volume 146, Page 275, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 13 of 9.5583 acres.
44. Oil and Gas Lease from Patricia Lambeau Helmbold to Southeast Texas Oil & Gas, Inc. dated August 28, 2009, recorded in Volume 146, Page 262, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 13 of 9.5583 acres.

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45. Oil and Gas Lease from Thomas Costello to Southeast Texas Oil & Gas, Inc. dated August 28, 2009, recorded in Volume 146, Page 249, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 13 of 9.5583 acres.
46. Oil and Gas Lease from Robert Costello to Southeast Texas Oil & Gas, Inc. dated August 28, 2009, recorded in Volume 146, Page 258, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 13 of 9.5583 acres.
47. Oil and Gas Lease from Deborah Mary Capelli to Southeast Texas Oil & Gas, Inc. dated August 28, 2009, recorded in Volume 146, Page 254, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 13 of 9.5583 acres.
48. Oil and Gas Lease from Sandra Ferguson to Southeast Texas Oil & Gas, Inc. dated August 28, 2009, recorded in Volume 147, Page 171, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 13 of 9.5583 acres.
49. Oil and Gas Lease from Susan L. Costello to Southeast Texas Oil & Gas, Inc. dated August 28, 2009, recorded in Volume 146, Page 267, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 13 of 9.5583 acres.
50. Oil and Gas Lease from Mary C. Watson to Southeast Texas Oil & Gas, Inc. dated August 28, 2009, recorded in Volume 146, Page 271, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 13 of 9.5583 acres.
51. Oil and Gas Lease from Kelvin Evett, et ux to EOG Resources, Inc. dated August 13, 2009, recorded in Volume 146, Page 546, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 13 of 9.5583 acres.
52. Oil and Gas Lease from Kent Lambeau to Southeast Texas Oil & Gas, Inc. dated August 28, 2009, recorded in Volume 146, Page 275, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 14 of 50.00 acres.
53. Oil and Gas Lease from Patricia Lambeau Helmbold to Southeast Texas Oil & Gas, Inc. dated August 28, 2009, recorded in Volume 146, Page 262, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 14 of 50.00 acres.
54. Oil and Gas Lease from Thomas Costello to Southeast Texas Oil & Gas, Inc. dated August 28, 2009, recorded in Volume 146, Page 249, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 14 of 50.00 acres.
55. Oil and Gas Lease from Robert Costello to Southeast Texas Oil & Gas, Inc. dated August 28, 2009, recorded in Volume 146, Page 258, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 14 of 50.00 acres.
56. Oil and Gas Lease from Deborah Mary Capelli to Southeast Texas Oil & Gas, Inc. dated August 28, 2009, recorded in Volume 146, Page 254, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 14 of 50.00 acres.
57. Oil and Gas Lease from Sandra Ferguson to Southeast Texas Oil & Gas, Inc. dated August 28, 2009, recorded in Volume 147, Page 171, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 14 of 50.00 acres.
58. Oil and Gas Lease from Susan L. Costello to Southeast Texas Oil & Gas, Inc. dated August 28, 2009, recorded in Volume 146, Page 267, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 14 of 50.00 acres.
59. Oil and Gas Lease from Mary C. Watson to Southeast Texas Oil & Gas, Inc. dated August 28, 2009, recorded in Volume 146, Page 271, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 14 of 50.00 acres.

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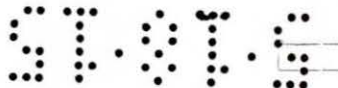
60. Oil and Gas Lease from Danny Ray Jeanes, et ux to Central Texas Land Services, dated February 8, 2008, recorded in Volume 102, Page 205, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 14 of 50.00 acres.
61. Oil and Gas Lease from Thomas Mitchell Martin to CS Platinum, dated February 12, 2008, recorded in Volume 102, Page 94, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.
62. Oil and Gas Lease from The Lea-Ann Trust to CS Platinum, dated December 27, 2007, recorded in Volume 99, Page 424, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.
63. Oil and Gas Lease from The Jimmie E. & Mary E. Williamson Family Trust to CS Platinum, dated January 8, 2008, recorded in Volume 99, Page 428, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.
64. Oil and Gas Lease from Ginger Bates Martin to EOG Resources, Inc., dated November 17, 2009, recorded in Volume 154, Page 129, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.
65. Oil and Gas Lease from Mary Elizabeth Summers to EOG Resources, Inc., dated July 7, 2009, recorded in Volume 146, Page 19, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.
66. Oil and Gas Lease from Thomas Stephen Collins to EOG Resources, Inc., dated July 7, 2009, recorded in Volume 146, Page 17, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.
67. Oil and Gas Lease from Henry Childers to EOG Resources, Inc., dated June 18, 2009, recorded in Volume 143, Page 193, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.
68. Oil and Gas Lease from Billie Jo Childers to EOG Resources, Inc., dated June 18, 2009, recorded in Volume 143, Page 195, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.
69. Oil and Gas Lease from Peggy Childers Bowen to EOG Resources, Inc., dated November 17, 2009, recorded in Volume 151, Page 383, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.
70. Oil and Gas Lease from Patsy Campbell, by Mandy C. Davis as Agent and Attorney in Fact to EOG Resources, Inc., dated May 20, 2009, recorded in Volume 130, Page 233, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.
71. Oil and Gas Lease from Carol C. Ansel to EOG Resources, Inc., dated June 18, 2009, recorded in Volume 143, Page 194, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.
72. Oil and Gas Lease from Sylvia Childers to EOG Resources, Inc., dated November 5, 2008, recorded in Volume 123, Page 435, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.
73. Oil and Gas Lease from Patrick Childers to EOG Resources, Inc., dated August 6, 2009, recorded in Volume 147, Page 287, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.
74. Oil and Gas Lease from Diane Larkin Cox to EOG Resources, Inc., dated July 8, 2009, recorded in Volume 183, Page 45, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.

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75. Oil and Gas Lease from John K. Childers to EOG Resources, Inc., dated June 18, 2009, recorded in Volume 143, Page 196, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.
76. Oil and Gas Lease from Michelle Childers to EOG Resources, Inc., dated August 6, 2009, recorded in Volume 147, Page 288, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.
77. Oil and Gas Lease from John Patrick Childers to EOG Resources, Inc., dated November 5, 2008, recorded in Volume 123, Page 437, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.
78. Oil and Gas Lease from Ronald W. Larkin to EOG Resources, Inc., dated July 8, 2009, recorded in Volume 183, Page 108, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.
79. Oil and Gas Lease from Delores Childers McMurry to EOG Resources, Inc., dated November 5, 2008, recorded in Volume 123, Page 439, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.
80. Oil and Gas Lease from Catherine Holt to EOG Resources, Inc., dated November 5, 2008, recorded in Volume 122, Page 102, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.
81. Oil and Gas Lease from Michael Larkin to EOG Resources, Inc., dated July 8, 2009, recorded in Volume 183, Page 35, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.
82. Oil and Gas Lease from John Richard Hicks to EOG Resources, Inc., dated November 5, 2008, recorded in Volume 122, Page 96, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.
83. Oil and Gas Lease from William J. Hicks to EOG Resources, Inc., dated November 5, 2008, recorded in Volume 122, Page 98, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.
84. Oil and Gas Lease from Ruby Childers Sherrod to EOG Resources, Inc., dated November 17, 2009, recorded in Volume 150, Page 220, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.
85. Oil and Gas Lease from Joan Bates Wood to EOG Resources, Inc., dated November 17, 2009, recorded in Volume 151, Page 385, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.
86. Oil and Gas Lease from Mary Childers Richardson to EOG Resources, Inc., dated November 17, 2009, recorded in Volume 151, Page 384, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.
87. Oil and Gas Lease from Lucile C. Porter by John B. Porter and Billie Pat Porter Jones as Agent and Attorney in Fact to EOG Resources, Inc., dated September 25, 2009, recorded in Volume 150, Page 218, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.
88. Oil and Gas Lease from Catherine Ann Richardson to EOG Resources, Inc., dated November 5, 2008, recorded in Volume 122, Page 100, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.
89. Oil and Gas Lease from Diane Rainey to EOG Resources, Inc., dated November 5, 2008, recorded in Volume 123, Page 433, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 15 of 9.00 acres.

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90. Virginia L. Griffith, a/k/a Virginia L. Caskey to EOG Resources, Inc., dated June 11, 2010, recorded in Volume 177, Page 73, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 16 of 2.00 acres.
91. Oil and Gas Lease from Thomas Mitchell Martin to CS Platinum, dated February 12, 2008, recorded in Volume 102, Page 94, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 16 of 111.50 acres.
92. Oil and Gas Lease from The Lea-Ann Trust to CS Platinum, dated December 27, 2007, recorded in Volume 99, Page 424, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 16 of 111.50 acres.
93. Oil and Gas Lease from The Jimmie E. & Mary E. Williamson Family Trust to CS Platinum, dated January 8, 2008, recorded in Volume 99, Page 428, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 16 of 111.50 acres.
94. Oil and Gas Lease from Thomas Mitchell Martin to CS Platinum, dated February 12, 2008, recorded in Volume 102, Page 94, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 17 of 43.50 acres.
95. Oil and Gas Lease from The Lea-Ann Trust to CS Platinum, dated December 27, 2007, recorded in Volume 99, Page 424, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 17 of 43.50 acres.
96. Oil and Gas Lease from The Jimmie E. & Mary E. Williamson Family Trust to CS Platinum, dated January 8, 2008, recorded in Volume 99, Page 428, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 17 of 43.5 acres.
97. Oil and Gas Lease from Gina Wall Evett, et al to XII, LLC, dated December 21, 2009, recorded in Volume 153, Page 695, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 18 of 43.67 acres.
98. Oil and Gas Lease from Gary Wall and wife, Donna Wall to XH, LLC, dated December 21, 2009, recorded in Volume 153, Page 701, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 19 of 14.00 acres.
99. Oil and Gas Lease from Thomas Mitchell Martin to CS Platinum, dated February 12, 2008, recorded in Volume 102, Page 94, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 20 of 27.00 acres.
100. Oil and Gas Lease from The Lea-Ann Trust to CS Platinum, dated December 27, 2007, recorded in Volume 99, Page 424, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 20 of 27.00 acres.
101. Oil and Gas Lease from The Jimmie E. & Mary E. Williamson Family Trust to CS Platinum, dated January 8, 2008, recorded in Volume 99, Page 428, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 20 of 27.00 acres.
102. Oil and Gas Lease from The Jimmie E. & Mary E. Williamson Family Trust to CS Platinum, dated January 8, 2008, recorded in Volume 99, Page 428, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 21 of 8.5662 acres.
103. Oil and Gas Lease from Thomas Mitchell Martin to CS Platinum, dated February 12, 2008, recorded in Volume 102, Page 94, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 21 of 8.5662 acres.
104. Oil and Gas Lease from The Lea-Ann Trust to CS Platinum, dated December 27, 2007, recorded in Volume 99, Page 424, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 21 of 8.5662 acres.

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105. Oil and Gas Lease from The Jimmie E. & Mary E. Williamson Family Trust to CS Platinum, dated January 8, 2008, recorded in Volume 99, Page 428, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 21 of 8.5662 acres.
106. Oil and Gas Lease from Kent Lambeau to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 147, Page 150, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 21 of 8.5662 acres.
107. Oil and Gas Lease from Robert Costello to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 146, Page 249, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 21 of 8.5662 acres.
108. Oil and Gas Lease from Patricia Hembold to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 147, Page 160, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 21 of 8.5662 acres.
109. Oil and Gas Lease from Deborah Mary Capelli to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 148, Page 499, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 21 of 8.5662 acres.
110. Oil and Gas Lease from Sandra Ferguson to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 147, Page 166, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 21 of 8.5662 acres.
111. Oil and Gas Lease from Thomas Costello to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 149, Page 103, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 21 of 8.5662 acres.
112. Oil and Gas Lease from Susan Costello to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 147, Page 155, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 21 of 8.5662 acres.
113. Oil and Gas Lease from Mary C. Watson to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 148, Page 504, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 21 of 8.5662 acres.
114. Oil and Gas Lease from Darrell Bennett and wife, Sandra Bennett to XH, LLC, dated September 15, 2010, recorded in Volume 188, Page 100, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 22 of 8.8738 acres.
115. Oil and Gas Lease from Kent Lambeau to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 147, Page 150, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 22 of 8.8738 acres.
116. Oil and Gas Lease from Robert Costello to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 146, Page 249, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 22 of 8.8738 acres.
117. Oil and Gas Lease from Patricia Hembold to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 147, Page 160, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 22 of 8.8738 acres.
118. Oil and Gas Lease from Deborah Mary Capelli to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 148, Page 499, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 22 of 8.8738 acres.
119. Oil and Gas Lease from Sandra Ferguson to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 147, Page 166, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 22 of 8.8738 acres.

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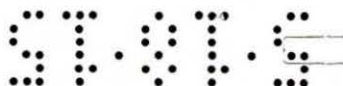
120. Oil and Gas Lease from Thomas Costello to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 149, Page 103, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 22 of 8.8738 acres.
121. Oil and Gas Lease from Susan Costello to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 147, Page 155, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 22 of 8.8738 acres.
122. Oil and Gas Lease from Mary C. Watson to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 148, Page 504, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 22 of 8.8738 acres.
123. Oil and Gas Lease from Quade Michael Dickerson and wife, LaRhonda Dickerson to XH, LLC, dated December 10, 2009, recorded in Volume 153, Page 703, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 23 of 5.00 acres.
124. Oil and Gas Lease from Kent Lambeau to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 147, Page 150, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 23 of 5.00 acres.
125. Oil and Gas Lease from Robert Costello to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 146, Page 249, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 23 of 5.00 acres.
126. Oil and Gas Lease from Patricia Hembold to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 147, Page 160, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 23 of 5.00 acres.
127. Oil and Gas Lease from Deborah Mary Capelli to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 148, Page 499, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 23 of 5.00 acres.
128. Oil and Gas Lease from Sandra Ferguson to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 147, Page 166, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 23 of 5.00 acres.
129. Oil and Gas Lease from Thomas Costello to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 149, Page 103, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 23 of 5.00 acres.
130. Oil and Gas Lease from Susan Costello to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 147, Page 155, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 23 of 5.00 acres.
131. Oil and Gas Lease from Mary C. Watson to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 148, Page 504, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 23 of 5.00 acres.
132. Oil and Gas Lease from The GP & PR Garrett Living Trust dated 10/14/2003 to Elite Landworks Association dated February 27, 2008, recorded in Volume 103, Page 463, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 24 of 95.17 acres.
133. Oil and Gas Lease from Kent Lambeau to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 147, Page 150, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 24 of 93.164 acres.
134. Oil and Gas Lease from Robert Costello to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 146, Page 249, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 24 of 93.164 acres.

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135. Oil and Gas Lease from Patricia Hembold to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 147, Page 160, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 24 of 93.164 acres.
136. Oil and Gas Lease from Deborah Mary Capelli to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 148, Page 499, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 24 of 93.164 acres.
137. Oil and Gas Lease from Sandra Ferguson to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 147, Page 166, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 24 of 93.164 acres.
138. Oil and Gas Lease from Thomas Costello to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 149, Page 103, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 24 of 93.164 acres.
139. Oil and Gas Lease from Susan Costello to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 147, Page 155, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 24 of 93.164 acres.
140. Oil and Gas Lease from Mary C. Watson to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 148, Page 504, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 24 of 93.164 acres.
141. Oil and Gas Lease from Kerry King Whitton to CS Platinum, dated March 25, 2008, recorded in Volume 104, Page 228, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 25 of 17.62 acres.
142. Oil and Gas Lease from Kent Lambeau to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 147, Page 150, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 25 of 17.62 acres.
143. Oil and Gas Lease from Robert Costello to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 146, Page 249, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 25 of 17.62 acres.
144. Oil and Gas Lease from Patricia Hembold to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 147, Page 160, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 25 of 17.62 acres.
145. Oil and Gas Lease from Deborah Mary Capelli to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 148, Page 499, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 25 of 17.62 acres.
146. Oil and Gas Lease from Sandra Ferguson to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 147, Page 166, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 25 of 17.62 acres.
147. Oil and Gas Lease from Thomas Costello to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 149, Page 103, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 25 of 17.62 acres.
148. Oil and Gas Lease from Susan Costello to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 147, Page 155, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 25 of 17.62 acres.
149. Oil and Gas Lease from Mary C. Watson to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 148, Page 504, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 25 of 17.62 acres.

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150. Oil and Gas Lease from Kerry King Whitton to CS Platinum, dated March 25, 2008, recorded in Volume 104, Page 228, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 26 of 1.00 acre.
151. Oil and Gas Lease from Kent Lambeau to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 147, Page 150, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 26 of 1.00 acre.
152. Oil and Gas Lease from Robert Costello to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 146, Page 249, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 26 of 1.00 acre.
153. Oil and Gas Lease from Patricia Hembold to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 147, Page 160, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 26 of 1.00 acre.
154. Oil and Gas Lease from Deborah Mary Capelli to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 148, Page 499, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 26 of 1.00 acre.
155. Oil and Gas Lease from Sandra Ferguson to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 147, Page 166, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 26 of 1.00 acre.
156. Oil and Gas Lease from Thomas Costello to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 149, Page 103, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 26 of 1.00 acre.
157. Oil and Gas Lease from Susan Costello to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 147, Page 155, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 26 of 1.00 acre.
158. Oil and Gas Lease from Mary C. Watson to Southeast Texas Oil & Gas, dated September 15, 2009, recorded in Volume 148, Page 504, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 26 of 1.00 acre.

Together with all amendments, ratifications, corrections, and/or modifications of the Oil and Gas Leases described herein.

END OF EXHIBIT "A"

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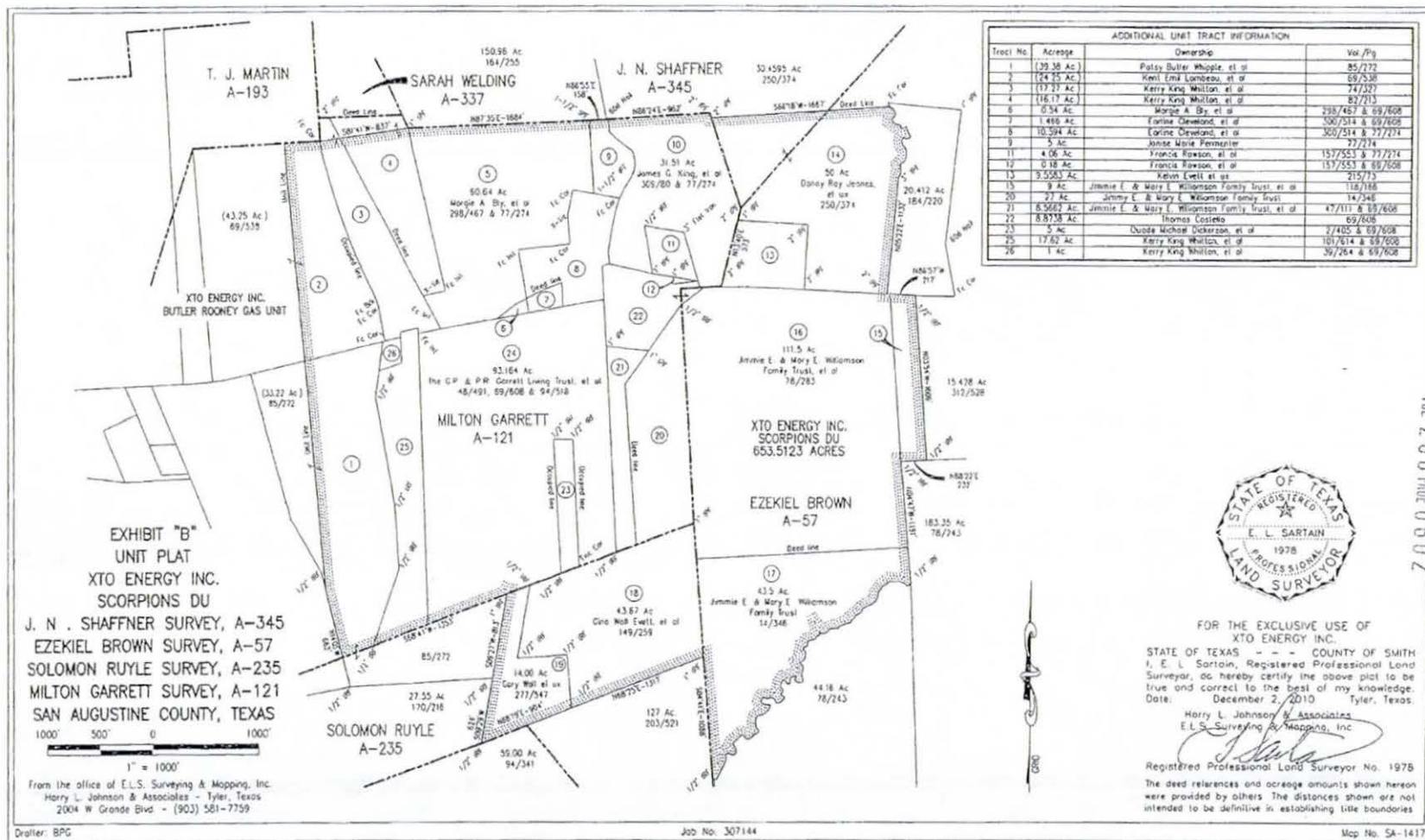


EXHIBIT "C"

Attached to that Unit Designation for the XTO ENERGY INC. – SCORPIONS DEEP UNIT, San Augustine County, Texas, containing 653.5123 acres.

Tract 1 – 39.38 acres, more or less, out of the Milton Garrett Survey, A-121, San Augustine County, Texas, and being the same land described in that certain Warranty Deed dated November 10, 1942, from W.H. Butler et al to T.A. Butler, recorded in Volume 85, Page 272, of the Official Public Records of San Augustine County, Texas.

Tract 2 – 24.25 acres, more or less, out of the Milton Garrett Survey, A-121, San Augustine County, Texas, and being the same land described in that certain Royalty Deed dated September 19, 1930, from H.J. Walton, et ux to V.E.J. Lambeau, recorded in Volume 69, Page 538, of the Official Public Records of San Augustine County, Texas.

Tract 3 – 17.27 acres, more or less, out of the Milton Garrett Survey, A-121, San Augustine County, Texas, and being the same land described in that certain Deed dated October 13, 1934 from William Garrett et ux Annie Garrett to R. B. Whitton, recorded in Volume 74, Page 327 of the Official Public Records of San Augustine County, Texas.

Tract 4 – 16.17 acres, more or less, out of the Milton Garrett Survey, A-121, San Augustine County, Texas, and being the same land described in that certain Deed dated January 13, 1941 from O. E. Sanders to R. B. Whitton, recorded in Volume 82, Page 213 of the Official Public Records of San Augustine County, Texas.

Tract 5 – 60.64 acres, more or less, out of the Milton Garrett Survey, A-121, San Augustine County, Texas, and being the same land described in that certain Deed dated August 8, 1996 from Jesus Rodriquez and wife Aurora Rodriquez to Charlie H. Bly and wife Margie A. Bly, recorded in Volume 298, Page 467, of the Official Public Records of San Augustine County, Texas.

Tract 6 – 0.54 acres, more or less, out of the Milton Garrett Survey, A-121, San Augustine County, Texas, and being the same land described in that certain Deed dated August 8, 1996 from Jesus Rodriquez and wife Aurora Rodriquez to Charlie H. Bly and wife Margie A. Bly, recorded in Volume 298, Page 467, of the Official Public Records of San Augustine County, Texas.

Tract 7 – 1.466 acres, more or less, out of the Milton Garrett Survey, A-121, San Augustine County, Texas, and being the same land described as two tracts, 5.66 acres and a 6.4 acres in a Warranty Deed with Vendor's Lien dated November 8, 1996 from S. J. Butler to Earline Cleveland, recorded in Volume 300, Page 514 of the Official Public Records of San Augustine County, Texas.

Tract 8 – 10.594 acres, more or less, out of the Milton Garrett Survey, A-121, San Augustine County, Texas, and being the same land described as two tracts, 5.66 acres and a 6.4 acres in a Warranty Deed with Vendor's Lien dated November 8, 1996 from S. J. Butler to Earline Cleveland, recorded in Volume 300, Page 514 of the Official Public Records of San Augustine County, Texas.

Tract 9 – 5.00 acres, more or less, out of the Milton Garrett Survey, A-121, San Augustine County, Texas, and being the same land described in Warranty Deed with Vendor's Lien dated January 5, 1937 from Willie Garrett, et ux to E. B. Rawson recorded in Volume 77, Page 274 of the Official Public Records of San Augustine County, Texas.

Tract 10 – 31.51 acres, more or less, out of the Milton Garrett Survey, A-121, San Augustine County, Texas, and being the same land described in that certain Deed dated June 26, 1998 from J. Pat Sharp and wife Rhonda Sharp to James G. King and wife Carolyn L. King, recorded in Volume 309, Page 80 of the Official Public Records of San Augustine County, Texas.

VOL 208 PAGE 0603



Tract 11 - 4.06 acres, more or less, out of the Milton Garrett Survey, A-121, San Augustine County, Texas, and being the same land described as Tract (1) in that certain Deed dated September 14, 1968, from Eugene Rawson, et al to Francis Rawson, and wife Jane Rawson, Recorded in Volume 157, Page 553 of the Official Public Records of San Augustine County, Texas.

Tract 12 - 0.18 acres, more or less, out of the Milton Garrett Survey, A-121, San Augustine County, Texas, and being the same land described as Tract (2) in that certain Deed dated September 14, 1968, from Eugene Rawson, et al to Francis Rawson, and wife Jane Rawson, Recorded in Volume 157, Page 553 of the Official Public Records of San Augustine County, Texas.

Tract 13 - 9.5583 acres, more or less, out of the Ezekiel Brown Survey, A-57, San Augustine County, Texas, and being the same land described in that certain Warranty Deed with Vendor's Lien dated December 6, 1980 from Laurence T. Skelton to Clifford Ray Ward and wife, recorded in Volume 215, page 73, all references are to the Official Public Records of San Augustine County, Texas.

Tract 14 - 50.00 acres, more or less, out of the Ezekiel Brown Survey, A-57, San Augustine County, Texas, and being Tract No. 2 in that certain Warranty Deed Vendor's Lien dated November 1, 1985, executed by Clifford Ray Ward, et ux, To Danny R. Jeanes, et ux, recorded in Volume 250, Page 374, of the Official Public Records of San Augustine County, Texas.

Tract 15 - 9.00 acres, more or less, out of the Ezekiel Brown Survey, A-57, San Augustine County, Texas, and being the same land described in that certain Warranty Deed with Vendor's Lien, dated July 5, 1951 from J.M. Collins, et ux to James V. Morris, et ux and recorded in Vol. 118, Page 166, of the Official Public Records of San Augustine County, Texas.

Tract 16 - 111.50 acres, more or less, out of the Ezekiel Brown Survey, A-57, San Augustine County, Texas, and being the same land described in that certain as the First Tract in a deed dated November 24, 1937 from J. C. R. Woolam and wife, to J. M. Collins in Volume 77, Page 283 recorded in Volume 78, Page 283, Official Public Records of San Augustine County, Texas.

Tract 17 - 43.50 acres, more or less, out of the Ezekiel Brown Survey, A-57, San Augustine County, Texas, and being the same land described as Tract Three (3), in a conveyance from B.L. Littleton to J.E. Williamson dated November 11, 2000 and recorded in Volume 14, Page 436, of the Official Public Records of San Augustine County, Texas.

Tract 18 - 43.67 acres, more or less out of the Ezekiel Brown Survey, A-57, San Augustine County, Texas and being the same land described in that certain Warranty Deed from A. G. Kendrick and wife Ruby Kendrick to James H. Wall and wife Betty Wall, recorded in Volume 149, page 259 of the Official Public Records of San Augustine County, Texas. LESS AND EXCEPT 14.0 acres described in that certain Warranty Deed dated November 9, 1991, from Betty Wall et al to Gary Wall and wife Donna Wall and recorded in Volume 277, Page 547, of the Official Public Records of San Augustine County, Texas.

Tract 19 - 14.00 acres, more or less, out of the Solomon Ruyle Survey, A-235, San Augustine County, Texas, and being the same land described in that certain Warranty Deed dated November 9, 1991, from Betty Wall et al to Gary Wall and wife Donna Wall and recorded in Volume 277, Page 547, of the Official Public Records of San Augustine County, Texas.

Tract 20 - 27.00 acres, more or less, out of the Milton Garrett Survey, A-121, San Augustine County, Texas, and being the same land described in that certain as "Tract No. Two" in a Warranty Deed dated November 27, 2000 from B. L. Littleton to J. E. Williamson et ux Mary E. Williamson, recorded in Volume 14, page 346 of the Official Public Records of San Augustine County, Texas.

Tract 21 - 8.5662 acres, more or less, out of the Milton Garrett Survey, A-121, San Augustine County, Texas, and being the same land described as Tract Five in a Warranty Deed dated December 19, 2003 from J. E. Williamson and wife Mary E. Williamson to J. E. Williamson and wife Mary E. Williamson Family Trust and recorded in Volume 47, page 111 of the Official Public Records of San Augustine County, Texas.

VOL 208 PAGE 0604



Tract 22 -- 8.8738 acres, more or less, out of the Milton Garrett Survey, A-121, San Augustine County, Texas, and being the same land described in that Royalty Deed dated October 30, 1930 from the heirs of James Garrett to V.E.J. Lambeau and recorded in Volume 69, Page 608, of the Official Public Records of San Augustine County, Texas.

Tract 23 -- 5.00 acres, more or less, out of the Milton Garrett Survey, A-121, San Augustine County, Texas, and being the same land described in that certain Warranty Deed with Vendor's Lien dated October 1, 1999 from Warren A. Sharp and wife Dixie C. Sharp to Michael Dickerson and wife LaRhonda Dickerson and recorded in Volume 2, page 405 of the Official Public Records of San Augustine County, Texas.

Tract 24 -- 93.164 acres, more or less, out of the Milton Garrett Survey, A-121, San Augustine County, Texas, and being the same land described in that certain Warranty Deed from Gilbert P. Garrett and Patsy R. Gilbert to The G.P. and P.R. Garrett Living Trust, dated October 14, 2003, recorded in Volume 48, Page 491, of the Official Public Records of San Augustine County, Texas.

Tract 25 -- 17.62 acres, more or less, out of the Milton Garrett Survey, A-121, San Augustine County, Texas, and being the same land described in that certain Deed to R. B. Whitton from E. B. Rawson in deed dated June 5, 1948 and recorded in Volume 101, Page 614, of the Official Public Records of San Augustine County, Texas.

Tract 26 -- 1.00 acre, more or less, out of the Milton Garrett Survey, A-121, San Augustine County, Texas, and being the same land described in that certain Warranty Deed from James Garrett, et ux, to the Trustees of Ratliff School District No. 12, dated July 11, 1908, Recorded in Volume 39, Page 263, of the Official Public Records of San Augustine County, Texas.

END OF EXHIBIT "C"

FILED FOR RECORD
SAN AUGUSTINE COUNTY
SAN AUGUSTINE TEXAS

2011 APR 12 PM 2 07

DIANA KOVAR
COUNTY CLERK

BY Sgt. Butler DEPUTY

NY
100
100
100
100

25.

File No. MF112094

Unit Designation ~~County~~

Date Filed: 5-18-15

George P. Bush, Commissioner

By JK

**FIRST AMENDMENT TO UNIT DESIGNATION
SCORPIONS DEEP UNIT**

STATE OF TEXAS §

§ **KNOW ALL MEN BY THESE PRESENTS:**

COUNTY OF SAN AUGUSTINE §

WHEREAS, XTO Energy Inc. established the Scorpions Deep Unit (the "Unit") containing 653.5123 acres of land out of the Milton Garrett Survey, A-121, San Augustine County, Texas, as more particularly set forth in that certain Unit Designation dated December 6, 2010, recorded in Volume 195 at Page 527 of the Real Property Records of San Augustine County, Texas (the "Unit Designation"); and

WHEREAS, XTO Energy Inc. has acquired additional leases located within the boundaries of said Unit and desires to include the same in said Unit; and

WHEREAS, XTO Energy Inc. further to the Unit Designation consents to amend the descriptions of certain leases; and

NOW, THEREFORE, in consideration of the premises, each undersigned Lessee, as the current owner and holder of the oil and gas leases subject to and described in the Unit, acting under and by virtue of the power and authority conferred and granted by the provisions of the oil, gas and mineral leases, as may be amended, described in said Exhibit "A", and in accordance with the Unit Designation, hereby amends said Unit so as to incorporate therein the Oil, Gas and Mineral Leases described on Exhibit "A" attached hereto and made a part hereof (the "Leases"), and the undersigned hereby, pools, unitizes and combines the Leases with the oil and gas leases described in the Unit and any previous amendments thereto in accordance with the Unit Designation.

Lessee reserves the right to amend the Unit Designation, from time to time, and at any time, in order to correct any error herein or to include in the Unit any newly acquired interest within the Unit boundary or to enlarge or reduce the Unit area in accordance with the applicable rules and regulations of any governmental regulatory body or agency having jurisdiction insofar as such right is granted in Said Leases, or by appropriate amendments or agreements. The Unit may be dissolved by the Lessee, its successors or assigns, by instrument filed for record in the appropriate records of San Augustine County, Texas, at any time after the cessation of production on the Unit insofar as provided in Said Leases, or by appropriate amendments thereto.

If at any time any tract of land or interest within the Unit is not properly pooled or unitized hereby, or is not otherwise committed to the Unit, such facts shall not affect, terminate, impair or invalidate the Unit as to any interest properly pooled or unitized or otherwise.

Production from the Unit shall be allocated proportionately among all of the tracts within the Unit in the proportion which the number of surface acres in each of such tracts bears to the total number of surface acres in the Unit.

The Unit Designation may not be ratified or joined in by any party who is not a named party below, without the written consent of Lessee or its successors or assigns.

All of the terms and provisions of the Unit Designation shall remain in full force and effect, except as may have previously been amended and as herein amended, and the terms and provisions hereof shall be binding upon and inure to the benefit of the affected parties hereto, their heirs, legal representatives, successors and assigns.

S.T.O.S.

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This instrument is signed by the Lessee on the date its signature is acknowledged, but it is understood and agreed that same shall be effective as of the date it is filed of record in the official public records of San Augustine County, Texas. This instrument may be executed in any number of counterparts, each of which shall constitute an original instrument. Executed signature pages from one counterpart may be combined with signature pages from one or more other counterparts in order to form a single executed instrument.

XTO ENERGY INC.

James L. Death
By: James L. Death
Senior Vice President, Land *as*

XH, LLC

James L. Death
By: James L. Death
Its: Attorney-in-Fact *as*

CABOT OIL & GAS CORPORATION

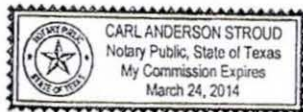
By: _____
Its: _____

EOG RESOURCES, INC.

Ernest J. LaFlure
By: Ernest J. LaFlure
Its: Vice President & General Manager *as*

STATE OF TEXAS §
COUNTY OF TARRANT §

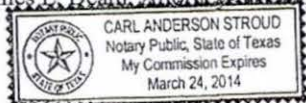
This instrument was acknowledged before me on the 8 day of April 2011, by James L. Death, Senior Vice President, Land, of XTO Energy Inc., a Delaware Corporation.



Carl Stroud
Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF TARRANT §

This instrument was acknowledged before me on the 8 day of April 2011, by James L. Death, Attorney-in-Fact, of XH, LLC., a Delaware limited liability company.



Carl Stroud
Notary Public, State of Texas

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STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on the _____ day of _____
2011, by _____,
of Cabot Oil & Gas Corporation, a _____ Corporation.

Notary Public, State of Texas

STATE OF TEXAS §
 §
COUNTY OF Smith §

This instrument was acknowledged before me on the 31st day of October
2011, by Ernest J. LaFlure, VP + GM
of EOG Resources, Inc., a Delaware corporation.



Judy Pond
Notary Public, State of Texas

00042293 BK

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EXHIBIT "A"

Description of Leases to be included in the **XTO ENERGY INC. – SCORPIONS DEEP UNIT**, containing **653.5123** acres, San Augustine County, Texas

1. Oil and Gas Lease from Thomas Costello to Southeast Texas Oil & Gas, Inc. dated September 12, 2009, recorded in Volume 149, Page 103, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 12 of 0.18 acres.
2. Oil and Gas Lease from Robert Costello to Southeast Texas Oil & Gas, Inc. dated August 28, 2009, recorded in Volume 146, Page 249, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 12 of 0.18 acres.
3. Oil and Gas Lease from Thomas Costello to Southeast Texas Oil & Gas, Inc. dated September 12, 2009, recorded in Volume 149, Page 103, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 13 of 9.5583 acres.
4. Oil and Gas Lease from Thomas Costello to Southeast Texas Oil & Gas, Inc. dated September 12, 2009, recorded in Volume 149, Page 103, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 14 of 50.00 acres.
5. Virginia L. Griffith, a/k/a Virginia L. Caskey to EOG Resources, Inc., dated June 11, 2010, recorded in Volume 177, Page 73, Official Public Records of San Augustine County, Texas, said lease covering 2.00 acres.
6. Oil and Gas Lease from Thomas Costello to Southeast Texas Oil & Gas, Inc. dated September 12, 2009, recorded in Volume 149, Page 103, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 21 of 8.5662 acres.
7. Oil and Gas Lease from Thomas Costello to Southeast Texas Oil & Gas, Inc. dated September 12, 2009, recorded in Volume 149, Page 103, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 22 of 8.8738 acres.
8. Oil and Gas Lease from Thomas Costello to Southeast Texas Oil & Gas, Inc. dated September 12, 2009, recorded in Volume 149, Page 103, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 23 of 5.00 acres.
9. Oil and Gas Lease from Thomas Costello to Southeast Texas Oil & Gas, Inc. dated September 12, 2009, recorded in Volume 149, Page 103, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 24 of 93.164 acres.
10. Oil and Gas Lease from Thomas Costello to Southeast Texas Oil & Gas, Inc. dated September 12, 2009, recorded in Volume 149, Page 103, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 25 of 17.62 acres.
11. Oil and Gas Lease from Thomas Costello to Southeast Texas Oil & Gas, Inc. dated September 12, 2009, recorded in Volume 149, Page 103, Official Public Records of San Augustine County, Texas, said lease covering Unit Tract 26 of 1.00 acre.

12. Oil and Gas Lease from the State of Texas General Land Office to XH, LLC dated January 4, 2011, recorded in Volume 200, Page 566, Official Public Records of San Augustine County, Texas, said lease covering 6.617 acres.

Together with all amendments, ratifications, corrections, and/or modifications of the Oil and Gas Leases described herein.

END OF EXHIBIT "A"

FILED AND RECORDED
REAL PROPERTY RECORDS
On: Nov 08, 2011 at 01:21P
Document Number: 00042293
Amount 32.00
HONORABLE Diana Kovar
COUNTY CLERK
By Pat Butler, Deputy
San Augustine County
ANY PROVISION HEREIN WHICH RESTRICTS
THE SALE, RENTAL OR USE OF THE
DESCRIBED REAL PROPERTY BECAUSE OF
COLOR OR RACE IS INVALID AND
UNENFORCEABLE UNDER FEDERAL LAW.

00825293 BK

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File No. MF 112094

1st Amendment County

to designation

Date Filed: 5-18-15

George P. Bush, Commissioner

By JTC

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**SECOND AMENDMENT TO UNIT DESIGNATION
SCORPIONS DEEP UNIT**

STATE OF TEXAS

§

§ KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF SAN AUGUSTINE §

WHEREAS, XTO Energy Inc. established the Scorpions Deep Unit (the "Unit") containing 653.5123 acres of land out of the Milton Garrett Survey, A-121, San Augustine County, Texas, as more particularly set forth in that certain Unit Designation dated December 6, 2010, recorded in Volume 195 at Page 527 of the Real Property Records of San Augustine County, Texas (the "Unit Designation") and that certain First Amendment to Unit Designation dated April 8, 2011, recorded in Volume 209, Page 698;

WHEREAS, XTO Energy Inc. has acquired additional leases located within the boundaries of said Unit and desires to include the same in said Unit;

WHEREAS, XTO Energy Inc. and EOG Resources, Inc. further to the Unit Designation consents to amend the descriptions of certain leases; and

NOW, THEREFORE, in consideration of the premises, each undersigned Lessee, as the current owner and holder of the oil and gas leases subject to and described in the Unit, acting under and by virtue of the power and authority conferred and granted by the provisions of the oil, gas and mineral leases, as may be amended, described in said Exhibit "A", and in accordance with the Unit Designation, hereby amends said Unit so as to incorporate therein the Oil, Gas and Mineral Leases described on Exhibit "A" attached hereto and made a part hereof (the Leases) containing 716.8864 acres being the lands within the dashed outline on the Plat marked Exhibit "B" and the undersigned hereby, pools, unitizes and combines the Leases with the oil and gas leases described in the Unit and any previous amendments thereto in accordance with the Unit Designation.

Lessee reserves the right to amend the Unit Designation, from time to time, and at any time, in order to correct any error herein or to include in the Unit any newly acquired interest within the Unit Boundary or to enlarge or reduce the Unit area in accordance with the applicable rules and regulations of any governmental regulatory body or agency having jurisdiction insofar as such right is granted in Said Leases, or by appropriate amendments or agreements. The Unit may be dissolved by the Lessee, its successors or assigns, by instrument filed for record in the appropriate records of San Augustine County, Texas, at any time after the cessation of production on the Unit insofar as provided in Said Leases, or by appropriate amendments thereto.

If at any time any tract of land or interest within the Unit is not properly pooled or unitized hereby, or is not otherwise committed to the Unit, such facts shall not affect, terminate, impair or invalidate the Unit as to any interest properly pooled or unitized or otherwise.

Production from the Unit shall be allocated proportionately among all of the tracts within the Unit in the proportion which the number of surface acres in each of such tracts bears to the total number of surface acres in the Unit.

The Unit Designation may not be ratified or joined in by any party who is not a named party below, without the written consent of Lessee or its successors or assigns.

All of the terms and provisions of the Unit Designation shall remain in full force and effect, except as may have previously been amended and as herein amended, and the terms

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and provisions hereof shall be binding upon and inure to the benefit of the affected parties hereto, their heirs, legal representatives, successors and assigns.

This instrument is signed by the Lessee on the date its signature is acknowledged, but it is understood and agreed that same shall be effective as of first production of Scorpions DU 1H (API No. 42-405-30384). This instrument may be executed in any number of counterparts, each of which shall constitute an original instrument. Executed signature pages from one counterpart may be combined with signature pages from one or more other counterparts in order to form a single executed instrument.

XTO ENERGY INC.

XH, LLC

James L. Death
By: James L. Death
Senior Vice President, Land *AS*

James L. Death
By: James L. Death
Its: Attorney-in-Fact *AS*

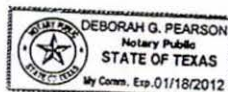
EOG RESOURCES, INC.

Ernest J. LaFlure
By: Ernest J. LaFlure
Its: Vice President & General Manager

JKH
RH

STATE OF TEXAS §
COUNTY OF TARRANT §

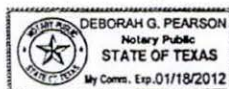
This instrument was acknowledged before me on the 9 day of January 2012, by James L. Death, Senior Vice President, Land, of XTO Energy Inc., a Delaware Corporation.



Deborah G. Pearson
Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF TARRANT §

This instrument was acknowledged before me on the 9 day of January 2012, by James L. Death, Attorney-in-Fact, of XH, LLC., a Delaware limited liability company.



Deborah G. Pearson
Notary Public, State of Texas

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97.875

STATE OF TEXAS §
 §
COUNTY OF Smith §

This instrument was acknowledged before me on the 27th day of January
2012, by Ernest J. LaFlure, VP & GM
of EOG Resources, Inc., a Delaware corporation.



Judy Pond
Notary Public, State of Texas

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EXHIBIT "A"

Description of Leases to be included in the **XTO ENERGY INC. – SCORPIONS DEEP UNIT**, containing **716.8864** acres, San Augustine County, Texas

1. Oil and Gas Lease from the Ratcliff Church of Christ to XH, LLC dated March 16, 2011, recorded in Volume 218, Page 431, Official Public Records of San Augustine County, Texas.
2. Oil and Gas Lease from the Hilliard Butler and Carol P. Butler as Trustees of the Butler Living Trust to Mullins & White Exploration, Inc. dated February 9, 2007, recorded in Volume 86, Page 248, Official Public Records of San Augustine County, Texas, said lease.
3. Amendment to Oil and Gas Lease from Danny Ray Jeanes, et ux to Central Texas Land Services, dated November 14, 2011, recorded in Volume 230, Page 661 San Augustine, Texas; thus Amending that certain Oil and Gas Lease dated February 8, 2008, recorded in Volume 102, Page 205, Official Public Records of San Augustine County, Texas.
4. Amendment to Oil and Gas Lease from Elizabeth Ellisor Jones to Central Texas Land Services, dated November 14, 2011, recorded in Volume 232, Page 694 San Augustine, Texas; thus Amending that certain Oil and Gas Lease dated February 8, 2008, recorded in Volume 102, Page 206, Official Public Records of San Augustine County, Texas.
5. Amendment to Oil and Gas Lease from Grover Ellisor Jr. et al to Central Texas Land Services, dated November 14, 2011, recorded in Volume 233, Page 387 San Augustine, Texas; thus Amending that certain Oil and Gas Lease dated February 8, 2008, recorded in Volume 102, Page 206, Official Public Records of San Augustine County, Texas.

Together with all amendments, ratifications, corrections, and/or modifications of the Oil and Gas Leases described herein.

END OF EXHIBIT "A"

FILED AND RECORDED
REAL PROPERTY RECORDS
On: Jan 31, 2012 at 09:51A
Document Number: 00043387
Amount 32.00
HONORABLE Diana Kovar
COUNTY CLERK
By
Nargo Noble, Deputy
San Augustine County
ANY PROVISION HEREIN WHICH RESTRICTS
THE SALE, RENTAL OR USE OF THE
DESCRIBED REAL PROPERTY BECAUSE OF
COLOR OR RACE IS INVALID AND
UNENFORCEABLE UNDER FEDERAL LAW.

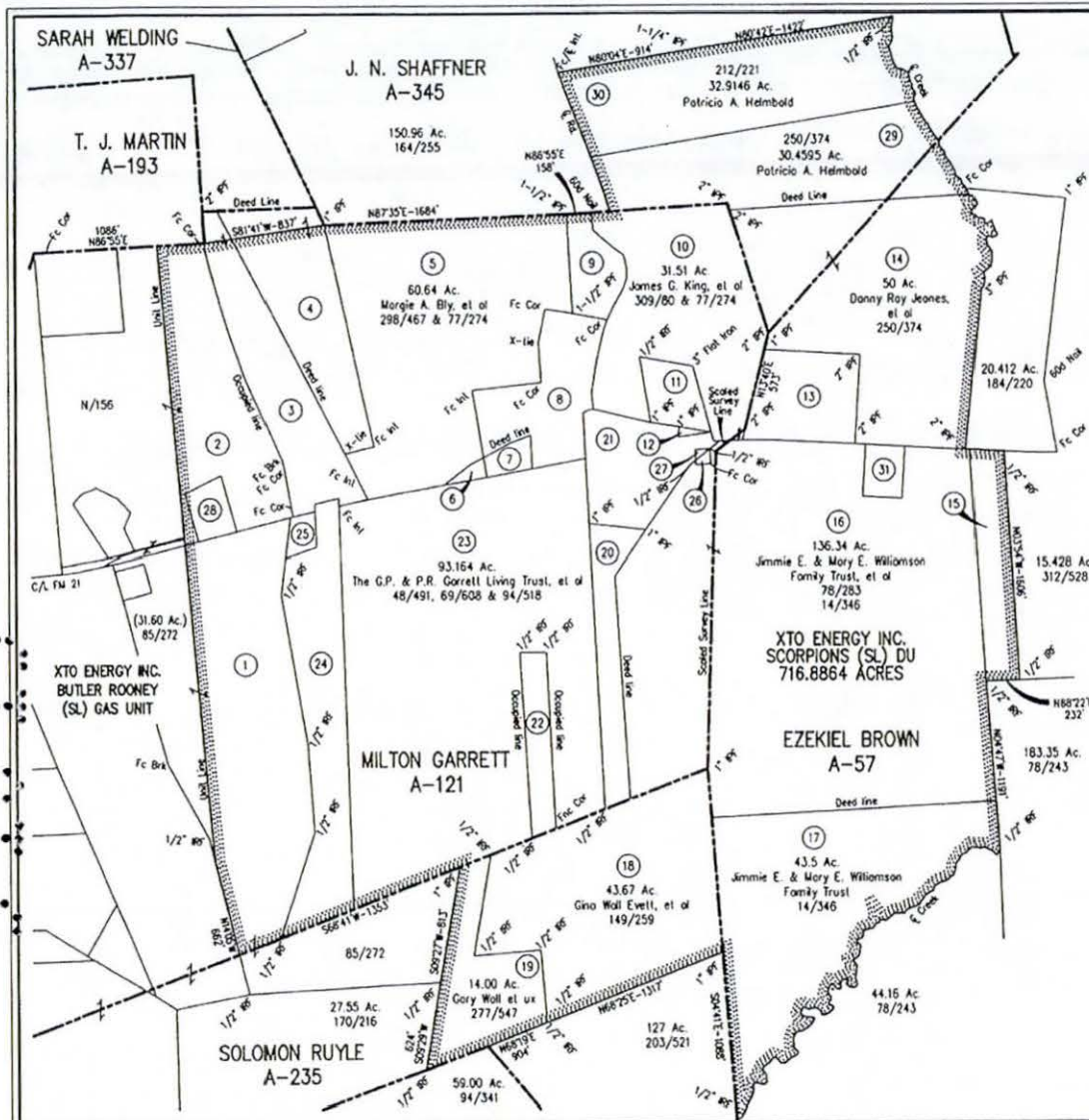
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Tract No.	Acreage	Ownership	Vol./Pg.
1	(39.38 Ac.)	Polay Butler Whipple, et al	85/272
2	22.25 Ac.	Kent Emil Lombeau, et al	N/156
3	(17.27 Ac.)	Kerry King Whitton, et al	74/327
4	(16.17 Ac.)	Kerry King Whitton, et al	82/213
5	0.54 Ac.	Margie A. Bly, et al	288/467 & 69/608
6	1.465 Ac.	Eorine Cleveland, et al	300/514 & 69/608
7	10.594 Ac.	Eorine Cleveland, et al	300/514 & 77/274
8	5 Ac.	Jonise Marie Permenter	77/274
9	4.06 Ac.	Francis Rowson, et al	157/553 & 77/274
10	0.18 Ac.	Francis Rowson, et al	157/553 & 69/608
11	9.5583 Ac.	Kelvin Ewell, et ux	215/73
12	9 Ac.	Jimmie E. & Mary E. Williamson Family Trust, et al	118/168
13	8.5662 Ac.	Jimmie E. & Mary E. Williamson Family Trust, et al	47/111 & 69/608
14	8.7838 Ac.	Thomas Costello	69/608
15	5 Ac.	Quade Michael Dickerson, et al	2/405 & 69/608
16	17.62 Ac.	Kerry King Whitton, et al	101/614 & 69/608
17	1 Ac.	Kerry King Whitton, et al	39/284 & 69/608
18	0.16 Ac.	Ratcliff Church of Christ, et al	113/164
19	0.09 Ac.	Ratcliff Church of Christ, et al	113/164
20	2.00 Ac.	Kent Emil Lombeau, et al	306/649
21	2.00 Ac.	Virginia L. Griffith	256/470



FOR THE EXCLUSIVE USE OF
XTO ENERGY INC.

STATE OF TEXAS - - - COUNTY OF SMITH
I, E. L. Sartain, Registered Professional Land
Surveyor, do hereby certify the above plot to be
true and correct to the best of my knowledge.
Date: December 9, 2011 - Tyler, Texas.

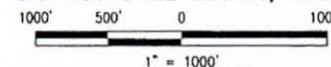
Harry L. Johnson & Associates
E.L.S. Surveying & Mapping, Inc.

Registered Professional Land Surveyor No. 1978

The deed references and acreage amounts shown hereon
were provided by others. The distances shown are not
intended to be definitive in establishing title boundaries.

EXHIBIT "B"
UNIT PLAT
XTO ENERGY INC.
SCORPIONS (SL) DU

J. N. SHAFFNER SURVEY, A-345
EZEKIEL BROWN SURVEY, A-57
SOLOMON RUYLE SURVEY, A-235
MILTON GARRETT SURVEY, A-121
SAN AUGUSTINE COUNTY, TEXAS



From the office of E.L.S. Surveying & Mapping, Inc.
Harry L. Johnson & Associates - Tyler, Texas
2004 W. Grande Blvd. - (903) 581-7759

Job No. 307144

Drafter: BPG/BSA/ELL

Map No. SA-147C

22
File No. MF 112094
2nd Amendment ~~County~~
to Designation
Date Filed: S-18-15
George P. Bush, Commissioner
By OK

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**AMENDMENT OF
UNIT DESIGNATION SCORPIONS DEEP UNIT**

STATE OF TEXAS

COUNTY OF SAN AUGUSTINE

§
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KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, effective December 17, 2010, the undersigned (collectively known as "Lessee") executed that certain UNIT DESIGNATION SCORPIONS DEEP UNIT (the "Unit"), filed for record on December 17, 2010, in Volume 195, Page 527 of the Official Public Records of San Augustine County, Texas; and

WHEREAS, effective December 17, 2010, the undersigned (collectively known as "Lessee") executed that certain FIRST AMENDMENT TO UNIT DESIGNATION SCORPIONS DEEP UNIT (the "Unit"), filed for record on April 11, 2011, in Volume 209, Page 698 of the Official Public Records of San Augustine County, Texas; and

WHEREAS, effective December 17, 2010, the undersigned (collectively known as "Lessee") executed that certain SECOND AMENDMENT TO UNIT DESIGNATION SCORPIONS DEEP UNIT (the "Unit"), filed for record on January 31, 2012, in Volume 235, Page 486 of the Official Public Records of San Augustine County, Texas; and

WHEREAS, effective December 17, 2010, the undersigned (collectively known as "Lessee") executed that certain AMENDMENT TO UNIT DESIGNATION SCORPIONS DEEP UNIT (the "Unit"), filed for record on June 10, 2014, in Volume 296, Page 667 of the Official Public Records of San Augustine County, Texas; and

WHEREAS, certain undivided Lands under some of the Oil, Gas and Mineral Leases, included in the Unit are amended subsequent to re-survey by a Texas Registered Professional Land Surveyor of the tracts within the aforementioned documents, it is the desire of the undersigned to amend the total Unit acreage and to thereby include such additional lands under the Unit.

NOW THEREFORE, in consideration of the foregoing the undersigned do hereby amend the Unit as follows:

1. Exhibit "B", which is attached hereto and made a part hereof, is hereby substituted in place of the Exhibit "B" attached to the original Unit Designation to reflect the inclusion of the amended oil, gas and mineral leases and lands referred to above. In addition, reference is made that the Scorpions Deep Unit now contains 717.4946 surface and mineral acres as noted on the attached Exhibit "B".

§ 1 0 1 5

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2. The undersigned do hereby pool, consolidate, combine, and unitize all of the additional Lands and Oil, Gas and Mineral Leases together with the original leases as set forth in Exhibit "B" pursuant to all of the terms and provisions contained in the original Unit Designation and Amendments referred to above, as though they had been a part of the original Unit Designation and subsequent Amendments.

In all other respects, the terms, conditions, and provisions of the Unit shall remain in full force and effect.

The undersigned reserve the right to amend this instrument from time to time, and at any time, in order to correct any error herein or to include any newly acquired interests within the boundary of the Unit, or to enlarge or reduce the Unit in accordance with the applicable rules and regulations of any governmental regulatory body or agency having jurisdiction, insofar as such right is granted in the leases, by appropriate amendments or instruments.

By execution of this instrument, the undersigned do not exhaust its right to pool the leases and lands covered herein with other leases and lands as to any other minerals, horizon or strata covered thereby, and it expressly reserves to itself, its assignees, or successors in interest, the right and power to pool or unitize such leases and lands with any other leases, lands, horizons or strata in the vicinity and so far as the power, right and authority to do so is granted in such leases and various agreements and so long as such power and authority is exercised in accordance with applicable rules and regulations of any governmental regulatory body or agency having jurisdiction.

This Amendment of Unit Designation shall be effective as of December 17, 2010, and shall remain in force as long as the pooled minerals are being produced from the Unit, or so long as the leases covering the Unit are maintained in force by payment or tender of shut-in royalties or by other means, in accordance with the terms of said Leases.

XH, LLC

By:

Kim Welch

Tim Welch
Vice President

XTO ENERGY INC.

By: Tim Welch
Tim Welch
Vice President - Land

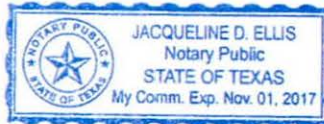
EOG RESOURCES, INC.

By: _____

STATE OF TEXAS

COUNTY OF TARRANT

This instrument was acknowledged before me this 14th day of April, 2015, by Tim Welch; Vice President of XH, LLC, a Delaware limited liability company, on behalf of said company.



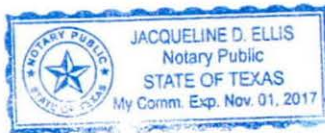
Witness my hand and official seal.

Jacqueline D. Ellis
Notary Public, State of Texas

STATE OF TEXAS

COUNTY OF TARRANT

This instrument was acknowledged before me this 14th day of April, 2015, by Tim Welch, Vice President - Land of XTO ENERGY INC., a Delaware corporation, on behalf of said corporation.



Witness my hand and official seal.

Notary Public, State of Texas
Jacqueline D. Ellis

57.07.5

Doc 00055468

BK

Vol 315

Page 413

XTO ENERGY INC.

By: _____
Tim Welch
Vice President - Land

EOG RESOURCES, INC.

By: Ernest J. LaPlure
Ernest J. LaPlure
Vice President & General Manager

RE MB

STATE OF TEXAS
COUNTY OF TARRANT

This instrument was acknowledged before me this ____ day of April, 2015, by Tim Welch, Vice President of XH, LLC, a Delaware limited liability company, on behalf of said company.

Witness my hand and official seal.

Notary Public, State of Texas

STATE OF TEXAS
COUNTY OF TARRANT

This instrument was acknowledged before me this ____ day of April, 2015, by Tim Welch, Vice President - Land of XTO ENERGY INC., a Delaware corporation, on behalf of said corporation.

Witness my hand and official seal.

Notary Public, State of Texas

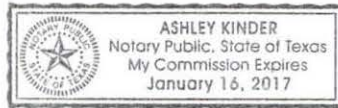
97.07.5

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STATE OF TEXAS

COUNTY OF Smith

This instrument was acknowledged before me this 24th day of April, 2015, by Ernest J. LaFlure, Vice President & General Manager, of EOG RESOURCES, INC., a Delaware corporation, on behalf of said corporation.



Witness my hand and official seal.

Ashley Kinder
Notary Public, State of Texas

FILED AND RECORDED
REAL PROPERTY RECORDS
On: May 06, 2015 at 09:30A
Document Number: 00055468
Amount: \$5.00
HONORABLE Marco Noble
COUNTY CLERK
For
Notary Public
San Augustine County
ANY PROVISION HEREIN WHICH RESTRICTS
THE SALE, RENTAL OR USE OF THE
DESCRIBED REAL PROPERTY BECAUSE OF
COLOR OR RACE IS INVALID AND
UNENFORCEABLE UNDER FEDERAL LAW.

00055468

BR

315

413

57015

File No. MF 112094 28.
Amendment to County
Designation
Date Filed: 5-18-15
George P. Bush, Commissioner
By JK

2015
MAY
18
PM

MF 112094
112692

RAILROAD COMMISSION OF TEXAS

Tracking No.: 92111

Oil and Gas Division

Status: Submitted

This facsimile W-2 was generated electronically
from data submitted to the RRC.

API No. 42- 389-33820

7. RRC District No.
08

8. RRC Lease No.

Oil Well Potential Test, Completion or Recompletion Report, and Log

1. FIELD NAME (as per RRC Records or Wildcat) PHANTOM (WOLFCAMP)		2. LEASE NAME WINCHESTER 57-10		9. Well No. 1H	
3. OPERATOR'S NAME (Exactly as shown on Form P-5, Organization Report) ENERGEN RESOURCES CORPORATION		RRC Operator No. 252002		10. County of well site REEVES	
4. ADDRESS 3300 NORTH A ST BLDG 4 STE 100 MIDLAND, TX 79705-0000				11. Purpose of filing Initial Potential ☒ Retest ☐ Reclass ☐ Well record only (Explain in remarks) ☐	
5. If Operator has changed within last 60 days, name former operator					
6a. Location (Section, Block, and Survey) 10, 57 T3, T&P RR CO/SMITH, W W, A-2464		6b. Distance and direction to nearest town in this county. ORLA			
12. If workover or reclass, give former field (with reservoir) & Gas ID or oil lease no. FIELD & RESERVOIR N/A		GAS ID or OIL LEASE #		Oil-O Gas-G Well #	
13. Type of electric or other log run Gamma Ray (MWD)		14. Completion or recompletion date 12/04/2013			

SECTION I- POTENTIAL TEST DATA IMPORTANT: Test should be for 24 hours unless otherwise specified infield rules.

15. Date of test 01/07/2014	16. No. of hours tested 24	17. Production method (Flowing, Gas Lift, Jetting, Pumping- Size & Type of pump) Flowing			18. Choke size 46/64
19. Production during Test Period	Oil - BBLS 972.0	Gas - MCF 5550	Water - BBLS 2595	Gas - Oil Ratio 5709	Flowing Tubing Pressure 0.0 PSI
20. Calculated 24- Hour Rate	Oil - BBLS 972.0	Gas - MCF 5550	Water - BBLS 2595	Oil Gravity-API-60° 52.0	Casing Pressure 1500.0 PSI
21. Was swab used during this test? Yes ☐ No ☒		22. Oil produced prior to test (New & Reworked wells) 20737.0			23. Injection Gas-Oil Ratio
REMARKS: N/A					

INSTRUCTIONS: File an original and one copy of the completed Form W-2 in the appropriate RRC District Office within 30 days after completing a well and within 10 days after a potential test. If an operator does not properly report the results of a potential test within the 10-day period, the effective date of the allowable assigned to the well will not extend back more than 10 days before the W-2 was received in the District Office. (Statewide Rules 16 and 51) To report a completion or recompletion, fill in both sides of this form. To report a retest, fill in only the front side.

WELL TESTERS CERTIFICATION

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I conducted or supervised this test by observation of (a) meter readings or (b) the top and bottom gauges of each tank into which production was run during the test. I further certify that the potential test data shown above is true, correct, and complete, to the best of my knowledge.

Signature: Well Tester

Name of Company

RRC Representative

OPERATOR'S CERTIFICATION

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct and complete, to the best of my knowledge.

ENERGEN RESOURCES CORPORATION

Type or printed name of operator's representative

(432) 818-1732

04/07/2014

Telephone: Area Code

Number

Month Day Year

Regulatory Analyst

Title of Person

Jenifer Sorley

Signature

41774

SECTION III DATA ON WELL COMPLETION AND LOG (Not Required on Retest)									
24. Type of Completion New Well ☒ Deepening ☐ Plug Back ☐ Other ☐					25. Permit to Drill, Plug Back or Deepen DATE 06/11/2013 PERMIT NO. 764072 Rule 37 Exception CASE NO.				
26. Notice of Intention to Drill this well was filed in Name of ENERGEN RESOURCES CORPORATION					Water Injection Permit PERMIT NO.				
27. Number of producing wells on this lease in this field (reservoir) including this well 1			28. Total number of acres in this lease 640.0		Salt Water Disposal Permit PERMIT NO.			Other PERMIT NO.	
29. Date Plug Back, Deepening, Workover or Drilling Operations: 09/14/2013		Commenced 11/14/2013		Completed 0.0		30. Distance to nearest well, Same Lease & Reservoir			
31. Location of well, relative to nearest lease boundaries 250.0 Feet From North Line and 1960.0 Feet from West Line of the WINCHESTER 57-10 Lease				32. Elevation (DF, RKB, RT, GR ETC.) 3048 GL					
33. Was directional survey made other than inclination (Form W-12)? ☒ Yes ☐ No				34. Top of Pay 10166 MD:14770					
35. Total Depth 10166 MD:14770		36. P. B. Depth		37. Surface Casing Determined by Field Rules ☐ Recommendation of T.D.W.R. ☒ Railroad Commission (Special) ☐		Dt. of Letter 06/14/2013 Dt. of Letter			
38. Is well multiple completion? ☐ Yes ☒ No									
39. If multiple completion, list all reservoir names (completions in this well) and Oil Lease or Gas ID No. FIELD & RESERVOIR N/A					GAS ID or OIL LEASE #		Oil-G Gas-G		Well #
40. Intervals Drilled by: Rotary Tools ☒ Cable Tools		41. Name of Drilling Contractor					42. Is Cementing Affidavit Attached? ☒ Yes ☐ No		
43. CASING RECORD (Report All Strings Set in Well)									
CASING SIZE	WT #/FT.	DEPTH SET	MULTISTAGE TOOL DEPTH	TYPE & AMOUNT CEMENT (sacks)	HOLE SIZE	TOP OF CEMENT	SLURRY VOL. cu. ft.		
13 3/8		2905		C 1973	17 1/2	1463	3435.0		
13 3/8		2905	1463	C 2526	17 1/2	SURFACE	3948.0		
9 5/8		9169		C & H 1460	12 1/4	4861	2731.0		
9 5/8		9169	4861	C & H 1935	12 1/4	1600	3716.0		
5 1/2		14768		H 1500	8 1/2	9170	1905.0		
44. LINER RECORD									
Size	Top		Bottom		Sacks Cement		Screen		
N/A									
45. TUBING RECORD									
Size	Depth Set	Packer Set	From L1 10461		To 14679				
2 7/8	9677	9677	From		To				
			From		To				
			From		To				
46. PRODUCING INTERVAL (this completion) Indicate depth of perforation or open hole									
47. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.									
Depth Interval			Amount and Kind of Material Used						
10461.0		14679.0	FRAC W/1211678# 100 MESH, 2719261# 40/70 PREMIUM WHITE PROPPANT AND 169965 BBLS FLUID						
48. FORMATION RECORD (LIST DEPTHS OF PRINCIPAL GEOLOGICAL MARKERS AND FORMATION TOPS)									
Formations		Depth		Formations		Depth			
DELAWARE GROUP		2972.0 MD: 2972.0							
BONE SPRINGS		6620.0 MD: 6620.0							
WOLFCAMP		9660.0 MD: 9660.0							
REMARKS: N/A									

CERTIFICATE OF COMPLIANCE
AND TRANSPORTATION AUTHORITY

This facsimile P-4 was generated electronically from data submitted to the RRC.
A certification of the automated data is available in the RRC's Austin office.

Tracking No.: 92111

[illegible]

Form W-12
(1-1-71)
FOD1296

RECORD OF INCLINATION

If additional space is needed, use the reverse side of this form.

17. Is any information shown on the reverse side of this form? ☐ yes ☒ no
18. Accumulative total displacement of well bore at total depth of 600 feet = 4.54 feet.
- *19. Inclination measurements were made in - ☐ Tubing ☐ Casing ☐ Open hole ☒ Drill Pipe
20. Distance from surface location of well to the nearest lease line 467 feet.
21. Minimum distance to lease line as prescribed by field rules 200 feet.
22. Was the subject well at any time intentionally deviated from the vertical in any manner whatsoever? no
- (If the answer to the above question is "yes," attach written explanation of the circumstances.)

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have personal knowledge of the inclination data and facts placed on both sides of this form and that such data and facts are true, correct, and complete to the best of my knowledge. This certification covers all data as indicated by asterisks (*) by the item numbers on this form.

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have personal knowledge of all information presented in this report, and that all data presented on both sides of this form are true, correct, and complete to the best of my knowledge. This certification covers all data and information presented herein except information data as indicated by asterisks (*) by the item numbers on this form.

Signature of Authorized Representative
Jennifer Sorley Regulatory Analyst
Name of Person and Title (type or print)
Oregon Resources Corporation
Operator
Telephone: 432-818-1732
Area Code

Approved By: _____ Title: _____ Date: _____

* Designates items certified by company that conducted the inclination surveys.



RECORD OF INCLINATION (Continued from reverse side)

[illegible]

If additional space is needed, attach separate sheet and check here. ☐

REMARKS:

- INSTRUCTIONS -

An inclination survey made by persons or concerns approved by the Commission shall be filed on a form prescribed by the Commission for each well drilled or deepened with rotary tools or when, as a result of any operation, the course of the well is changed. No inclination survey is required on wells that are drilled and completed as dry holes that are plugged and abandoned. (Inclination surveys are required on re-entry of abandoned wells.) Inclination surveys must be made in accordance with the provisions of Statewide Rule 11.

This report shall be filed in the District Office of the Commission for the district in which the well is drilled, by attaching one copy to each appropriate completion for the well. (except Plugging Report)

The Commission may require the submittal of the original charts, graphs, or discs, resulting from the surveys.



RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

1. NAME: ERIKES Ltd Shown on Form R-6, Unsubstantiated Report				2. RRC Operator No		3. RRC: Enrichment fee		4. County of Well Site	
Energy Resources Corporation				252002		8		REEVES	
5. Field Name (Indicate or Exclude as RRC Well(s))				6. API No		7. Define Permit No			
Phantom (Wolfcamp)				42-389-33820		764012			
8. Lease Name				9. Rule 37 Case No		10. CE License/Case 10 No		11. Well Number	
WINCHESTER 57-10								1H	

CASING CEMENTING DATA		SURFACE CASING	PRODUCTION CASING	MULTI-STAGE CEMENTING PROCESS	
				TOOL	SHOE
12 Cementing Date				9/21/2013	9/21/2013
13 "Drilled Hole Size				17.5	17.5
"Ext % Wash or Hole Enlargement					
14 Size of Casing (in O.D.)				13 3/8	13 3/8
15 Top of Liner (ft)					
16 Setting Depth (ft)				1463	2905
17 Number of Centralizers Used				22	22
18 Hrs Waiting on Cement Before Drill-Out				24	24
1st Slurry	19 API Cement Used No. of Sacks >			1508	1053
	Class >			C	C
	Additives >			SEE REMARKS	SEE REMARKS
2nd Slurry	No. of Sacks >			1018	920
	Class >			C	C
	Additives >			SEE REMARKS	SEE REMARKS
3rd Slurry	No. of Sacks >				
	Class >				
	Additives >				
1st	20. Slurry Pumped Volume (cu ft.) >			2593.76	2211.30
	Height (ft) >			3734.35	3183.75
2nd	Volume (cu ft.) >			1353.84	1223.60
	Height (ft) >			1949.31	1761.68
3rd	Volume (cu ft.) >				
	Height (ft) >				
Total	Volume (cu ft.) >			3948	3435
	Height (ft) >			5684	4945
21. Does Cement Consolidate to Ground Surface (or Bottom of Casing) Outside Casing?				YES	

1ST SLURRY SHOE ADDITIVES = CLASS C 35/65 + 6% BENTONITE + 0.2% C-20 + 0.4% C-15 + 0.25% R-38 + 0.25% CELLO-FLAKE + 5% SALT (BWOW)

2ND SLURRY SHOE ADDITIVES = CLASS C + 0.2% C-20 + 0.4% C-15 + 0.25% R-38 + 0.25% CELLO-FLAKE

1ST SLURRY TOOL ADDITIVES = CLASS C + 4% BENTONITE + 0.25% R-38 + 0.25% CELLO-FLAKE

2ND SLURRY TOOL ADDITIVES = CLASS C + 0.25% R-38 + 0.25% CELLO-FLAKE

OVER ➔

CEMENTING TO PLUG AND ABANDON	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7	PLUG #8
23. Cementing Date								
24. Size of Hole or Plug Plugged (in)								
25. Depth to Bottom of Tubing or Drill Pipe (ft)								
26. Sacks of Cement Used (each plug)								
27. Slurry Volume Pumped (cu.ft.)								
28. Calculated Top of Plug (ft)								
29. Measured Top of Plug If Tagged (ft)								
30. Slurry Wt (lbs/gal)								
31. Type Cement								

CEMENTERS CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

Richard Bldgood
Name and Title of Cementer's Representative

RISING STAR SERVICES LP.
Cementing Company

P.O. BOX 61193 MIDLAND TX. 79711
Address City State Zip Code

(432) 617-0114
Tel: Area Code Number

September 21, 2013
Date Mo Day Yr

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Jenifer Sorley
Typed or Printed Name of Operator's Representative

Regulatory Analyst

[Signature]
(Signature)

3300 N A St Bldg 4 Ste 100 Midland TX 79705 432-818-1732
Address City State Zip Code Tel Area Code Number

3/3/14
Date Mo Day Yr

Instruction to Form W-15, Cementing Report

IMPORTANT Operators and cementing companies must comply with the requirements of the Commission's Statewide rules 6 (Water Protection), 13 (Casing, Cementing, Drilling, and Completion, and 14 (Well Plugging). For offshore operations, see the requirements of Rule 13 (c).

A What to file An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form. Form W-15 should be filed with the following:

- * An initial oil or gas completion report, Form W-2 or G-1, as required by Statewide or special field rules
- * Form W-4, Application for Multiple Completion, if the well is a multiple parallel casing completion, and
- * Form W-3, Plugging Record, unless the W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete W-15, in addition to Form W-3, to show any casing cemented in the hole.

B Where to file The appropriate Commission District Office for the county in which the well is located.

C Surface casing. An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Texas Department of Water Resources, Austin. Before drilling a well in any field or area in which no field rules are in effect or in which surface casing requirements are not specified in the applicable rules, an operator must obtain a letter from the Department of Water Resources stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.

D Centralizers. Surface casing must be centralized at the shoe, above and below a stage collar or diverting tool, if run, and through usable-quality water zones. In nondeviated holes, a centralizer must be placed every fourth joint from the cement shoe to the ground surface or to the bottom of the cellar. All centralizers must meet API specifications.

E Exceptions and alternative casing programs. The District Director may grant an exception to the requirements of Statewide Rule 13. In a written application, an operator must state the reason for the requested exception and outline an alternate program for casing and cementing through the protection depth for strata containing usable-quality water. The District Director may approve, modify, or reject a proposed program. An operator must obtain approval of any exception before beginning casing and cementing operations.

F Intermediate and production casing. For specific technical requirements, operators should consult Statewide Rule 12 (b) (3) and (4).

G Plugging and abandoning. Cement plugs must be placed in the wellbore as required by Statewide Rule 14. The District Director may require additional cement plugs. For onshore or inland wells, a 10-foot cement plug must be placed in the top of the well, and the casing must be cut off three feet below the ground surface. All cement plugs, except the top plug, must have sufficient slurry volume to fill 100 feet of hole, plus ten percent for each 1000 feet of depth from the ground surface to the bottom of the plug.

To plug and abandon a well, operators must use only cementers approved by the Director of Field Operations. Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.

41774

Completor: Fill in shaded areas
Operator: Fill in other items

Form W-15
Cementing Report

RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

1. Company Name (As Shown on Form P-8, Operation Record) Energen Resources Corporation	2. RRC Operator No. 252002	3. RRC District No. 8	4. County of Well Site REEVES
5. Field Name (Printed as Exactly as Shown on RRC Records) Phantom (Wolfcamp)	6. API No. 42-389-33820	7. Drilling Permit No. 764072	
8. Lease Name WINCHESTER 57-10	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well Number 1H

CASING CEMENTING DATA		SURFACE CASING	INTERMEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				SINGLE STRING	MULTIPLE PRODUCTION STRINGS	TOOL	SHOE
12	Cementing Date					10/7/2013	10/6/2013
13	*Drilled Hole Size					12 1/4	12 1/4
	*Ext. % Wash or Hole Enlargement						
14	Size of Casing (in O.D.)					9 5/8	9 5/8
15	Top of Liner (ft)						
16	Setting Depth (ft)					4861	9169
17	Number of Centralizers Used						71
18	Hrs. Waiting on Cement Before Drill-Out						24
1st Slurry	19 API Cement Used: No. of Sacks >					1500	1190
	Class >					CLASS H	CLASS H
	Additives >					SEE REMARKS	SEE REMARKS
2nd Slurry	No. of Sacks >					435	270
	Class >					CLASS C	CLASS C
	Additives >					SEE REMARKS	SEE REMARKS
3rd Slurry	No. of Sacks >						
	Class >						
	Additives >						
1st	20 Slurry Pumped: Volume (cu ft.) >					3150.00	2380.00
	Height (ft) >					15751.00	7596.00
2nd	Volume (cu ft.) >					568.00	351.00
	Height (ft) >					1819.00	1120.00
3rd	Volume (cu ft.) >						
	Height (ft) >						
Total	Volume (cu ft.) >					3716	2731
	Height (ft) >					17370	8716
21	Was Cement Circulated to Ground Surface (or Bottom of Casing) Outside Casing?					NO	NO

C. Remarks

1ST SLURRY SHOE ADDITIVES = CLASS H 35/65 + 6% BENTONITE + 0.5% C-16A + 0.5% C-20 + 0.2% C-35 + 0.25% R-38 + 0.25% CELLO-FLAKE

2ND SLURRY SHOE ADDITIVES = CLASS H 50/50 + 2% BENTONITE + 0.4% C-20 + 0.25% R-38 + 0.25% CELLO-FLAKE + 5% SALT (BWOW)

1ST SLURRY TOOL ADDITIVES = CLASS C 35/65 + 6% BENTONITE + 0.4% C-20 + 0.25% R-38 + 0.25% CELLO-FLAKE + 5% SALT (BWOW)

2ND SLURRY TOOL ADDITIVES = CLASS C 50/50 + 2% BENTONITE + 0.1% C-35 + 0.2% C-20 + 0.25% R-38 + 0.25% CELLO-FLAKE + 5% SALT

OVER →

47.774

CEMENTING TO PLUG AND ABANDON	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7	PLUG #8
23. Cementing Date								
24. Size of Hole or Pipe Plugged (in)								
25. Depth to Bottom of Tubing or Drill Pipe (ft)								
26. Sacks of Cement Used (each plug)								
27. Slurry Volume Pumped (cu ft)								
28. Calculated Top of Plug (ft)								
29. Measured Top of Plug If Tagged (ft)								
30. Slurry Wt (lbs/gal)								
31. Type Cement								

CEMENTERS CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

RICHARD BIDGOOD SERVICE SUPERVISOR RISING STAR SERVICES LP.

Name and Title of Cementer's Representative

Cementing Company

Signature

P.O. BOX 61193 MIDLAND TX. 79711

(432) 617-0114

October 7, 2013

Address

City

State

Zip Code

Tel: Area Code Number

Date Mo Day Yr

OPERATOR'S CERTIFICATE I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Jenifer Sonley

Regulatory Analyst

[Signature]

Typed or Printed Name of Operator's Representative

Signature

3300 W A St Bldg 454 Midland, TX 79705

432-818-1732

3/3/14

Address

City

State

Zip Code

Tel: Area Code Number

Date Mo Day Yr

Instruction to Form W-15, Cementing Report

IMPORTANT: Operators and cementing companies must comply with the requirements of the Commission's Statewide rules 8 (Water Protection), 13 (Casing, Cementing, Drilling, and Completion, and 14 (Well Plugging) For offshore operations, see the requirements of Rule 13 (c)

A. What to file: An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form. Form W-15 should be filed with the following:

- * An initial oil or gas completion report, Form W-2 or G-1, as required by Statewide or special field rules
- * Form W-4, Application for Multiple Completion, if the well is a multiple parallel casing completion; and
- * Form W-3, Plugging Record, unless the W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete W-15, in addition to Form W-3, to show any casing cemented in the hole.

B. Where to file: The appropriate Commission District Office for the county in which the well is located

C. Surface casing. An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Texas Department of Water Resources, Austin. Before drilling a well in any field or area in which no field rules are in effect or in which surface casing requirements are not specified in the applicable rules, an operator must obtain a letter from the Department of Water Resources stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.

D. Centralizers. Surface casing must be centralized at the shoe, above and below a stage collar or diverting tool, if run, and through usable-quality water zones. In nondeviated holes, a centralizer must be placed every fourth joint from the cement shoe to the ground surface or to the bottom of the cellar. All centralizers must meet API specifications.

E. Exceptions and alternative casing programs. The District Director may grant an exception to the requirements of Statewide Rule 13. In a written application, an operator must state the reason for the requested exception and outline an alternate program for casing and cementing through the protection depth for strata containing usable-quality water. The District Director may approve, modify, or reject a proposed program. An operator must obtain approval of any exception before beginning casing and cementing operations.

F. Intermediate and production casing. For specific technical requirements, operators should consult Statewide Rule 12 (b) (3) and (4).

G. Plugging and abandoning. Cement plugs must be placed in the wellbore as required by Statewide Rule 14. The District Director may require additional cement plugs. For onshore or inland wells, a 10-foot cement plug must be placed in the top of the well, and the casing must be cut off three feet below the ground surface. All cement plugs, except the top plug, must have sufficient slurry volume to fill 100 feet of hole, plus ten percent for each 1000 feet of depth from the ground surface to the bottom of the plug.

To plug and abandon a well, operators must use only cementers approved by the Director of Field Operations. Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.



Cementer: Fill in shaded areas
Operator: Fill in other items

Form W-15
Cementing Report
Rev. 4/1/83
HAL1199

RAILROAD COMMISSION OF TEXAS

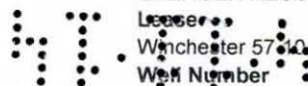
Oil and Gas Division

1. Operator's Name (As Shown on Form P-5, Organization Report) ENERGEN RESOURCES CORPORATION	2. RRC Operator No. 252002	3. RRC District No. 8	4. County of Well Site Reeves
5. Field Name (Wildcat or Exactly as Shown on RRC Records) Phantom (Wolf camp)	6. API No. 42-389-33820	7. Drilling Permit No. 164072	
8. Lease Name Winchester 57-10	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well No. 1H

CASING CEMENTING DATA:		SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date				11/12/2012			
13. *Drilled hole size				8 1/2			
*Est. % wash or hole enlargement							
14. Size of casing (in. O.D.)				5 1/2			
15. Top of liner (ft)							
16. Setting depth (ft)				14768			
17. Number of centralizers used				176			
18. Hrs. waiting on cement before drill-out							
1st Slurry	19. API cement used: No. of sacks ▶			1500			
	Class ▶			H			
	Additives ▶			*			
2nd Slurry	No. of sacks ▶						
	Class ▶						
	Additives ▶						
3rd Slurry	No. of sacks ▶						
	Class ▶						
	Additives ▶						
1st	20. Slurry pumped: Volume (cu.ft.) ▶			1905			
	Height (ft.) ▶			8290			
2nd	Volume (cu.ft.) ▶						
	Height (ft.) ▶						
3rd	Volume (cu.ft.) ▶						
	Height (ft.) ▶						
Total	Volume (cu.ft.) ▶			1905			
	Height (ft.) ▶			8290			
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?				NO			

22. Remarks
*.3% HALAD@-344 .3%SUPER CBL 3LBM KOL-SEAL .5% HR-800

Sales Order 900871725
Customer Name
ENERGEN RESOURCES CORP-EBUS
Lease
Winchester 57-10
Well Number 1H
Reeves County



CEMENTING TO PLUG AND ABANDON	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7	PLUG #8
23. Cementing date								
24. Size of hole or pipe plugged (in.)								
25. Depth to bottom of tubing or drill pipe (ft.)								
26. Sacks of cement used (each plug)								
27. Slurry volume pumped (cu ft.)								
28. Calculated top of plug (ft.)								
29. Measured top of plug, if tagged (ft.)								
30. Slurry wt. (lbs/gal)								
31. Type cement								

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

RAYNARD Q. NICKSON
Name and Title of Cemente's Representative

Halliburton Energy Services
Cementing Company

Raynard Q. Nickson
Signature

6155 W MURPHY ST ODESSA TX 79763
Address City State, Zip Code

432-571-8600
Tel: Area Code Number

11/12/2013
Date: Mo. Day Yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Jenifer Sarley
Typed or Printed Name of Operator's Representative

Regulatory Analyst
Title

J. Sarley
Signature

3300 N A St Bldg 4 Ste 100 Midland TX 79705
Address City, State, Zip Code

432-818-1732
Tel: Area Code Number

3/3/14
Date: Mo. Day Yr.

Instruction to Form W-15, Cementing Report

IMPORTANT: Operators and cementing companies must comply with the requirements of the Commission's Statewide rules 8 (Water Protection), 13 (Casing, Cementing, Drilling, and Completion, and 14 (Well Plugging). For offshore operations, see the requirements of Rule 13 (c).

A. What to file. An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form. Form W-15 should be filed with the following:

- * An initial oil or gas completion report, **Form W-2 or G-1**, as required by Statewide or special field rules;
- * **Form W-4**, Application for Multiple Completion, if the well is a multiple parallel casing completion; and
- * **Form W-3**, Plugging Record, unless the W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete **Form W-15, in addition to Form W-3, to show any casing cemented in the hole.**

B. Where to file. The appropriate Commission District Office for the county in which the well is located.

C. **Surface casing.** An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Texas Department of Water Resources, Austin. Before drilling a well in any field or area in which no field rules are in effect or in which surface casing requirements are not specified in the applicable rules, an operator must obtain a letter from the Department of Water Resources stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.

D. **Centralizers.** Surface casing must be centralized at the shoe, above and below a stage collar or diverting tool, if run, and through usable-quality water zones. In nondeviated holes, a centralizer must be placed every fourth joint from the cement shoe to the ground surface or to the bottom of the cellar. All centralizers must meet API specifications.

E. **Exceptions and alternative casing programs.** The District Director may grant an exception to the requirements of Statewide Rule 13. In a written application, an operator must state the reason for the requested exception and outline an alternate program for casing and cementing through the protection depth for strata containing usable-quality water. The District Director may approve, modify, or reject a proposed program. **An operator must obtain approval of any exception before beginning casing and cementing operations.**

F. **Intermediate and production casing.** For specific technical requirements, operators should consult Statewide Rule 13 (b) (3) and (4).

G. **Plugging and abandoning.** Cement plugs must be placed in the wellbore as required by Statewide Rule 14. The District Director may require additional cement plugs. For onshore or inland wells, a 10-foot cement plug must be placed in the top of the well, and the casing must be cut off three feet below the ground surface. All cement plugs, except the top plug, must have sufficient slurry volume to fill 100 feet of hole, plus ten percent for each 1,000 feet of depth from the ground surface to the bottom of the plug.

To plug and abandon a well, operators must use only cementers approved by the Director of Field Operations. Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.

41174

RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

ELECTRIC LOG
STATUS REPORT

FORM L-1

Tracking No.: 92111

This facsimile L-1 was generated electronically from data submitted to the RRC.

Instructions

When to File Form L-1:

- with Forms G-1, W-2, and GT-1 for new and deepened gas, oil, and geothermal wells
- with Form W-3 for plugged dry holes
- when sending in a log which was held under a request for confidentiality and the period for confidentiality has not yet expired.

When is Form L-1 NOT required:

- with Forms W-2, G-1, and GT-1 filed for injection wells, disposal wells, water supply wells, service wells, re-test wells, re-classifications, and plugbacks of oil, gas or geothermal wells
- with Form W-3 for plugging of other than a dry hole

Where to File Form L-1:

- with the appropriate Commission district office

Filling out Form L-1:

- Section I and the signature section must be filled out for all wells
- complete only the appropriate part of Section II

Type of log required:

- any wireline survey run for the purpose of obtaining lithology, porosity, or resistivity information
- no more than one such log is required but it must be of the subject well
- if such log is NOT run on the subject well, do NOT substitute any other type of log; just select Section II, Part A below

SECTION I. IDENTIFICATION

Operator Name: ENERGEN RESOURCES CORPORATION	District No. 08	Completion Date: 12/04/2013
Field Name PHANTOM (WOLFCAMP)	Drilling Permit No. 764072	
Lease Name WINCHESTER 57-10	Lease/ID No.	Well No. 1H
County REEVES	API No. 42- 389-33820	

SECTION II. LOG STATUS (Complete either A or B)

☐ A. BASIC ELECTRIC LOG NOT RUN☒ B. BASIC ELECTRIC LOG RUN. (Select one)

- ☒ 1. Confidentiality is requested and a copy of the header for each log that has been run on the well is attached.
- ☐ 2. Confidentiality already granted on basic electric log covering this interval (applicable to deepened wells only).
- ☐ 3. Basic electric log covering this interval already on file with Commission (applicable to deepened wells only).
- ☐ 4. Log attached to (select one):

☐ (a) Form L-1 (this form). If the company/lease name on log is different from that shown in Section I, please enter name on log here: _____

Check here if attached log is being submitted after being held confidential. ☐

☐ (b) Form P-7, Application for Discovery Allowable and New Field Designation.

☐ (c) Form W-4, Application for Multiple Completion: -

Lease or ID No(s). _____

Well No(s). _____

Jenifer Sorley

Signature

ENERGEN RESOURCES CORPORATION

Name (print)

Regulatory Analyst

Title

(432) 818-1732

Phone

03/13/2014

Date

-FOR RAILROAD COMMISSION USE ONLY-



SlimPulse Gamma Ray

5in/100ft Measured Depth

Real Time, Composite Log

Schlumberger

Company: Energen Resources Corporation

Well: Winchester 57-10 1H ST01

Field: Phantom (Wolfcamp)

County: Reeves

State: Texas

Country: United States of America

Latitude: 31° 45' 5.916" N

APIN: 42-389-33820-01

Longitude: 103° 57' 11.173" W

Rig Name: Nabors M45

Rig Type: Land - Top Drive

FL: NAD27 Texas State Plane, Central Zone, US Feet

FL1: Northing: 776,604.90ft US

FL2: Easting: 875,009.60ft US

Log Measured From: - Drill Floor: 3070.00 ft

Ground Level: 3048.00 ft



Permanent Datum: - Mean Sea Level

Acquisition Dates: 15-Oct-2013

Other Services:

Log Interval: 9134.67(ft) -- 14159.92(ft)

Directional Drilling

Index Types: Measured Depth

Direction and Inclination (Surveys)

Index Scales: 1:240 5" / 100'

InterACT

Depth Source: Driller's Depth

Depth Sensor: 3rd Party Depth

Print Type: Field

Spud Date: 14-Sep-2013

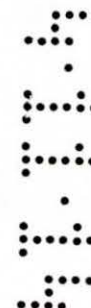


Disclaimer

THE USE OF AND RELIANCE UPON THIS RECORDED-DATA BY THE HEREIN NAMED COMPANY (AND ANY OF ITS AFFILIATES, PARTNERS, REPRESENTATIVES, AGENTS, CONSULTANTS AND EMPLOYEES) IS SUBJECT TO THE TERMS AND CONDITIONS AGREED UPON BETWEEN SCHLUMBERGER AND THE COMPANY, INCLUDING: (a) RESTRICTIONS ON USE OF THE RECORDED-DATA; (b) DISCLAIMERS AND WAIVERS OF WARRANTIES AND REPRESENTATIONS REGARDING COMPANY'S USE AND RELIANCE UPON THE RECORDED-DATA; AND (c) CUSTOMER'S FULL AND SOLE RESPONSIBILITY FOR ANY INFERENCE DRAWN OR DECISION MADE IN CONNECTION WITH THE USE OF THIS RECORDED-DATA.

Contents

1. Header
2. Disclaimer
3. Contents
4. Well Sketch
5. Borehole Size/Casing/Tubing Record
6. Operational Run Summary
7. UDComposite7
 - 7.1 Integration Summary
 - 7.2 Software Version
 - 7.3 Composite Summary
 - 7.4 Log (RT Slimpulse GR)
 - 7.5 Parameter Listing
8. Tail



APPLICATION FOR ALTERNATE SURFACE CASING PROGRAM
Statewide Rule 13(b)(2)(g)
RRC District 8/8A

7/03

Operator's Name and Address: Energen Resources Corporation 3300 N. 'A', Bldg 4, Ste 100 Midland, TX 79705	Lease: Winchester 57-10	Well No.: 1H
	Field: Phantom (Wolfcamp)	
	Drilling Permit No.: 764072	
	County: Reeves	RRC District: 08
	Location: Sec. 10 Block 57	Sur. Twp. 3
Proposed TD: 11200 TVD/16000 MD		

Distance and Direction from nearest town: 5.5 miles SW from Oria

Proposed injection or disposal well? ☐ Yes ☒ No NOTE: Special conditions may apply. See PROVISIONS below.

Usable-quality water strata (as determined by TCEQ "Waterboard" letter) occur to a depth of _____ ft, and from 950 ft to 1000 ft, and from _____ ft to _____ ft.	Note: Please submit copy of TCEQ "Waterboard" letter with this request. Request cannot be processed without this information.
--	--

Distance and direction of nearest water well (within 1/4 mile): N/A - See attached TWDB map

Type of water well (domestic, public, irrigation, stock, etc.): _____ Depth: _____

Proposed Casing and Cementing Program

Note: You may attach a wellbore diagram or cementing proposal to this application.

This application is for (check applicable boxes): ☐ Short Surface Casing ☒ Excess Surface Casing ☐ No Surface Casing

The proposed surface casing depth: 2930 Multi-Stage tool depth (if applicable): _____

Intermediate or production casing depth: _____ Multi-Stage tool depth (if applicable): _____

Centralizer number and placement: 1 centralizer on first two joints then 1 every third joint thereafter.

Does the cement across the critical zone have 72-hr compressive strength of at least 1,200 psi? ☒ Yes ☐ No

Does the filler cement have 24-hr compressive strength of at least 250 psi? ☒ Yes ☐ No

Do you plan on circulating cement to the surface on all casing strings protecting usable-quality water? ☒ Yes ☐ No

Reason for this request: Economics

PROVISIONS APPLICABLE TO RULE 13 EXCEPTIONS:

1. Caution: If this well is being drilled for injection or disposal purposes, an injection or disposal well permit may be denied unless surface casing is set and cemented through all zones of usable-quality groundwater.
2. Centralizers must be used through all usable-quality waters. Refer to Rule 13(b)(2)(F).
3. Notify District Office 8 hours prior to setting casing.

Signature:  Print Name: Jenifer Sorley Date: 6/20/13 Phone: 432-818-1732

IF CEMENT IS NOT CIRCULATED TO THE GROUND SURFACE AS REQUIRED BY THIS EXCEPTION, YOU MUST IMMEDIATELY CONTACT THE DISTRICT 8/8A OFFICE AT 432-684-5581, AND FOLLOW THE PROCEDURES AS SET OUT IN RULE 13(B)(2)(g)(III) OR AS RECOMMENDED BY THE DISTRICT OFFICE.

RRC Use Only ▶	RRC District Office Action:	
	☐ Approved ☒ Approved as Modified ☐ Denied	By:  Date: 6-21-13
	Remarks/Modifications: Critical Zone slurry required across the water board	



Groundwater
Advisory Unit

GROUNDWATER PROTECTION DETERMINATION

Date June 14, 2013

GAU File No.: SC- 4664

***** EXPEDITED APPLICATION *****

API Number 38933820

Attention: JENIFER SORLEY

RRC Lease No. 000000

SC_252002_38933820_000000_4664.pdf

ENERGEN RESOURCES CORP
3300 N A ST
BLDG 4 STE 100
MIDLAND TX 79705

--Measured--

1960 ft FWL

250 ft FNL

MRL:SECTION

Digital Map Location:

X-coord/Long 103.95358

Y-coord/Lat 31.75177

Datum 83 Zone

P-5# 252002

County REEVES

Lease & Well No. WINCHESTER 57-10 #1H&ALL

Purpose ND

Location SUR-&P,BLK-57,TSH-3,SEC-10,--[TD=11200],[RRC 8],

To protect usable-quality groundwater at this location, the Groundwater Advisory Unit of the Texas Railroad Commission recommends:

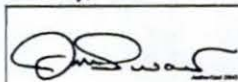
The interval from land surface to the base of the RUSTLER, which is estimated to occur at a depth between 950 and 1000 feet, must be protected.

This recommendation is adequate for wells drilled in this section 10.

Note: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operation into a nonproductive zone (RRC Form W-14).

If you have any questions, please contact us at 512-463-2741, gau@rrc.state.tx.us, or by mail.

Sincerely,



Digitally signed by Jack Oswalt
DN: c=US, st=TEXAS, o=Austin, ou=Railroad
Commission of Texas, cn=Jack Oswalt,
email=jack.oswalt@rrc.state.tx.us
Date: 2013.06.14 14:50:23 -05'00'

Jack M. Oswalt, P.G.

Geologist, Groundwater Advisory Unit
Oil & Gas Division

GEOLOGIST SEAL



The seal appearing on this document was authorized by Jack M. Oswalt on 6/14/2013
Note: Alteration of this electronic document will invalidate the digital signature.

4774

Railroad Commission of Texas
Oil And Gas Division
Request for Clearance of Storage Tanks
Prior to Potential Test

Form P-8

Reference No. 20266

1. Operator's Name and Address (Exactly as shown on Form P-5 Organization Report) ENERGEN RESOURCES CORPORATION 3300 NORTH A ST BLDG 4 STE 100 MIDLAND, TX 79705-0000		3. RRC District No. 08
2. RRC Operator Number: <u>252002</u>		4. County of Well Site REEVES
6. Field Name (Wildcat or exactly as shown on RRC records) PHANTOM (WOLFCAMP)		7. Drilling Permit No. 764072
9. Lease Name WINCHESTER 57-10		8. Rule 37 Case No. 11. Well No. 1H
12. Drilling completed on <u>12/01/2013</u>		13. Completion report--Form W-2 or G-1--will be filed on <u>03/06/2014</u>
14. Oil or condensate gatherer's name and address PLAINS MARKETING, L.P. P O BOX 4648 HOUSTON, TX 77210-4648 (713) 646-4502		15. Authorization to transport oil or condensate (mark one) ☒ Form P-4 attached ☒ Form P-4 Filed on <u>03/10/2014</u>
16. This request is for <u>50000</u> barrels of ☒ crude oil OR ☐ condensate		17. Amount of oil/condensate in tanks <u>7000</u> barrels on <u>03/10/2014</u>
18. Storage capacity in bbls. Tank battery <u>2000</u> Test tanks <u>5500</u> Total <u>7500</u>		
19. Previous request for clearance. Amount <u>50000</u> barrels granted on <u>02/25/2014</u>		
20. Reason for current request for clearance (explain briefly) Well is flowing approx. 550 BOPD. Completion will be filed once all paperwork is received. Need to add Sunoco as a gatherer to this P-4		
Jenifer Sorley Name of operator's representative		REGULATORY ANALYST Title of person
(432) 818-1732 Telephone	03/10/2014 Date	
RRC District Office Action		
Status: Approved	Barrels recommended <u>50000</u>	RRC Staff <u>03/10/2014</u> Date

41774

Railroad Commission of Texas
Oil And Gas Division
Request for Clearance of Storage Tanks
Prior to Potential Test

Form P-8

Reference No. 19902

1. Operator's Name and Address (Exactly as shown on Form P-5 Organization Report) ENERGEN RESOURCES CORPORATION 3300 NORTH A ST BLDG 4 STE 100 MIDLAND, TX 79705-0000 2. RRC Operator Number: <u>252002</u>		3. RRC District No. 08	
		4. County of Well Site REEVES	
		5. API No. 42-389-33820	
6. Field Name (Wildcat or exactly as shown on RRC records) PHANTOM (WOLFCAMP)		7. Drilling Permit No. 764072	8. Rule 37 Case No.
9. Lease Name WINCHESTER 57-10		10. Oil lease No.	11. Well No. 1H
12. Drilling completed on <u>12/01/2013</u>		13. Completion report--Form W-2 or G-1--will be filed on <u>03/06/2014</u>	
14. Oil or condensate gatherer's name and address PLAINS MARKETING, L.P. P O BOX 4648 HOUSTON, TX 77210-4648 (713) 646-4502		15. Authorization to transport oil or condensate (mark one) ☒ Form P-4 attached ☒ Form P-4 Filed on <u>12/02/2013</u>	
		17. Amount of oil/condensate in tanks <u>4900</u> barrels on <u>02/25/2014</u>	
16. This request is for <u>50000</u> barrels of ☒ crude oil OR ☐ condensate			
18. Storage capacity in bbls. Tank battery <u>2000</u> Test tanks <u>3000</u> Total <u>5000</u>			
19. Previous request for clearance. Amount <u>50000</u> barrels granted on <u>12/03/2013</u>			
20. Reason for current request for clearance (explain briefly) Well is flowing approx. 550 BOPD. Completion will be filed once all paperwork is received.			
Jenifer Sorley Name of operator's representative		REGULATORY ANALYST Title of person	
(432) 818-1732 Telephone		<u>02/25/2014</u> Date	
RRC District Office Action			
Status: Approved		Barrels recommended <u>50000</u> RRC Staff <u>02/25/2014</u> Date	
			

Railroad Commission of Texas

Oil And Gas Division

Form P-8

Request for Clearance of Storage Tanks

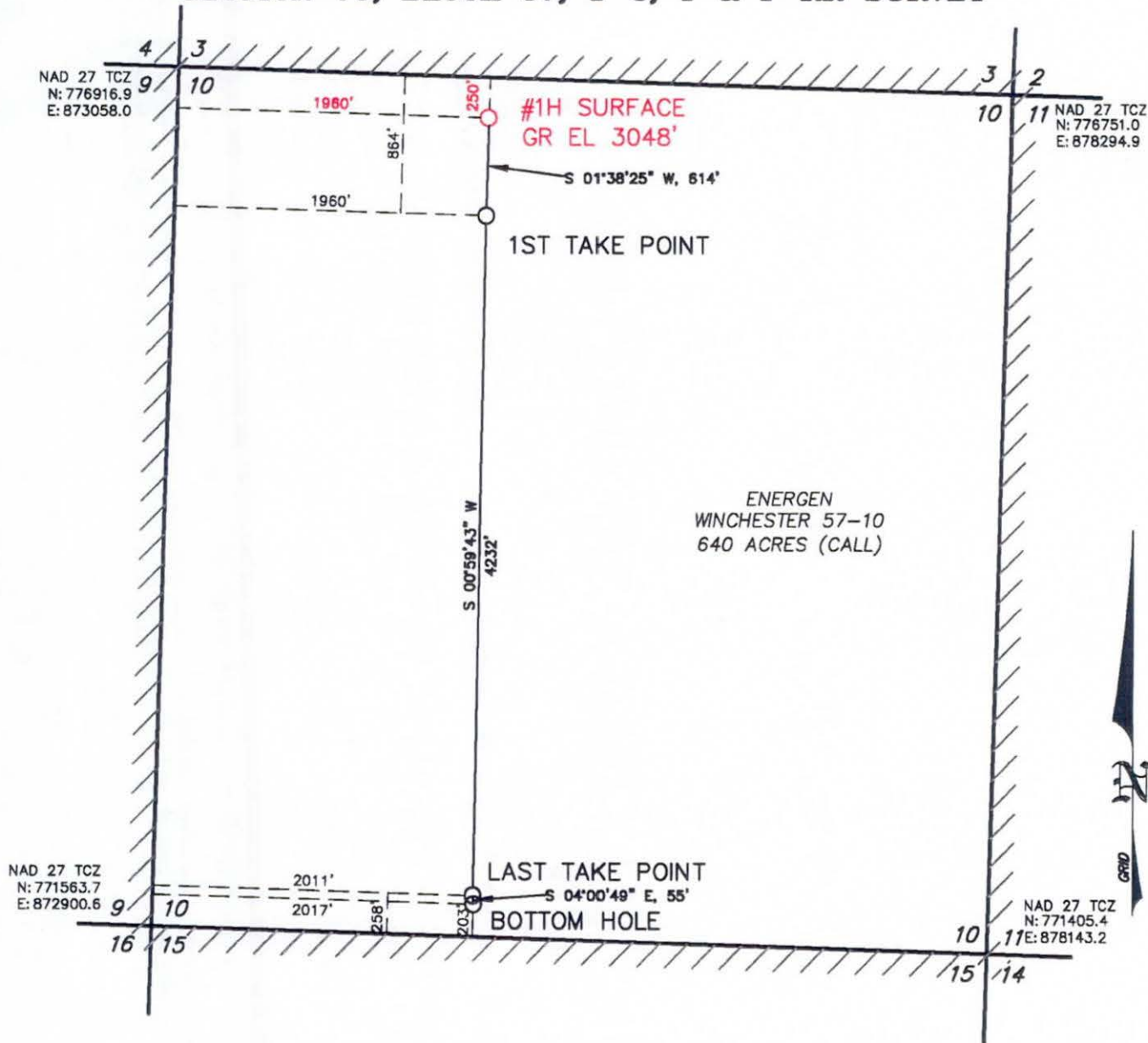
Reference No. 17743

Prior to Potential Test

1. Operator's Name and Address (Exactly as shown on Form P-5 Organization Report) ENERGEN RESOURCES CORPORATION 3300 NORTH A ST BLDG 4 STE 100 MIDLAND, TX 79705-0000		3. RRC District No. 08
		4. County of Well Site REEVES
		5. API No. 42-389-33820
2. RRC Operator Number: <u>252002</u>		
6. Field Name (Wildcat or exactly as shown on RRC records) PHANTOM (WOLFCAMP)	7. Drilling Permit No. 764072	8. Rule 37 Case No.
9. Lease Name WINCHESTER 57-10	10. Oil lease No.	11. Well No. 1H
12. Drilling completed on <u>12/01/2013</u>		13. Completion report--Form W-2 or G-1--will be filed on <u>12/31/2013</u>
14. Oil or condensate gatherer's name and address PLAINS MARKETING, L.P. P O BOX 4648 HOUSTON, TX 77210-4648 (713) 646-4502		15. Authorization to transport oil or condensate (mark one) ☒ Form P-4 attached ☒ Form P-4 Filed on <u>12/02/2013</u>
16. This request is for <u>50000</u> barrels of ☒ crude oil OR ☐ condensate		17. Amount of oil/condensate in tanks <u>0</u> barrels on <u>12/02/2013</u>
18. Storage capacity in bbls. Tank battery <u>0</u> Test tanks <u>1500</u> Total <u>1500</u>		
19. Previous request for clearance. Amount _____ barrels granted on _____		
20. Reason for current request for clearance (explain briefly) Well being frac'd now. Expecting flowback of approx. 500 BOPD.		
Jenifer Sorley		REGULATORY ANALYST
Name of operator's representative		Title of person
(432) 818-1732	12/02/2013	
Telephone	Date	
RRC District Office Action		
Status: Approved	Barrels recommended <u>45000</u>	RRC Staff <u>12/03/2013</u> Date
		

A-2484

SECTION 10, BLOCK 57, T-3, T & P RR SURVEY



NAD 83, TEXAS CENTRAL ZONE

NAD 27, TEXAS CENTRAL ZONE

S/L: N=10619181.6', E=1171471.4' LAT=31.7517696 N, LONG=103.9535764 W.	S/L: N=776604.9', E=875009.6' LAT=31.7516435 N, LONG=103.9531037 W.
1ST: N=10618568.05', E=1171453.8' LAT=31.7500823 N, LONG=103.9535687 W.	1ST: N=775991.4', E=874992.0' LAT=31.7499561 N, LONG=103.9530961 W.
LST: N=10614337.1', E=1171380.3' LAT=31.7384512 N, LONG=103.9533622 W.	LST: N=771760.5', E=874918.5' LAT=31.7383248 N, LONG=103.9528897 W.
B/H: N=10614282.2', E=1171384.2' LAT=31.7383007 N, LONG=103.9533439 W.	B/H: N=771705.6', E=874922.4' LAT=31.7381743 N, LONG=103.9528714 W.

APPROXIMATELY 5.5 MILES SW OF ORLA, TEXAS

NOTES:

- COORDINATES AND BEARINGS ARE BASED ON LAMBERT CONICAL PROJECTION OF THE STATE PLANE COORDINATE SYSTEM NAD 83, CORRS 96, TEXAS CENTRAL ZONE WITH A CONVERGENCE ANGLE OF $-01^{\circ}51'52.4''$ AND DISTANCES ARE OF GRID VALUE WITH A CENTRAL COMBINED SCALE FACTOR OF 0.999969173.
- THIS SURVEY WAS PERFORMED WITHOUT THE BENEFIT OF A TITLE REPORT AND REVIEW OF THE ABSTRACT OF TITLE. THERE MAY BE EASEMENTS AND/OR COVENANTS AFFECTING THIS PROPERTY NOT SHOWN HEREON. LOCATION OF IMPROVEMENTS AND/OR EASEMENTS WERE BEYOND COMMISSIONED SCOPE OF THIS PROJECT AND HAVE BEEN SPECIFICALLY OMITTED. VESTING DOCUMENTS NOT FURNISHED FOR THIS SURVEY.
- SEE DOCUMENTS AND ELECTRONIC DATA FILED IN THE OFFICE OF WPG INC FOR COMPLETE RECONSTRUCTION OF THESE SECTIONS OR BLOCKS.
- DOWNHOLE INFORMATION PROVIDED BY ENERGEN PERSONNEL.
- SURFACE LOCATION IN "AS-STAKED" POSITION.

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT THE SURVEY INFORMATION FOUND ON THIS PLAT WAS DERIVED FROM ACTUAL FIELD NOTES OF ON-THE-GROUND SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. NO WARRANTY IS MADE OR INTENDED FOR THE LOCATION OF ANY OR ALL EASEMENTS THAT MAY EXIST WITHIN THE BOUNDS OF THIS SURVEY. THE INFORMATION PRESENTED HEREON IS FOR THE PRIVATE USE OF THE PARTY NAMED IN THE "REFERENCE PORTION" OF THE TITLE BLOCK AND DOES NOT CONSTITUTE A COMPLETE BOUNDARY SURVEY AS DEFINED BY THE "PROFESSIONAL LAND SURVEYING PRACTICES ACT."



- GAS WELL
- WATER INJECTION WELL
- OIL WELL
- LOCATED WELL
- DRY HOLE
- WATER WELL
- SHUT IN WELL

W.D. Watson, Jr. TEXAS R.P.L.S. No. 1989
FILE: T:REEVES/BLOCK 57 T-3.dwg

3/27/14
DATE

1000 0 1000 2000 FEET

Watson
Professional
Group Inc



P.O. DRAWER 11186
MIDLAND, TEXAS 79702
(432) 520-9200
FAX (432) 520-9212
wdwatson@wpg-us.com

CONSULTING ENGINEERS, LAND SURVEYORS & PLANNERS

AS-DRILLED PLAT
ENERGEN RESOURCES CORPORATION
WINCHESTER 57-10#1H
SURFACE LOCATION: 250' FNL & 1960' FNL
1ST TAKE POINT: 864' FNL & 1960' FNL
LAST TAKE POINT: 258' FSL & 2011' FNL
BOTTOM HOLE: 203' FSL & 2017' FNL

SEC. 10, BLK. 57, T-3, T & P RR SURVEY, REEVES COUNTY, TEXAS
DATE: MAY 31, 2013 DATE SURVEYED: 5/22/13
JOB NO.: 13-2078-00 FIELD BOOK: 718/13 DRAFT TA REV. 0

File No. MF 112094 29.
RRC FORMS
389-33820
Date Filed: 4-11-14
Jerry E. Patterson, Commissioner
By JK

3444

ENERGEN RESOURCES CORPORATION

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

Page 1 of 1

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	AMOUNT
STATE OF TEXAS	9710	Sep-29-2015	577867	\$36,960.00

VOUCHER	VENDOR INV #	INV DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
---------	--------------	----------	--------------	------------------------	------------

09-AP-11956 092115A 09/21/15 36,960.00 0.00 36,960.00

TX430352-03P

DELIVER TO CATHY HITT

TOTAL INVOICES PAID

36,960.00

MF-112094-A

16701491

121

Option to Renew Deeper Depths for 2 more years 10/04/15 to 10/04/17

By: _____
State of Texas

Energen Resources Corporation now offers payment via **DIRECT DEPOSIT**.
If you would like to receive your payments in a more secure, efficient and timely manner,
please contact the Vendor Relations group by email at AP.ERCACH@energen.com for an enrollment form.

DETACH BEFORE DEPOSITING

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

ENERGEN RESOURCES CORPORATION

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

Wells Fargo
Birmingham, Alabama

16701491

No. **577867**

64-975
612

PAY EXACTLY **\$36,960dols00cts**

CHECK NO.	DATE	PAY EXACTLY
577867	Sep-29-2015	\$36,960.00

TO
THE
ORDER
OF

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



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

577867

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	AMOUNT
STATE OF TEXAS	9710	Sep-29-2015	577868	\$27,720.00

VOUCHER	VENDOR INV #	INV DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
09-AP-11978	092115B	09/21/15	27,720.00	0.00	27,720.00
TX430352-01P					
DELIVER TO CATHY HITT					
TOTAL INVOICES PAID					27,720.00

MF-112094-B

X 27,720.00
16701489

121

Option to Renew Deeper Depths for 2 more years 10/04/15 to 10/04/17

By: _____
State of Texas

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

Wells Fargo
Birmingham, Alabama

16701489

No. 577868

64-975
612

PAY EXACTLY \$27,720dols00cts

CHECK NO.	DATE	PAY EXACTLY
577868	Sep-29-2015	\$27,720.00

TO
THE
ORDER
OF

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



J. S. Richardson
PRESIDENT
Charles E. Porter
TREASURER

577868

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

16701490

Page 1 of 1

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	AMOUNT
STATE OF TEXAS	9710	Sep-24-2015	577418	\$9,240.00

VOUCHER	VENDOR INV #	INV DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
09-AP-10023	092115	09/21/15	9,240.00	0.00	9,240.00
TX430352-02P					
DELIVER TO CATHY HITT					
TOTAL INVOICES PAID					9,240.00

mf-112094 -c

121

X

Option to Renew Deeper Depths for 2 more years 10/04/15 to 10/04/17

By: _____
State of Texas

Energen Resources Corporation now offers payment via **DIRECT DEPOSIT**.
If you would like to receive your payments in a more secure, efficient and timely manner,
please contact the Vendor Relations group by email at AP.ERCACH@energen.com for an enrollment form.

DETACH BEFORE DEPOSITING

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

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

Wells Fargo
Birmingham, Alabama

16701490

No. 577418

64-975
612

PAY TO THE ORDER OF \$9,240.00

CHECK NO.	DATE	PAY EXACTLY
577418	Sep-24-2015	\$9,240.00

TO
THE
ORDER
OF

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



J. S. Richardson
PRESIDENT
Charles E. Porter
TREASURER

577418



September 29, 2015

State of Texas
Commissioner of the General Land Office
ATT: LINDA PRICE 845-E
1700 North Congress Avenue
Stephen F Austin Building
Austin, TX 78701-1436

RE: State of Texas Payment for Deeper Depths

Please find enclosed payments to extend the deeper depths 2 more years and the attached forms due under the terms of the oil and gas leases identified below:

<u>File No.</u>	<u>MF</u>	<u>Amount</u>	<u>Due Date</u>	<u>CHECK #</u>
TX430352-01P	112094-B	\$27,720.00	10-4-15	577868
TX430352-02P	112094-C	\$9,240.00	10-4-15	577418
TX430352-03P	112094-A	\$36,960.00	10-4-15	577867

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

Thank you for your consideration in this matter.

Yours truly,

Energen Resources Corporation

Cathy Carter Hitt
Sr. Lease Analyst
Alabama-Texas Properties
205-326-4374

30.

File No. MF.112094
DRR Checks For Leases A, B, & C County
Date Filed: 9/30/15
George P. Bush, Commissioner
By SSD

8.30.12

•Mail to: Texas General Land Office
Attn: Linda Price
P.O. 12873
Austin, Texas 78711-2873
linda.price@glo.texas.gov

Texas General Land Office
DEEP RIGHTS RETENTION PAYMENT FORM

9.30.15

Complete a separate form for each State Lease. Complete the Deep Rights Retention Workup to determine the bonus required.
Forms not completed in full or excluding any of the required documentation cannot be processed.

STATE LEASE #	GROSS ACRES	NET ACRES	COUNTY	TRACT PART:	ABSTRACT, TOWNSHIP, BLOCK, SECTION OR STATE TRACT NO.
MF 112094-A	640	80	Reeves	All	A-2464 T- 3S BLK: 57 SEC: 10 STATE TRACT NO.:
AGENT FOR STATE (LESSOR) St of Texas Geraldine L Zoller				OPERATOR Energen Mortgage Resources	

WELL NAME & NO.	API #	DISTRICT - RRC ID	WELL LOCATION: ABSTRACT, TOWNSHIP, BLOCK, SECTION OR STATE TRACT NO.			
Winchester 57-10 1H	42-389-33820	08-764072	A- 2464 T-3S BLK: 57 SEC: 10 STATE TRACT NO.:			
CIRCLE ONE OF EACH BELOW:	FIELD NAME	FIELD NUMBER	STATE ACRES RETAINED UNDER RETAINED ACREAGE CLAUSE		TOTAL DEPTH DRILLED ON RETAINED ACREAGE-TRUE VERTICAL DEPTH (TVD)	
☒ OIL ☐ GAS	☒ HORIZONTAL ☐ VERTICAL	Phantom Wolfcamp	71052900	80	11,230	
3 MONTHS' MOST RECENT PRODUCTION:	MONTH/YEAR 06/15	VOLUME 5396	MONTH/YEAR 07/15	VOLUME 4885	MONTH/YEAR 08/15	VOLUME 4607

FOR THE WELL LISTED ABOVE, PROVIDE THE FOLLOWING:

- ☒ Directional Survey with True Vertical Depth
☒ "As-Drilled" Plat (horizontal wells must have lateral length set out on the plat)
☒ P-15 as submitted to RRC

☐ For additional wells on the same lease, check here and complete Page 2.

Robert Plumb
Name

9/23/15
Date

Land Manager
Title

Energen Resources Corporation
Company

205-326-4395
Telephone Number

605 Richard Arrington Jr Blvd N
Mailing Address

rplumb@energen.com
E-Mail Address

Birmingham, AL 35203-20707
City, State, Zip

Deep Rights Retention Bonus Workup

Total Eligible Acres : 80

x 1/2 Original Bonus Per Acre \$924.00

= Total Amount Due \$73,920.00

(RAL leases pay 1/2 to Agent & 1/2 to State)

Check #: 577867

For General Land Office Use Only

Lease Type: _____

Payment Register No.: _____

Mail to: Texas General Land Office
Attn: Linda Price
P.O. 12873
Austin, Texas 78711-2873
linda.price@glo.texas.gov

Texas General Land Office
DEEP RIGHTS RETENTION PAYMENT FORM

Complete a separate form for each State Lease. Complete the Deep Rights Retention Workup to determine the bonus required.
Forms not completed in full or excluding any of the required documentation cannot be processed.

STATE LEASE #	GROSS ACRES	NET ACRES	COUNTY	TRACT PART:	ABSTRACT, TOWNSHIP, BLOCK, SECTION OR STATE TRACT NO.
MF 112094-B	640	60	Reeves	ALL	A-2464 T- 3S BLK: 57 SEC: 10 STATE TRACT NO.:
AGENT FOR STATE (LESSOR) St of Texas Roca Development				OPERATOR Energen Mortgage Resources	

WELL NAME & NO.	API #	DISTRICT - RRC ID	WELL LOCATION: ABSTRACT, TOWNSHIP, BLOCK, SECTION OR STATE TRACT NO.			
Winchester 57-10 1H	42-389-33820	08-764072	A- 2464 T-3S BLK: 57 SEC: 10 STATE TRACT NO.:			
CIRCLE ONE OF EACH BELOW:	FIELD NAME	FIELD NUMBER	STATE ACRES RETAINED UNDER RETAINED ACREAGE CLAUSE		TOTAL DEPTH DRILLED ON RETAINED ACREAGE-TRUE VERTICAL DEPTH (TVD)	
☒ OIL GAS	☒ HORIZONTAL VERTICAL	Phantom Wolfcamp	71052900	60	11,230	
3 MONTHS' MOST RECENT PRODUCTION:	MONTH/YEAR 06/15	VOLUME 5396	MONTH/YEAR 07/15	VOLUME 4885	MONTH/YEAR 08/15	VOLUME 4607

FOR THE WELL LISTED ABOVE, PROVIDE THE FOLLOWING:

- ☒ Directional Survey with True Vertical Depth
☒ "As-Drilled" Plat (horizontal wells must have lateral length set out on the plat)
☒ P-15 as submitted to RRC

☐ For additional wells on the same lease, check here and complete Page 2.

Robert Plumb
Name

9/23/15
Date

Land Manager
Title

Energen Resources Corporation
Company

205-326-4395
Telephone Number

605 Richard Arrington Jr Blvd N
Mailing Address

rplumb@energen.com
E-Mail Address

Birmingham, AL 35203-20707
City, State, Zip

Deep Rights Retention Bonus Workup

Total Eligible Acres : 60

x 1/2 Original Bonus Per Acre \$924.00

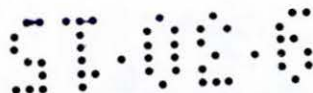
= Total Amount Due \$55,440.00

(RAL leases pay 1/2 to Agent & 1/2 to State)
Check #: 577868

For General Land Office Use Only

Lease Type: _____

Payment Register No.: _____



- Mail to: Texas General Land Office
Attn: Linda Price
P.O. 12873
Austin, Texas 78711-2873
linda.price@glo.texas.gov

Texas General Land Office
DEEP RIGHTS RETENTION PAYMENT FORM



Complete a separate form for each State Lease. Complete the Deep Rights Retention Workup to determine the bonus required.
Forms not completed in full or excluding any of the required documentation cannot be processed.

STATE LEASE #	GROSS ACRES	NET ACRES	COUNTY	TRACT PART:	ABSTRACT, TOWNSHIP, BLOCK, SECTION OR STATE TRACT NO.
MF 112094-C	640	20	Reeves	ALL	A-2464 T- 3S BLK: 57 SEC: 10 STATE TRACT NO.:
AGENT FOR STATE (LESSOR)				OPERATOR	
St of Texas Clyde and Sharon Pine				Energen Mortgage Resources	

WELL NAME & NO.		API #	DISTRICT - RRC ID	WELL LOCATION: ABSTRACT, TOWNSHIP, BLOCK, SECTION OR STATE TRACT NO.			
Winchester 57-10 1H		42-389-33820	08-764072	A- 2464 T-3S BLK: 57 SEC: 10 STATE TRACT NO.:			
CIRCLE ONE OF EACH BELOW:		FIELD NAME	FIELD NUMBER	STATE ACRES RETAINED UNDER RETAINED ACREAGE CLAUSE		TOTAL DEPTH DRILLED ON RETAINED ACREAGE-TRUE VERTICAL DEPTH (TVD)	
☒ OIL ☐ GAS	☒ HORIZONTAL ☐ VERTICAL	Phantom Wolfcamp	71052900	20		11,230	
3 MONTHS' MOST RECENT PRODUCTION:		MONTH/YEAR 06/15	VOLUME 5396	MONTH/YEAR 07/15	VOLUME 4885	MONTH/YEAR 08/15	VOLUME 4607

FOR THE WELL LISTED ABOVE, PROVIDE THE FOLLOWING:

- ☒ Directional Survey with True Vertical Depth
☒ "As-Drilled" Plat (horizontal wells must have lateral length set out on the plat)
☒ P-15 as submitted to RRC

☐ For additional wells on the same lease, check here and complete Page 2.

Robert Plumb
Name

Land Manager
Title

205-326-4395
Telephone Number

rplumb@energen.com
E-Mail Address

9/23/15
Date

Energen Resources Corporation
Company

605 Richard Arrington Jr Blvd N
Mailing Address

Birmingham, AL 35203-20707
City, State, Zip

Deep Rights Retention Bonus Workup

Total Eligible Acres : 20

x 1/2 Original Bonus Per Acre \$924.00

= Total Amount Due \$18,480.00
(RAL leases pay 1/2 to Agent & 1/2 to State)

Check #: 577418

For General Land Office Use Only

Lease Type: _____

Payment Register No.: _____

STATEMENT OF PRODUCTIVITY OF ACREAGE
ASSIGNED TO PRORATION UNITS

Form P-15

Tracking No.: 92111

This facsimile P-15 was generated electronically
from data submitted to the RRC.

The undersigned states that he is authorized to make this statement; that he has knowledge of the
facts concerning the ENERGEN RESOURCES CORPORATION ,

WINCHESTER 57-10

LEASE

OPERATOR

No. 1H

WELL

; that such well is

completed in the PHANTOM (WOLFCAMP) Field, REEVES County,

Texas and that the acreage claimed, and assigned to such well for proration purposes as
authorized by special rule and as shown on the attached certified plat embraces _____

640.0 acres which can reasonably be considered to be productive of hydrocarbons.

- CERTIFICATE -

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge,

Date 08/28/2014

Signature Jenifer Sorley

Telephone (432) 818-1732

AREA CODE

Title Asst Supervisor Reg Compliance



Energen Winchester 57-10 1H ST01 Surveys 0ft - 14770ft MD Survey



Geodetic Report

(Def Survey)

Report Date: November 09, 2013 - 04:02 PM
Client: Energen
Field: TX Reeves County (NAD 27)
Structure / Slot: Energen Winchester 57-10 1H / Energen Winchester 57-10 1H
Well: ST01
Borehole: Nabors M-45 / 42-389-33820
Survey Name: Energen Winchester 57-10 1H ST01 Surveys 0ft - 14770ft MD
Survey Date: October 16, 2013
Port / AHD / ODI / ERO Ratio: 217.215 / 5084.738 R / 6.205 / 0.500
Coordinate Reference System: NAD27 Texas State Plane, Central Zone, US Feet
Location Lat / Long: N 31° 45' 5.91586", W 103° 57' 11.17313"
Location Grid N/E Y/X: N 776004.900 RUS, E 875009.800 RUS
CRS Grid Convergence Angle: -1.8644"
Grid Scale Factor: 0.99996728

Survey / DLS Computations:
Minimum Curvature / Lubinski
Vertical Section Azimuth: 181.883° (Grid North)
Vertical Section Origin: 0.000 ft, 0.000 ft
TVD Reference Datum: RKB
TVD Reference Elevation: 3070.000 ft above MSL
Seabed / Ground Elevation: 3048.000 ft above MSL
Magnetic Declination: 7.545°
Total Gravity Field Strength: 998.4816mg (9.80665 Based)
Total Magnetic Field Strength: 48012.685 nT
Magnetic Dip Angle: 59.567°
Declination Date: October 16, 2013
Magnetic Declination Model: BOGM 2012
North Reference: Grid North
Grid Convergence Used: -1.8644"
Total Corr Mag North-Grid North: 9.4093"
Local Coord Referenced To: Structure Reference Point

Comments	MD (ft)	Incl (°)	Azim Grid (°)	TVD (ft)	TVDSS (ft)	VSEC (ft)	NS (ft)	EW (ft)	Closure (ft)	Closure Azimuth (°)	DLS (ft/100ft)	Northing (ftUS)	Easting (ftUS)	Latitude (N/S ° ' ")	Longitude (E/W ° ' ")	TF (ft)
SHL	0.00	0.00	0.00	0.00	-3070.00	0.00	0.00	0.00	0.00	0.00	N/A	776004.90	875009.80	N 31° 45' 5.92" W 103° 57' 11.17"	238.14M	
	260.00	0.13	239.14	260.00	-2810.00	0.18	-0.15	-0.25	0.29	238.14	0.05	776004.75	875009.35	N 31° 45' 5.91" W 103° 57' 11.18"	154.82M	
	413.00	0.84	154.82	412.99	-2697.01	1.25	-1.26	0.07	1.26	178.58	0.55	776003.64	875009.67	N 31° 45' 5.90" W 103° 57' 11.17"	126.42M	
	610.00	1.23	126.42	609.96	-2480.04	3.75	-3.82	2.39	4.50	147.94	0.32	776001.08	875011.99	N 31° 45' 5.88" W 103° 57' 11.14"	103.36M	
	709.00	1.09	103.36	708.94	-2361.06	4.54	-4.67	4.18	6.25	138.27	0.49	776002.23	875013.78	N 31° 45' 5.87" W 103° 57' 11.12"	123.96M	
	805.00	1.53	133.96	804.92	-2265.08	5.59	-5.77	5.97	8.30	133.99	0.84	776009.13	875015.57	N 31° 45' 5.86" W 103° 57' 11.10"	123.01M	
	900.00	1.59	123.01	899.88	-2170.12	7.13	-7.36	7.99	10.87	132.66	0.32	776007.54	875017.59	N 31° 45' 5.85" W 103° 57' 11.08"	124.69M	
	996.00	1.73	124.69	995.84	-2074.16	8.61	-8.91	10.30	13.62	130.67	0.15	776005.99	875019.90	N 31° 45' 5.83" W 103° 57' 11.05"	121.8M	
	1092.00	2.31	121.90	1091.78	-1978.22	10.37	-10.76	13.14	16.98	129.32	0.61	776004.14	875022.74	N 31° 45' 5.81" W 103° 57' 11.02"	119.73M	
	1187.00	2.44	119.73	1186.70	-1883.30	12.28	-12.77	16.52	20.88	127.72	0.17	776002.13	875026.12	N 31° 45' 5.79" W 103° 57' 10.98"	124.12M	
	1283.00	1.96	124.12	1282.63	-1787.37	14.12	-14.71	19.65	24.55	126.81	0.53	776000.19	875029.25	N 31° 45' 5.78" W 103° 57' 10.94"	136.08M	
	1379.00	2.16	136.08	1378.57	-1691.43	16.27	-16.93	22.27	27.97	127.25	0.49	776000.97	875031.86	N 31° 45' 5.76" W 103° 57' 10.91"	138.12M	
	1474.00	2.33	138.12	1473.50	-1596.50	18.92	-19.68	24.80	31.64	126.41	0.20	776000.24	875034.40	N 31° 45' 5.73" W 103° 57' 10.88"	151.2M	
	1569.00	2.10	151.20	1568.43	-1501.57	21.82	-22.62	26.92	35.17	130.04	0.58	776000.28	875036.52	N 31° 45' 5.70" W 103° 57' 10.85"	165.40M	
	1665.00	1.74	165.40	1664.37	-1405.63	24.74	-25.57	28.14	38.02	132.27	0.62	776000.33	875037.74	N 31° 45' 5.67" W 103° 57' 10.84"	203.12M	
	1761.00	3.07	203.12	1760.29	-1309.71	28.53	-29.35	27.50	40.22	136.87	2.08	776007.55	875037.10	N 31° 45' 5.63" W 103° 57' 10.84"	238M	
	1857.00	4.66	238.00	1856.08	-1213.92	33.20	-33.89	23.25	41.10	145.59	2.78	776011.01	875032.85	N 31° 45' 5.59" W 103° 57' 10.89"	256.07M	
	1952.00	5.11	256.07	1950.74	-1119.26	36.59	-37.07	15.95	40.36	156.72	1.85	776007.83	875025.55	N 31° 45' 5.55" W 103° 57' 10.97"	297.40M	
	2048.00	5.39	297.40	2046.37	-1023.63	35.78	-36.02	7.79	36.86	167.80	3.86	776006.88	875017.39	N 31° 45' 5.56" W 103° 57' 11.07"	335.05M	
	2144.00	5.60	335.05	2141.96	-928.04	29.64	-29.70	1.81	29.78	176.51	3.69	776007.20	875011.41	N 31° 45' 5.62" W 103° 57' 11.14"	355.21M	
	2239.00	4.00	355.21	2236.63	-833.37	22.20	-22.20	-0.42	22.20	181.09	2.42	776008.71	875009.18	N 31° 45' 5.70" W 103° 57' 11.17"	29.38M	
	2334.00	1.69	29.38	2331.51	-738.49	17.66	-17.67	-0.01	17.67	180.03	2.91	776008.23	875009.59	N 31° 45' 5.74" W 103° 57' 11.17"	89.61M	
	2430.00	2.00	89.61	2427.47	-642.53	16.35	-16.43	2.36	16.60	171.83	1.95	776008.47	875011.96	N 31° 45' 5.75" W 103° 57' 11.14"	98.33M	
	2526.00	1.80	98.33	2523.42	-546.58	16.46	-16.83	5.53	17.53	161.62	0.36	776008.27	875015.13	N 31° 45' 5.75" W 103° 57' 11.10"	106.81M	
	2621.00	2.65	106.81	2618.35	-451.65	17.21	-17.48	9.11	19.71	152.49	0.96	776007.42	875018.70	N 31° 45' 5.75" W 103° 57' 11.06"	110.77M	
	2717.00	2.03	110.77	2714.37	-355.73	18.34	-18.73	12.82	22.89	145.60	0.67	776006.17	875022.42	N 31° 45' 5.73" W 103° 57' 11.02"	91.91M	
	2813.00	1.20	91.91	2810.23	-259.77	18.90	-19.36	15.42	24.75	141.47	1.01	776005.54	875025.01	N 31° 45' 5.73" W 103° 57' 10.99"	124.31M	
	2909.00	0.69	124.31	2907.22	-163.78	19.05	-19.54	16.14	25.34	140.44	1.53	776005.36	875025.74	N 31° 45' 5.74" W 103° 57' 10.98"	96.19M	
	2988.00	1.17	96.19	2985.21	-64.79	19.57	-20.11	18.08	27.04	138.05	0.51	776004.79	875027.68	N 31° 45' 5.72" W 103° 57' 10.96"	76.31M	
	3083.00	1.02	76.31	3080.19	10.19	19.43	-20.02	19.86	28.20	135.22	0.43	776004.88	875029.46	N 31° 45' 5.72" W 103° 57' 10.94"	101.41M	
	3179.00	0.65	101.41	3176.18	106.18	19.29	-19.92	21.23	29.11	133.18	0.53	776004.98	875030.83	N 31° 45' 5.73" W 103° 57' 10.92"	343.39M	
	3275.00	0.40	343.39	3272.18	202.18	19.06	-19.71	21.86	29.29	132.29	0.95	776005.19	875031.28	N 31° 45' 5.73" W 103° 57' 10.91"	18.78M	
	3370.00	1.01	18.78	3367.17	297.17	17.95	-18.60	21.94	28.69	130.42	0.78	776005.30	875031.44	N 31° 45' 5.74" W 103° 57' 10.91"	14.17M	
	3466.00	1.07	14.17	3463.15	393.15	16.27	-16.93	22.33	28.02	127.16	0.11	776004.97	875031.93	N 31° 45' 5.76" W 103° 57' 10.91"	9.65M	
	3562.00	0.73	9.65	3559.14	489.14	14.78	-15.46	22.65	27.42	124.31	0.36	776004.94	875032.25	N 31° 45' 5.77" W 103° 57' 10.91"	20.89M	
	3658.00	0.00	20.89	3655.14	585.14	14.18	-14.85	22.76	27.17	123.13	0.76	776005.05	875032.35	N 31° 45' 5.78" W 103° 57' 10.90"	309.33M	
	3753.00	0.47	309.33	3750.14	680.14	13.94	-14.61	22.45	26.79	123.04	0.49	776005.29	875032.05	N 31° 45' 5.78" W 103° 57' 10.91"	339.24M	
	3848.00	0.56	339.24	3845.13	775.13	13.27	-13.93	21.99	26.03	122.35	0.29	776005.07	875031.59	N 31° 45' 5.79" W 103° 57' 10.91"	340.88M	
	3944.00	0.93	340.88	3941.13	871.13	12.35	-12.99	21.65	25.25	120.96	0.07	776004.91	875031.25	N 31° 45' 5.79" W 103° 57' 10.92"	340.47M	
	4040.00	0.51	340.47	4037.12	967.12	11.46	-12.09	21.33	24.52	119.54	0.13	776004.81	875030.93	N 31° 45' 5.80" W 103° 57' 10.92"	324.41M	
	4135.00	0.50	324.41	4132.12	1062.12	10.73	-11.35	20.95	23.83	118.45	0.15	776004.55	875030.55	N 31° 45' 5.81" W 103° 57' 10.93	262.51M	
	4231.00	0.49	262.51	4228.12	1158.12	10.46	-11.06	20.30	23.12	117.00	0.58	776004.84	875029.90	N 31° 45' 5.82" W 103° 57' 10.93	357.92M	
	4327.00	0.33	357.92	4324.12	1254.12	10.25	-10.84	19.88	22.65	116.60	0.64	776004.06	875029.48	N 31° 45' 5.82" W 103° 57' 10.94	75.44M	
	4423.00	0.43	75.44	4419.11	1349.11	9.48	-10.48	20.22	22.77	117.40	0.51	776004.42	875029.81	N 31° 45' 5.82" W 103° 57' 10.94	30.00M	
	4518.00	0.41	30.00	4515.11	1445.11	9.51	-10.12	20.78	23.11	115.97	0.27	776004.78	875030.38	N 31° 45' 5.82" W 103° 57' 10.93	228.95M	
	4613.00	0.40	228.95	4610.11	1540.11	9.46	-10.08	20.74	23.06	115.91	0.85	776004.83	875030.34	N 31° 45' 5.82" W 103° 57' 10.93	340.69M	
	4708.00	0.26	340.69	4705.11	1635.11	9.49	-10.09	20.42	22.78	114.29	0.58	776004.81	875030.02	N 31° 45' 5.82" W 103° 57' 10.93	98.66M	
	4804.00	0.36	98.66	4801.11	1731.11	9.32	-9.93	20.65	22.91	115.68	0.56	776004.57	875029.55	N 31° 45' 5.83" W 103° 57' 10.93	312.43M	
	4900.00	0.47	312.43	4897.11	1827.11	9.10	-9.71	20.66	22.82	115.17	0.83	776004.19	875029.26	N 31° 45' 5.83" W 103° 57' 10.93	302.79M	
	4996.00	0.29	302.79	4993.11	1923.11	8.72	-9.31	20.18	22.21	114.79	0.20	776004.59	875028.78	N 31° 45' 5.83" W 103° 57' 10.94	40.98M	
	5091.00	0.46	40.98	5088.11	2018.11	8.30	-8.89	20.21	22.08	113.75	0.61	776004.01	875028.81	N 31° 45' 5.83" W 103° 57' 10.94	33.77M	
	5187.00	0.16	33.77	5184.10	2114.10	7.88	-8.49	20.54	22.22	112.46	0.31	776004.41	875028.14	N 31° 45' 5.84" W 103° 57' 10.93	242.6M	
	5283.00	0.28	242.60	5280.10	2210.10	7.88	-8.48	20.42	22.11	112.55	0.42	776004.22	875027.98	N 31° 45' 5.84" W 103° 57' 10.93	140.68M	
	5378.00	0.30	140.68	5375.10	2305.10	8.17	-8.77	20.38	22.19	113.28	0.46	776004.13	875027.98	N 31° 4		



Comments	MD (ft)	Incl (°)	Azim Grid (°)	TVD (ft)	TVDSS (ft)	VSEC (ft)	NS (ft)	EW (ft)	Closure (ft)	Closure Azimuth (°)	DLS (ft/100ft)	Northing (ft)	Easting (ft)	Latitude (N/S ° ° °)	Longitude (E/W ° ° °)	TF (°)
	8375.00	0.90	268.31	8371.86	5301.86	-4.79	4.39	13.79	14.47	72.36	0.35	776609.28	875023.39	N 31 45 5.96 W 103 57 11.02	260.54M	
	8471.00	0.50	280.54	8467.85	5397.85	-5.07	4.70	12.49	13.49	69.20	0.30	776609.60	875022.24	N 31 45 5.97 W 103 57 11.03	243.83M	
	8566.00	1.02	243.83	8562.84	5492.84	-4.74	4.41	11.45	12.27	68.93	0.71	776609.31	875021.05	N 31 45 5.96 W 103 57 11.04	245.14M	
	8662.00	0.77	245.14	8658.83	5588.83	-4.06	3.76	10.10	10.78	69.58	0.28	776608.66	875019.70	N 31 45 5.96 W 103 57 11.06	262.54M	
	8698.00	1.18	262.54	8694.82	5624.82	-3.89	3.61	9.51	10.17	69.20	1.39	776608.51	875019.11	N 31 45 5.95 W 103 57 11.06	270.12M	
	8793.00	0.97	270.12	8789.81	5719.81	-3.71	3.49	7.74	8.49	69.73	0.27	776608.39	875017.34	N 31 45 5.95 W 103 57 11.08	258.86M	
	8889.00	1.12	258.86	8885.79	5815.79	-3.48	3.31	6.00	6.85	61.14	0.28	776608.21	875015.60	N 31 45 5.95 W 103 57 11.10	251.83M	
	8985.00	1.42	251.83	8981.77	5911.77	-2.87	2.75	3.95	4.92	55.16	0.35	776607.85	875013.55	N 31 45 5.94 W 103 57 11.13	263.38M	
	9080.00	1.02	263.38	9076.75	6006.75	-2.34	2.28	2.00	3.03	41.17	0.49	776607.18	875011.01	N 31 45 5.92 W 103 57 11.15	273.77M	
	9111.00	1.06	273.77	9107.74	6037.74	-2.31	2.27	1.44	2.69	32.33	0.62	776607.17	875011.04	N 31 45 5.94 W 103 57 11.16	254.62M	
	9204.00	0.75	254.62	9200.73	6130.73	-2.16	2.16	-0.01	2.16	359.76	0.46	776607.06	875009.59	N 31 45 5.94 W 103 57 11.17	227.96M	
	9300.00	0.62	227.96	9296.72	6226.72	-1.62	1.65	-1.00	1.93	326.78	0.35	776606.55	875008.60	N 31 45 5.93 W 103 57 11.19	215.48M	
	9396.00	0.47	215.48	9392.72	6322.72	-0.93	0.98	-1.61	1.89	301.26	0.20	776605.88	875007.99	N 31 45 5.93 W 103 57 11.19	207.66M	
	9491.00	0.51	207.66	9487.71	6417.71	-0.23	0.29	-2.04	2.06	278.10	0.08	776605.19	875007.56	N 31 45 5.92 W 103 57 11.20	172.66M	
	9516.00	4.19	172.66	9514.69	6444.69	0.85	-0.79	-1.97	2.12	248.01	14.02	776604.11	875007.63	N 31 45 5.91 W 103 57 11.20	180.13M	
	9550.00	7.07	180.13	9546.53	6476.53	3.98	-3.92	-1.82	4.33	204.93	9.26	776603.98	875007.78	N 31 45 5.88 W 103 57 11.19	185.31M	
	9582.00	10.93	185.31	9578.13	6508.13	8.97	-8.92	-2.11	9.16	193.31	12.33	776599.99	875007.49	N 31 45 5.83 W 103 57 11.19	18.40M	
	9613.00	14.02	169.52	9608.40	6538.40	15.63	-15.50	-3.00	190.53	10.39	10.39	776599.35	875006.00	N 31 45 5.76 W 103 57 11.20	3.77M	
	9645.00	17.10	192.42	9639.22	6569.22	24.09	-24.09	-4.66	24.42	190.99	8.92	776599.93	875004.94	N 31 45 5.68 W 103 57 11.22	12.15L	
	9677.00	19.69	190.77	9669.58	6599.58	34.04	-33.86	-6.68	34.51	191.15	8.25	776597.04	875002.92	N 31 45 5.58 W 103 57 11.24	6.08M	
	9709.00	21.44	191.28	9699.54	6629.54	45.13	-44.89	-8.83	45.75	191.12	5.50	776596.01	875000.77	N 31 45 5.47 W 103 57 11.26	19.85L	
	9741.00	24.47	188.66	9729.01	6659.01	57.48	-57.18	-10.97	58.23	190.86	10.00	776547.72	874998.63	N 31 45 5.35 W 103 57 11.28	34.61L	
	9773.00	26.67	185.34	9757.87	6687.87	71.23	-70.89	-12.64	72.01	190.11	8.21	776534.01	874996.96	N 31 45 5.21 W 103 57 11.29	3.77L	
	9805.00	27.62	185.20	9786.34	6716.34	85.80	-85.43	-13.98	86.56	189.29	2.98	776519.47	874995.82	N 31 45 5.07 W 103 57 11.30	27.43L	
	9837.00	28.94	183.80	9814.52	6744.52	100.94	-100.54	-15.18	101.68	188.58	4.60	776504.36	874994.44	N 31 45 4.92 W 103 57 11.31	64.02L	
	9869.00	30.42	178.26	9842.33	6772.33	116.77	-116.37	-15.43	117.39	187.55	9.75	776488.54	874994.17	N 31 45 4.76 W 103 57 11.31	25.17L	
	9901.00	32.17	179.79	9869.67	6799.67	133.37	-132.99	-15.15	133.85	186.50	5.09	776471.92	874994.45	N 31 45 4.60 W 103 57 11.30	37.33L	
	9933.00	34.77	176.37	9896.37	6826.37	150.98	-150.61	-14.54	151.32	185.52	10.05	776454.29	874995.06	N 31 45 4.42 W 103 57 11.28	1.81L	
	9965.00	37.65	176.24	9922.19	6852.19	169.80	-169.48	-13.33	170.00	184.50	9.01	776435.43	874996.27	N 31 45 4.21 W 103 57 11.26	8.33L	
	9997.00	42.20	177.23	9948.72	6876.72	190.25	-189.98	-12.16	190.37	183.66	14.35	776414.93	874997.44	N 31 45 4.03 W 103 57 11.24	1.81L	
	10029.00	45.77	177.07	9969.74	6899.74	212.40	-212.17	-11.06	212.46	182.98	11.16	776392.74	874998.54	N 31 45 3.81 W 103 57 11.22	32.34L	
	10061.00	47.89	178.86	9991.63	6921.63	235.69	-235.49	-10.24	235.71	182.49	7.77	776369.42	874999.36	N 31 45 3.58 W 103 57 11.20	35.01L	
	10093.00	51.05	176.05	10012.43	6942.43	259.94	-259.78	-9.14	259.94	182.02	11.94	776345.13	875000.46	N 31 45 3.34 W 103 57 11.18	7.16M	
	10124.00	54.18	176.53	10031.25	6961.25	284.46	-284.36	-7.55	284.46	181.52	10.16	776320.55	875002.05	N 31 45 3.10 W 103 57 11.15	15.35L	
	10156.00	56.20	175.24	10049.05	6979.05	310.90	-310.87	-5.64	310.92	181.04	13.01	776294.04	875003.96	N 31 45 2.84 W 103 57 11.12	17.16M	
	10188.00	61.61	176.43	10065.09	6995.09	338.44	-338.48	-3.63	338.50	180.61	11.14	776268.67	875005.97	N 31 45 2.57 W 103 57 11.09	38.32L	
	10220.00	64.41	178.86	10079.62	7009.62	366.88	-366.97	-2.47	366.97	180.39	11.06	776237.95	875007.13	N 31 45 2.29 W 103 57 11.06	26.84L	
	10252.00	67.57	180.59	10092.64	7022.64	396.09	-396.19	-2.33	396.20	180.34	11.04	776208.72	875007.27	N 31 45 2.00 W 103 57 11.05	20.79M	
	10284.00	71.57	182.19	10103.80	7033.80	426.07	-426.16	-3.06	426.17	180.41	13.36	776178.75	875006.54	N 31 45 1.70 W 103 57 11.05	16.43L	
	10316.00	74.98	183.22	10113.01	7043.01	456.71	-456.77	-4.51	456.79	180.57	11.09	776148.15	875005.08	N 31 45 1.40 W 103 57 11.05	9.69M	
	10348.00	76.53	183.50	10120.88	7050.88	487.71	-487.73	-6.33	487.77	180.74	4.93	776117.18	875003.27	N 31 45 1.09 W 103 57 11.06	27.02L	
	10380.00	79.11	184.83	10127.63	7057.63	518.95	-518.93	-8.60	519.00	180.95	9.01	776085.99	875001.00	N 31 45 0.78 W 103 57 11.08	22.12L	
	10412.00	81.51	185.82	10133.02	7063.02	550.43	-550.33	-11.53	550.45	181.20	8.11	776054.59	874998.07	N 31 45 0.47 W 103 57 11.10	7.06L	
	10444.00	83.14	185.61	10137.29	7067.29	582.07	-581.89	-14.69	582.07	181.45	5.13	776023.04	874996.91	N 31 45 0.18 W 103 57 11.12	35.6L	
	10476.00	84.32	184.77	10140.78	7070.78	613.81	-613.56	-17.57	613.81	181.64	4.52	775991.36	874992.04	N 31 44 59.84 W 103 57 11.15	82.15L	
	10508.00	84.49	183.52	10143.90	7073.90	645.63	-645.33	-19.87	645.63	181.76	3.93	775959.60	874989.74	N 31 44 59.53 W 103 57 11.16	49.35L	
	10540.00	85.21	182.68	10146.78	7076.78	677.49	-677.15	-21.59	677.49	181.83	3.45	775927.77	874988.01	N 31 44 59.21 W 103 57 11.17	10.17L	
	10572.00	88.80	183.32	10148.45	7078.45	709.43	-709.06	-23.26	709.44	181.88	11.38	775895.87	874986.34	N 31 44 59.90 W 103 57 11.18	2.85L	
	10604.00	90.17	183.39	10148.74	7078.74	741.42	-741.00	-25.13	741.43	181.94	4.30	775863.93	874984.47	N 31 44 58.58 W 103 57 11.18	34.33L	
	10636.00	90.48	183.60	10148.56	7078.56	772.40	-771.94	-27.02	772.41	182.00	1.21	775832.98	874982.58	N 31 44 58.27 W 103 57 11.20	66.14L	
	10731.00	91.03	184.97	10147.29	7077.29	868.29	-867.66	-34.19	868.34	182.26	1.54	775737.27	874975.41	N 31 44 57.32 W 103 57 11.24	114.78L	
	10810.00	92.35	181.33	10147.03	7077.03	947.25	-946.53	-38.53	947.31	182.33	5.07	775698.41	874971.07	N 31 44 56.54 W 103 57 11.26	11.31L	
	10906.00	91.60	180.88	10146.23	7076.23	1043.24	-1042.50	-40.38	1043.28	182.22	2.39	775662.44	874969.22	N 31 44 55.59 W 103 57 11.25	154.48L	
	11001.00	90.28	181.51	10144.68	7074.68	1138.22	-1137.46	-42.36	1138.25	182.13	1.54	775647.48	874967.24	N 31 44 54.65 W 103 57 11.23	145.12L	
	11097.00	87.90	183.17	10146.20	7076.20	1234.19	-1233.36	-46.28	1234.23	182.15	3.02	775371.58	874963.32	N 31 44 53.70 W 103 57 11.24	137.49L	
	11192.00	86.92	184.07	10150.49	7080.49	1329.04	-1328.07	-52.27	1329.10	182.25	1.40	775278.87	874957.33	N 31 44 52.78 W 103 57 11.28	45.55L	
	11269.00	87.94	183.03	10153.95	7083.95	1425.91	-1424.85	-57.03	1426.00	182.32	1.89	775200.10	874952.57	N 31 44 52.00 W 103 57 11.30	78.49L	
	11365.00	88.66	182.66	10156.80	7086.80	1501.71	-1500.45	-65.06	1501.86	182.48	3.75	775104.50	874944.54	N 31 44 51.05 W 103 57 11.36	48.51L	
	11460.00	90.48	188.62	10157.51	7087.51	1596.20	-1594.61	-77.61	1596.49	182.79	2.89	775010.35	874931.99	N 31 44 50.12 W 103 57 11.47	31.51L	
	11556.00	94.75	186.00	10153.13	7083.13	1691.60	-1689.70	-89.82	1692.08	183.04	5.21	774919.79	874919.79	N 31 44 49.17 W 103 57 11.58	151.06L	
	11651.00	92.72	184.88	10146.95	7076.95	1786.19	-1784.06	-98.80	17							

STATEMENT OF PRODUCTIVITY OF ACREAGE
ASSIGNED TO PRORATION UNITS

Form P-15

Tracking No.: 92111

This facsimile P-15 was generated electronically
from data submitted to the RRC.

The undersigned states that he is authorized to make this statement; that he has knowledge of the facts concerning the ENERGEN RESOURCES CORPORATION ,

WINCHESTER 57-10 , No. 1H ; that such well is
LEASE OPERATOR WELL

completed in the PHANTOM (WOLFCAMP) Field, REEVES County,

Texas and that the acreage claimed, and assigned to such well for proration purposes as authorized by special rule and as shown on the attached certified plat embraces _____

640.0 acres which can reasonably be considered to be productive of hydrocarbons.

- CERTIFICATE -

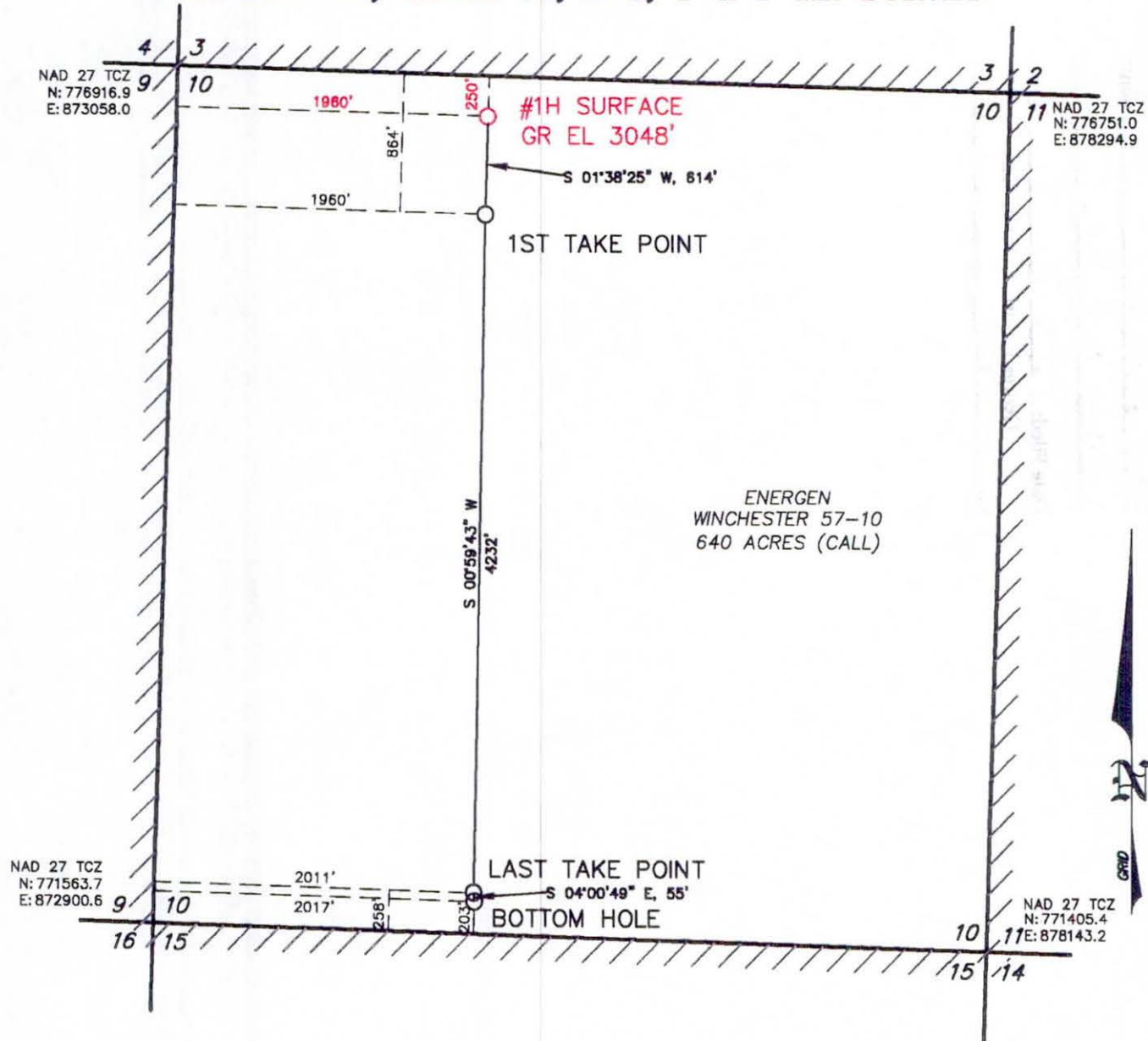
I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge,

Date 08/28/2014 Signature Jenifer Sorley

Telephone (432) 818-1732 Title Asst Supervisor Reg Compliance
AREA CODE

A-2484

SECTION 10, BLOCK 57, T-3, T & P RR SURVEY



NAD 83, TEXAS CENTRAL ZONE

NAD 27, TEXAS CENTRAL ZONE

S/L: N=10619181.6', E=1171471.4'	LAT=31.7517896 N, LONG=103.9535764 W	S/L: N=776604.9', E=875009.6'	LAT=31.7516435 N, LONG=103.9531037 W
1ST: N=10618568.05', E=1171453.8'	LAT=31.7500823 N, LONG=103.9535687 W	1ST: N=775991.4', E=874992.0'	LAT=31.7499561 N, LONG=103.9530961 W
LST: N=10614337.1', E=1171380.3'	LAT=31.7384512 N, LONG=103.9533622 W	LST: N=771760.5', E=874918.5'	LAT=31.7383248 N, LONG=103.9528897 W
B/H: N=10614282.2', E=1171384.2'	LAT=31.7383007 N, LONG=103.9533439 W	B/H: N=771705.6', E=874922.4'	LAT=31.7381743 N, LONG=103.9528714 W

APPROXIMATELY 5.5 MILES SW OF ORLA, TEXAS

NOTES:

- COORDINATES AND BEARINGS ARE BASED ON LAMBERT CONICAL PROJECTION OF THE STATE PLANE COORDINATE SYSTEM NAD 83, CORRS 96, TEXAS CENTRAL ZONE WITH A CONVERGENCE ANGLE OF -01°51'52.4" AND DISTANCES ARE OF GRID VALUE WITH A CENTRAL COMBINED SCALE FACTOR OF 0.999999173.
- THIS SURVEY WAS PERFORMED WITHOUT THE BENEFIT OF A TITLE REPORT AND REVIEW OF THE ABSTRACT OF TITLE. THERE MAY BE EASEMENTS AND/OR COVENANTS AFFECTING THIS PROPERTY NOT SHOWN HEREON. LOCATION OF IMPROVEMENTS AND/OR EASEMENTS WERE BEYOND COMMISSIONED SCOPE OF THIS PROJECT AND HAVE BEEN SPECIFICALLY OMITTED. VESTING DOCUMENTS NOT FURNISHED FOR THIS SURVEY.
- SEE DOCUMENTS AND ELECTRONIC DATA FILED IN THE OFFICE OF WPG INC FOR COMPLETE RECONSTRUCTION OF THESE SECTIONS OR BLOCKS.
- DOWNHOLE INFORMATION PROVIDED BY ENERGEN PERSONNEL.
- SURFACE LOCATION IN "AS-STAKED" POSITION.

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT THE SURVEY INFORMATION FOUND ON THIS PLAT WAS DERIVED FROM ACTUAL FIELD NOTES OF ON-THE-GROUND SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. NO WARRANTY IS MADE OR INTENDED FOR THE LOCATION OF ANY OR ALL EASEMENTS THAT MAY EXIST WITHIN THE BOUNDS OF THIS SURVEY. THE INFORMATION PRESENTED HEREON IS FOR THE PRIVATE USE OF THE PARTY NAMED IN THE "REFERENCE PORTION" OF THE TITLE BLOCK AND DOES NOT CONSTITUTE A COMPLETE BOUNDARY SURVEY AS DEFINED BY THE "PROFESSIONAL LAND SURVEYING PRACTICES ACT."

3/27/14

W.D. Watson, Jr. TEXAS R.P.L.S. No. 1989
FILE: T:REEVES/BLOCK 57 T-3.dwg

DATE

1000 0 1000 2000 FEET



- ☼ GAS WELL
- ⚙️ WATER INJECTION WELL
- OIL WELL
- LOCATED WELL
- DRY HOLE
- ⊕ WATER WELL
- ⊖ SHUT IN WELL

Watson
Professional
Group Inc



P.O. DRAWER 11186
MIDLAND, TEXAS 79702
(432) 520-9200
FAX (432) 520-9212
wdwatson@wpg-us.com

CONSULTING ENGINEERS, LAND SURVEYORS & PLANNERS

AS-DRILLED PLAT
ENERGEN RESOURCES CORPORATION
WINCHESTER 57-10#1H
SURFACE LOCATION: 250' FNL & 1980' FWL
1ST TAKE POINT: 864' FNL & 1960' FWL
LAST TAKE POINT: 258' FSL & 2011' FWL
BOTTOM HOLE: 203' FSL & 2017' FWL

SEC. 10, BLK. 57, T-3, T & P RR SURVEY, REEVES COUNTY, TEXAS

DATE: MAY 31, 2013

DATE SURVEYED: 5/22/13

JOB NO.: 13-2073-00 FIELD BOOK 718/13

DRAFT TA REV. 0

File No. MF112094
DRR Form for _____ County
Leases A, B, & C
Date Filed: 9/30/15
George P. Bush, Commissioner
By SSD



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

October 6, 2015

Energen Resources Corporation
Ms. Cathy Hitt
Land Department
605 Richard Arrington Jr. Boulevard
Birmingham, AL 35282-9826

RE: Deep Rights Retention
MF112094A – Geraldine I. Zoller
MF112094B – Roca Development
MF112094C – Clyde and Sharon Pine
Section 10, Block 57, T 3S, T&P Ry Co. Survey, A-2464

Dear Ms. Hitt,

The Deep Rights Retention checks in the total amount of \$73,920.00, submitted for MF112094 A, B, and C leases have been accepted and will retain the deep rights until 10/4/2017. Enclosed is a copy of the individual checks received noting the amount related to each lease.

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

Best regards,

Susan S. Draughn

Enclosures

File No. MF 112094
Letter accepting DRR County
checks + info
Date Filed: 10/6/15
George P. Bush, Commissioner
By SSD

ENERGEN RESOURCES CORPORATION

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

16705422

Page 1 of 1

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	AMOUNT
STATE OF TEXAS	9710	Jan-07-2016	589730	\$81,600.00

VOUCHER	VENDOR INV #	INV DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
12-AP-14919	010416	01/04/16	81,600.00	0.00	81,600.00

TX430352-08R

DELIVER TO CATHY CARTER HITT

TOTAL INVOICES PAID

81,600.00

MF112094D

121

Option to Renew for 2 years for deeper depths 1/21/16 to 1/21/18

State of Texas

Energen Resources Corporation now offers payment via DIRECT DEPOSIT.
If you would like to receive your payments in a more secure, efficient and timely manner,
please contact the Vendor Relations group by email at AP.ERCACH@energen.com for an enrollment form.

DETACH BEFORE DEPOSITING

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

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

Wells Fargo
Birmingham, Alabama

16705422

No. 589730

64-975
612

EXACTLY \$81,600dols00cts

CHECK NO.	DATE	PAY EXACTLY
589730	Jan-07-2016	\$81,600.00

TO
THE
ORDER
OF

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



J. D. Richardson
PRESIDENT
Charles V. Porter
TREASURER

⑈ 589730 ⑈

33.

File No. MF 112094
Deep Rights Retention County
Payment ~~Release~~ D
Date Filed: 1/12/16
George P. Bush, Commissioner
By SAD

1.13.16

Mail to: Texas General Land Office
Attn: Linda Price
P.O. 12873
Austin, Texas 78711-2873
linda.price@glo.texas.gov

Texas General Land Office
DEEP RIGHTS RETENTION PAYMENT FORM

Complete a separate form for each State Lease. Complete the Deep Rights Retention Workup to determine the bonus required.
Forms not completed in full or excluding any of the required documentation cannot be processed.

STATE LEASE #	GROSS ACRES	NET ACRES	COUNTY	TRACT PART:	ABSTRACT, TOWNSHIP, BLOCK, SECTION OR STATE TRACT NO.
MF 112094-D	640	320	Reeves	All	A-2464 T- 3S BLK: 57 SEC: 10 STATE TRACT NO.:
AGENT FOR STATE (LESSOR) St of Texas Brennand Energy Ltd				OPERATOR Energen Mortgage Resources	

WELL NAME & NO.		API #	DISTRICT - RRC ID	WELL LOCATION: ABSTRACT, TOWNSHIP, BLOCK, SECTION OR STATE TRACT NO.		
Winchester 57-10 1H		42-389-33820	08-764072	A- 2464 T-3S BLK: 57 SEC: 10 STATE TRACT NO.:		
CIRCLE ONE OF EACH BELOW:		FIELD NAME	FIELD NUMBER	STATE ACRES RETAINED UNDER RETAINED ACREAGE CLAUSE		TOTAL DEPTH DRILLED ON RETAINED ACREAGE-TRUE VERTICAL DEPTH (TVD)
OIL GAS	HORIZONTAL VERTICAL	Phantom Wolfcamp	71052900	320		11,230
3 MONTHS' MOST RECENT PRODUCTION:		MONTH/YEAR 08/15	VOLUME 4822	MONTH/YEAR 09/15	VOLUME 5004	MONTH/YEAR 10/15
						VOLUME 4943

FOR THE WELL LISTED ABOVE, PROVIDE THE FOLLOWING:

- ☐ Directional Survey with True Vertical Depth
☐ "As-Drilled" Plat (horizontal wells must have lateral length set out on the plat)
☐ P-15 as submitted to RRC

☐ For additional wells on the same lease, check here and complete Page 2.

Robert Plumb
Name

Land Manager
Title

205-326-4395
Telephone Number

rplumb@energen.com
E-Mail Address

1/07/16
Date

Energen Resources Corporation
Company

605 Richard Arrington Jr Blvd N
Mailing Address

Birmingham, AL 35203-20707
City, State, Zip

Deep Rights Retention Bonus Workup

Total Eligible Acres : 320

x 1/2 Original Bonus Per Acre \$510

= Total Amount Due \$163,200.00
(RAL leases pay 1/2 to Agent & 1/2 to State)

Check #: _____

For General Land Office Use Only

Lease Type: _____

Payment Register No.: _____



Visit our Web Site at www.glo.texas.gov

Revised: July 31, 2013

PAGE 2, FOR ADDITIONAL WELLS ON THE SAME LEASE

STATE LEASE # MF _____

WELL NAME & NO.		API #		DISTRICT - RRC ID	WELL LOCATION: ABSTRACT ,TOWNSHIP, BLOCK, SECTION OR STATE TRACT NO.		
					A- T- BLK: SEC: STATE TRACT NO.:		
CIRCLE ONE OF EACH BELOW:		FIELD NAME		FIELD NUMBER	STATE ACRES RETAINED UNDER RETAINED ACREAGE CLAUSE		TOTAL DEPTH DRILLED ON RETAINED ACREAGE-TRUE VERTICAL DEPTH (TVD)
OIL GAS	HORIZONTAL VERTICAL						
3 MONTHS' MOST RECENT PRODUCTION:		MONTH/YEAR	VOLUME	MONTH/YEAR	VOLUME	MONTH/YEAR	VOLUME

WELL NAME & NO.		API #		DISTRICT - RRC ID	WELL LOCATION: ABSTRACT ,TOWNSHIP, BLOCK, SECTION OR STATE TRACT NO.		
					A- T- BLK: SEC: STATE TRACT NO.:		
CIRCLE ONE OF EACH BELOW:		FIELD NAME		FIELD NUMBER	STATE ACRES RETAINED UNDER RETAINED ACREAGE CLAUSE		TOTAL DEPTH DRILLED ON RETAINED ACREAGE-TRUE VERTICAL DEPTH (TVD)
OIL GAS	HORIZONTAL VERTICAL						
3 MONTHS' MOST RECENT PRODUCTION:		MONTH/YEAR	VOLUME	MONTH/YEAR	VOLUME	MONTH/YEAR	VOLUME

WELL NAME & NO.		API #		DISTRICT - RRC ID	WELL LOCATION: ABSTRACT ,TOWNSHIP, BLOCK, SECTION OR STATE TRACT NO.		
					A- T- BLK: SEC: STATE TRACT NO.:		
CIRCLE ONE OF EACH BELOW:		FIELD NAME		FIELD NUMBER	STATE ACRES RETAINED UNDER RETAINED ACREAGE CLAUSE		TOTAL DEPTH DRILLED ON RETAINED ACREAGE-TRUE VERTICAL DEPTH (TVD)
OIL GAS	HORIZONTAL VERTICAL						
3 MONTHS' MOST RECENT PRODUCTION:		MONTH/YEAR	VOLUME	MONTH/YEAR	VOLUME	MONTH/YEAR	VOLUME

FOR EACH WELL LISTED ABOVE, PROVIDE THE FOLLOWING:

- ☐ Directional Survey with True Vertical Depth
- ☐ "As-Drilled" Plat (horizontal wells must have lateral length set out on the plat)
- ☐ P-15 as submitted to RRC



Energen Winchester 57-10 1H ST01 Surveys 0ft - 14770ft MD Survey
Geodetic Report
(Def Survey)



Report Date: November 09, 2013 - 04:02 PM
Client: Energen
Field: TX Reeves County (NAD 27)
Structure / Slot: Energen Winchester 57-10 1H / Energen Winchester 57-10 1H
Well: Energen Winchester 57-10 1H
Borehole: ST01
UWI / API#: Nabors M-45 / 42-389-33820
Survey Name: Energen Winchester 57-10 1H ST01 Surveys 0ft - 14770ft MD
Survey Date: October 16, 2013
Tort / AHD / DGI / ERD Ratio: 217.215' / 5084.736' ft / 8.205' / 0.500
Coordinate Reference System: NAD27 Texas State Plane, Central Zone, US Feet
Location Lat / Long: N 31° 45' 5.91588" W 103° 57' 11.17313"
Location Grid N/E Y/X: N 77694.900 RUS, E 875009.600 RUS
GRS Grid Convergence Angle: -1.8844"
Grid State Factor: 0.9999728

Survey / OLS Computation: Minimum Curvature / Lubinski
Vertical Section Azimuth: 181.583° (Grid North)
Vertical Section Origin: 0.000 R, 0.000 A
TVD Reference Datum: RKB
TVD Reference Elevation: 3070.000 ft above MSL
Seabed / Ground Elevation: 3048.000 ft above MSL
Magnetic Declination: 7.545°
Total Gravity Field Strength: 988.4816mg (8.80685 Based)
Total Magnetic Field Strength: 48012.685 nT
Magnetic Dip Angle: 59.567°
Declination Date: October 16, 2013
Magnetic Declination Model: BGM2012
North Reference: Grid North
Grid Convergence Used: -1.8844"
Total Corr Mag North-Grid North: 9.4093°
Local Coord Referenced To: Structure Reference Point

Comments	MD (ft)	Incl (°)	Azimuth (°)	TVD (ft)	TVDSS (ft)	VSEC (ft)	NS (ft)	EW (ft)	Closure (ft)	Clockwise Azimuth (°)	OLS (ft)	Northings (ft)	Easting (ft)	Latitude (N/S ° ' ")	Longitude (E/W ° ' ")	TP (ft)
SHL	0.00	0.00	0.00	0.00	-3070.00	0.00	0.00	0.00	0.00	0.00	N/A	776904.90	875009.60	N 31° 45' 5.92" W 103° 57' 11.17		239.148M
	280.00	0.13	339.14	260.00	-2810.00	0.16	-0.15	-0.25	0.29	239.14	0.05	776904.75	875009.35	N 31° 45' 5.91" W 103° 57' 11.18		154.828M
	413.00	0.84	154.82	412.99	-2587.01	1.25	-1.26	0.07	1.26	178.58	0.58	776903.64	875009.67	N 31° 45' 5.90" W 103° 57' 11.17		126.428M
	610.00	1.23	126.42	609.96	-2480.04	3.75	-3.32	2.39	4.50	147.94	0.32	776901.08	875011.99	N 31° 45' 5.88" W 103° 57' 11.14		103.368M
	709.00	1.09	103.36	708.94	-2361.06	4.54	-4.87	4.18	6.25	138.27	0.49	776900.23	875013.76	N 31° 45' 5.87" W 103° 57' 11.12		133.968M
	805.00	1.53	133.96	804.92	-2265.08	5.59	-5.77	5.97	8.30	130.99	0.84	776899.13	875015.57	N 31° 45' 5.86" W 103° 57' 11.10		123.018M
	900.00	1.99	123.01	899.86	-2170.12	7.13	-7.38	7.99	10.87	132.96	0.32	776897.54	875017.59	N 31° 45' 5.85" W 103° 57' 11.08		124.081M
	996.00	1.73	124.08	995.84	-2074.16	8.91	-9.19	10.39	13.62	130.87	0.15	776895.99	875019.60	N 31° 45' 5.83" W 103° 57' 11.05		121.288M
	1092.00	2.31	121.90	1091.78	-1978.22	10.37	-10.78	13.14	18.98	129.32	0.81	776894.14	875022.74	N 31° 45' 5.81" W 103° 57' 11.02		119.738M
	1187.00	2.44	119.73	1186.70	-1883.30	12.28	-12.77	16.52	20.88	127.72	0.17	776892.13	875026.12	N 31° 45' 5.79" W 103° 57' 10.98		124.128M
	1283.00	1.98	124.12	1282.83	-1787.37	14.12	-14.71	19.65	24.55	126.81	0.53	776890.19	875029.25	N 31° 45' 5.78" W 103° 57' 10.94		136.088M
	1379.00	2.16	136.08	1378.57	-1691.43	16.27	-16.93	22.27	27.97	127.25	0.49	776887.97	875031.86	N 31° 45' 5.76" W 103° 57' 10.91		138.128M
	1474.00	2.33	138.12	1473.50	-1596.50	18.92	-19.86	24.80	31.64	126.41	0.20	776885.24	875034.40	N 31° 45' 5.73" W 103° 57' 10.88		151.258M
	1569.00	2.10	151.25	1568.43	-1501.57	21.82	-22.82	26.92	35.17	130.04	0.58	776882.28	875036.52	N 31° 45' 5.70" W 103° 57' 10.85		165.488M
	1665.00	1.74	165.48	1664.37	-1405.63	24.74	-25.57	28.14	38.02	130.27	0.62	776879.33	875037.74	N 31° 45' 5.67" W 103° 57' 10.84		203.128M
	1761.00	3.07	203.12	1760.29	-1309.71	28.53	-29.35	27.50	40.22	136.87	2.08	776875.55	875037.10	N 31° 45' 5.63" W 103° 57' 10.84		236.8M
	1857.00	4.66	236.80	1856.08	-1213.92	33.20	-33.89	23.25	41.10	145.55	2.78	776871.01	875032.85	N 31° 45' 5.59" W 103° 57' 10.89		259.078M
	1952.00	5.11	256.07	1950.74	-1119.26	36.59	-37.07	15.95	40.36	166.72	1.85	776867.63	875025.95	N 31° 45' 5.55" W 103° 57' 10.97		297.44M
	2048.00	5.29	297.40	2046.37	-1023.63	35.78	-36.02	7.79	36.36	197.80	3.86	776866.88	875017.39	N 31° 45' 5.56" W 103° 57' 11.07		335.058M
	2144.00	5.60	335.05	2141.96	-928.04	29.54	-29.70	1.81	29.75	176.51	3.59	776875.20	875011.41	N 31° 45' 5.62" W 103° 57' 11.14		359.218M
	2239.00	4.00	355.21	2236.63	-833.37	22.20	-22.20	-0.42	22.20	181.09	2.42	776882.71	875009.18	N 31° 45' 5.70" W 103° 57' 11.17		29.388M
	2334.00	1.69	29.38	2331.51	-738.49	17.86	-17.87	-0.01	17.87	180.03	2.91	776897.23	875009.99	N 31° 45' 5.74" W 103° 57' 11.17		89.618M
	2430.00	2.00	89.61	2427.47	-642.53	18.35	-16.43	2.38	16.60	171.83	1.95	776888.47	875011.96	N 31° 45' 5.75" W 103° 57' 11.14		98.39M
	2526.00	1.80	98.39	2523.42	-546.58	16.46	-16.63	5.53	17.53	161.62	0.36	776886.27	875015.13	N 31° 45' 5.75" W 103° 57' 11.10		108.818M
	2621.00	2.65	106.81	2618.35	-451.65	17.21	-17.48	9.11	19.71	152.49	0.96	776887.42	875018.70	N 31° 45' 5.75" W 103° 57' 11.06		110.77M
	2717.00	3.03	110.77	2714.27	-355.73	18.34	-18.73	12.82	22.69	148.60	0.67	776886.17	875022.42	N 31° 45' 5.73" W 103° 57' 11.02		91.918M
	2813.00	1.20	91.91	2810.23	-259.77	18.90	-19.38	15.42	24.75	141.47	1.01	776885.54	875025.01	N 31° 45' 5.73" W 103° 57' 10.99		124.318M
	2860.00	0.89	124.31	2857.22	-212.78	19.05	-19.54	18.14	25.34	140.44	1.53	776885.36	875025.74	N 31° 45' 5.73" W 103° 57' 10.98		98.198M
	2988.00	1.17	98.19	2985.21	-84.79	19.57	-20.11	18.08	27.04	138.05	0.51	776884.79	875027.98	N 31° 45' 5.72" W 103° 57' 10.96		78.315M
	3083.00	1.02	78.31	3080.19	10.19	19.43	-20.02	19.86	28.20	135.22	0.43	776884.86	875029.49	N 31° 45' 5.72" W 103° 57' 10.94		101.418M
	3179.00	0.85	101.41	3176.18	106.18	19.29	-19.92	21.23	29.11	133.18	0.53	776884.98	875030.83	N 31° 45' 5.73" W 103° 57' 10.92		343.398M
	3275.00	0.40	343.39	3272.18	202.18	19.08	-19.71	21.96	29.29	132.29	0.95	776885.19	875031.26	N 31° 45' 5.73" W 103° 57' 10.91		18.788M
	3370.00	1.01	18.78	3367.17	297.17	17.95	-18.80	21.84	28.69	130.42	0.79	776886.30	875031.44	N 31° 45' 5.74" W 103° 57' 10.91		14.178M
	3466.00	1.07	14.17	3463.15	393.15	18.27	-18.93	22.33	28.02	127.16	0.11	776887.97	875031.83	N 31° 45' 5.76" W 103° 57' 10.91		9.658M
	3562.00	0.73	9.65	3559.14	489.14	14.78	-15.46	22.65	27.42	124.31	0.38	776889.44	875032.25	N 31° 45' 5.77" W 103° 57' 10.91		20.898M
	3658.00	0.00	20.89	3655.14	585.14	14.18	-14.85	22.76	27.17	123.13	0.76	776890.05	875032.35	N 31° 45' 5.78" W 103° 57' 10.90		309.338M
	3753.00	0.47	309.33	3750.14	680.14	13.94	-14.81	22.45	26.79	123.04	0.49	776890.29	875032.06	N 31° 45' 5.78" W 103° 57' 10.91		339.248M
	3848.00	0.56	339.24	3845.13	775.13	13.27	-13.93	21.99	26.03	122.35	0.29	776890.97	875031.59	N 31° 45' 5.79" W 103° 57' 10.91		340.868M
	3944.00	0.93	340.86	3941.13	871.13	12.35	-12.99	21.65	25.25	120.96	0.07	776891.91	875031.25	N 31° 45' 5.79" W 103° 57' 10.92		340.478M
	4040.00	0.51	340.47	4037.12	967.12	11.40	-12.09	21.33	24.52	119.54	0.13	776892.81	875030.93	N 31° 45' 5.80" W 103° 57' 10.92		324.418M
	4135.00	0.50	324.41	4132.12	1062.12	10.73	-11.35	20.95	23.83	118.45	0.15	776893.55	875030.95	N 31° 45' 5.81" W 103° 57' 10.93		262.518M
	4231.00	0.49	262.51	4228.12	1158.12	10.46	-11.06	20.30	23.12	116.59	0.53	776893.84	875029.90	N 31° 45' 5.81" W 103° 57' 10.93		357.628M
	4327.00	0.33	357.62	4324.12	1254.12	10.25	-10.84	19.88	22.65	116.60	0.64	776894.06	875029.48	N 31° 45' 5.82" W 103° 57' 10.94		75.448M
	4422.00	0.43	75.44	4419.11	1349.11	9.88	-10.48	20.22	22.77	117.40	0.51	776894.42	875029.81	N 31° 45' 5.82" W 103° 57' 10.94		39.038M
	4518.00	0.41	39.03	4515.11	1445.11	9.51	-10.12	20.78	23.11	115.97	0.27	776894.78	875030.38	N 31° 45' 5.82" W 103° 57' 10.93		228.958M
	4613.00	0.40	228.95	4610.11	1540.11	9.46	-10.08	20.74	23.06	115.91	0.85	776894.83	875030.34	N 31° 45' 5.82" W 103° 57' 10.93		340.898M
	4708.00	0.38	340.89	4705.11	1635.11	9.49	-10.01	20.42	22.78	116.29	0.58	776894.81	875030.02	N 31° 45' 5.84" W 103° 57' 10.93		98.988M
	4804.00	0.36	98.98	4801.11	1731.11	9.32	-9.93	20.65	22.91	115.88	0.56	776894.97	875030.25	N 31° 45' 5.82" W 103° 57' 10.93		312.438M
	4900.00	0.47	312.43	4897.11	1827.11	9.10	-9.71	20.66	22.82	115.17	0.83	776895.19	875030.26	N 31° 45' 5.83" W 103° 57' 10.93		302.798M
	4996.00	0.29	302.79	4993.11	1923.11	8.72	-9.31	20.16	22.21	114.79	0.20	776895.59	875029.75	N 31° 45' 5.83" W 103° 57' 10.94		40.988M
	5091.00	0.46	40.98	5088.11	2018.11	8.30	-8.89	20.21	22.28	113.75	0.81	776896.01	875029.81	N 31° 45' 5.83" W 103° 57' 10.94		33.778M
	5187.00	0.15	33.77	5184.10	2114.10	7.88	-8.48	20.44	22.22	112.46	0.31	776896.41	875029.14	N 31° 45' 5.84" W 103° 57' 10.93		248.8M
	5283.00	0.26	248.80	5280.10	2210.10	7.88	-8.48	20.42	22.11	112.95	0.42	776896.42	875030.02	N 31° 45' 5.84" W 103° 57' 10.93		140.088M
	5378.00															

Comments	MD (ft)	Incl (°)	Azim Grid (°)	TVD (ft)	TVDSS (ft)	VSEC (ft)	NS (ft)	EW (ft)	Closure (ft)	Closure Azimuth (°)	DLS (ft/100ft)	Northing (ft)	Easting (ft)	Latitude (N/S ° ° ' '')	Longitude (E/W ° ° ' '')	TF (ft)
	8375.00	0.90	288.31	8371.86	5301.86	-4.79	4.39	13.79	14.47	72.36	0.35	776609.28	875023.39	N 31 45 5.96 W 103 57 11.02		280.54M
	8471.00	0.53	280.54	8467.85	5397.85	-5.07	4.70	12.84	13.49	69.59	0.40	776609.60	875022.24	N 31 45 5.97 W 103 57 11.03		243.83M
	8586.00	1.02	243.83	8582.84	5492.84	-4.74	4.41	11.45	12.27	68.93	0.71	776609.31	875021.05	N 31 45 5.96 W 103 57 11.04		245.14M
	8662.00	0.77	245.14	8658.83	5588.83	-4.05	3.76	10.10	10.78	69.56	0.26	776608.66	875019.70	N 31 45 5.96 W 103 57 11.06		262.54M
	8688.00	1.18	262.54	8684.82	5624.82	-3.89	3.61	9.51	10.17	69.20	1.39	776608.51	875019.11	N 31 45 5.95 W 103 57 11.08		270.12M
	8793.00	0.97	270.12	8789.81	5719.81	-3.71	3.49	7.74	8.49	65.73	0.27	776608.39	875017.34	N 31 45 5.95 W 103 57 11.08		258.86M
	8889.00	1.12	258.86	8885.79	5815.79	-3.48	3.31	6.00	6.85	61.14	0.28	776608.21	875015.60	N 31 45 5.95 W 103 57 11.10		251.63M
	8985.00	1.42	251.63	8981.77	5911.77	-2.87	2.75	3.95	4.82	55.16	0.35	776607.65	875013.55	N 31 45 5.94 W 103 57 11.13		263.38M
	9080.00	1.02	263.38	9076.75	6006.75	-2.34	2.28	2.00	3.03	41.17	0.49	776607.18	875011.00	N 31 45 5.94 W 103 57 11.15		273.7M
	9111.00	1.06	273.70	9107.74	6037.74	-2.31	2.27	1.44	2.69	32.33	0.62	776607.17	875011.04	N 31 45 5.94 W 103 57 11.16		254.62M
	9204.00	0.75	254.62	9200.73	6130.73	-2.16	2.16	-0.01	2.16	359.76	0.48	776607.06	875009.59	N 31 45 5.94 W 103 57 11.17		227.96M
	9300.00	0.82	227.96	9296.72	6226.72	-1.82	1.85	-1.00	1.93	328.78	0.35	776606.55	875008.60	N 31 45 5.93 W 103 57 11.19		215.49M
	9396.00	0.47	215.49	9392.72	6322.72	-0.93	0.98	-1.61	1.89	301.28	0.20	776605.88	875007.99	N 31 45 5.93 W 103 57 11.19		207.86M
	9491.00	0.51	207.86	9487.71	6417.71	-0.23	0.29	-2.04	2.06	278.10	0.08	776605.19	875007.58	N 31 45 5.92 W 103 57 11.20		172.68M
	9518.00	4.19	172.68	9514.69	6444.69	0.85	-0.79	-1.97	2.12	248.01	14.02	776604.11	875007.63	N 31 45 5.91 W 103 57 11.20		180.13M
	9550.00	7.07	180.13	9546.53	6476.53	3.98	-3.92	-1.82	4.33	204.93	9.26	776600.98	875007.78	N 31 45 5.88 W 103 57 11.19		185.31M
	9582.00	10.53	185.31	9578.13	6508.13	8.97	-8.92	-2.11	9.16	193.31	12.33	776595.29	875007.49	N 31 45 5.83 W 103 57 11.19		18.46M
	9613.00	14.02	189.52	9608.40	6538.40	15.63	-15.55	-3.00	15.83	190.93	10.39	776589.35	875006.60	N 31 45 5.76 W 103 57 11.20		15.62M
	9645.00	17.10	192.42	9639.22	6569.22	24.09	-23.97	-4.66	24.42	190.99	9.92	776589.93	875004.94	N 31 45 5.68 W 103 57 11.22		12.15L
	9677.00	19.69	190.77	9659.58	6599.58	34.04	-33.86	-6.68	34.51	191.15	8.25	776571.04	875002.92	N 31 45 5.58 W 103 57 11.24		6.08M
	9709.00	21.44	191.28	9699.54	6629.54	45.13	-44.88	-8.83	45.75	191.12	5.50	776560.01	875000.77	N 31 45 5.47 W 103 57 11.26		19.85L
	9741.00	24.47	188.56	9729.01	6659.01	57.48	-57.18	-1.97	58.23	190.66	10.00	776547.72	874998.63	N 31 45 5.35 W 103 57 11.28		34.61L
	9773.00	26.67	185.34	9757.87	6687.87	71.23	-70.89	-12.54	72.01	190.11	8.21	776534.01	874996.96	N 31 45 5.27 W 103 57 11.29		3.7L
	9805.00	27.62	185.20	9786.34	6716.34	85.80	-85.43	-13.98	86.56	189.29	2.98	776519.47	874995.62	N 31 45 5.07 W 103 57 11.30		27.43L
	9837.00	28.94	183.80	9814.52	6744.52	100.94	-100.54	-15.16	101.69	188.58	4.60	776504.36	874994.44	N 31 45 4.92 W 103 57 11.31		64.02L
	9869.00	30.42	178.26	9842.33	6772.33	116.77	-116.37	-15.43	117.39	187.55	9.75	776488.54	874994.17	N 31 45 4.76 W 103 57 11.31		25.17L
	9901.00	32.17	179.79	9869.67	6799.67	133.37	-132.99	-15.15	133.85	186.50	5.99	776471.92	874994.45	N 31 45 4.60 W 103 57 11.30		37.33L
	9933.00	34.77	176.37	9896.37	6826.37	150.96	-150.81	-14.54	151.32	185.52	10.05	776454.29	874995.06	N 31 45 4.42 W 103 57 11.28		1.81L
	9965.00	37.65	176.24	9922.19	6852.19	169.80	-169.48	-13.33	170.00	184.50	9.21	776435.43	874996.27	N 31 45 4.24 W 103 57 11.26		8.33M
	9997.00	42.20	177.23	9946.72	6876.72	190.25	-189.98	-12.16	190.37	183.65	14.35	776414.93	874997.44	N 31 45 4.03 W 103 57 11.22		1.81L
	10029.00	45.77	177.07	9969.74	6899.74	212.40	-212.17	-11.06	212.48	182.98	11.16	776392.74	874998.54	N 31 45 3.81 W 103 57 11.24		32.34L
	10061.00	47.89	178.66	9991.63	6921.63	235.69	-235.49	-10.24	235.71	182.49	7.77	776369.42	874999.36	N 31 45 3.58 W 103 57 11.27		35.01L
	10093.00	51.05	176.05	10012.43	6942.43	259.94	-259.78	-9.14	259.94	182.02	11.94	776345.13	875000.46	N 31 45 3.34 W 103 57 11.18		7.16M
	10124.00	54.19	176.51	10031.26	6961.26	284.96	-284.86	-7.95	284.46	181.52	10.16	776320.55	875002.05	N 31 45 3.10 W 103 57 11.15		15.35L
	10156.00	58.20	175.24	10049.05	6979.05	310.90	-310.87	-5.94	310.92	181.04	13.01	776294.04	875003.96	N 31 45 2.84 W 103 57 11.12		17.16M
	10188.00	61.81	178.43	10065.09	6995.09	338.44	-338.48	-3.63	338.50	180.61	11.14	776266.43	875005.97	N 31 45 2.57 W 103 57 11.09		38.32M
	10220.00	64.41	178.86	10079.62	7009.62	366.88	-366.97	-2.47	366.97	180.39	11.06	776237.95	875007.13	N 31 45 2.29 W 103 57 11.06		26.84M
	10252.00	67.57	180.59	10092.64	7022.64	396.09	-396.19	-2.33	396.20	180.34	11.04	776208.72	875007.27	N 31 45 2.00 W 103 57 11.05		20.79M
	10284.00	71.57	182.19	10103.80	7033.80	426.07	-426.16	-3.06	426.17	180.41	13.38	776178.75	875006.54	N 31 45 1.70 W 103 57 11.05		16.43M
	10316.00	74.98	183.22	10113.01	7043.01	456.71	-456.77	-4.51	456.79	180.57	11.09	776148.15	875005.08	N 31 45 1.40 W 103 57 11.05		9.89M
	10348.00	78.53	183.50	10120.88	7050.88	487.71	-487.73	-6.33	487.77	180.74	4.93	776117.18	875003.27	N 31 45 1.09 W 103 57 11.06		27.02M
	10380.00	79.11	184.83	10127.63	7057.63	518.95	-518.93	-8.60	519.00	180.95	9.01	776085.99	875001.00	N 31 45 0.78 W 103 57 11.08		22.12M
	10412.00	81.51	185.82	10133.02	7063.02	550.43	-550.33	-11.53	550.45	181.20	8.11	776054.59	874998.07	N 31 45 0.47 W 103 57 11.10		7.08L
	10444.00	83.14	185.61	10137.29	7067.29	582.07	-581.89	-14.89	582.07	181.45	5.13	776023.04	874994.91	N 31 45 0.16 W 103 57 11.12		35.6L
	10476.00	84.32	184.77	10140.78	7070.78	613.81	-613.56	-17.57	613.81	181.64	4.52	775991.36	874992.04	N 31 44 59.84 W 103 57 11.15		82.15L
	10508.00	84.49	183.52	10143.90	7073.90	645.63	-645.33	-19.87	645.63	181.78	3.93	775959.60	874989.74	N 31 44 59.53 W 103 57 11.16		49.35L
	10540.00	85.21	182.68	10146.78	7076.78	677.49	-677.15	-21.59	677.49	181.83	3.45	775927.77	874988.01	N 31 44 59.21 W 103 57 11.17		10.17M
	10572.00	88.80	183.32	10148.45	7078.45	709.43	-709.06	-23.26	709.44	181.88	11.38	775895.67	874986.34	N 31 44 58.90 W 103 57 11.18		2.85M
	10604.00	90.17	183.39	10148.74	7078.74	741.42	-741.00	-25.13	741.43	181.94	4.30	775863.93	874984.47	N 31 44 58.58 W 103 57 11.18		34.33M
	10636.00	90.48	183.60	10148.56	7078.56	772.40	-771.94	-27.02	772.41	182.00	1.21	775832.98	874982.58	N 31 44 58.27 W 103 57 11.20		68.14M
	10731.00	91.03	184.97	10147.29	7077.29	808.29	-807.66	-34.19	808.34	182.26	1.54	775737.27	874979.41	N 31 44 57.32 W 103 57 11.24		114.78L
	10810.00	89.35	181.33	10147.03	7077.03	947.25	-946.53	-38.53	947.31	182.33	5.07	775658.41	874971.07	N 31 44 56.54 W 103 57 11.25		11.31L
	10906.00	91.60	180.88	10146.23	7076.23	1043.24	-1042.50	-40.38	1043.28	182.22	2.39	775602.44	874969.22	N 31 44 55.95 W 103 57 11.26		154.48M
	11001.00	90.28	181.51	10144.68	7074.68	1138.22	-1137.46	-42.36	1138.25	182.13	1.54	775487.48	874967.24	N 31 44 54.65 W 103 57 11.23		145.12M
	11097.00	87.90	183.17	10146.20	7076.20	1234.19	-1233.36	-46.28	1234.23	182.15	3.02	775371.58	874963.32	N 31 44 53.70 W 103 57 11.24		137.49M
	11192.00	86.92	184.07	10150.49	7080.49	1329.04	-1328.07	-52.27	1329.10	182.25	1.40	775278.87	874967.33	N 31 44 53.76 W 103 57 11.28		45.55L
	11269.00	87.94	183.03	10153.95	7083.95	1405.91	-1404.45	-57.23	1406.00	182.35	1.89	775200.10	874962.57	N 31 44 52.00 W 103 57 11.30		78.49M
	11365.00	88.66	186.56	10156.80	7086.80	1501.71	-1500.45	-65.06	1501.86	182.48	3.75	775104.50	874944.54	N 31 44 51.05 W 103 57 11.36		48.51M
	11460.00	90.48	188.62	10157.51	7087.51	1596.20	-1594.61	-77.61	1596.49	182.79	2.89	775010.35	874931.99	N 31 44 50.12 W 103 57 11.47		31.51L
	11556.00	94.75	186.00	10153.13	7083.13	1691.60	-1688.70	-69.82	1692.08	183.04	5.21	774915.26	874919.79	N 31 44 49.17 W 103 57 11.58		151.06L
	11651.00	92.72	184.88	10146.95	7076.95	1786.19	-1784.56	-98.80	1786.79	183.17	2					

STATEMENT OF PRODUCTIVITY OF ACREAGE
ASSIGNED TO PRORATION UNITS

Form P-15

Tracking No.: 92111

This facsimile P-15 was generated electronically
from data submitted to the RRC.

The undersigned states that he is authorized to make this statement; that he has knowledge of the facts concerning the ENERGEN RESOURCES CORPORATION ,

WINCHESTER 57-10 , No. 1H ; that such well is
LEASE WELL

completed in the PHANTOM (WOLFCAMP) Field, REEVES County,

Texas and that the acreage claimed, and assigned to such well for proration purposes as authorized by special rule and as shown on the attached certified plat embraces _____

640.0 acres which can reasonably be considered to be productive of hydrocarbons.

- CERTIFICATE -

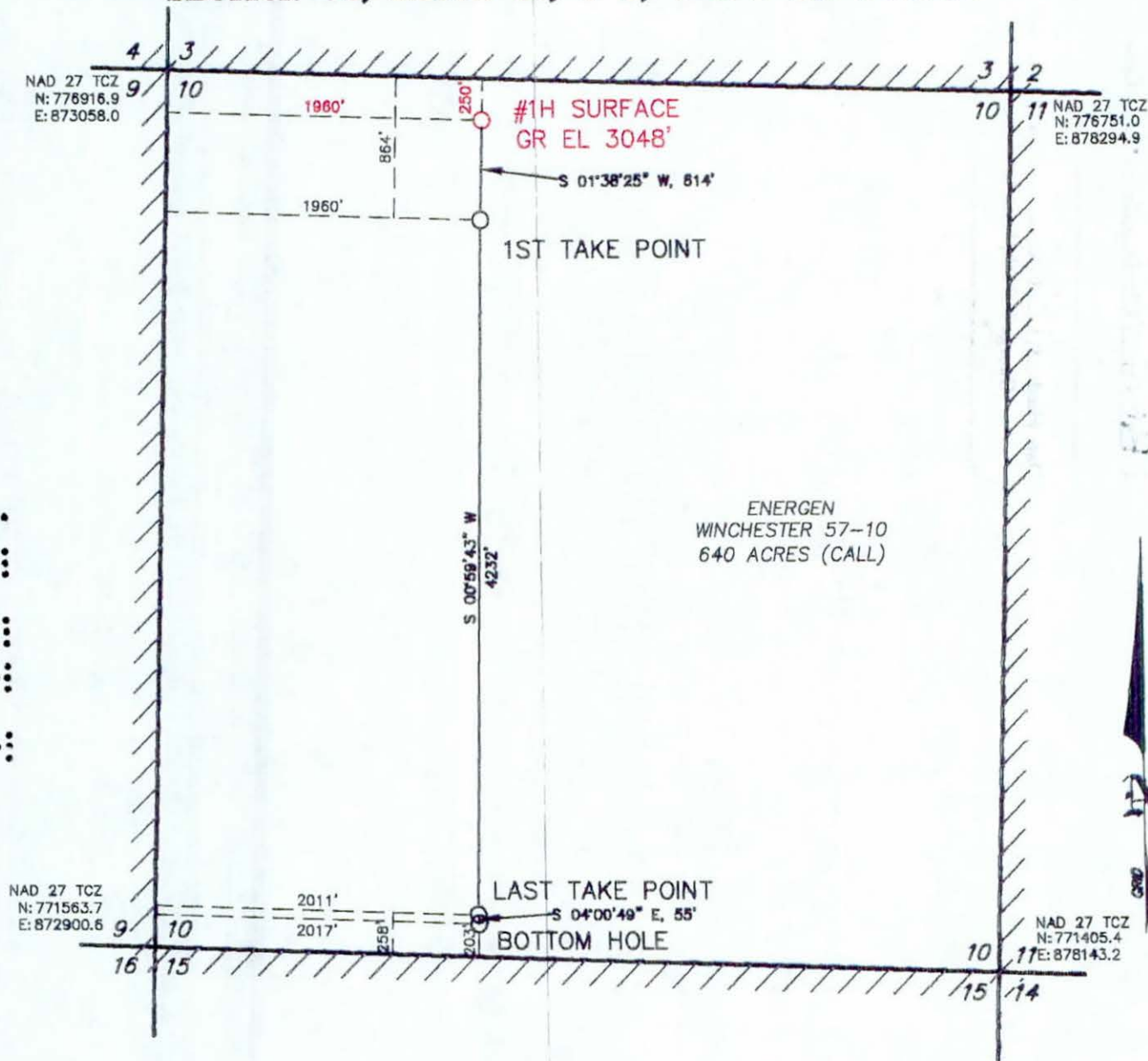
I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge,

Date 08/28/2014 Signature Jenifer Sorley

Telephone (432) 818-1732 Title Asst Supervisor Reg Compliance
AREA CODE

A-2484

SECTION 10, BLOCK 57, T-3, T & P RR SURVEY



NAD 83, TEXAS CENTRAL ZONE

NAD 27, TEXAS CENTRAL ZONE

S/L: N=10819181.8', E=1171471.4' LAT=31.7517896 N, LONG=103.9535764 W.	S/L: N=776804.9', E=875009.6' LAT=31.7518435 N, LONG=103.9531037 W.
1ST: N=10818568.05', E=1171453.8' LAT=31.7500823 N, LONG=103.9535687 W.	1ST: N=775991.4', E=874992.0' LAT=31.7499561 N, LONG=103.9530981 W.
LST: N=10814337.1', E=1171380.3' LAT=31.7384512 N, LONG=103.9533622 W.	LST: N=771760.5', E=874918.5' LAT=31.7383248 N, LONG=103.9528897 W.
B/H: N=10814282.2', E=1171384.2' LAT=31.7383007 N, LONG=103.9533439 W.	B/H: N=771705.6', E=874922.4' LAT=31.7381743 N, LONG=103.9528714 W.

APPROXIMATELY 5.5 MILES SW OF ORLA, TEXAS

NOTES:

- COORDINATES AND BEARINGS ARE BASED ON LAMBERT CONICAL PROJECTION OF THE STATE PLANE COORDINATE SYSTEM NAD 83, CORRS 96, TEXAS CENTRAL ZONE WITH A CONVERGENCE ANGLE OF $-01^{\circ}51'52.4''$ AND DISTANCES ARE OF GRID VALUE WITH A CENTRAL COMBINED SCALE FACTOR OF 0.999999173.
- THIS SURVEY WAS PERFORMED WITHOUT THE BENEFIT OF A TITLE REPORT AND REVIEW OF THE ABSTRACT OF TITLE. THERE MAY BE EASEMENTS AND/OR COVENANTS AFFECTING THIS PROPERTY NOT SHOWN HEREON. LOCATION OF IMPROVEMENTS AND/OR EASEMENTS WERE BEYOND COMMISSIONED SCOPE OF THIS PROJECT AND HAVE BEEN SPECIFICALLY OMITTED. VESTING DOCUMENTS NOT FURNISHED FOR THIS SURVEY.
- SEE DOCUMENTS AND ELECTRONIC DATA FILED IN THE OFFICE OF WPG INC FOR COMPLETE RECONSTRUCTION OF THESE SECTIONS OR BLOCKS.
- DOWNHOLE INFORMATION PROVIDED BY ENERGEN PERSONNEL.
- SURFACE LOCATION IN "AS-STAKED" POSITION.

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT THE SURVEY INFORMATION FOUND ON THIS PLAT WAS DERIVED FROM ACTUAL FIELD NOTES OF ON-THE-GROUND SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. NO WARRANTY IS MADE OR INTENDED FOR THE LOCATION OF ANY OR ALL EASEMENTS THAT MAY EXIST WITHIN THE BOUNDS OF THIS SURVEY. THE INFORMATION PRESENTED HEREON IS FOR THE PRIVATE USE OF THE PARTY NAMED IN THE "REFERENCE PORTION" OF THE TITLE BLOCK AND DOES NOT CONSTITUTE A COMPLETE BOUNDARY SURVEY AS DEFINED BY THE "PROFESSIONAL LAND SURVEYING PRACTICES ACT."

3/27/14

W.D. Watson, Jr. TEXAS R.P.L.S. No. 1989
FILE: T:REEVES/BLOCK 57 T-3.dwg

DATE



- ☼ GAS WELL
- ▲ WATER INJECTION WELL
- OIL WELL
- LOCATED WELL
- DRY HOLE
- WATER WELL
- SHUT IN WELL

1000 0 1000 2000 FEET

Watson
Professional
Group Inc



P.O. DRAWER 11186
MIDLAND, TEXAS 79702
(432) 520-9200
FAX (432) 520-9212
wdwatson@wpg-usa.com

CONSULTING ENGINEERS, LAND SURVEYORS & PLANNERS

AS-DRILLED PLAT
ENERGEN RESOURCES CORPORATION
WINCHESTER 57-10/11H

SURFACE LOCATION: 250' FNL & 1960' FNL
1ST TAKE POINT: 864' FNL & 1960' FNL
LAST TAKE POINT: 258' FSL & 2011' FNL
BOTTOM HOLE: 203' FSL & 2017' FNL

SEC. 10, BLK. 57, T-3, T & P RR SURVEY, REEVES COUNTY, TEXAS

DATE: MAY 31, 2013

DATE SURVEYED: 5/22/13

JOB NO.: 13-2073-00 FIELD BOOK 718/13

DRAFT TA

REV. 0

34

File No. MF 112094

DBR Form-Lease D County

Date Filed: 1/12/16

George P. Bush, Commissioner

By SSD

1.15.10



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

January 21, 2016

Energen Resources Corporation
Ms. Cathy Hitt
Land Department
605 Richard Arrington Jr. Boulevard
Birmingham, AL 35282-9826

RE: Deep Rights Retention, Reeves County, Texas
MF112094D – Brennand Energy Ltd.
Section 10, Block 57, T 3S, T&P Ry Co. Survey, A-2464

Dear Ms. Hitt,

The Deep Rights Retention check in the amount of \$81,600.00, submitted for MF112094 Lease D has been accepted and will retain the deep rights until January 21, 2018. Enclosed is a copy of the check received.

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

Best regards,

Susan S. Draughn, Landman
Energy Resources/Mineral Leasing
Direct: 512.463-6521
Email: susan.draughn@glo.texas.gov

Enclosures

35.

File No. MF 112094
Letter Accepting County
DRR payment leased
Date Filed: 1/21/16
George P. Bush, Commissioner
By SSD

MF 112692
MF 112094



DIVISION ORDER

To: **299 Resources, LLC**
950 17th Street, Suite 1050
Denver, CO 80202
Attn: Nathan Tobin

Date: September 14, 2016

Property Number: TX-0019
Property Name: Winchester 57-10-1H
Operator: 299 RESOURCES, LLC
County and State: Reeves, Texas
Property: T & P RAILROAD COMPANY, Twp: 3 Blk: 57 Sec: 10
Description: ALL API 389-33820

Effective Date: June 1, 2016

Production: X Oil X Gas X Other: all products

Owner Name and Address: COMMISSIONER OF STATE OF TEXAS GENERAL LAND 1700 CONGRESS AVENUE STEPHEN F. AUSTIN STATE AUSTIN, TX 78701-1495	OWNER NUMBER: 1093 Type of Interest: RI Decimal Interest: 0.12500000
--	--

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by 299 Resources, LLC (Payor).

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

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned. The undersigned agrees to indemnify and reimburse Payor any amount attributable to an interest to which the undersigned is not entitled.

Payor may accrue proceeds until the total amount equals \$100.00, or pay on August 31st of each year whichever occurs first, or as required by applicable state statute.

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

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

THE UNDERSIGNED HEREBY AGREES TO SAVE SAID PAYOR HARMLESS FROM AND AGAINST ALL LOSSES, COSTS, EXPENSES (INCLUDING ATTORNEY FEES) AND/OR DAMAGES THAT IT MAY SUFFER OR INCUR AS A RESULT OF PAYOR MAKING PAYMENT IN THE ABOVE MANNER.

Special Clauses: *(None or See Attached Exhibit)*

Owner(s) Signature(s): _____
COMMISSIONER OF STATE OF TEXAS

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

Owner Daytime Telephone: _____

Owner FAX Telephone #: _____

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in 31 % tax withholding and will not be refundable by Payor

NT

SIGN AND RETURN THIS ORIGINAL



9.28.16

September 16, 2016

299 Resources, LLC
950 17th Street, Suite 1050
Denver CO, 80202

Re: Winchester 57-10-1H
Block 57, Township 3, Section 10: All
T & P Railroad Company Survey
Reeves County, TX

Subject: Notice of Change of Operator and Payor
Division Order

Dear Interest Owner:

This letter serves to notify you that effective June 1, 2016, Energen Resources Corporation, assigned all of its right, title and interest in and to the above referenced well to 299 Resources LLC, and transferred operations and payor responsibilities to 299 Resources LLC ("299").

As a courtesy, 299 has left your interest within the above referenced well in a pay status. Please fill out and return the enclosed W-9 and Division Order to ensure our records are up to date.

Please refer to the enclosed **Instructions to All Interest Owners** when completing the Division Order. Should you have any questions, please contact Nathan Tobin at ntobin@kimmeridgeenergy.com or (303) 446-8084 ext. 104.

Sincerely,

Nathan Tobin
Division Order Analyst
299 Resources LLC

Enclosure: Instructions to All Interest Owners
Division Orders (Original and Copy)
W-9



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

October 20, 2016

Nathan Tobin
Division Order Analyst
299 Resources LLC
950 – 17th Street, Suite 1050
Denver, CO 80202

Re: State Lease Nos. MF112094 and MF112692 Winchester 57-10 1H

Dear Mr. Tobin:

The Texas General Land Office (GLO) has received your Division Order for the referenced unit. This Division Order has been filed in the appropriate mineral files.

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

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

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

Thank you,

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

File No. MF 112094
DIVISION Order

Date Filed: 10-20-16
George P. Bush, Commissioner
By V.H.



McELROY,
SULLIVAN,
MILLER &
WEBER, LLP

1201 Spyglass Drive, Suite 200, Austin, TX 78746 | www.msmtx.com

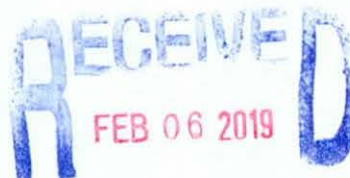
MAILING ADDRESS: P.O. Box 12127, Austin, TX 78711 | T. 512.327.8111 F. 512.327.6566

February 6, 2019

Via Hand Delivery

Ms. Joy McCauley
Energy Resources Division
Texas General Land Office
Stephen F. Austin Building, 8th Floor
1700 N. Congress Avenue
Austin, Texas 78701-1495

Re: PSA Application
PDC Permian, Inc.
Buckskin State Unit Wells
Reeves County, Texas



Dear Ms. McCauley:

Enclosed for filing is the Production Sharing Agreement for the Buckskin State Unit Wells, located in Section 10, Block 57, Township 3, T&P RR. Co. Survey, A-2464, and in Section 3, Block 57, Township 3, T&P RR. Co. Survey, A-900, Reeves County, Texas.

Also enclosed is our firm check in the amount of \$500 in payment of the application fee.

Thank you for your assistance with this PSA agreement. Please let me know if I can provide additional information regarding this application.

Respectfully submitted,

Michael E. McElroy
Attorney for PDC Permian, Inc.

MEM/nf
Enclosures

cc: Sara Davis - Sara.Davis@pdce.com

File No. M-112094

Ltr. From M/M+W County

Date Filed: 2/6/19

By George P. Bush, Commissioner



MEMORANDUM

TEXAS GENERAL LAND OFFICE • GEORGE P. BUSH • COMMISSIONER

DATE: March 5, 2019 **PSA#** 00236

TO: School Land Board

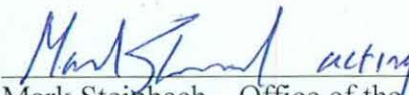
FROM: Pooling Committee

SUBJECT: Request from PDC Permian, Inc. to have the State enter into a Production Sharing Agreement for the drilling of one or more allocation wells.

- **PDC Permian, Inc.** is the operator of State Lease MF112094 and MF112692 in which the State has a royalty interest, and they are requesting that the royalty owners sign a Production Sharing Agreement, which the School Land Board has the authority to approve pursuant to Texas Natural Resources Code §52.154.
- The Production Sharing Agreement will allow the operator to drill one or more allocation wells which cross State Leases MF112094 and MF112692.
- The State's participation in the sharing wells will be based on productive lateral length from first take point to last take point.

POOLING COMMITTEE RECOMMENDATION:

The Pooling Committee recommends Board approval of the Production Sharing Agreement.


Mark Steinbach – Office of the Attorney General

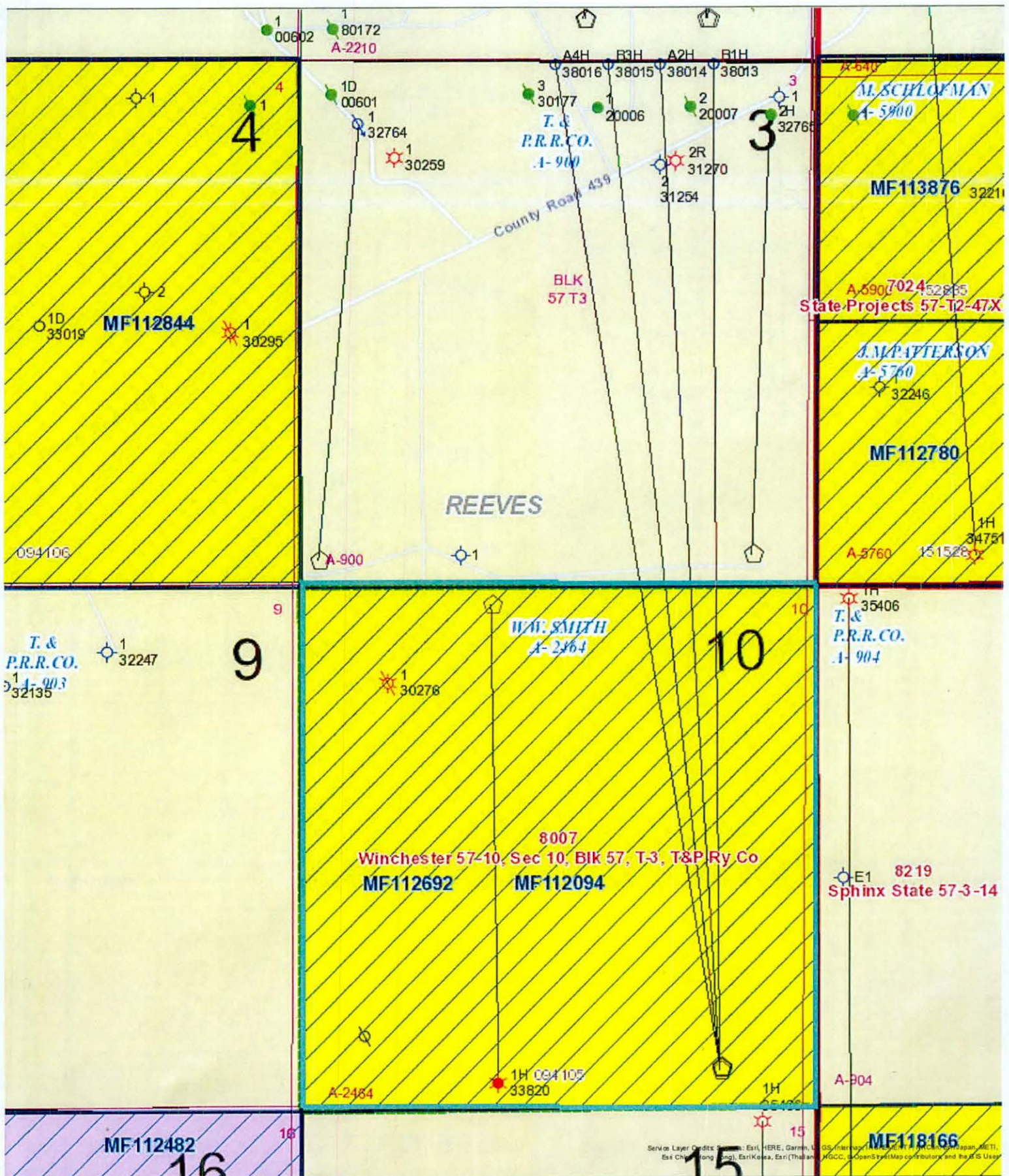
2/19/19
Date


Robert Hatter – General Land Office

2/19/19
Date


Diane Morris – Office of the Governor
STACIE BENNETT

2/19/2019
Date



GLO Land/Lease Mapping Viewer

Please review all copyright and disclaimer information from our webpage here:
<http://www.glo.texas.gov/policy/index.html>
The Texas General Land Office makes no representations or warranties regarding the accuracy or completeness of the information depicted on this map or the data from which it was produced. This map is not suitable for navigational purposes and does not purport to depict boundaries of private and public land.

0 0.175 0.35 0.7 Miles



Print Date: 2/17/2019

38

File No. M-112094

Memo to SLB County

Date Filed: 3/5/14

George P. Bush, Commissioner

By [Signature]



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

March 13, 2019

Mr. Michael E. McElroy
McElroy, Sullivan, Miller & Weber, LLP
P. O. Box 12127
Austin, Texas 78711-2127

Re: Production Sharing Agreement
PDC Permian, Inc.
Buckskin State Unit Wells
State leases M-112094 & M-112692
Reeves County, Texas

Dear Mike:

On March 5, 2019, the School Land Board of the State of Texas approved your application to have the State enter into Production Sharing Agreement ("PSA") for the referenced State Leases. Enclosed is an original of the PSA that has been executed by George P. Bush, Commissioner of the Texas General Land Office. We have retained the other original of the PSA for our files.

After a PSA Well is drilled, please provide our office with the "Allocation Factor/as completed lateral length" information and let us know what our participation in the well is going to be so we can get our lease records set up for the payment of royalties on a PSA Well.

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

Sincerely,



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

Enclosure

File No. M-112094

Ltr. to MSMJW County

Date Filed: 3/13/19

George P. Bush, Commissioner
By [Signature]

PRODUCTION SHARING AGREEMENT
Buckskin State Unit Wells

STATE OF TEXAS §
 §
COUNTY OF REEVES §

Reference is made for all purposes to the following:

- A. The leases described on Exhibit A attached hereto and made a part hereof (hereinafter collectively "the State Lands"); and
- B. The rules, regulations and definitions of the Railroad Commission of Texas applicable to Horizontal Wells.

PDC Permian, Inc. ("PDC") is the owner of the rights of the Lessee under the State Lands. PDC plans to drill horizontal wells which will cross the State Lands and also the oil and gas leasehold estates owned by PDC in the adjacent Section 3, Block 57, Township 3, T&P Ry. Co. Survey, A-900, Reeves County, Texas. A map showing the potential location for the Buckskin State wells is attached as Exhibit B for illustrative purposes only. The final location, length and number of horizontal wells might vary.

For TEN DOLLARS (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, PDC and the undersigned Lessor agree to the following:

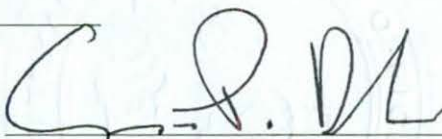
- 1. Production from a Horizontal Well shall be allocated to each of the State Lands or pooled unit or separate lease which is a drillsite tract proportionately based upon the portion of the Horizontal Well open for production and located beneath each such State Land or pooled unit or separate lease. And in the same manner, production from a Horizontal Well will be allocated to the private leases depicted on Exhibit B through which the Horizontal Well is drilled. The allocation of production to each drillsite tract shall be determined based upon the final "as completed" survey of the Horizontal Well which for each drillsite tract shall be a fraction, the denominator of which is the entire length of the Horizontal Well from the first perforation to the last perforation, and the numerator of which will be each drillsite tract's portion of the "as completed" Horizontal Well beneath that tract and located between the first and last perforations. Once allocated to each drillsite tract, proceeds shall be paid according to applicable contracts.
- 2. Operations on or production from the Horizontal Wells shall be treated as actual operations on or production from each of the State Lands.

3. Production from the Horizontal Wells shall not create any offset obligation, either expressed or implied. This agreement does not affect ownership for any other well or wells drilled or to be drilled on or under any of the State Lands.
4. This agreement shall become effective upon first production from the Horizontal Well, and thereafter remain in effect so long as there is production from or operations on the Horizontal Well in compliance with the terms of the leases or applicable instruments.

This instrument may be executed in multiple counterparts, each of which may be given the same effect as the execution of the original instrument. This agreement shall be effective for all purposes as a single instrument.

Executed to be effective as stated in Paragraph 4 above.

Date Executed: 3/12/19

By: 
George P. Bush, Commissioner
Texas General Land Office

Approved:
geology
content
legal
executive





I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 5th day of March, 2019, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter D, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the 12th day of March, 2019.


Secretary of the School Land Board

By: Stephanie Crenshaw

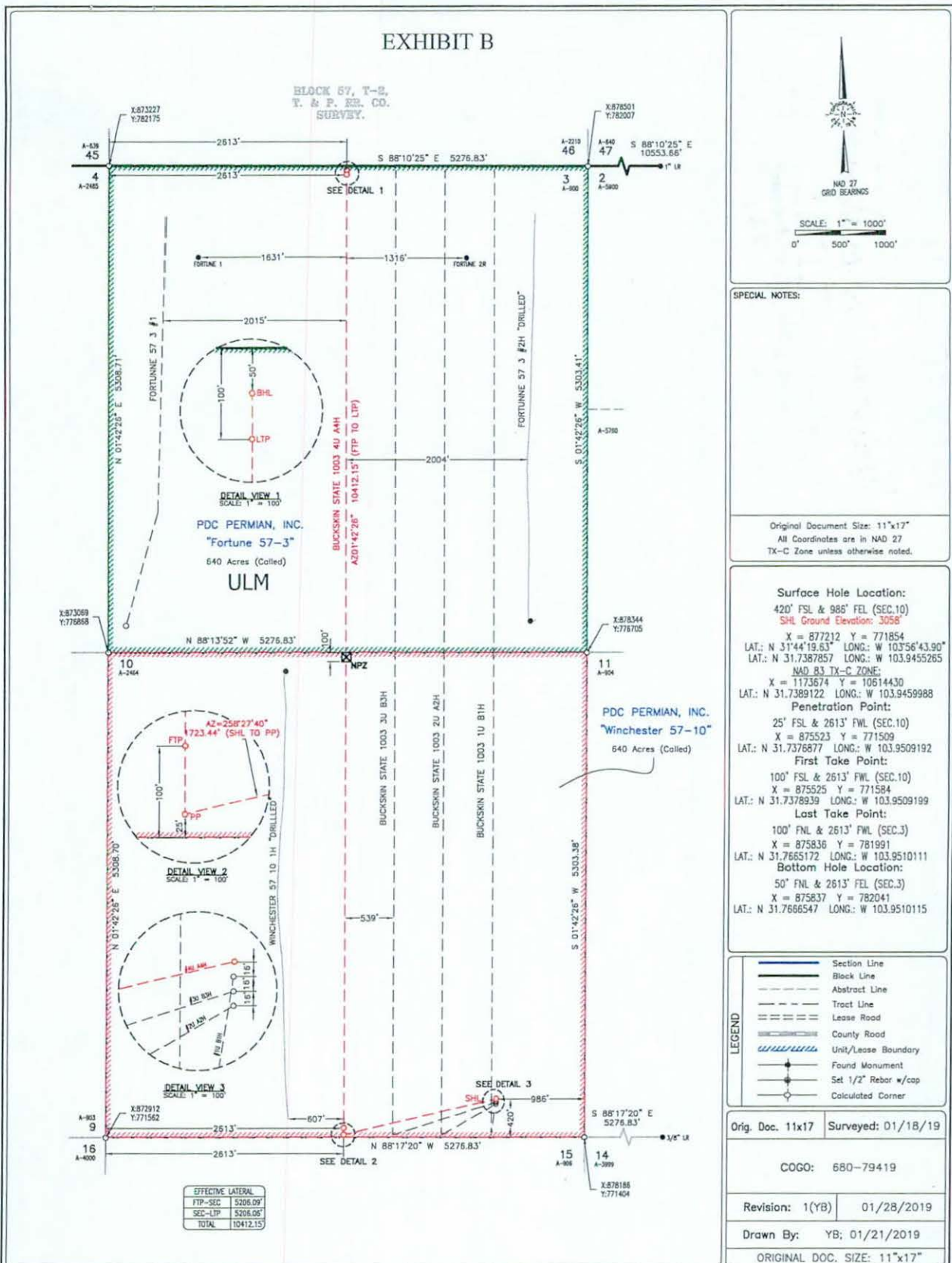
Date: 3/12/19

OIL, GAS AND MINERAL LEASES

- 3

6. Date: March 11, 2011
Lessor: The State of Texas, acting by and through its agent,
James S. Patterson and Francis L. Patterson, Trustees
of the Patterson Family Living Trust dated August 22,
2006
Lessee: Chalfant Properties, Inc.
Filing Date: April 29, 2011
Recorded: Volume 874, Page 561
7. Date: January 21, 2011
Lessor: The State of Texas, acting by and through its agent,
Brennand Energy, Ltd.
Lessee: Energen Resources Corporation
Filing Date: June 8, 2011
Recorded: Volume 881, Page 128

EXHIBIT B



CERTIFICATION:

This well location shown on this permit plat was surveyed on the ground under my direct supervision. This plat is for Texas Railroad Commission permit purpose only and should not be considered a boundary survey.

William J. Keating
Texas Reg. No. 5041



TOPOGRAPHIC
LOYALTY INNOVATION LEGACY

2903 NORTH BRD SPRING - MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 OR (800) 767-1853 • FAX (432) 682-1743
WWW.TOPOGRAPHIC.COM

TEXAS FIRM REGISTRATION NO. 10042500

FILE NAME: LO_BUCKSKIN_STATE_1003_4U_A4H_REV1



PDC
Permian, Inc.

LEASE NAME & WELL NO.:

BUCKSKIN STATE 1003 4U A4H

TOPOGRAPHY & VEGETATION:

NATURAL MESQUITE PASTURE

NEAREST TOWN IN COUNTY:

±6.32 MILES SOUTHWEST OF ORLA, TEXAS

LOCATION DESCRIPTION:

SHL/PP/FTP: SECTION 10, BLOCK 57, T-3, T. & P. R.R. CO. SURVEY A-2464
LTP/BHL: SECTION 3, BLOCK 57, T-3, T. & P. R.R. CO. SURVEY A-900

REEVES COUNTY, TEXAS

40

File No. M-112094

Production Showing Agmt. County

Date Filed: 3/13/19

By George P. Bush, Commissioner



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

August 14, 2019

CERTIFIED MAIL: 7011 1150 0001 2420 8609

Ms. Dana Atwater
Production Reporting Supervisor
PDC Energy
1775 Sherman St., #3000
Denver, CO 80203

RE: Application to Surface Commingle Oil and Gas Production from State Mineral Leases MF112094 and MF112692 (Winchester 57-10, Buckskin State 1003 1U, Buckskin State 1003 2U) in Conjunction with Railroad Commission of Texas Commingling Permit Pending in Reeves County, Texas

Dear Ms. Atwater

The Texas General Land Office (GLO) received your application, dated April 3, 2019, to surface commingle oil and gas production from and to utilize gas lift with off-lease gas on the above State Mineral Leases. GLO staff have performed an administrative and technical review of your application.

Based on your failure to respond adequately to requests for additional information sent on April 12, 2019, permission to surface commingle and to utilize gas lift with off-lease gas on the above leases is hereby denied. Your response was due on August 12, 2019.

Please ensure that all production from each and all of the above leases meets the following two conditions, which pertain to crude oil and/or condensate and to natural gas, respectively:

1. Crude oil and/or Condensate – No hydrocarbons produced in a liquid form at the mouth of a well, nor any other liquid hydrocarbons recovered from oil or gas run through separation equipment, are combined with the production from any other lease and/or unit into (a) a common manifold and/or separator, (b) common storage, or (c) a common gathering system or pipeline.
2. Natural Gas – No hydrocarbons, nor other gaseous substances produced at the mouth of a well, that are not defined as crude oil and/or condensate are combined with the production from any other lease and/or unit into (a) a common manifold and/or separator, (b) common storage, (c) a common gathering system or pipeline, (d) a common gas treatment plant/facility, or (e) a common natural gas processing plant.

Please recall that the scope of commingling extends from the wellhead up to and including the point(s) of final title or custody transfer to a non-affiliated third party.

Finally, please be advised that GLO is providing a copy of this letter to the Railroad Commission of Texas and that any commingling permit granted by them for Exception to Statewide Rules (SWR) 26 and/or 27 associated with the above leases may be deemed voided. Furthermore, any surface commingling or gas lift that occurs on the above leases in the absence of GLO permission represents a breach of your State leases, and may make the leases subject to forfeiture as well.

If you have further questions, please feel free to contact me at tom.ortiz@glo.texas.gov or 512-463-5296.

Sincerely

A handwritten signature in blue ink, appearing to read "Thomas M. Ortiz", with a stylized flourish at the end.

Thomas Manuel Ortiz, Ph.D., P.E.
Petroleum Engineer

TMO/tmo

cc: Dale Sump, Director of Minerals Audit
Darlene Williams, Railroad Commission of Texas

Tom Ortiz

From: Tom Ortiz
Sent: Wednesday, June 19, 2019 12:30 PM
To: Dana.Atwater@pdce.com
Cc: Robert Hatter; Mark.Seligman@pdce.com
Subject: FW: PDC Energy Commingling Applications

Dana

Please have someone from your office schedule a time to meet with me before this revised deadline of August 12 that was granted by the Chief Clerk of the General Land Office (see below). I can probably answer most, if not all, of the questions by phone if you can put me in touch with an engineer.

Thanks

Tom

From: Tom Ortiz
Sent: Wednesday, June 19, 2019 12:24 PM
To: drew@stalwarttexas.com
Cc: Robert Hatter <Robert.Hatter@GLO.TEXAS.GOV>; Mark Havens <Mark.Havens@GLO.TEXAS.GOV>
Subject: PDC Energy Commingling Applications

Mr. DeBerry

I received a message that you intervened on behalf of PDC Energy regarding six surface commingling applications that are pending with the General Land Office. These applications were granted a deadline extension by the Chief Clerk and are now all due on Monday, August 12, 2019.

I would like to encourage a technical staff member from PDC Energy to contact me as soon as possible so that the company can successfully revise their applications and get them approved. I have already offered several times to meet with PDC, and they have not yet firmly scheduled a time. I will be out of the office starting June 28 and will return on July 10, and it can take several weeks for a company to make application revisions, depending on how familiar they are with the process.

The applications in question are as follows:

PDC Energy RRC Pending MF112094 MF112692
PDC Energy RRC 8128 MF119287 MF119288 MF117056 Etc
PDC RRC Pending MF116248 MF116245 MF116249 Etc
PDC Energy RRC Pending MF112407 MF112819 MF117960 Etc
PDC RRC Pending MF112687 MF118449 MF113522 Etc
PDC Energy RRC 8215 8349 MF116609 MF116834 MF116835 Etc

Tom

Thomas Manuel Ortiz, Ph.D., P.E.
Petroleum Engineer
Texas General Land Office

Tom Ortiz

From: Tom Ortiz
Sent: Friday, April 12, 2019 10:03 AM
To: 'Dana Atwater'
Cc: Robert Hatter
Subject: Request for Information - PDC Energy RRC Pending MF112094 MF112692
Attachments: RFI - PDC Energy RRC Pending MF112094 MF112692.pdf; GLO July 2018 Allocation Training.pdf

Ms. Atwater

I have reviewed your application, dated April 3, 2019, to surface commingle State Mineral Leases MF112094 and MF112692 (Winchester 57-10, Buckskin State 1003 1U, Buckskin State 1003 2U).

Attached is a list of requests which I need you to respond to so that I can continue the application process. Please respond by Wednesday, June 12, 2019. If I do not receive an adequate response by that date, I will administratively deny the application, which includes notifying the Railroad Commission of Texas. Please refer to the GLO surface commingling Web site at <http://www.glo.texas.gov/energy-business/oil-gas/mineral-leasing/commingling/index.html> for guidelines and a sample application.

Thank you for your assistance.

Tom

Thomas Manuel Ortiz, Ph.D., P.E.
Petroleum Engineer
Energy Resources
Texas General Land Office
tom.ortiz@glo.texas.gov
512-463-5296

Request for Information

PDC Energy RRC Pending MF112094 MF112692

1. Please demonstrate that the Winchester gas allocation meter GM2 captures combined gas from Sep1 and VRT1 in order to ensure that gas allocation is consistent with oil allocation measurement at T1.
2. Please demonstrate that all lift gas is diverted downstream of the gas allocation meters on all leases to ensure that lift gas can be subtracted by component from the allocation meter quantities to provide correct allocation based on the in situ reservoir gas production.
3. Please ensure that all meters are shown on your process flow diagrams. There are separator meters mentioned in your narrative which do not appear on your diagrams.
4. Please demonstrate that the Fortune gas allocation meter GM2 captures combined gas from Sep1 and HT1 in order to ensure that gas allocation is consistent with oil allocation measurement at T1.
5. Please clarify whether the Buckskin State lease is actually commingled with Winchester and Fortune. Your lease table includes Buckskin State, but no other information in the narratives or process flow diagrams refers to it. Moreover, your block gas and power diagram refers to the Old Monarch State lease as being commingled with Winchester and Fortune, and the three appear to tie into a larger system. Please include an isolation valve to prevent this additional commingling, or else expand the scope of commingling to include all relevant leases.
6. Please revise your oil and gas allocation examples to provide correct and complete calculations. Your oil example does not appear to conserve mass. Your gas example does not appear to include actual calculations, but rather only input data for use in calculations. Please see the attached presentation which includes examples of these calculations.



Corporate Office
1775 Sherman Street, #3000
Denver, Colorado 80203
www.pdce.com

April 3, 2019

Mr. Tom Ortiz
Texas General Land Office
PO Box 12873
Austin, TX 78711-2873

RE: Request for Permission to Commingle State Leases and Installation of Gas Lift

To whom it may concern,

PDC Permian, Inc. (P5# 646832) respectfully request permission to commingle the following leases at the Fortune CDP Gas Gathering System; and requests permission to install Gas Lift (now, or in the near future) on the same state leases listed. Commingling will allow us to operate most efficiently, and minimize both the size and cost of the gas sales batteries. Operating these wells on Gas Lift will enhance and stabilize the performance of these wells.

Fortune 57-3 2H	RRC Lease ID #42005
Winchester 57-10 1H	RRC Lease ID #283358
Buckskin State 1003 1U A1H	Drilling Permit #849376; proposed for future drilling.
Buckskin State 1003 2U B2H	Drilling Permit #849377; proposed for future drilling.

Our systems provide discrete processing for each well routing production to the commingled batteries. Included are flow diagrams and narratives that will disclose the steps taken to ensure proper routing, separation and measurements prior to commingling. These documents also provide the same information on the routing, separation and measurements of the gas from each well selling through the Fortune CDP gas gathering system.

Enclosed you will find the following articles:

- GLO Lease Tables
- Process Flow Diagram for the Fortune CDP Gas Gathering System
- Process Flow Diagrams for each battery
- Process Narratives for each battery
- Allocation Examples

Should you have any questions or concerns regarding these applications you can contact me at 432-262-8438 or Dana.Atwater@pdce.com.

Sincerely,

Dana Atwater
Production Reporting Supervisor
PDC Permian, Inc.

PROCESS NARRATIVE – FORTUNE CDP GAS GATHERING SYSTEM

WINCHESTER 57-10-1H

All gross production from the Winchester 57-10-1H lease flows from the wellhead directly through the two-phase separator, sending the gas to a gas line (which contains a check meter); and sending oil and water to a separate lines leading oil and water through a three-phase separator equipped with oil and water meters, separating any excess gas and sending to the gas line. Gas is then sent to either a flare meter (if flare is necessary), or to the gas sales line that is a shared common point with another lease, and allocated back based on the gas check meter at each individual well.

Oil

Oil is produced from the Winchester 57-10-1H lease only. It is not commingled with any other lease. The oil is flowed through a separator SEP1 and heater treater HT1 where water is removed and routed to water lines. After separation, the oil stored, and measured by gauging in tanks T1 until ready to sell; then is truck hauled to the purchaser, Andeavor.

Gas

After leaving the 3-Phase SEP1, produced gas is routed to the Gas Lift Compressor and measured through GM3 for injection, when needed. The remaining produced gas is sent down the gas line and measured using an orifice plate meter GM2. If the gas gathering system pressure is low enough, the gas will then commingle into the gas sales line to the Fortune CDP gathering system where it then sells to the purchaser, Energy Transfer. However, if the sales line pressure is too high, back pressure valves located after SEP1 will route the remaining gas to an orifice plate (flare gas check) meter FL1, where it will be measured using an orifice plate meter GM1.

Water

Gross production of water is sent through the separator SEP1 and heater treater HT1 to the water line and stored in tank T2. Water is pumped P1 and measured by a turbine meter WM2 and sent via pipeline to Fortune 57-3 SWD for disposal.

Process Narrative – Fortune CDP Gas Gathering System

FORTUNE 57-3-2H

All gross production from the Fortune 57-3-2H flows from the wellhead directly through a three-phase separator, separating the oil, water and gas to separate lines to storage, or sales. The oil is routed to a heater treater where excess water is removed and routed to the water line. Excess gas from the heater treater is sent to flare. When the produced gas leaves the three-phase separator, it is then sent to either flare or to sales, depending on the line pressure to the gas line. If the line pressure is low enough to sell, the produced gas is measured by an orifice plate meter before going to the gas sales line which is commingled with one (1) other single-well lease, and allocated back based on the gas check meters at each individual well.

OIL

Oil is produced from the Fortune 57-3-2H lease only. The oil is not commingled with any other leases. The produced liquids flow through a separator SEP1 and heater treater HT1 where water is removed and routed to water line. After leaving the heater treater, the oil is stored in the tanks T1 and measured by gauging until ready to sell; then is truck hauled to the purchaser, Andeavor.

GAS

Gross production is routed from SEP1 to the gas line where it is either sent to flare, or to sales. If the gathering system line pressure is low enough, the gas will flow to the orifice plate meter (sales check) GM2 where it will be measured, then commingled into to the gas sales line to the Fortune CDP gathering system where it will be sold to the purchaser, Energy Transfer. If the gathering system line pressure is too high, the produced gas is routed and measured at the orifice plate meter GM1, and then flared.

WATER

Gross water production is routed from the heater treater HT1 to storage tanks where it is measured. From there the water is pumped P1 through the vortex check meter WM1 and piped to the Fortune 57-3- 1D SWD where it is disposed.

All Volumes Reported at Standard Conditions (14.65 psia, 60 F)

Gross Production

Lease	Oil (bbl)	Gas (MCF)
Fortune 57-3-2H	Not Commingled for Oil.	311.23
Winchester 57-10-1H	Not Commingled for Oil.	10,388.77
SALES TOTAL	NA	10,700.00

Gas Analysis

	Fortune 57-3-1H	Winchester 57-10-1H
Methane (C1):	77.5364	77.5364
Ethane (C2):	11.3383	11.3383
Propane (C3):	5.0998	5.0998
i-Butane (iC4):	0.7867	0.7867
n-Butane (nC4):	1.7121	1.7121
i-Pentane (iC5):	0.3788	0.3788
n-Pentane (nC5):	0.3947	0.3947
H2S:	0.0000	0.0000
CO2:	0.0999	0.0999
Nitrogen:	0.6166	0.6166
H2O:	1.7407	1.7407
Oxygen, O2	0.0000	0.0000
Helium, He	0.0000	0.0000
Total	100.0000	99.7040

Assumed Heavy Ends

Component	Mole Fraction	
Hexane (C6):	0.2960	0.2960
Heptane (C7):	0.0000	0.0000
Octane (C8):	0.0000	0.0000
Nonane (C9):	0	0
Decane (C10):	0	0

GROSS PRODUCTION					
Lease	Gross Production (bbls)	Oil Sales (bbls)	Allocation Factor	Allocated Oil	Inventory
Fortune 57-3-2H	314.77	376.07	100.00%	314.77	314.87
Totals	314.77	376.07	100.00%	314.77	314.87

GROSS PRODUCTION					
Lease	Gross Production (bbls)	Oil Sales (bbls)	Allocation Factor	Allocated Oil	Inventory
Winchester 57-10-1H	2,760.11	2,667.98	100.00%	2,760.11	1,075.58
Totals	2,760.11	2,667.98	100.00%	2,760.11	1,075.58

Stream Properties	Gross Production (MCF)	Gross Produced Energy Content (MMBTU) [Total Gross Heating Value x Gross Production]	Allocation Factor
Fortune 57-3-2H	311.23	390.35	0.03
Winchester 57-10-1H	10,388.77	13,029.65	0.97
Total	10,700.00	13,420.00	1.00

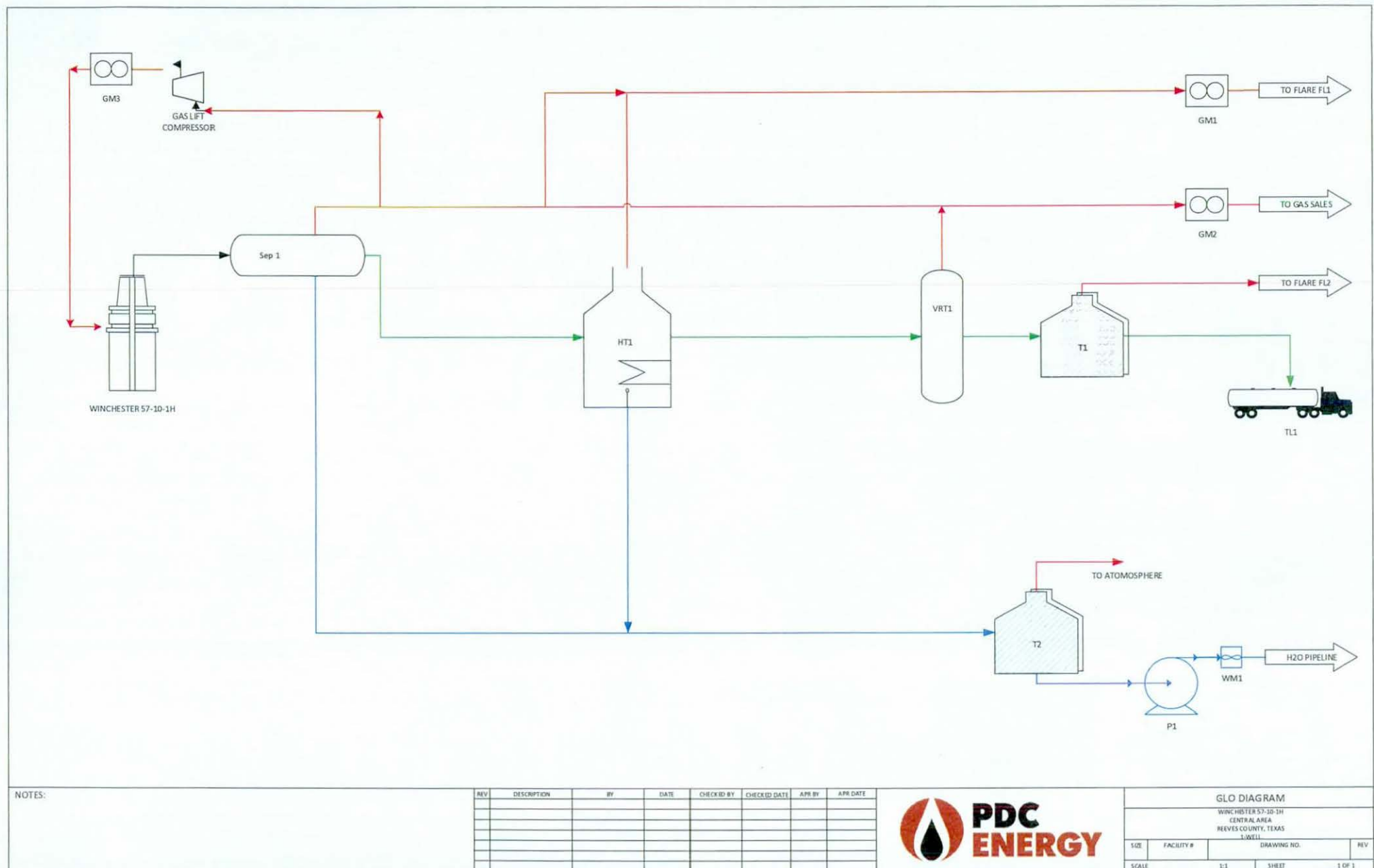
Fortune 57-3-2H			Winchester 57-10-1H	
Component	Mole Fraction	Gross Heating Value (BTU/ft ³) [Note 1]	Mole Fraction	Gross Heating Value (BTU/ft ³) [Note 1]
Methane, C1	80.57500	1010.00000	78.71900	1010.00000
Ethane, C2	9.78300	1769.70000	10.86400	1769.70000
Propane, C3	4.83700	2516.10000	4.82700	2516.10000
Isobutane, iC4	0.62800	3251.90000	0.76600	3251.90000
Butane, nC4	1.64800	3262.30000	1.73900	3262.30000
Isopentane, iC5	0.39500	4000.90000	0.50600	4000.90000
Pentane, nC5	0.48800	4008.70000	0.57500	4008.70000
Hexane Plus, nC6+	0.83800	5129.22000	1.14800	5129.22000
Hydrogen Sulfide, H2S	0.00000	637.10000	0.00000	637.10000
Carbon Dioxide, CO2	0.16800	0.00000	0.20600	0.00000
Nitrogen, N2	0.64000	0.00000	0.65000	0.00000
Oxygen, O2	0.00000	0.00000	0.00000	0.00000
Helium, He	0.00000	0.00000	0.00000	0.00000
Total	100.00000	1248.80000	100.00000	1272.20000

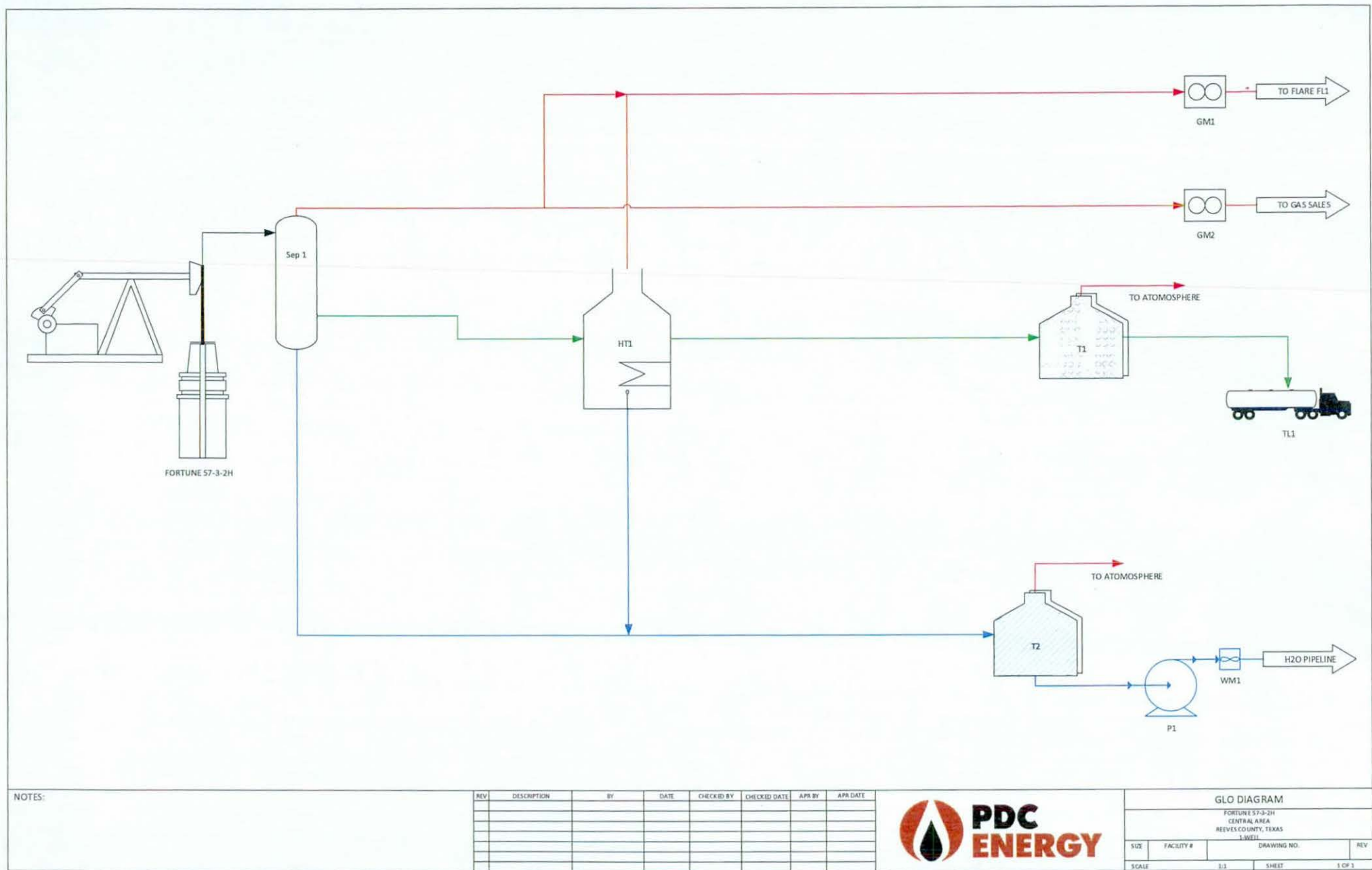
Notes

1. Component Heating Values taken from GPA Midstream Standard 2145-16

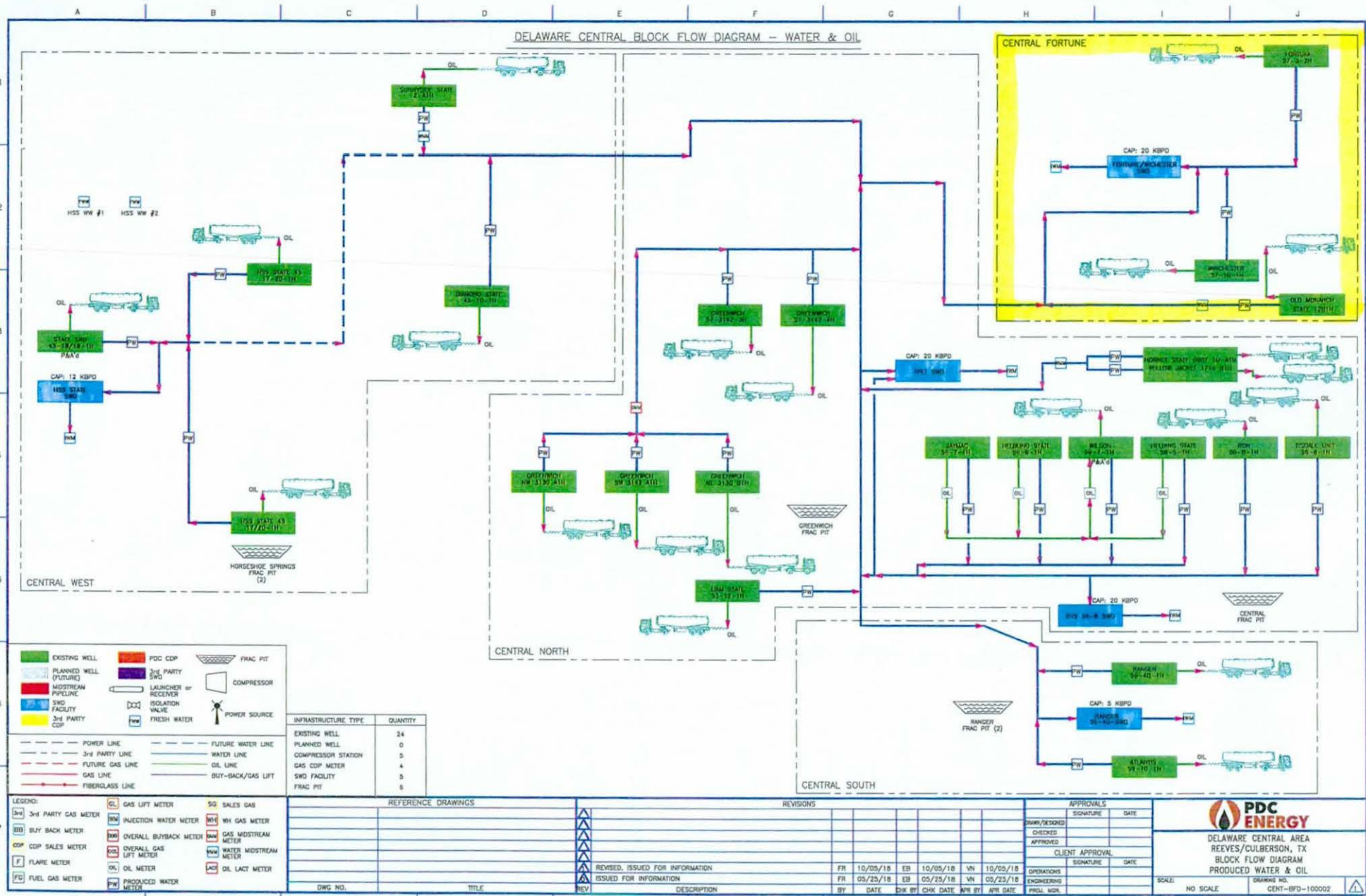
Constants

ft³ per Mcf 1000
Btu per MMBTU 1000000





FILE PATH: \\L:\PROJECTS\DELTA\DELTA BLOCK FLOW DIAGRAMS\DELTA-BFD-100002.DWG 8/12/2018 10:47 AM



REPORTS OIL PRODUCTION ON FORM PR AND EACH STATE LEASE IS EQUIPPED WITH AN OIL AND GAS SEPARATOR WITH OIL AND GAS SEPARATELY METERED BEFORE COMMINGLING WITH OTHER LEASES.

P-17 RRC Request Status	Lease Commingle Facility Name	RRC Field Name	RRC Lease Name	RRC Well No.	SEE NOTE 3			RRC Lease Form P4 Operator	RRC Lease Type (Oil/Gas)	RRC Well Status	SEE NOTE 1		SEE NOTE 2	
					RRC Lease/ID No.	Wellbore 10 Digit API No.					State Mineral Lease No.	GLO or Private Unit Name (If Unitized)	GLO Unit No.	State Mineral Lease or Unit Net Royalty Interest
N/A	Central Fortune Gas Gathering	Two Georges (Bone Spring)	Fortune 57-3	2H	42005	38932765	PDC Permian, Inc	Gas	Producing	N/A	N/A	N/A	0.000000	
N/A	Central Fortune Gas Gathering	Phantom (Wolfcamp)	Winchester 57-10	1H	283358	38933820	PDC Permian, Inc	Gas	Producing	MF112094 MF112692	Winchester 57-10, Sec 10, Blk 57, T-3 T&P Ry Co	8007	0.125000	
N/A	Central Fortune Gas Gathering	Phantom (Wolfcamp)	Buckskin State 1003 1U	A1H	N/A	N/A	N/A	N/A	N/A	MF112094 MF112692	N/A	N/A	0.062500	
N/A	Central Fortune Gas Gathering	Phantom (Wolfcamp)	Buckskin State 1003 2U	B2H	N/A	N/A	N/A	N/A	N/A	MF112094 MF112692	N/A	N/A	0.062500	
					SEE NOTE 3						SEE NOTE 1			SEE NOTE 2

NOTES:

1. ENTER THE STATE MINERAL LEASE NUMBER WHERE THE PRODUCTIVE FIELD INTERVAL OF THE WELL IS LOCATED WITHIN THE PHYSICAL BOUNDARY OF THE LEASE. IF, DUE TO DEPTH LIMITATIONS, SEVERAL LEASES EXIST WITHIN A COMMON WELLBORE, THEN ENTER THE MINERAL LEASE NUMBER FOR THE PRODUCING FIELD INTERVAL. IF THE WELLBORE OF A HORIZONTAL WELL OR DIRECTIONAL WELL TRAVERSES MULTIPLE STATE MINERAL LEASES THEN ENTER EACH STATE MINERAL LEASE ASSOCIATED WITH THE PRODUCING FIELD INTERVAL IN ORDER FROM THE HEAL (FIRST TAKE POINT) TO THE TOE (LAST TAKE POINT) OF THE WELL AND ENTER THE GLO UNIT NAME, NUMBER, AND UNIT NRI IN THE APPROPRIATE COLUMNS.
2. ENTER THE STATE MINERAL LEASE INTEREST UNLESS THE WELL IS ASSOCIATED WITH A GLO POOLED UNIT THEN ENTER THE POOLED UNIT NET ROYALTY INTEREST.
3. IF RRC LEASE ID PENDING ASSIGNMENT THEN ENTER "DP" FOLLOWED BY THE RRC DRILLING PERMIT NO. FOR THE COMPLETED INTERVAL.

File No. MF 112094

Reeves County

Commingle Denial

Date Filed: 8/14/2019

George P. Bush, Commissioner
By Thomas M. [Signature]



Information for processing an Internal Non Unit Transaction (iNut)
Length of Lateral

iNut No. 10245

GENERAL INFORMATION

Name of Well: Buckskin State 1003 1U # B 1H API # 42-389-38013
Name of Operator: PDC Permian, Inc. RRC # 08-8349376
Operator Contact Person: Linh Hoang Phone: 303-318-6144
Counties: Reeves

ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Rylty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
RAL	8007/MF112094	9936	4798	0.09375000	0.12500000	0.36216787	0.04527098
RAL	8007/MF112692	9936	4798	0.03125000	0.12500000	0.12072262	0.01509033
Totals:						0.48289050	0.06036131
Effective Date: <u>02/01/2019</u>							State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any:

Comments:

•

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: JM Alamo updated by: JM WI updated by: JM
RAM approval by: VD GIS updated by: VD

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

INU190001

Unit Number 10245

Operator Name PDC Permian, Inc.

Effective Date 02/01/2019

Customer ID C000088142

Unitized For Oil And Gas

Unit Name Buckskin State 1003 1U # B 1H

Unit Term

County 1 Reeves RRC District 1 08

Old Unit Number Inactive Status Date

County 2 RRC District 2

County 3 RRC District 3

County 4 RRC District 4

Unit type iNut

State Net Revenue Interest Oil 0.06036131

State Part in Unit 0.48289050

Unit Depth Allow All Depths Well

From Depth Formation

To Depth Participation Basis Length of Lateral

If Exclusions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF112094		0.000000	0.000000	0.36216787	O/G	0.12500000	0.04527098	No
MF112692		0.000000	0.000000	0.12072262	O/G	0.12500000	0.01509033	No

API Number

4238938013

Remarks:

Prepared By:

GLO Base Updated By:

RAM Approval By:

GIS By:

Well Inventory By:

Prepared Date:

GLO Base Date:

RAM Approval Date:

GIS Date:

WI Date:

08/26/2019

08/26/2019

8/26/2019

9/17/2019

08/26/2019

Pooling Committee Report

To: School Land Board

INU190001

Date of Board Meeting:

Unit Number: 10245

Effective Date: 02/01/2019

Unit Expiration Date:

Applicant: PDC Permian, Inc.

Attorney Rep:

Operator: Pdc Permian, Inc.

Unit Name: Buckskin State 1003 1U # B 1H

Field Name: PHANTOM (WOLFCAMP)

County: Reeves

<u>Lease Type</u>	<u>Lease Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres In Unit</u>	<u>Royalty Participation</u>
RAL	MF112094	0.12500000	10/04/2013	3 years	480.000000	0.000000	0.04527098
RAL	MF112692	0.12500000	03/11/2016	5 years	266.700000	0.000000	0.01509033

Private Acres:	0.000000
State Acres:	0.000000
Total Unit Acres:	0.000000

Participation Basis:	Length of Lateral
Surface Acreage	
State Acreage:	48.29%
State Net Revenue Interest:	6.04%

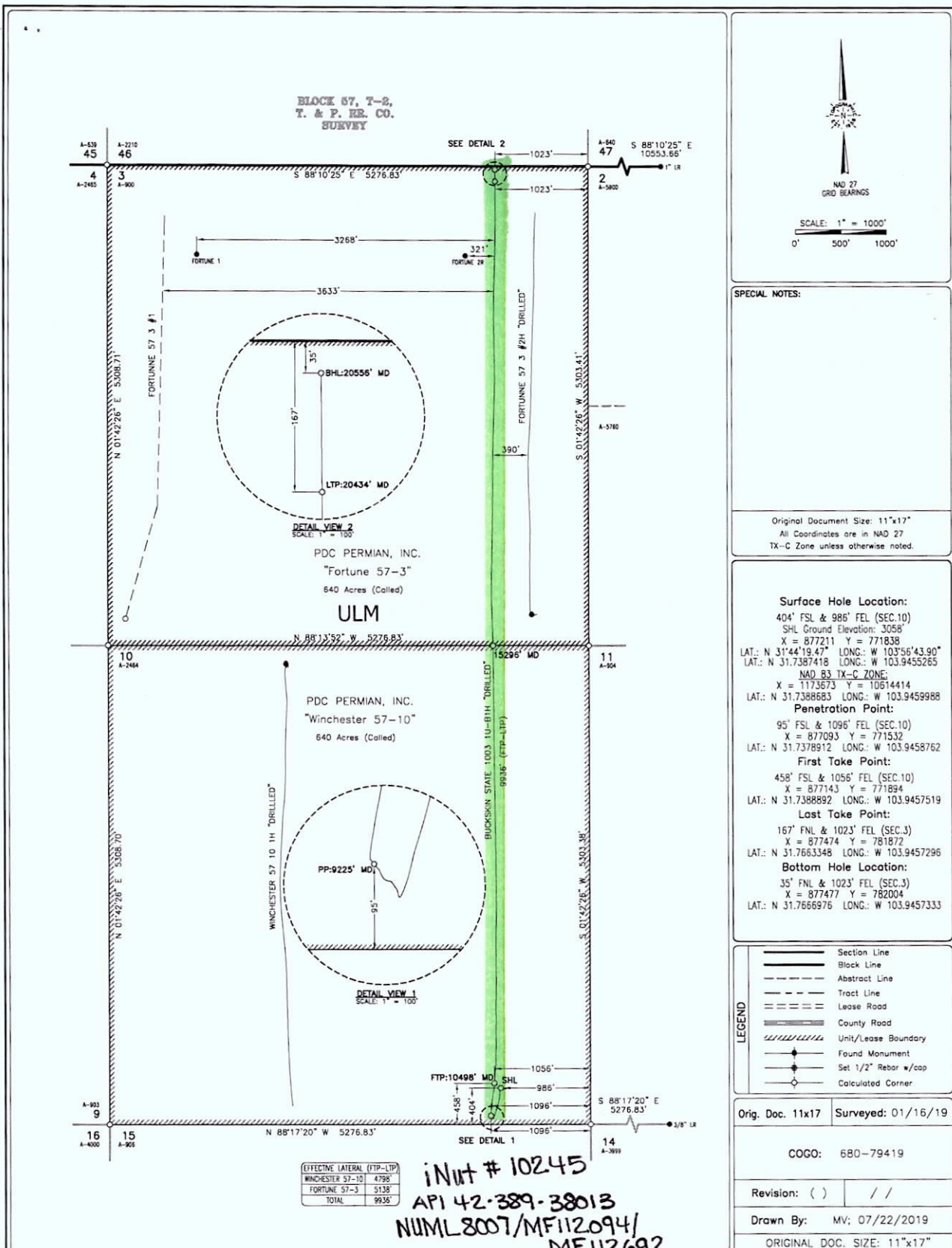
Unit Type: **Unitized for:**

iNut Oil And Gas

Term:

RRC Rules: **Spacing Acres:**

No



CERTIFICATION:

This well location shown on this permit plat was surveyed under my direct supervision. All As-Complete information provided by client. This plat is for Texas Railroad Commission permit purpose only and should not be considered a boundary survey.

Signature Date:
07/23/19

William J. Keating
Texas Reg. No. 5041



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2903 NORTH BIG SPRING - MIDLAND, TEXAS 79705
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Texas FIRM Registration NO. 10042500

FILE NAME: AC_BUCKSKIN_STATE_1003_1U_B1H



PDC
Permian, Inc.

LEASE NAME & WELL NO.:

BUCKSKIN STATE 1003 1U B1H "AS-COMplete"

NEAREST TOWN IN COUNTY:

±6.32 MILES SOUTHWEST OF ORLA, TEXAS

LOCATION DESCRIPTION:

SHL/PP/FTP: SECTION 10, BLOCK 57, T-3, T. & P. R.R. CO. SURVEY A-2464

LTP/BHL: SECTION 3, BLOCK 57, T-3, T. & P. R.R. CO. SURVEY A-900

REEVES COUNTY, TEXAS

File No. MF112094
Reeves County
iNut 10245
Date Filed: 09/12/2019
By Jm George P. Bush, Commissioner



Information for processing an Internal Non Unit Transaction (iNut)
Length of Lateral

iNut No. 10246

GENERAL INFORMATION

Name of Well: Buckskin State 1003 2U # A 2H API # 42-389-38014
Name of Operator: PDC Permian, Inc. RRC # 08-849377
Operator Contact Person: Linh Hoang Phone: 303-318-6144
Counties: Reeves

ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Ryty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
RAL	8007/MF112094	10047	4849	0.09375000	0.12500000	0.36197372	0.04524672
RAL	8007/MF112692	10047	4849	0.03125000	0.12500000	0.12065791	0.01508224
Totals:						0.48263163	0.06032895
Effective Date: <u>03/01/2019</u>							State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any:

Comments:

•

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: _____ Alamo updated by: _____ WI updated by: _____

RAM approval by: VD GIS updated by: VD

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

INU190001

Unit Number 10246
Operator Name PDC Permian, Inc. **Effective Date** 03/01/2019
Customer ID C000088142 **Unitized For** Oil And Gas
Unit Name Buckskin State 2003 2U # A 2H **Unit Term**
County 1 Reeves **RRC District 1** 08 **Old Unit Number** **Inactive Status Date**
County 2 **RRC District 2**
County 3 **RRC District 3**
County 4 **RRC District 4**
Unit type iNut
State Net Revenue Interest Oil 0.06032895
State Part in Unit 0.48263163
Unit Depth Allow All Depths **Well**
From Depth **Formation**
To Depth **Participation Basis** Length of Lateral
If Excluions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF112094		0.000000	0.000000	0.36197372	O/G	0.12500000	0.04524672	No
MF112692		0.000000	0.000000	0.12065791	O/G	0.12500000	0.01508224	No

API Number

4238938014

Remarks:

Prepared By:

GLO Base Updated By:

RAM Approval By:

GIS By:

Well Inventory By:

Prepared Date:

GLO Base Date:

RAM Approval Date:

GIS Date:

WI Date:

Pooling Committee Report

To: School Land Board

INU190001

Date of Board Meeting:

Unit Number: 10246

Effective Date: 03/01/2019

Unit Expiration Date:

Applicant: PDC Permian, Inc.

Attorney Rep:

Operator: Pdc Permian, Inc.

Unit Name: Buckskin State 2003 2U # A 2H

Field Name: PHANTOM (WOLFCAMP)

County: Reeves

<u>Lease Type</u>	<u>Lease Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres In Unit</u>	<u>Royalty Participation</u>
RAL	MF112094	0.12500000	10/04/2013	3 years	480.000000	0.000000	0.04524672
RAL	MF112692	0.12500000	03/11/2016	5 years	266.700000	0.000000	0.01508224

Private Acres:	0.000000
State Acres:	0.000000
Total Unit Acres:	0.000000

<u>Participation Basis:</u>	Length of Lateral
Surface Acreage	
<u>State Acreage:</u>	48.26%
<u>State Net Revenue Interest:</u>	6.03%

Unit Type: Unitized for:

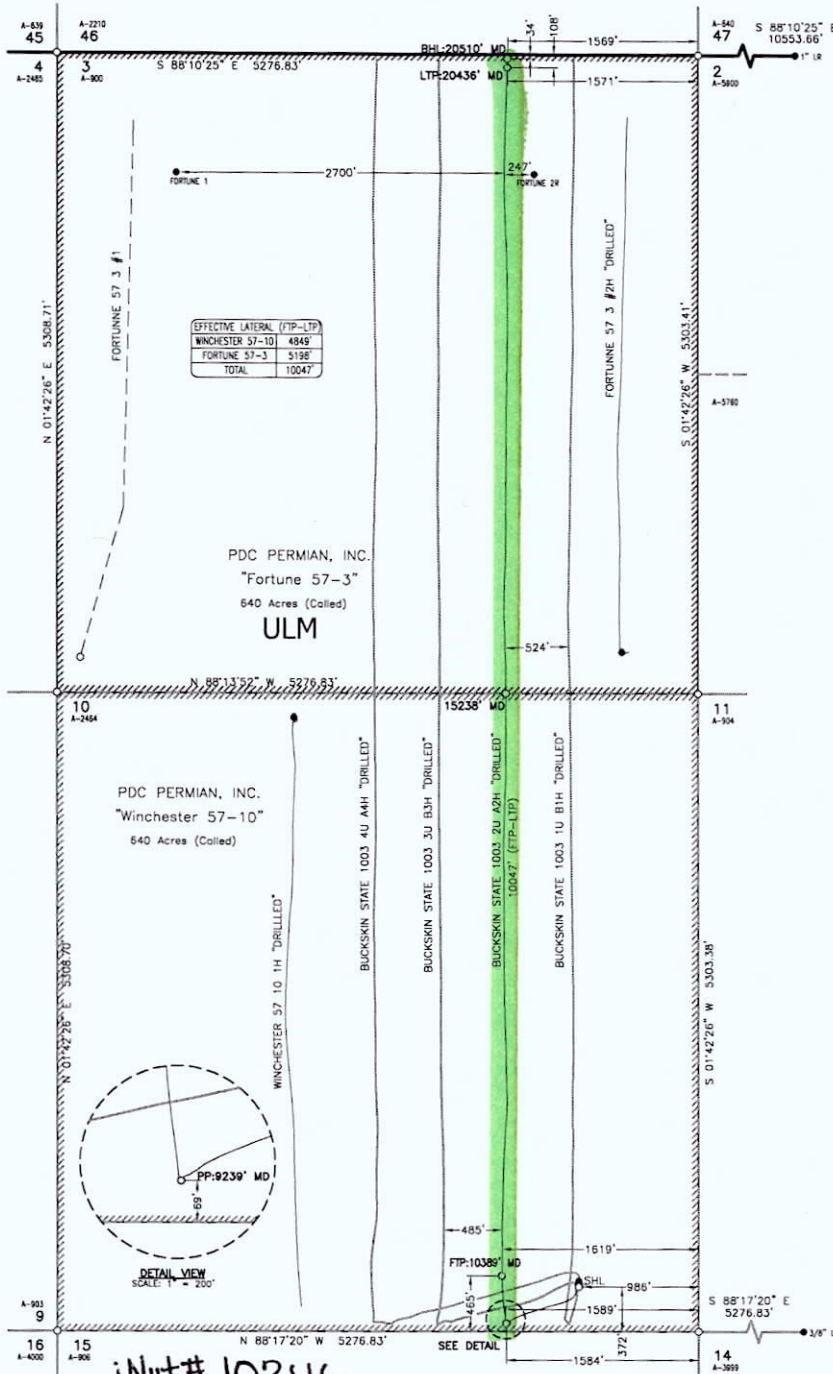
iNut Oil And Gas

Term:

RRC Rules: Spacing Acres:

No

BLOCK 57, T-2,
T. & P. RR. CO.
SURVEY.



iNut# 10246
API 42-389-38014
NUML 8007/MF 112094/
MF 112692



SCALE: 1" = 1000'
0' 500' 1000'

SPECIAL NOTES:

Original Document Size: 11"x17"
All Coordinates are in NAD 27
TX-C Zone unless otherwise noted.

Surface Hole Location:

372' FSL & 986' FEL (SEC.10)
SHL Ground Elevation: 3058
X = 877210 Y = 771806
LAT.: N 31°44'19.15" LONG.: W 103°56'43.89"
LAT.: N 31.7386536 LONG.: W 103.9455260

NAD 83 TX-C ZONE:

X = 1173672 Y = 10614382
LAT.: N 31.7387801 LONG.: W 103.9459983

Penetration Point:

69' FSL & 1584' FEL (SEC.10)
X = 876505 Y = 771521
LAT.: N 31.7378177 LONG.: W 103.9474438

First Take Point:

465' FSL & 1619' FEL (SEC.10)
X = 876580 Y = 771917
LAT.: N 31.7389043 LONG.: W 103.9475632

Last Take Point:

108' FNL & 1571' FEL (SEC.3)
X = 876927 Y = 781948
LAT.: N 31.7664960 LONG.: W 103.9474962

Bottom Hole Location:

34' FNL & 1569' FEL (SEC.3)
X = 876932 Y = 782022
LAT.: N 31.7666993 LONG.: W 103.9474888

LEGEND

- Section Line
- Block Line
- Abstract Line
- Tract Line
- Lease Road
- County Road
- Unit/Lease Boundary
- Found Monument
- Set 1/2" Rebar w/cap
- Calculated Corner

Orig. Doc. 11x17

Surveyed: 01/18/19

COGO: 680-79419

Revision: () / /

Drawn By: MV: 07/22/2019

ORIGINAL DOC. SIZE: 11"x17"

CERTIFICATION:

This well location shown on this permit plat was surveyed under my direct supervision. All As-Complete information provided by client. This plat is for Texas Railroad Commission permit purpose only and should not be considered a boundary survey.

Signature Date:
07/23/19

William J. Keating
Texas Reg. No. 5041



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WWW.TOPOGRAPHIC.COM

Texas FIRM Registration No. 10042500

FILE NAME: AC_BUCKSKIN_STATE_1003_2U_A2H

PDC
Permian, Inc.

LEASE NAME & WELL NO.:

BUCKSKIN STATE 1003 2U A2H "AS-COMPLETE"

NEAREST TOWN IN COUNTY:

±6.33 MILES SOUTHWEST OF ORLA, TEXAS

LOCATION DESCRIPTION:

SHL/PP/FTP: SECTION 10, BLOCK 57, T-2, T. & P. R.R. CO. SURVEY A-2464
LTP/BHL: SECTION 3, BLOCK 57, T-2, T. & P. R.R. CO. SURVEY A-900
REEVES COUNTY, TEXAS

File No. MF112094
Reenes County
inut 10246
Date Filed: 09/12/2019
By George P. Bush, Commissioner
JP



Information for processing an Internal Non Unit Transaction (iNut)
Length of Lateral

iNut No. 10247

GENERAL INFORMATION

Name of Well: Buckskin State 1003 3U # B 3H API # 42-389-38015
Name of Operator: PDC Permian, Inc. RRC # 08-849378
Operator Contact Person: Linh Hoang Phone: 303-318-6144
Counties: Reeves

ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Ryty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
RAL	8007/MF112094	10071	4913	0.09375000	0.12500000	0.36587727	0.04573466
RAL	8007/MF112692	10071	4913	0.03125000	0.12500000	0.12195909	0.01524489
Totals:						0.48783636	0.06097955
Effective Date: <u>04/01/2019</u>							State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any:

Comments:

•
Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: _____ Alamo updated by: _____ WI updated by: _____

RAM approval by: VD GIS updated by: VR

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

INU190001

Unit Number 10247
Operator Name PDC Permian, Inc. Effective Date 04/01/2019
Customer ID C000088142 Unitized For Oil And Gas
Unit Name Buckskin State 1003 3U # B 3H Unit Term
County 1 Reeves RRC District 1 08 Old Unit Number Inactive Status Date
County 2 RRC District 2
County 3 RRC District 3
County 4 RRC District 4
Unit type iNut
State Net Revenue Interest Oil 0.06097955
State Part in Unit 0.48783636
Unit Depth Allow All Depths Well
From Depth Formation
To Depth Participation Basis Length of Lateral
If Exclusions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF112094		0.000000	0.000000	0.36587727	O/G	0.12500000	0.04573466	No
MF112692		0.000000	0.000000	0.12195909	O/G	0.12500000	0.01524489	No

API Number

Remarks:

Prepared By:

GLO Base Updated By:

RAM Approval By:

GIS By:

Well Inventory By:

Prepared Date:

GLO Base Date:

RAM Approval Date:

GIS Date:

WI Date:

Pooling Committee Report

To: School Land Board

INU190001

Date of Board Meeting:

Unit Number: 10247

Effective Date: 04/01/2019

Unit Expiration Date:

Applicant: PDC Permian, Inc.

Attorney Rep:

Operator: Pdc Permian, Inc.

Unit Name: Buckskin State 1003 3U # B 3H

Field Name: PHANTOM (WOLFCAMP)

County: Reeves

<u>Lease Type</u>	<u>Lease Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres In Unit</u>	<u>Royalty Participation</u>
RAL	MF112094	0.12500000	10/04/2013	3 years	480.000000	0.000000	0.04573466
RAL	MF112692	0.12500000	03/11/2016	5 years	266.700000	0.000000	0.01524489

Private Acres:	0.000000
State Acres:	0.000000
Total Unit Acres:	0.000000

Participation Basis:	Length of Lateral
Surface Acreage	
State Acreage:	48.78%
State Net Revenue Interest:	6.10%

Unit Type: **Unitized for:**

iNut Oil And Gas

Term:

RRC Rules: **Spacing Acres:**

No

A-539
45
A-245

A-2210
46
A-900

S 88°10'25" E 5276.83'

BHL-20712 MD

LTP-20643 MD

21.36'

21.37'

148'

775'

FORTUNE 1

FORTUNE 28

FORTUNE 57 3 #2H "DRILLED"

21.37'

S 01°42'26" E 5308.71'

A-540
47
A-5800

S 88°10'25" E 10553.66'

1" LR

PDC PERMIAN, INC.
"Fortune 57-3"
640 Acres (Called)

ULM

N 88°13'52" W 5276.83'

10
A-246A

15485' MD

WINCHESTER 57 10 1H "DRILLED"

BUCKSKIN STATE 1003 4U 44H "DRILLED"

BUCKSKIN STATE 1003 3U B3H "DRILLED"

10074' (FTP-LTP)

BUCKSKIN STATE 1003 2U 42H "DRILLED"

BUCKSKIN STATE 1003 1U B1H "DRILLED"

PDC PERMIAN, INC.
"Winchester 57-3"
640 Acres (Called)

11
A-904

S 01°42'26" W 5303.38'

553'

484'

2102'

2116'

985'

398'

FTP-10572 MD

SHL

374'

PP-9286 MD

2123'

71'

N 88°17'20" W 5276.83'

A-903
9
A-4300

16
A-4300

15
A-906

S 88°17'20" E 5276.83'

14
A-3999

S 88°17'20" E 5276.83'

3/8" U

File No. MF 112094

44.

Reeves County

iNut 10247

Date Filed: 09/12/2019

By George P. Bush, Commissioner
gmb



Information for processing an Internal Non Unit Transaction (iNut)
Length of Lateral

iNut No. 10248

GENERAL INFORMATION

Name of Well: Buckskin State 1003 4U # A 4H API # 42-389-38016
Name of Operator: PDC Permian, Inc. RRC # 08-849378
Operator Contact Person: Linh Hoang Phone: 303-318-6144
Counties: Reeves

ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Rylyty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
RAL	8007/MF112094	10116	4916	0.09375000	0.12500000	0.36447212	0.04555902
RAL	8007/MF112692	10116	4916	0.03125000	0.12500000	0.12149071	0.01518634
Totals:						0.48596283	0.06074535
Effective Date: <u>04/01/2019</u>							State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any:

Comments:

•

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: Jm Alamo updated by: Jm WI updated by: Jm
RAM approval by: VD GIS updated by: VR

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

INU190001

Unit Number 10248
Operator Name PDC Permian, Inc. Effective Date 05/01/2019
Customer ID C000088142 Unitized For Oil And Gas
Unit Name Buckskin State 1003 4U # A 4H Unit Term
County 1 Reeves RRC District 1 08 Old Unit Number Inactive Status Date
County 2 RRC District 2
County 3 RRC District 3
County 4 RRC District 4
Unit type iNut
State Net Revenue Interest Oil 0.06074535
State Part in Unit 0.48596283
Unit Depth Allow All Depths Well
From Depth Formation
To Depth Participation Basis Length of Lateral
If Exclusions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF112094		0.000000	0.000000	0.36447212	O/G	0.12500000	0.04555902	No
MF112692		0.000000	0.000000	0.12149071	O/G	0.12500000	0.01518634	No

API Number

4238938016

Remarks:

Prepared By:

GLO Base Updated By:

RAM Approval By:

GIS By:

Well Inventory By:

Prepared Date:

GLO Base Date:

RAM Approval Date:

GIS Date:

WI Date:

08/27/2019

08/27/2019

8/27/2019

9/17/2019

08/27/2019

Pooling Committee Report

To: School Land Board

INU190001

Date of Board Meeting:

Unit Number: 10248

Effective Date: 05/01/2019

Unit Expiration Date:

Applicant: PDC Permian, Inc.

Attorney Rep:

Operator: PDC Pemian, Inc.

Unit Name: Buckskin State 1003 4U # A 4H

Field Name: PHANTOM (WOLFCAMP)

County: Reeves

<u>Lease Type</u>	<u>Lease Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres In Unit</u>	<u>Royalty Participation</u>
RAL	MF112094	0.12500000	10/04/2013	3 years	480.000000	0.000000	0.04555902
RAL	MF112692	0.12500000	03/11/2016	5 years	266.700000	0.000000	0.01518634

Private Acres:	0.000000
State Acres:	0.000000
Total Unit Acres:	0.000000

<u>Participation Basis:</u>	Length of Lateral
Surface Acreage	
<u>State Acreage:</u>	48.60%
<u>State Net Revenue Interest:</u>	6.07%

Unit Type: Unitized for:

iNut

Oil And Gas

Term:

RRC Rules: Spacing Acres:

No

File No. MF 112094
Reeves County
iNut 10248
Date Filed: 09/12/2019
George P. Bush, Commissioner
By Jm



✓ MF112094 + MF112692

NADOA MODEL FORM DIVISION ORDER(Adopted 9/95)

DIVISION ORDER

To: PDC Permian, Inc. d/b/a PDC Energy, Inc.
1775 Sherman Street, Suite 3000
Denver, CO 80203
Attn: Division Orders (888) 860-5836 or DODept@pdce.com

Date: October 15, 2019
Operator: PDC Permian, Inc.
County/State: Reeves County, TX

Owner Number: 79006

Owner Name: Commissioner Of State Of Texas

Interest Type: ERI

FOR WELLS AND DECIMAL INTERESTS, SEE "EXHIBIT A" ATTACHED HERETO AND MADE A PART HEREOF.

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by **PDC Permian, Inc. d/b/a PDC Energy, Inc.** (Payor).

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

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned. The undersigned agrees to indemnify and reimburse Payor any amount attributable to an interest to which the undersigned is not entitled.

Payor may accrue proceeds until the total amount equals \$25.00, or pay yearly whichever occurs first, or as required by applicable state statute.

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

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

Special Clauses & Requirements:

Owner(s) Signature(s): _____

Owner(s) Printed Name(s): _____

Owner(s) Social Security OR
Tax I.D. Number(s) _____

Owner(s) Phone No(s): _____

Owner(s) Email Address(es): _____

Address: Commissioner Of State Of Texas General Land Office
1700 Congress Ave
Austin, TX 0

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in a 24% withholding and will not be refundable by Payor.

Retain this copy for your records

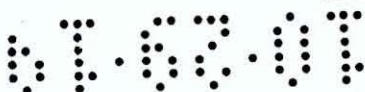


EXHIBIT A TO DIVISION ORDER DATED 10/15/2019

Owner No. 79006 Commissioner Of State Of Texas General Land Office
Interest Type: ERI

Effective Date	Property Number	Property Name	Decimal Interest	Spacing Description
Date of First Sales	142.105302	<i>INut 10245 MF112094 MF112692</i> Buckskin State 1003 1U B1H	0.06036131 ✓	Block 57, Sections 3 & 10
Date of First Sales	142.105303	<i>INut 10246</i> Buckskin State 1003 2U A2H	0.06032895 ✓	Block 57, Sections 3 & 10
Date of First Sales	142.105322	<i>INut 10247</i> Buckskin State 1003 3U B3H	0.06097955 ✓	Block 57, Sections 3 & 10
Date of First Sales	142.105323	<i>INut 10248</i> Buckskin State 1003 4U A4H	0.06074535 ✓	Block 57, Sections 3 & 10

61-63-07



Corporate Office
1775 Sherman Street, #3000
Denver, Colorado 80203
303.860.5800
www.pdce.com

October 15, 2019

**Re: Division Orders for the Newly Producing Buckskin State Wells
Reeves County, TX**

****See Exhibit A for a list of wells.**

Dear Interest Owner:

PDC Permian, Inc. d/b/a PDC Energy ("PDC") is the operator of the above referenced well, which was completed and began producing.

PDC's review of Reeves County, TX records indicate that you own an interest in this well. We are aware that government agencies are not required to execute Division Orders; however, we are sending you a copy so you can verify the information and notify us if there is a problem.

If you have general Division Order questions, please visit our website at www.pdce.com/division-orders. If you have questions pertaining to revenue or revenue checks, please contact PDC's Revenue Department in our Bridgeport Office at (304) 842-3597. Otherwise, changes in ownership or address and any other questions can be directed to Owner Relations at (888) 860-5836 or DODept@pdce.com.

Sincerely,

Linh Hoang

A handwritten signature in blue ink that reads "Linh Hoang".

Division Order Analyst IV

Enclosures

61-62-01



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

February 3, 2020

Linh Hoang
Division Order Analyst
PDC Permian, Inc.
1775 Sherman Street, Suite 3000
Denver, Colorado 80203

Re: State Lease Nos. MF112094 and MF112692 Buckskin State 1003 1U B1H iNut 10245,
Buckskin State 1003 2U A2H iNut 10246, Buckskin State 1003 3U B3H
iNut 10247 and Buckskin State 1003 4U A4H iNut 10248

Dear Mrs. Hoang:

The Texas General Land Office (GLO) has received your Division Order for the referenced Unit. This Division Order has been filed in the appropriate mineral file(s).

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

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

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

Thank you,

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

File No. MF 112094

46

Reeves County

DIVISION ORDER

Date Filed: 2/5/2020

George P. Bush, Commissioner

By 



PDC PERMIAN
P.O. BOX 26
BRIDGEPORT, WV 26330

Page 1 of 1

VENDOR NAME	VENDOR NO	CHECK DATE	CHECK NO	AMOUNT
COMMISSIONER OF STATE OF TEXAS	1010003239	12/16/2020	500475	\$7,756.64

REFERENCE	INVOICE DATE	INVOICE NUMBER	INVOICE AMOUNT	AMOUNT PAID
1900014308	12/10/2020	121020CKQ	7,756.64	7,756.64
PAYMENT MF112094D				

- Buckskin State 1003 SU ASH
Well location damage

X
161

21703498

PAYEE: DETACH THIS STATEMENT BEFORE DEPOSITING



District Office
6301 Holiday Hill Rd.
Building 3C, Suite 100
Midland, TX 79707
P: 432.279.1980
www.pdce.com

December 16, 2020

Commissioner of the State of Texas
General Land Office
Attn: Daryl Morgan
1700 Congress Ave
Austin, Texas 78701

**Return
This Copy**

RE: **Surface Damages – Oil and Gas Lease Dated 1-21-11**
GLO Lease MF112094D
Buckskin State 1003 5U A5H (Buckskin 10P Pad)
Section 10, Block 57, Township 3, T&P Ry. Co. Survey
Reeves County, Texas

Dear Mr. Morgan

As successor-in-interest to the above referenced lease please accept **check No. 500475** in the amount of **seven thousand, seven hundred fifty-six & 64/100 dollars (\$7,756.64)** in hand as surface damages for the above referenced agreement, payment breakdown is as follows per Exhibit A of the lease at the 2020 compounded schedule rate:

- 350' x 350' Well Location: \$15,513.28 x 50% undivided interest = \$7,756.64

Please acknowledge your receipt hereof and return one copy to the undersigned using the postage paid envelope provided.

If you have any questions or concerns please feel free to contact Glen Morrison at (432) 557-2682 or via email Glen.Morrison@pdce.com.

ACKNOWLEDGED AND SIGNED

On this _____ day of _____, 2020

By: Daryl Morgan

For: Commissioner of the State of Texas, General Land Office

Sincerely
PDC PERMIAN, INC.


Ashley Castaneda
Land Technician



District Office
6301 Holiday Hill Rd.
Building 3C, Suite 100
Midland, TX 79707
P: 432.279.1980
www.pdce.com

December 16, 2020

Commissioner of the State of Texas
General Land Office
Attn: Daryl Morgan
1700 Congress Ave
Austin, Texas 78701

RE: **Surface Damages – Oil and Gas Lease Dated 1-21-11**
GLO Lease MF112094D
Buckskin State 1003 5U A5H (Buckskin 10P Pad)
Section 10, Block 57, Township 3, T&P Ry. Co. Survey
Reeves County, Texas

Dear Mr. Morgan

As successor-in-interest to the above referenced lease please accept **check No. 500475** in the amount of **seven thousand, seven hundred fifty-six & 64/100 dollars (\$7,756.64)** in hand as surface damages for the above referenced agreement, payment breakdown is as follows per Exhibit A of the lease at the 2020 compounded schedule rate:

- 350' x 350' Well Location: \$15,513.28 x 50% undivided interest = \$7,756.64

Please acknowledge your receipt hereof and return one copy to the undersigned using the postage paid envelope provided.

If you have any questions or concerns please feel free to contact Glen Morrison at (432) 557-2682 or via email Glen.Morrison@pdce.com.

ACKNOWLEDGED AND SIGNED

On this _____ day of _____, 2020

By: Daryl Morgan
For: Commissioner of the State of Texas, General Land Office

Sincerely
PDC PERMIAN, INC.


Ashley Castaneda
Land Technician

File No. MF112094

Reeves County

Surface Damage Pmt

Date Filed: 7/12/2021

George P. Bush, Commissioner

By: V.R.

15.50.50



PDC PERMIAN
P.O. BOX 26
BRIDGEPORT, WV 26330

Page 1 of 1

VENDOR NAME	VENDOR NO	CHECK DATE	CHECK NO	AMOUNT
COMMISSIONER OF STATE OF TEXAS	1010003239	12/16/2020	500474	\$3,668.20

REFERENCE	INVOICE DATE	INVOICE NUMBER	INVOICE AMOUNT	AMOUNT PAID
1900014309	12/10/2020	121020CKQA	3,668.20	3,668.20

PAYMENT MF112094D

- Buckskin State Road Damage payment

X
161

21703497

PAYEE: DETACH THIS STATEMENT BEFORE DEPOSITING



District Office
6301 Holiday Hill Rd.
Building 3C, Suite 100
Midland, TX 79707
P: 432.279.1980
www.pdce.com

December 16, 2020

Commissioner of the State of Texas
General Land Office
Attn: Daryl Morgan
1700 Congress Ave
Austin, Texas 78701

**Return
This Copy**

RE: **Surface Damages, Road – Oil and Gas Lease Dated 1-21-11**
GLO Lease MF112094D
Buckskin State 1003 Unit
Section 10, Block 57, Township 3, T&P Ry. Co. Survey
Reeves County, Texas

Dear Mr. Morgan

As successor-in-interest to the above referenced lease please accept **check No. 500474** in the amount of **three thousand, six hundred and sixty-eight & 20/100 dollars (\$3,668.20)** in hand as surface damages for the above referenced agreement, payment breakdown is as follows per Exhibit A of the lease at the 2020 compounded schedule rate:

- New Caliche Road: 189.18 rods x \$38.78/rod x 50% undivided interest = \$3,668.20

Please acknowledge your receipt hereof and return one copy to the undersigned using the postage paid envelope provided.

If you have any questions or concerns please feel free to contact Glen Morrison at (432) 557-2682 or via email Glen.Morrison@pdce.com.

ACKNOWLEDGED AND SIGNED

On this ____ day of _____, 2020

By: Daryl Morgan
For: Commissioner of the State of Texas, General Land Office

Sincerely
PDC PERMIAN, INC.

Ashley Castaneda
Land Technician



District Office

6301 Holiday Hill Rd.
Building 3C, Suite 100
Midland, TX 79707
P: 432.279.1980
www.pdce.com

December 16, 2020

Commissioner of the State of Texas
General Land Office
Attn: Daryl Morgan
1700 Congress Ave
Austin, Texas 78701

RE: **Surface Damages, Road – Oil and Gas Lease Dated 1-21-11**
GLO Lease MF112094D
Buckskin State 1003 Unit
Section 10, Block 57, Township 3, T&P Ry. Co. Survey
Reeves County, Texas

Dear Mr. Morgan

As successor-in-interest to the above referenced lease please accept **check No. 500474** in the amount of **three thousand, six hundred and sixty-eight & 20/100 dollars (\$3,668.20)** in hand as surface damages for the above referenced agreement, payment breakdown is as follows per Exhibit A of the lease at the 2020 compounded schedule rate:

- New Caliche Road: 189.18 rods x \$38.78/rod x 50% undivided interest = \$3,668.20

Please acknowledge your receipt hereof and return one copy to the undersigned using the postage paid envelope provided.

If you have any questions or concerns please feel free to contact Glen Morrison at (432) 557-2682 or via email Glen.Morrison@pdce.com.

ACKNOWLEDGED AND SIGNED

On this ____ day of _____, 2020

By: Daryl Morgan
For: Commissioner of the State of Texas, General Land Office

Sincerely
PDC PERMIAN, INC.

Ashley Castaneda
Ashley Castaneda
Land Technician

File No. MF112094Reeves CountySurface Damage PmtDate Filed: 7/12/2021

George P. Bush, Commissioner

108

15.50.50



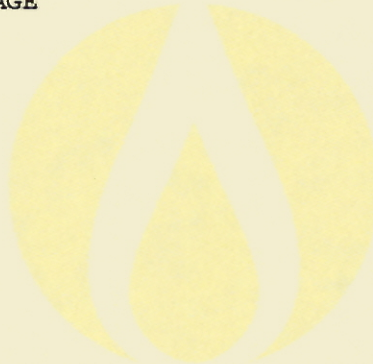
PDC PERMIAN
P.O. BOX 26
BRIDGEPORT, WV 26330

20711020

Page 1 of 1

VENDOR NAME	VENDOR NO	CHECK DATE	CHECK NO	AMOUNT
COMMISSIONER OF STATE OF TEXAS	1010003239	07/15/2020	500410	\$85.95

REFERENCE	INVOICE DATE	INVOICE NUMBER	INVOICE AMOUNT	AMOUNT PAID
1900009433	07/14/2020	071420	85.95	85.95
MF112094D UTILITY LI NE DAMAGE				



161



MF112094

PAYEE: DETACH THIS STATEMENT BEFORE DEPOSITING



District Office
6301 Holiday Hill Road
Building 3C, Suite 100
Midland, TX 79707
Phone: (432) 279-1980
www.pdce.com

July 22, 2020

Commissioner of the State of Texas
General Land Office
Attn: Daryl Morgan
1700 Congress Ave
Austin, Texas 78701

**Return
This Copy**

RE: **Surface Damages – Oil and Gas Lease Dated 1-21-11**
GLO Lease MF112094D
Section 10, Block 57, Township 3, T&P Ry. Co. Survey
Reeves County, Texas

Dear Mr. Morgan,

As successor-in-interest to the above referenced lease please accept **check No. 500410** in the amount of **eighty-five & 95/100 dollars (\$85.95)** in hand as surface damages for the above referenced agreement, payment breakdown is as follows per Exhibit A of the lease at the 2020 compounded schedule rate:

- Utility Line Right of Way: 13.43 rods x 25.60/rod x 50% undivided int. x 50% State Lands = \$85.95

Please acknowledge your receipt hereof and return one copy to the undersigned using the postage paid envelope provided.

If you have any questions or concerns please feel free to contact Glen Morrison at (432) 557-2682 or via email Glen.Morrison@pdce.com.

ACKNOWLEDGED AND SIGNED

On this _____ day of _____, 2020

By: **Daryl Morgan, Representative**
For: **Commissioner of the State of Texas, General Land Office**

Sincerely

PDC PERMIAN, INC.

A handwritten signature in black ink, appearing to read "Ashley Castaneda".

Ashley Castaneda
Land Technician



District Office
6301 Holiday Hill Road
Building 3C, Suite 100
Midland, TX 79707
Phone: (432) 279-1980
www.pdce.com

July 22, 2020

Commissioner of the State of Texas
General Land Office
Attn: Daryl Morgan
1700 Congress Ave
Austin, Texas 78701

RE: Surface Damages – Oil and Gas Lease Dated 1-21-11
GLO Lease MF112094D
Section 10, Block 57, Township 3, T&P Ry. Co. Survey
Reeves County, Texas

Dear Mr. Morgan,

As successor-in-interest to the above referenced lease please accept check No. 500410 in the amount of eighty-five & 95/100 dollars (\$85.95) in hand as surface damages for the above referenced agreement, payment breakdown is as follows per Exhibit A of the lease at the 2020 compounded schedule rate:

- Utility Line Right of Way: 13.43 rods x 25.60/rod x 50% undivided int. x 50% State Lands = \$85.95

Please acknowledge your receipt hereof and return one copy to the undersigned using the postage paid envelope provided.

If you have any questions or concerns please feel free to contact Glen Morrison at (432) 557-2682 or via email Glen.Morrison@pdcc.com.

ACKNOWLEDGED AND SIGNED

On this ____ day of _____, 2020

By: Daryl Morgan, Representative
For: Commissioner of the State of Texas, General Land Office

Sincerely
PDC PERMIAN, INC.

A handwritten signature in black ink that reads "Ashley Castaneda".

Ashley Castaneda
Land Technician

00457

49.

File No. MF112094

Reeves County

Surface Damage Pmt

Date Filed: 7/12/2021

George P. Bush, Commissioner

V2

LEEDE OPERATING COMPANY, L.L.C.

June 20, 2022

Via USPS Tracking Number

USPS TRACKING #
& CUSTOMER
RECEIPT

9114 9022 0078 9681 9602 84

For Tracking or inquiries go to USPS.com
or call 1-800-222-1811.

Waterbridge Operating LLC
Attn: Dustin Droll, Staff Landman
303 West Wall Street
Suite 700
Midland, TX 79701

Re: Produced Water Spill
Proposed Damage Fees
PDC's Buckskin Wells
Block 57, Township 3, T & P R.R. Co. Survey
Section 10: All
Reeves County, Texas
M-1377

Dear Dustin:

We have received several notices from Waterbridge advising COLT Development, L.L.C. and Roca Development, L.L.C. that there was a Produced Water Spill on the surface of the subject mineral classified lands in which COLT and Roca each own an undivided interest.

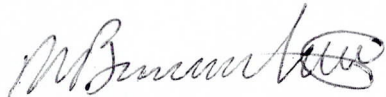
In the subject notices there was no explanation as to what has transpired, but merely checks attempting to compensate us for damages to the surface. We would like to know how large of a spill occurred and a detailed explanation of any remediation that was done. This should include, if excavations of soil were done, depth removed and tests done on the soil to confirm all contaminants were removed. Once we have reviewed the detailed explanations from Waterbridge and the operator, PDC Energy, we will consider the damage fees (how they were calculated) as final settlement.

Inasmuch as in the past, PDC as operator of the subject wells, has a history of and been reluctant to settle surface damages with all of the parties entitled to surface damages, we are copying both PDC and the General Land Office of the State of Texas to be certain the State of Texas was adequately compensated for damages, if applicable, as these are mineral classified lands.

Waterbridge Operating LLC
June 20, 2022
Page Two

If you have any questions or concerns, please do not hesitate to contact me.

Very truly yours,



Rusty Brusenhan
Land Manager

RLB:amb

Cc's:

The General Land Office of the State of Texas
Stephen F. Austin Building
Attn: Ned Polk
1700 North Congress Avenue
Austin, TX 78701-1495

PDC Energy
Attn: Mark Seligman, Land Supervisor
1775 Sherman Street
Suite 3000
Denver, CO 80203





File No. 112094

County

Ltr from Leede Operating

Date Filed: 01/08/22

George P. Bush, Commissioner

By: [Signature]



Information for processing an Internal Non Unit Transaction (iNut) Length of Lateral

iNut No. 12293

GENERAL INFORMATION

Name of Well: Buckskin State 1003 5U # A 5H API # 42-389-39081
 Name of Operator: PDC Permian, Inc. RRC # 08-863649
 Operator Contact Person: Linh Hoang Phone: 303-318-6144
 Counties: Reeves

ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Rylyty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
RAL	8007/MF112094	10084	4894	0.09375000	0.12500000	0.36399246	0.04549906
RAL	8007/MF112692	10084	4894	0.03125000	0.12500000	0.12133082	0.01516635
Totals:						0.48532328	0.06066541
Effective Date:	<u>02/01/2021</u>						State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any:

Comments:

- Final as drilled plat submitted by the operator on December 6, 2022 in email from Michael Weaver.

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: Jm Alamo updated by: Jm WI updated by: Jm
 RAM approval by: JD GIS updated by: [Signature]

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

INUT230001

Unit Number 12293
Operator Name PDC Permian, Inc. Effective Date 02/01/2021
Customer ID C000088142 Unitized For Oil And Gas
Unit Name Buckskin State 1003 5U # A 5H Unit Term
County 1 Reeves RRC District 1 08 Old Unit Number Inactive Status Date
County 2 RRC District 2
County 3 RRC District 3
County 4 RRC District 4
Unit type iNut
State Net Revenue Interest Oil 0.06066541
State Part in Unit 0.48532328
Unit Depth Specified Depths Well
From Depth Formation
To Depth Participation Basis Length of Lateral
If Exclusions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF112094		0.000000	0.000000	0.36399246	O/G	0.12500000	0.04549906	No
MF112692		0.000000	0.000000	0.12133082	O/G	0.12500000	0.01516635	No

API Number

4238939081

Remarks:

Prepared By:

GLO Base Updated By:

RAM Approval By:

GIS By:

Well Inventory By:

Prepared Date:

GLO Base Date:

RAM Approval Date:

GIS Date:

WI Date:

01/06/2023

01/06/2023

01/06/2023

02/27/2023

01/06/2023

Pooling Committee Report

To: School Land Board

INUT230001

Date of Board Meeting:

Unit Number: 12293

Effective Date: 02/01/2021

Unit Expiration Date:

Applicant: PDC Permian, Inc.

Attorney Rep:

Operator: PDC Pemian, Inc.,

Unit Name: Buckskin State 1003 5U # A 5H

Field Name: PHANTOM (WOLFCAMP)

County:

Reeves

<u>Lease Type</u>	<u>Lease Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres In Unit</u>	<u>Royalty Participation</u>
RAL	MF112094	0.12500000	10/04/2013	3 years	480.000000	0.000000	0.04549906
RAL	MF112692	0.12500000	03/11/2016	5 years	266.700000	0.000000	0.01516635

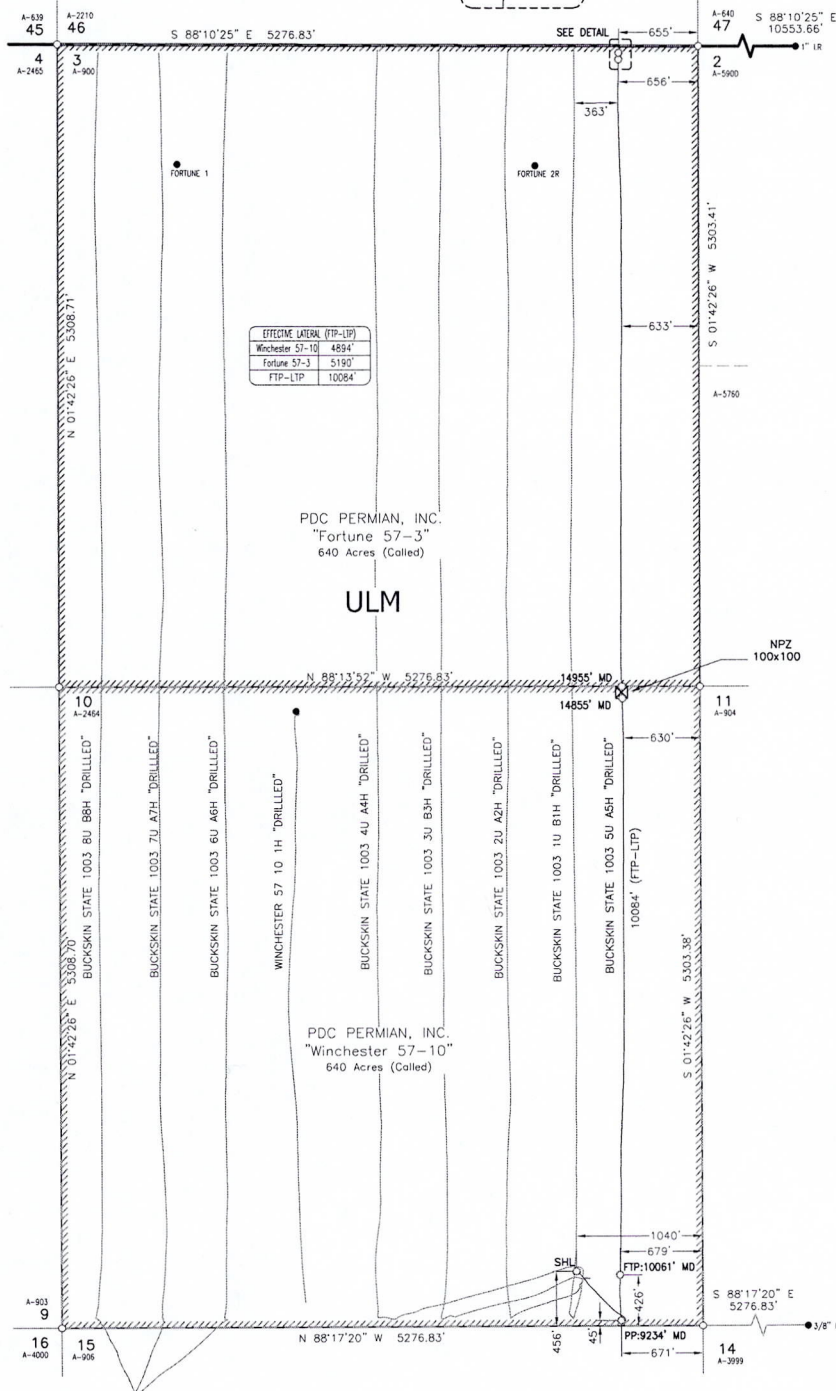
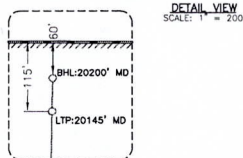
Private Acres:	0.000000
State Acres:	0.000000
Total Unit Acres:	0.000000

Participation Basis:	Length of Lateral
Surface Acreage	
State Acreage:	48.53%
State Net Revenue Interest:	6.07%

Unit Type:	Unitized for:
iNut	Oil And Gas
Term:	

RRC Rules:	Spacing Acres:
No	

BLOCK 57, T-2,
T. & P. R.R. CO.
SURVEY.



SPECIAL NOTES:

Original Document Size: 11"x17"
All Coordinates are in NAD 27
TX-C Zone unless otherwise noted.

Surface Hole Location:
456' FSL & 1040' FEL (SEC.10)
SHL Ground Elevation: 3059'
NAD 27 TX-C ZONE:
X = 877160 Y = 771891
LAT.: N 31°44'19.99" LONG.: W 103°56'44.51"
LAT.: N 31.7388847 LONG.: W 103.9456885
NAD 83 TX-C ZONE:
X = 1173621 Y = 10614468
LAT.: N 31°44'20.44" LONG.: W 103°56'46.21"
LAT.: N 31.7390112 LONG.: W 103.9461708

Penetration Point:
45' FSL & 671' FEL (SEC.10)
NAD 27 TX-C ZONE:
X = 877516 Y = 771470
LAT.: N 31°44'15.93" LONG.: W 103°56'40.23"
LAT.: N 31.7377574 LONG.: W 103.9445097
NAD 83 TX-C ZONE:
X = 1173978 Y = 10614046
LAT.: N 31°44'16.38" LONG.: W 103°56'41.93"
LAT.: N 31.7378838 LONG.: W 103.9449819

First Take Point:
426' FSL & 679' FEL (SEC.10)
NAD 27 TX-C ZONE:
X = 877519 Y = 771850
LAT.: N 31°44'19.69" LONG.: W 103°56'40.34"
LAT.: N 31.7388041 LONG.: W 103.9445390
NAD 83 TX-C ZONE:
X = 1173981 Y = 10614427
LAT.: N 31°44'20.15" LONG.: W 103°56'42.04"
LAT.: N 31.7389305 LONG.: W 103.9450113

Last Take Point:
115' FNL & 656' FEL (SEC.3)
NAD 27 TX-C ZONE:
X = 877842 Y = 781913
LAT.: N 31°45'59.33" LONG.: W 103°56'40.38"
LAT.: N 31.7664795 LONG.: W 103.9445508
NAD 83 TX-C ZONE:
X = 1174304 Y = 10624489
LAT.: N 31°45'59.78" LONG.: W 103°56'42.08"
LAT.: N 31.7666058 LONG.: W 103.9450236

Bottom Hole Location:
60' FNL & 655' FEL (SEC.3)
NAD 27 TX-C ZONE:
X = 877845 Y = 781968
LAT.: N 31°45'59.87" LONG.: W 103°56'40.37"
LAT.: N 31.7666307 LONG.: W 103.9445483
NAD 83 TX-C ZONE:
X = 1174306 Y = 10624544
LAT.: N 31°46'00.33" LONG.: W 103°56'42.08"
LAT.: N 31.7667570 LONG.: W 103.9450211

- LEGEND**
- Section Line
 - Block Line
 - Abstract Line
 - Tract Line
 - Lease Road
 - County Road
 - Unit/Lease Boundary
 - Found Monument
 - Set 1/2" Rebar w/cap
 - Calculated Corner

Orig. Doc. 11x17 Surveyed: 03/05/20

COGO: 680-79419

Revision: () / /

Drawn By: MV; 06/03/2022

ORIGINAL DOC. SIZE: 11"x17"

CERTIFICATION:
This well location shown on this permit plat was surveyed under my direct supervision. All As-Complete information provided by client. This plat is for Texas Railroad Commission permit purpose only and should not be considered a boundary survey.

Signature Date: 06/06/2022

William J. Keating

Texas Reg. No. 5041



TOPOGRAPHIC
LOYALTY INNOVATION LEGACY

2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1853 OR (800) 767-1853 • FAX (432) 682-1743
WWW.TOPOGRAPHIC.COM

Texas FIRM Registration NO. 10042500

AC_BUCKSKIN_STATE_1003_5U_ASH

PDC Permian, Inc.
LEASE NAME & WELL NO.:

BUCKSKIN STATE 1003 5U A5H
"AS-COMPLETE"

NEAREST TOWN IN COUNTY:
±6.31 MILES SOUTHWEST OF ORLA, TEXAS

LOCATION DESCRIPTION:
SHL/PP/FTP: SECTION 10, BLOCK 57, T-3. T & P. R.R. CO. SURVEY A-2464
LTP/BHL: SECTION 3, BLOCK 57, T-3. T & P. R.R. CO. SURVEY A-900
REEVES COUNTY, TEXAS

50A.

File No. MF112094
Reeves County
iNut 12293-AP142-389-38081
Date Filed: 01/06/2023
By Jm

12/15/2023

#111

CP331 #111



Information for processing an Internal Non Unit Transaction (iNut) Length of Lateral

iNut No. 12294

GENERAL INFORMATION

Name of Well: Buckskin State 1003 6U # A 6H API # 42-389-39082
 Name of Operator: PDC Permian, Inc. RRC # 08-863668
 Operator Contact Person: Linh Hoang Phone: 303-318-6144
 Counties: Reeves

ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Rylyty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
RAL	8007/MF112094	10064	4875	0.09375000	0.12500000	0.36329988	0.04541249
RAL	8007/MF112692	10064	4875	0.03125000	0.12500000	0.12109996	0.01513750
Totals:						0.48439984	0.06054998
Effective Date:	<u>03/01/2021</u>						State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any:

Comments:

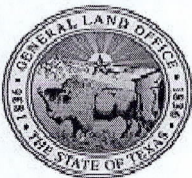
- Final as drilled plat submitted by the operator on December 6, 2022 in email from Michael Weaver.

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: jm Alamo updated by: jm WI updated by: jm
 RAM approval by: VD GIS updated by: [Signature]

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

INUT230001

Unit Number 12294
Operator Name PDC Permian, Inc. Effective Date 03/01/2021
Customer ID C000088142 Unitized For Oil And Gas
Unit Name Buckskin State 1003 6U # A 6H Unit Term
County 1 Reeves RRC District 1 08 Old Unit Number Inactive Status Date
County 2 RRC District 2
County 3 RRC District 3
County 4 RRC District 4
Unit type iNut
State Net Revenue Interest Oil 0.06054998
State Part in Unit 0.48439984
Unit Depth Specified Depths Well
From Depth Formation
To Depth Participation Basis Length of Lateral
If Exclusions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF112094		0.000000	0.000000	0.36329988	O/G	0.12500000	0.04541249	No
MF112692		0.000000	0.000000	0.12109996	O/G	0.12500000	0.01513750	No

API Number

4238939082

Remarks:

Prepared By:

GLO Base Updated By:

RAM Approval By:

GIS By:

Well Inventory By:

Prepared Date:

GLO Base Date:

RAM Approval Date:

GIS Date:

WI Date:

01/06/2023

01/06/2023

01/06/2023

02/27/2023

01/06/2023

Pooling Committee Report

To: School Land Board

INUT230001

Date of Board Meeting:

Unit Number: 12294

Effective Date: 03/01/2021

Unit Expiration Date:

Applicant: PDC Permian, Inc.

Attorney Rep:

Operator: PDC Pemian, Inc.,

Unit Name: Buckskin State 1003 6U # A 6H

Field Name: PHANTOM (WOLFCAMP)

County:

Reeves

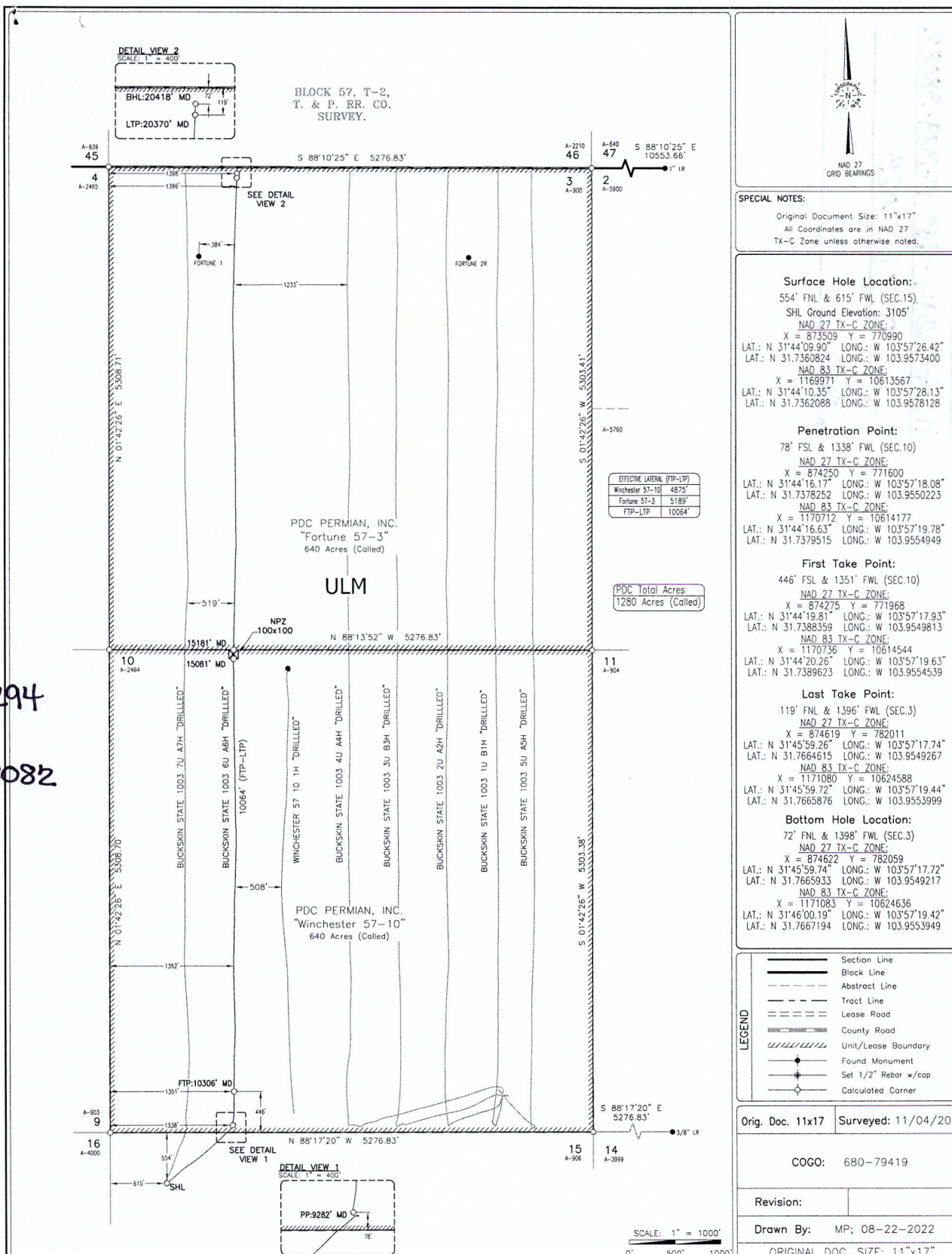
<u>Lease Type</u>	<u>Lease Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres In Unit</u>	<u>Royalty Participation</u>
RAL	MF112094	0.12500000	10/04/2013	3 years	480.000000	0.000000	0.04541249
RAL	MF112692	0.12500000	03/11/2016	5 years	266.700000	0.000000	0.01513750

Private Acres:	0.000000
State Acres:	0.000000
Total Unit Acres:	0.000000

Participation Basis:	Length of Lateral
Surface Acreage	
State Acreage:	48.44%
State Net Revenue Interest:	6.05%

Unit Type:	Unitized for:
iNut	Oil And Gas
Term:	

RRC Rules:	Spacing Acres:
No	



CERTIFICATION:

This well location shown on this permit plat was surveyed under my direct supervision. All As-Complete information provided by client. This plat is for Texas Railroad Commission permit purpose only and should not be considered a boundary survey.

William J. Keating
 Texas Reg. No. 5041

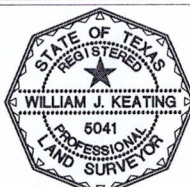


TOPOGRAPHIC
 LOYALTY INNOVATION LEGACY

2003 NORTH BIG SPRING - MIDLAND, TEXAS 79705
 TELEPHONE: (432) 662-1653 OR (800) 767-1653 - FAX (432) 662-1743
 WWW.TOPOGGRAPHIC.COM

Texas FIRM Registration NO. 10042500

AC_BUCKSKIN_STATE_1003_6U_A6H



Signature Date:
 08-22-2022

PDC Permian, Inc.

LEASE NAME & WELL NO.:

**BUCKSKIN STATE 1003 6U A6H
 "AS-COMPLETE"**

NEAREST TOWN IN COUNTY:

±6.60 MILES SOUTHWEST OF ORLA, TEXAS

LOCATION DESCRIPTION:

SHL: SECTION 15, BLOCK 57, T-3. T & P. R.R. CO. SURVEY A-906
 PP/FTP: SECTION 10, BLOCK 57, T-3. T & P. R.R. CO. SURVEY A-2464
 LTP/BHL: SECTION 3, BLOCK 57, T-3. T & P. R.R. CO. SURVEY A-900
 REEVES COUNTY, TEXAS

51.

File No. MF112094
Rooves County
iNut 12294 - AP142-389-38082
Date Filed: 01/06/2023
By gmc

AP-52-38082
#124
iNut #12294



Information for processing an Internal Non Unit Transaction (iNut) Length of Lateral

iNut No. 12295

GENERAL INFORMATION

Name of Well: Buckskin State 1003 7U # A 7H API # 42-389-39084
 Name of Operator: PDC Permian, Inc. RRC # 08-863675
 Operator Contact Person: Linh Hoang Phone: 303-318-6144
 Counties: Reeves

ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Rylty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
RAL	8007/MF112094	10055	4865	0.09375000	0.12500000	0.36287916	0.04535990
RAL	8007/MF112692	10055	4865	0.03125000	0.12500000	0.12095972	0.01511997
Totals:						0.48383889	0.06047986
Effective Date:	<u>03/01/2021</u>						State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any:

Comments:

- Final as drilled plat submitted by the operator on December 6, 2022 in email from Michael Weaver.

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: jm Alamo updated by: jm WI updated by: jm
 RAM approval by: VD GIS updated by: _____

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

INUT230001

Unit Number 12295
Operator Name PDC Permian, Inc. **Effective Date** 03/01/2021
Customer ID C000088142 **Unitized For** Oil And Gas
Unit Name Buckskin State 1003 7U # A 7H **Unit Term**
County 1 Reeves **RRC District 1** 08 **Old Unit Number** **Inactive Status Date**
County 2 **RRC District 2**
County 3 **RRC District 3**
County 4 **RRC District 4**
Unit type iNut
State Net Revenue Interest Oil 0.06047986
State Part in Unit 0.48383889
Unit Depth Specified Depths **Well**
From Depth **Formation**
To Depth **Participation Basis** Length of Lateral
If Exclusions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF112094		0.000000	0.000000	0.36287916	O/G	0.12500000	0.04535990	No
MF112692		0.000000	0.000000	0.12095972	O/G	0.12500000	0.01511997	No

API Number

4238939084

Remarks:

Prepared By:

GLO Base Updated By:

RAM Approval By:

GIS By:

Well Inventory By:

Prepared Date:

GLO Base Date:

RAM Approval Date:

GIS Date:

WI Date:

01/06/2023

01/06/2023

01/06/2023

02/27/2023

01/06/2023

Pooling Committee Report

To: School Land Board

INUT230001

Date of Board Meeting:

Unit Number: 12295

Effective Date: 03/01/2021

Unit Expiration Date:

Applicant: PDC Permian, Inc.

Attorney Rep:

Operator: PDC Permian, Inc.

Unit Name: Buckskin State 1003 7U # A 7H

Field Name: PHANTOM (WOLFCAMP)

County:

Reeves

<u>Lease Type</u>	<u>Lease Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres In Unit</u>	<u>Royalty Participation</u>
RAL	MF112094	0.12500000	10/04/2013	3 years	480.000000	0.000000	0.04535990
RAL	MF112692	0.12500000	03/11/2016	5 years	266.700000	0.000000	0.01511997

Private Acres:	0.000000
State Acres:	0.000000
Total Unit Acres:	0.000000

<u>Participation Basis:</u>	Length of Lateral
Surface Acreage	
<u>State Acreage:</u>	48.38%
<u>State Net Revenue Interest:</u>	6.05%

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

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
No	

52.

File No. MF 112094

Reeves County

iNut 12295 - API 42-389-38084

Date Filed: 01/06/2023

By Jm

CPSS (7-11-11)
#134
+3068-P88-S4



Information for processing an Internal Non Unit Transaction (iNut)
Length of Lateral

iNut No. 12297

GENERAL INFORMATION

Name of Well: Buckskin State 1003 8U # B 8H API # 42-389-39083
 Name of Operator: PDC Permian, Inc. RRC # 08-863671
 Operator Contact Person: Linh Hoang Phone: 303-318-6144
 Counties: Reeves

ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Rylyt Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
RAL	8007/MF112094	10055	4861	0.09375000	0.12500000	0.36258081	0.04532260
RAL	8007/MF112692	10055	4861	0.03125000	0.12500000	0.12086027	0.01510753
Totals:						0.48344107	0.06043013
Effective Date:	<u>04/01/2021</u>						State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any:

Comments:

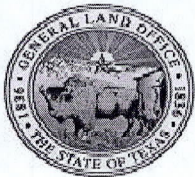
- Final as drilled plat submitted by the operator on December 6, 2022 in email from Michael Weaver.

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: Jm Alamo updated by: Jm WI updated by: Jm
 RAM approval by: VD GIS updated by: JK

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

INUT230001

Unit Number 12297
Operator Name PDC Permian, Inc. **Effective Date** 04/01/2021
Customer ID C000088142 **Unitized For** Oil And Gas
Unit Name Buckskin State 1003 8U # B 8H **Unit Term**
County 1 Reeves **RRC District 1** 08 **Old Unit Number** **Inactive Status Date**
County 2 **RRC District 2**
County 3 **RRC District 3**
County 4 **RRC District 4**
Unit type iNut
State Net Revenue Interest Oil 0.06043013
State Part in Unit 0.48344107
Unit Depth Specified Depths **Well**
From Depth **Formation**
To Depth **Participation Basis** Length of Lateral
If Exclusions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF112094		0.000000	0.000000	0.36258081	O/G	0.12500000	0.04532260	No
MF112692		0.000000	0.000000	0.12086027	O/G	0.12500000	0.01510753	No

API Number

4238939083

Remarks:

Prepared By:

GLO Base Updated By:

RAM Approval By:

GIS By:

Well Inventory By:

Prepared Date:

GLO Base Date:

RAM Approval Date:

GIS Date:

WI Date:

01/06/2023

01/06/2023

01/06/2023

02/27/2023

01/06/2023

Pooling Committee Report

To: School Land Board

INUT230001

Date of Board Meeting:

Unit Number: 12297

Effective Date: 04/01/2021

Unit Expiration Date:

Applicant: PDC Permian, Inc.

Attorney Rep:

Operator: PDC Permian, Inc.,

Unit Name: Buckskin State 1003 8U # B 8H

Field Name: PHANTOM (WOLFCAMP)

County:

Reeves

<u>Lease Type</u>	<u>Lease Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres In Unit</u>	<u>Royalty Participation</u>
RAL	MF112094	0.12500000	10/04/2013	3 years	480.000000	0.000000	0.04532260
RAL	MF112692	0.12500000	03/11/2016	5 years	266.700000	0.000000	0.01510753

Private Acres:	0.000000
State Acres:	0.000000
Total Unit Acres:	0.000000

Participation Basis:	Length of Lateral
Surface Acreage	
State Acreage:	48.34%
State Net Revenue Interest:	6.04%

Unit Type:	Unitized for:
iNut	Oil And Gas
Term:	

RRC Rules:	Spacing Acres:
No	

File No. MF 112094

Reeves County

iNut 12297 - API 42.389.38083

Date Filed: 01/06/2023

By Jm

5790831 # 174
5790831 # 174



Verified
iNuts 1234, 12342, 12343, \$12344
MF112094 \$ MF112692

NADOA Model Form Division Order (Adopted 9/95)

DIVISION/TRANSFER ORDER

To: PDC Energy Inc
1775 Sherman Street, Suite 3000
Denver, Colorado 80203
Attn: Division Orders; (888) 860-5836 or DODept@PDCE.COM

Date: September 29, 2022

Property Number: SEE EXHIBIT A
Property Name: SEE EXHIBIT A
County and State: SEE EXHIBIT A

Effective Date: 01/01/1990
Operator: PDC PERMIAN INC
Property Description: SEE EXHIBIT A

Production: Oil: X Gas: X Other: X

Owner Name: COMMISSIONER OF STATE OF TEXAS
GENERAL LAND OFFICE

Owner Number: 1010003239
Interest Type: SEE EXHIBIT A
Decimal Interest: SEE EXHIBIT A

Owner Address: 1700 CONGRESS AVE
AUSTIN, TX 78701-1495

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above, payable by PDC Energy Inc ("Payor").

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

Payor is authorized to withhold payment pending resolution of a title dispute of adverse claim asserted regarding the interest in production claimed herein by the undersigned. The undersigned agrees to indemnify and reimburse Payor any amount attributable to an interest to which the undersigned is not entitled.

Payor may accrue proceeds until the total amount equals one hundred dollars (\$100), paid annually, or as required by applicable state statute.

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

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

By signing this Division Order, if a new well is drilled in the same spacing unit wherein your interest remains unchanged, you agree to receive a Letter in Lieu in place of a Division Order. You agree that your receipt of such Division Order, without objection, sent to PDC within 10 days of such receipt, will constitute affirmation of and agreement to this Division Order, for all purposes with respect to such new well. This allows us to place you in pay without delay, and eliminates the need for you to sign additional Division Orders.

Owner(s) Signature: _____

Owner Printed Name: _____

Social Security or TIN: _____

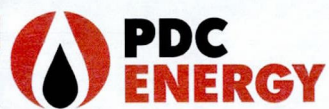
Email Address: _____

Phone Number: _____

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in 24% tax withholding and will not be refundable by Payor.

Analyst Initials: MW

Retain this copy for your records



DIVISION ORDER EXHIBIT A

Dated: 09/29/2022

Page: 1

OWNER: 1010003239

COMMISSIONER OF STATE OF TEXAS

GENERAL LAND OFFICE

1700 CONGRESS AVE

AUSTIN, TX 78701-1495

Analyst Initials: MW

TEXAS

Venture	Venture Name	DOI	County	Survey	Block	Section	Calls	Acreage	IT	ISQ	DOI NRI	Product	Suspense Reason Desc
120157	BUCKSKIN STATE 1003 5U A5H	10001	REEVES	T&P RR CO	57	3			RI	1	0.06066541	✓ ALL PRODUCTS	PAY
	42-389-39081	iNut	293 12341			10							
120158	BUCKSKIN STATE 1003 6U A6H	10001	REEVES	T&P RR CO	57	3			RI	1	0.06054998	✓ ALL PRODUCTS	PAY
	42-389-39082	iNut	294 12342			10							
120159	BUCKSKIN STATE 1003 7U A7H	10001	REEVES	T&P RR CO	57	3			RI	1	0.06047986	✓ ALL PRODUCTS	PAY
	42-389-39084	iNut	295 12343			10							
120160	BUCKSKIN STATE 1003 8U B8H	10001	REEVES	T&P RR CO	57	3			RI	1	0.06043013	✓ ALL PRODUCTS	PAY
	42-389-39083	iNut	297 12344			10							

22.11.01



TEXAS GENERAL LAND OFFICE
COMMISSIONER DAWN BUCKINGHAM, M.D.

January 27, 2023

Shelby McCloud
Division Order Analyst
PDC Permian, Inc.
1775 Sherman Street, Suite 3000
Denver, Colorado 80203

Re: State Lease Nos. MF112094 and MF112692 Buckskin State 1003 5U A5H iNut 12293,
6U A6H iNut 12294, 7U A7H iNut 12295 and 8U B8H iNut 12297

Dear Mrs. McCloud:

The Texas General Land Office (GLO) has received your Division Order for the referenced iNut(s). This Division Order has been filed in the appropriate mineral file(s).

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

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

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

Thank you,

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

File No. MF 112094

County

Division Order

Date Filed: 2/17/2023

Commissioner Dawn Buckingham, M.D.

By: VB



PDC PERMIAN
1775 Sherman Street,
Suite 3000
Denver, Colorado 80203

Page 1 of 1

23703152

MF 112094. D

VENDOR NAME	VENDOR NO	CHECK DATE	CHECK NO	AMOUNT
COMMISSIONER OF STATE OF TEXAS	1010003239	12/14/2022	500786	\$8,630.33

REFERENCE	INVOICE DATE	INVOICE NUMBER	INVOICE AMOUNT	AMOUNT PAID
1900024663	12/12/2022	121222CKQ	8,630.33	8,630.33

MF 112094D

Surf Dringy

Dune

12/30/22

PAYEE: DETACH THIS STATEMENT BEFORE DEPOSITING

WARNING: DO NOT ACCEPT THIS DOCUMENT UNLESS YOU CAN SEE AN ARTIFICIAL WATERMARK ON THE REVERSE SIDE.



PDC PERMIAN
1775 Sherman Street,
Suite 3000
Denver, Colorado
80203

JPMorgan Chase Bank, N.A.
Columbus, OH
56-1544/441

CHECK NO

500786

VOID AFTER 180 DAYS

DATE	AMOUNT
12/14/2022	\$8,630.33

*** EIGHT THOUSAND SIX HUNDRED THIRTY USD and 33/100 ***

PAY TO THE COMMISSIONER OF STATE OF TEXAS
ORDER OF GENERAL LAND OFFICE
1700 CONGRESS AVE
AUSTIN TX 78701-1495

[Signature]

CHIEF FINANCIAL OFFICER

23703152

122

500786



District Office
6301 Holiday Hill Rd.
Building 3C, Suite 100
Midland, TX 79707
P: 432.262.8400
www.pdce.com

December 15, 2022

Return This Copy

The State of Texas General Land Office
1700 Congress Avenue
Austin, Texas 78701-1495

RE: **Surface Damages – Oil and Gas Lease Dated 1-21-11**
GLO Lease MF112094D
Buckskin State 1003 9U TC9H & 10U C10H (Buckskin 10P Pad)
Section 10, Block 57, Township 3, T&P Ry. Co. Survey (Mineral Classified)
Reeves County, Texas

Dear Lessor,

Pursuant to the mineral file referenced above, please accept **check No. 500786** in the amount of **eight thousand, six hundred and thirty & 33/100 dollars (\$8,630.33)** in hand as surface damages for the above referenced agreement. Payment breakdown is as follows per Exhibit A of the lease at the 2020 compounded schedule rate:

- **2 Well Locations:** \$17,103.40 x 50% interest = \$8,551.70
- **Caliche Road, 7.35 rods:** \$157.26 x 50% interest = \$78.63

Please acknowledge your receipt hereof and return one copy to the undersigned using the pre-paid envelope provided.

If you have any questions or concerns please feel free to contact Glen Morrison at (432) 557-2682 or via email Glen.Morrison@pdce.com.

ACKNOWLEDGED AND SIGNED

On this _____ day of _____, 2022

By: _____

As: _____

For: The State of Texas General Land Office

Sincerely
PDC PERMIAN, INC.


Ashley Castaneda
Land Technician

000001

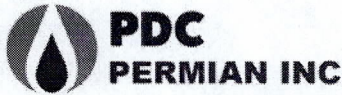
(55)

MF 112094

File No. Surface Barrels

Date Filed: 4-14-23

By George P. Bush, Commissioner



District Office
6301 Holiday Hill Rd.
Building 3C, Suite 100
Midland, TX 79707
P: 432.279.1980
www.pdce.com

3/31/2023

Commissioner of the State of Texas
General Land Office
Attn: Carl Bonn
1700 Congress Ave
Austin, Texas 78701

RE: **Surface Damages – Road**
GLO Lease MF112094D
Buckskin State 1003 Unit
Section 10, Block 57, Township 3, T&P Ry. Co. Survey
Reeves County, Texas

Dear Mr. Bonn

As successor-in-interest to the above referenced lease, please accept **check No. 500825** in the amount of **one thousand, three hundred ninety-one & 12/100 dollars (\$1,391.12)** in hand as surface damages for the above referenced agreement. Payment breakdown is as follows per Exhibit A of the lease at the 2023 compounded schedule rate:

- Road Easement: 123.93 rods x \$44.90/rod x 50% surface ownership x 50% mineral classified lands = \$1,391.12

Please acknowledge your receipt hereof and return one copy to the undersigned using the postage paid envelope provided.

If you have any questions or concerns please feel free to contact Glen Morrison at (432) 557-2682 or via email Glen.Morrison@pdce.com.

ACKNOWLEDGED AND SIGNED
On this 12 day of April, 2023

Mailed copy

By: **Carl Bonn**
For: **Commissioner of the State of Texas, General Land Office**

Sincerely
PDC PERMIAN, INC.

Ashley Castaneda
Ashley Castaneda
Land Technician

03.31.23

MF 112094.0

Surface Damages
✓ Done
4-12-23



PDC PERMIAN
1775 Sherman Street,
Suite 3000
Denver, Colorado 80203

VENDOR NAME	VENDOR NO	CHECK DATE	CHECK NO	AMOUNT
COMMISSIONER OF STATE OF TEXAS	1010003239	03/29/2023	500825	\$1,391.12

REFERENCE	INVOICE DATE	INVOICE NUMBER	INVOICE AMOUNT	AMOUNT PAID
1900006875	03/28/2023	32823CKQ	1,391.12	1,391.12
BUCKSKIN UNIT ROAD				

MF112094D

23706150

PAYEE: DETACH THIS STATEMENT BEFORE DEPOSITING

WARNING: DO NOT ACCEPT THIS DOCUMENT UNLESS YOU CAN SEE AN ARTIFICIAL WATERMARK ON THE REVERSE SIDE.



PDC PERMIAN
1775 Sherman Street,
Suite 3000
Denver, Colorado
80203

JPMorgan Chase Bank, N.A.
Columbus, OH
56-1544/441

CHECK NO

500825

23706150

VOID AFTER 180 DAYS

DATE	AMOUNT
03/29/2023	\$1,391.12

*** ONE THOUSAND THREE HUNDRED NINETY-ONE USD and 12/100 ***

PAY TO THE COMMISSIONER OF STATE OF TEXAS
ORDER OF GENERAL LAND OFFICE
1700 CONGRESS AVE
AUSTIN TX 78701-1495

CHIEF FINANCIAL OFFICER

161

03014

500825

56

File No. MF112094
Surface Dump County

Date Filed: 5/9/23
Commissioner Dawn Buckingham, M.D.
By: CR

3
4
5
6



Information for processing an Internal Non Unit Transaction (iNut)
Length of Lateral

iNut No. 13441

GENERAL INFORMATION

Name of Well: Buckskin State 1003 9U # T 9 H API # 42-389-40399
Name of Operator: PDC Permian, Inc. RRC # 08- 887090
Operator Contact Person: Linh Hoang Phone: 303-318-6144
Counties: Reeves

ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Rylty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
RAL	8007/MF112094	9900	4763	0.09375000	0.12500000	0.36083333	0.04510417
RAL	8007/MF112692	9900	4763	0.03125000	0.12500000	0.12027778	0.01503472
Totals:						0.48111111	0.06013889
Effective Date:	03/01/2023						State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any:

Comments:

- Final as drilled plat submitted by the operator on March 28, 2024 in email from Mark Seligman.

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: Jm Alamo updated by: Jm WI updated by: Jm
RAM approval by: JD GIS updated by: RLC

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

INUT240001

Unit Number 13441
Operator Name PDC Permian, Inc.
Customer ID C000088142
Unit Name Buckskin State 1003 9U # T 9 H
County 1 Reeves **RRC District 1** 08
County 2 **RRC District 2**
County 3 **RRC District 3**
County 4 **RRC District 4**
Unit type iNut
State Net Revenue Interest Oil 0.06013889
State Part in Unit 0.48111111
Unit Depth Specified Depths
From Depth **Well**
To Depth **Formation**
Participation Basis Surface Acreage
If Exclusions Apply: See Remarks

Effective Date 03/01/2023
Unitized For
Unit Term
Old Unit Number **Inactive Status Date**

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF112094		0.000000	0.000000	0.36083333	O/G	0.12500000	0.04510417	No
MF112692		0.000000	0.000000	0.12027778	O/G	0.12500000	0.01503472	No

API Number
4238940399

Remarks: Final as drilled plat submitted on March 28, 2024.

Prepared By: jm
GLO Base Updated By: jm
RAM Approval By: JD
GIS By: RC
Well Inventory By: jm

Prepared Date: 04/11/2024
GLO Base Date: 04/11/2024
RAM Approval Date: 04/11/2024
GIS Date: 4/12/24
WI Date: 04/11/2024

Pooling Committee Report

To: School Land Board

INUT240001

Date of Board Meeting:

Unit Number: 13441

Effective Date: 03/01/2023

Unit Expiration Date:

Applicant: PDC Permian, Inc.

Attorney Rep:

Operator: PDC Permian, Inc.

Unit Name: Buckskin State 1003 9U # T 9 H

Field Name: SANDBAR (BONE SPRING)

County: Reeves

<u>Lease Type</u>	<u>Lease Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres In Unit</u>	<u>Royalty Participation</u>
RAL	MF112094	0.12500000	10/04/2013	3 years	480.000000	0.000000	0.04510417
RAL	MF112692	0.12500000	03/11/2016	5 years	266.700000	0.000000	0.01503472

Private Acres:	0.000000
State Acres:	0.000000
Total Unit Acres:	0.000000

<u>Participation Basis:</u>	Surface Acreage
Surface Acreage	
<u>State Acreage:</u>	48.11%
<u>State Net Revenue Interest:</u>	6.01%

<u>Unit Type:</u>	<u>Unitized for:</u>
iNut	
<u>Term:</u>	

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Yes	

ORIGINAL DOC. SIZE: 11"x17"

File No. MF112094

Roxes County

iNut 13441 - API 42.389.40399

Date Filed: 04/11/2024

Commissioner Dawn Buckingham, M.D.

By: Jmo



Information for processing an Internal Non Unit Transaction (iNut)
Length of Lateral

iNut No. 13442

GENERAL INFORMATION

Name of Well: Buckskin State 1003 10U # T 10 H API # 42-389-40398
Name of Operator: PDC Permian, Inc. RRC # 08-886967
Operator Contact Person: Linh Hoang Phone: 303-318-6144
Counties: Reeves

ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Rlty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
RAL	8007/MF112094	9633	4496	0.09375000	0.12500000	0.35004671	0.04375584
RAL	8007/MF112692	9633	4496	0.03125000	0.12500000	0.11668224	0.01458528
Totals:						0.46672895	0.05834112
Effective Date:	03/01/2023						State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any:

Comments:

- Final as drilled plat submitted by the operator on March 28, 2024 in email from Mark Seligman.

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: Jm Alamo updated by: Jm WI updated by: Jm
RAM approval by: VD GIS updated by: RL

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

INUT240001

Unit Number 13442
Operator Name PDC Permian, Inc.
Customer ID C000088142
Unit Name Buckskin State 1003 10U # T 10 H
County 1 Reeves **RRC District 1** 08
County 2 **RRC District 2**
County 3 **RRC District 3**
County 4 **RRC District 4**
Unit type iNut
State Net Revenue Interest Oil 0.05834112
State Part in Unit 0.46672895
Unit Depth Specified Depths
From Depth
To Depth
Well
Formation
Participation Basis Length of Lateral
If Exclusions Apply: See Remarks
Effective Date 03/01/2023
Unitized For Oil And Gas
Unit Term
Old Unit Number **Inactive Status Date**

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF112094		0.000000	0.000000	0.35004671	O/G	0.12500000	0.04375584	No
MF112692		0.000000	0.000000	0.11668224	O/G	0.12500000	0.01458528	No

API Number
4238940398

Remarks:

Final as drilled plat submitted on March 28, 2024.

Prepared By:

GLO Base Updated By:

RAM Approval By:

GIS By:

Well Inventory By:

Prepared Date:

GLO Base Date:

RAM Approval Date:

GIS Date:

WI Date:

04/11/2024

04/11/2024

04/11/2024

4/12/24

04/11/2024

Pooling Committee Report

To: School Land Board

INUT240001

Date of Board Meeting:

Unit Number: 13442

Effective Date: 03/01/2023

Unit Expiration Date:

Applicant: PDC Permian, Inc.

Attorney Rep:

Operator: PDC Permian, Inc.

Unit Name: Buckskin State 1003 10U # T 10 H

Field Name: SANDBAR (BONE SPRING)

County:

Reeves

<u>Lease Type</u>	<u>Lease Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres In Unit</u>	<u>Royalty Participation</u>
RAL	MF112094	0.12500000	10/04/2013	3 years	480.000000	0.000000	0.04375584
RAL	MF112692	0.12500000	03/11/2016	5 years	266.700000	0.000000	0.01458528

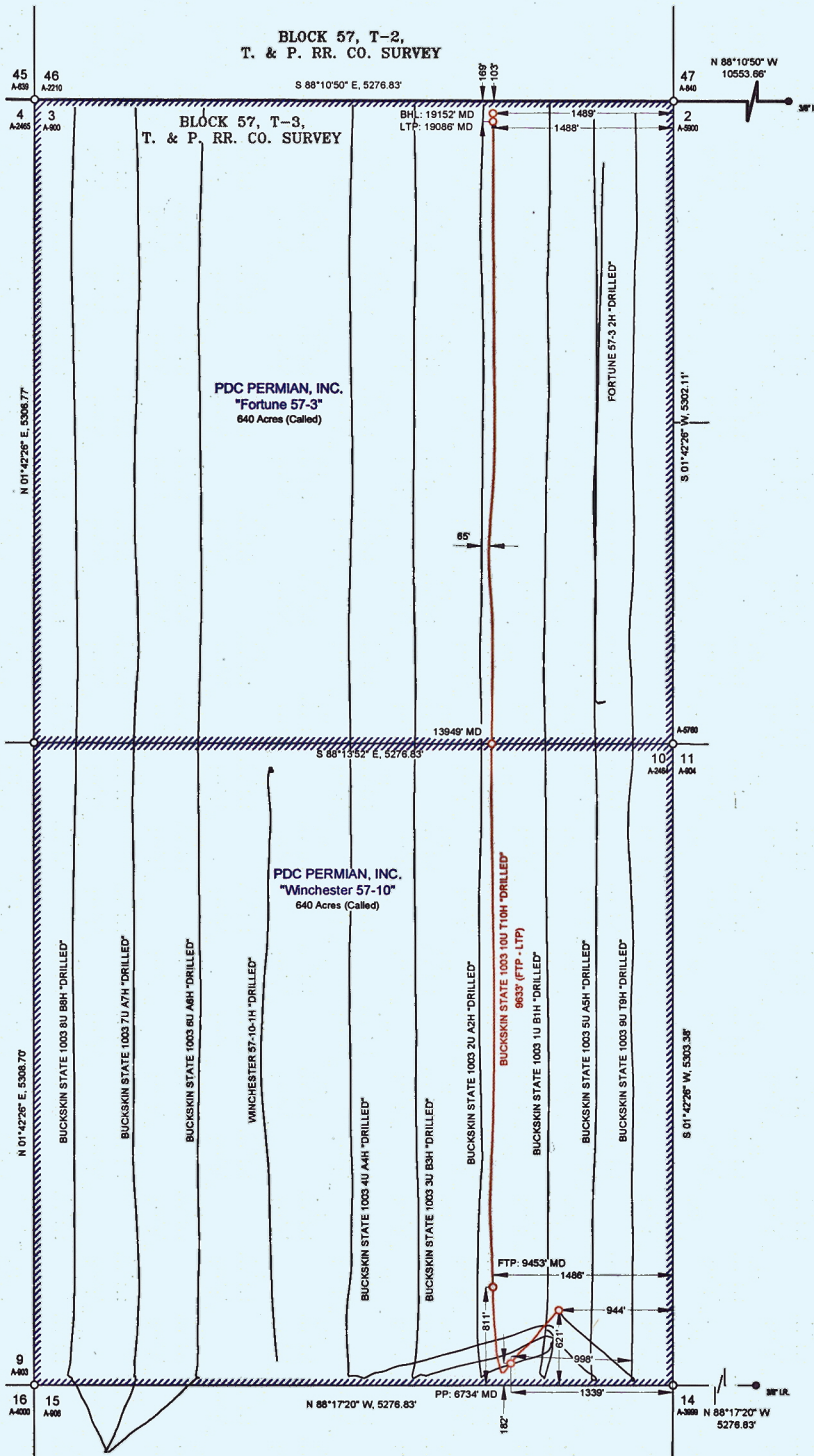
Private Acres:	0.000000
State Acres:	0.000000
Total Unit Acres:	0.000000

<u>Participation Basis:</u>	Length of Lateral
Surface Acreage	
<u>State Acreage:</u>	46.67%
<u>State Net Revenue Interest:</u>	5.83%

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

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
No	

EFFECTIVE LATERAL (PP/TP TO LTP)	
Winchester 57-10	4496'
Fortune 57-3	5137'
PP/TP-LTP	9633'



SPECIAL NOTES:

Original Document Size: 11"x17"

All Coordinates are in NAD 27

TX-C Zone unless otherwise noted.

Surface Hole Location:
 621' FSL & 944' FEL (SEC. 10)
 SHL Ground Elevation: 3057'
 X = 877260 Y = 772053
 LAT.: N 31°44'21.62" LONG.: W 103°56'43.42"
 LAT.: N 31.7393389 LONG.: W 103.9453931
 NAD 83 TX-C ZONE
 X = 1173722 Y = 10614630
 LAT.: N 31°44'22.08" LONG.: W 103°56'45.12"
 LAT.: N 31.7394653 LONG.: W 103.9458854

Penetration Point:
 182' FSL & 1339' FEL (SEC. 10)
 X = 876852 Y = 771827
 LAT.: N 31°44'17.27" LONG.: W 103°56'47.98"
 LAT.: N 31.7381293 LONG.: W 103.9466598
 NAD 83 TX-C ZONE
 X = 1173314 Y = 10614203
 LAT.: N 31°44'17.72" LONG.: W 103°56'48.68"
 LAT.: N 31.7382557 LONG.: W 103.9471321

First Take Point:
 811' FSL & 1488' FEL (SEC. 10)
 X = 876724 Y = 772260
 LAT.: N 31°44'23.49" LONG.: W 103°56'49.70"
 LAT.: N 31.7398573 LONG.: W 103.9471383
 NAD 83 TX-C ZONE
 X = 1173186 Y = 10614836
 LAT.: N 31°44'23.94" LONG.: W 103°56'51.40"
 LAT.: N 31.7398637 LONG.: W 103.9476106

Last Take Point:
 169' FSL & 1488' FEL (SEC. 3)
 X = 877008 Y = 781883
 LAT.: N 31°45'58.77" LONG.: W 103°56'50.02"
 LAT.: N 31.7663249 LONG.: W 103.9472285
 NAD 83 TX-C ZONE
 X = 1173470 Y = 10624460
 LAT.: N 31°45'59.22" LONG.: W 103°56'51.73"
 LAT.: N 31.7664511 LONG.: W 103.9477014

Bottom Hole Location:
 103' FSL & 1488' FEL (SEC. 3)
 X = 877010 Y = 781949
 LAT.: N 31°45'58.42" LONG.: W 103°56'50.03"
 LAT.: N 31.7665062 LONG.: W 103.9472316
 NAD 83 TX-C ZONE
 X = 1173471 Y = 10624526
 LAT.: N 31°45'58.88" LONG.: W 103°56'51.74"
 LAT.: N 31.7666324 LONG.: W 103.9477045

Section Line	Block Line
Abstract Line	Tract Line
Lease Road	County Road
Unit/Lease Boundary	Found Monument
Set 1/2" Rebar w/cap	Calculated Corner

Orig. Doc. 11x17	Surveyed: 05/08/23
COGO: 680-79419	
Revision: 1(MV)	07/12/23
Drawn By: EAH	06/20/23
ORIGINAL DOC. SIZE: 11"x17"	

CERTIFICATION:
 This well location shown on this permit plat was surveyed under my direct supervision. All As-Complete information provided by client. This plat is for Texas Railroad Commission permit purpose only and should not be considered a boundary survey.

Signature Date: 07/12/23

William J. Keating

Texas Reg. No. 5041

TOPOGRAPHIC
 LOYALTY INNOVATION LEGACY
 2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705
 TELEPHONE: (432) 682-1053 OR (800) 767-1053 • FAX (432) 682-1743
 TEXAS FIRM REGISTRATION NO. 10042500
 WWW.TOPOGRAPHIC.COM

FILE NAME: AC BUCKSKIN STATE 1003 10U T10H REV1

PDC Permian, Inc.

LEASE NAME & WELL NO.:
BUCKSKIN STATE 1003 10U T10H "AS-COMPLETE"

NEAREST TOWN IN COUNTY:
 ±5.29 MILES SOUTHWEST OF ORLA, TEXAS

LOCATION DESCRIPTION:
 SHL/PP/FTP: SECTION 10, BLOCK 57, T-3, T. & P. R.R. CO. SURVEY A-2464
 LTP/BHL: SECTION 3, BLOCK 57, T-3, T. & P. R.R. CO. SURVEY A-900
 REEVES COUNTY, TEXAS

File No. MF112094
Reeves County
iNut 13442 - API 42.389.40398
Date Filed: 04/11/2024
Commissioner Dawn Buckingham, M.D.
By: Jm



TEXAS GENERAL LAND OFFICE
COMMISSIONER DAWN BUCKINGHAM, M.D.

August 25, 2023

CERTIFIED MAIL NO: 7011-1150-0001-2416-4387

Sent via e-mail

PDC Energy, Inc.
1099 18th Street, Suite 1500
Denver, Colorado 80202
Attention: Tonia Carabajal, Senior Manager Revenue Accounting

Re: Oil Draft Audit Billing Notice for State Leases Operated by PDC

Dear Ms. Carabajal:

The Texas General Land Office (GLO) has completed the audit of the above-referenced State leases operated and/or held PDC Energy, Inc (PDC). The objective of this audit was to determine whether oil royalties were being accurately reported and paid per the lease agreement and the *Texas Natural Resources Code*. The audit scope covered the production months of November 2014 through December 2022. Enclosed is a draft of the audit report and audit billing schedules. The audit has preliminarily resulted in a royalty due of \$1,808,936.74. This letter does not constitute an audit billing notice as defined in Section 52.135(c) of the *Texas Natural Resources Code*.

This amount does not include penalty and interest assessed for royalty underpayments. Penalty and interest will be computed and included in our final audit billing notice. Attached are the following documents in support of our findings:

- Attachment I - Summary of the audit exceptions by lease;
- Attachment II - Draft audit report, which includes a brief discussion of the audit exceptions; and
- Attachment III - Various schedules and documents that support royalty calculations.

Please respond to this notice within 30 days of the above date. If you have any questions or need additional information regarding this draft billing notice, contact Pamela Akpotaire at (281) 923-7478 or by email at pamela.akpotaire@glo.texas.gov.

Sincerely,

Brian B. Raygon, MBA, CFE
Director of Minerals Audit
Texas General Land Office
(512) 463-0154 / brian.raygon@glo.texas.gov

Cc:

Ryan Robison, Revenue Accounting Director / PDC
Glinda Cummings, Chevron Services Company
Matthew Bartkowiak, Chevron Services Company

Attachments
Ltr Log# 0388



TEXAS GENERAL LAND OFFICE
COMMISSIONER DAWN BUCKINGHAM, M.D.

September 13, 2023

CERTIFIED MAIL NO: 7006-2760-0000-6437-6822

Sent via e-mail

PDC Energy, Inc.
1099 18th Street, Granite Tower, Suite 1500
Denver, CO 80202
Attention: Tonia Carbajal, Senior Manager Revenue Accounting

Re: Oil Final Audit Billing Notice for State Leases Operated by PDC

Dear Ms. Carbajal:

The Texas General Land Office (GLO) has completed the audit of the above-referenced State leases operated and/or held PDC Energy, Inc. (PDC). The objective of this audit was to determine whether oil royalties were being accurately reported and paid per the lease agreement and the *Texas Natural Resources Code*. Please refer to Attachment I, which highlights the audit and billing periods for each audited State lease.

Due to Chevron Corporation's acquisition of PDC in May 2023 and interest of time in quantifying potential additional royalties owed by PDC, the GLO will separately issue oil and gas final audit billing notices. Consequently, the gas draft and final audit billing notices will be forthcoming. Therefore, this letter does constitute an Audit Billing Notice for oil audit exception as defined in Section 52.135(c) of the *Texas Natural Resources Code*.

The audit resulted in the determination of additional amounts due for oil royalties as follows:

Royalty	\$ 1,808,936.74
Penalty	\$ 196,492.61
Interest	\$ <u>417,863.04</u>
Total	\$ <u>2,423,292.39</u>

Interest has been computed through August 31, 2023, per Section 52.131 of the *Texas Natural Resources Code* and will continue to accrue until the royalty has been paid. Attached are the following documents in support of our findings:

- Attachment I - Summary of the oil audit exceptions by lease;
- Attachment II - An audit report, which includes a brief discussion of the oil audit exceptions;
- Attachment III – The procedures used for assessment of penalties and interest; and

- Attachment IV - Various schedules and documents that support oil royalty calculations.

To ensure your company remains in good standing with the GLO, please respond within 30 days from the receipt of this Final Oil Audit Billing Notice. Respond with your payment, or request a hearing before the Commissioner, or his representative, for redetermination of such assessment. To ensure proper credit, mail your payment (or, advise and provide supporting documents on any electronic payments made for this audit billing) with your audit billing notice to the following address:

Texas General Land Office
Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701-1495

For any questions or additional information on this audit, please contact Pamela Akpotaire at (281) 923-7478 or send an email to pamela.akpotaire@glo.texas.gov.

Sincerely,



Brian B. Raygon, MBA, CFE
Director of Minerals Audit
Texas General Land Office
(512) 463-0154 / brian.raygon@glo.texas.gov

Cc:

Ryan Robison, Revenue Accounting Director/PDC
Matthew Bartkowiak, Chevron Services Company
Glinda Cummings, Chevron Services Company

Attachments
Ltr Log #0393

ATTACHMENT I
PDC Permian, Inc.
SUMMARY OF AUDIT EXCEPTIONS - OIL

FIELD NAME STATE LEASE NUMBER	ATTACHMENT	EXCEPTION	ADDITIONAL ROYALTY DUE	PENALTY DUE AS OF 8/31/2023	INTEREST DUE AS OF 8/31/2023	AUDITED PRODUCTION MONTHS	BILLED PRODUCTION MONTHS
Fields: Ford, West-Wolfcamp, Greasewood (Atoka), Phantom-Wolfcamp, Wolfbone (Trend Area)							
Leases:							
MF111356	IV A	Billing on under reported oil prices	\$79,896.90	\$8,118.70	\$15,784.76	\$103,800.36	August 2016 - December 2021
MF111399	IV B	Billing on under reported oil prices	\$2,883.23	\$367.77	\$793.44	\$4,044.44	March 2017 - July 2018
MF111746	IV A	Billing on under reported oil prices	\$1,625.34	\$604.59	\$445.31	\$2,675.24	March 2017 - June 2019
MF111747	IV B	Billing on under reported oil prices	\$5,778.76	\$617.77	\$1,590.28	\$7,986.81	March 2017 - July 2018
MF111748	IV A	Billing on under reported oil prices	\$82,656.19	\$8,306.31	\$20,452.53	\$111,415.03	March 2016 - December 2021
MF112094	IV A	Billing on under reported oil prices	\$175,599.65	\$17,559.97	\$33,489.32	\$226,648.94	December 2016 - December 2021
MF112404	IV A	Billing on under reported oil prices	\$46,022.33	\$4,672.53	\$12,091.63	\$62,786.49	March 2017 - June 2019
MF112407	IV B	Billing on under reported oil prices	\$8,610.88	\$1,043.34	\$2,367.46	\$12,021.68	February 2017 - June 2019
MF112415	IV B	Billing on under reported oil prices	\$4,556.74	\$713.70	\$1,236.03	\$6,506.47	March 2017 - July 2019
MF112438	IV B	Billing on under reported oil prices	\$2,268.53	\$600.00	\$615.33	\$3,483.86	March 2017 - July 2019
MF112687	IV B	Billing on under reported oil prices	\$3,535.93	\$557.57	\$1,017.60	\$5,111.10	December 2016 - July 2019
MF112692	IV A	Billing on under reported oil prices	\$53,006.32	\$5,427.43	\$9,817.79	\$68,251.54	December 2016 - December 2021
MF112819	IV B	Billing on under reported oil prices	\$1,075.18	\$375.00	\$294.84	\$1,745.02	February 2017 - June 2019
MF112844		No Material Finding	\$0.00	\$0.00	\$0.00	\$0.00	N/A
MF113522	IV B	Billing on under reported oil prices	\$604.77	\$450.00	\$167.46	\$1,222.23	December 2016 - May 2019
MF113523	IV B	Billing on under reported oil prices	\$907.14	\$450.00	\$251.17	\$1,608.31	December 2016 - May 2019
MF113744	IV A	Billing on under reported oil prices	\$32,649.91	\$3,424.77	\$8,371.25	\$44,445.93	January 2017 - December 2021
MF113745	IV A	Billing on under reported oil prices	\$32,649.67	\$3,424.76	\$8,371.22	\$44,445.65	January 2017 - December 2021
MF114156	IV A	Billing on under reported oil prices	\$43,425.03	\$4,361.99	\$8,714.13	\$56,501.15	April 2018 - December 2021
MF116245	IV B	Billing on under reported oil prices	\$2,288.27	\$452.64	\$653.60	\$3,394.51	August 2016 - July 2019
MF116246	IV B	Billing on under reported oil prices	\$716.10	\$150.00	\$192.22	\$1,058.32	November 2017 - May 2019
MF116247		No Material Finding	\$0.00	\$0.00	\$0.00	\$0.00	N/A
MF116248	IV B	Billing on under reported oil prices	\$16,573.45	\$2,021.55	\$4,936.17	\$23,531.17	November 2014 - August 2019
MF116249	IV B	Billing on under reported oil prices	\$3,042.05	\$528.11	\$878.12	\$4,448.28	August 2016 - July 2019
MF116544	IV B	Billing on under reported oil prices	\$302.22	\$400.00	\$83.68	\$785.90	December 2016 - May 2019
MF116609	IV A	Billing on under reported oil prices	\$6,136.10	\$1,233.59	\$1,479.09	\$8,848.78	September 2017 - December 2021
MF116834	IV A	Billing on under reported oil prices	\$41,454.82	\$4,227.62	\$9,992.82	\$55,675.26	September 2017 - December 2021
MF116835	IV A	Billing on under reported oil prices	\$82,908.31	\$8,348.25	\$19,985.27	\$111,241.83	September 2017 - December 2021
MF116844	IV B	Billing on under reported oil prices	\$37,353.35	\$3,747.52	\$11,163.23	\$52,264.10	June 2015 - September 2019
MF117056	IV A	Billing on under reported oil prices	\$2,991.35	\$1,028.36	\$772.13	\$4,791.84	December 2017 - December 2021
MF117175	IV B	Billing on under reported oil prices	\$7,132.63	\$1,850.88	\$1,889.69	\$10,873.20	October 2015 - December 2021
MF117292	IV A	Billing on under reported oil prices	\$113,222.56	\$11,489.53	\$25,855.56	\$150,567.65	March 2018 - December 2021
MF117414	IV A	Billing on under reported oil prices	\$139,201.23	\$13,939.70	\$32,832.65	\$185,973.58	August 2016 - December 2021
MF117492	IV A	Billing on under reported oil prices	\$394.35	\$450.00	\$88.50	\$932.85	February 2019 - December 2021
MF117516	IV A	Billing on under reported oil prices	\$170,329.23	\$17,032.86	\$40,579.82	\$227,941.91	February 2018 - December 2021
MF117652	IV A	Billing on under reported oil prices	\$12,581.00	\$1,384.88	\$2,835.52	\$16,801.40	March 2018 - December 2021
MF117815	IV A	Billing on under reported oil prices	\$42,450.69	\$4,380.93	\$10,819.36	\$57,650.98	January 2017 - December 2021
MF117960	IV B	Billing on under reported oil prices	\$3,225.35	\$538.08	\$884.41	\$4,647.84	February 2017 - June 2019
MF118062	IV A	Billing on under reported oil prices	\$3,294.14	\$629.17	\$787.00	\$4,710.31	May 2018 - December 2021
MF118083	IV B	Billing on under reported oil prices	\$6,588.25	\$1,608.06	\$1,488.92	\$9,685.23	May 2016 - December 2021
MF118101	IV A	Billing on under reported oil prices	\$39,033.04	\$3,903.31	\$10,176.80	\$53,113.15	September 2018 - June 2019
MF118118	IV A	Billing on under reported oil prices	\$12,108.64	\$1,464.11	\$2,473.50	\$16,046.25	June 2019 - December 2021
MF118152	IV B	Billing on under reported oil prices	\$9,737.56	\$1,478.86	\$2,213.95	\$13,430.37	September 2017 - December 2021
MF118164	IV A	Billing on under reported oil prices	\$30,226.43	\$3,151.69	\$7,286.14	\$40,664.26	September 2017 - December 2021
MF118284	IV B	Billing on under reported oil prices	\$5,667.49	\$1,305.78	\$1,411.92	\$8,385.19	September 2017 - July 2021
MF118354	IV B	Billing on under reported oil prices	\$11,977.85	\$1,702.44	\$2,907.12	\$16,587.41	May 2017 - December 2021
MF118460	IV B	Billing on under reported oil prices	\$12,001.39	\$1,519.80	\$2,903.20	\$16,424.39	September 2017 - July 2021
MF118486	IV A	Billing on under reported oil prices	\$178,865.19	\$17,900.55	\$42,140.41	\$238,906.15	April 2017 - December 2021
MF118552	IV A	Billing on under reported oil prices	\$13,819.51	\$1,643.37	\$3,331.19	\$18,794.07	September 2017 - December 2021
MF118601	IV B	Billing on under reported oil prices	\$17,440.01	\$1,900.10	\$3,921.09	\$23,261.20	July 2017 - December 2021
MF118602	IV B	Billing on under reported oil prices	\$17,439.99	\$1,900.10	\$3,921.09	\$23,261.18	July 2017 - December 2021
MF118630	IV A	Billing on under reported oil prices	\$21,500.12	\$2,332.41	\$5,182.72	\$29,015.25	September 2017 - December 2021
MF118664	IV A	Billing on under reported oil prices	\$9,253.22	\$1,414.16	\$1,854.48	\$12,521.86	December 2017 - December 2021
MF118671	IV A	Billing on under reported oil prices	\$13,055.26	\$1,683.10	\$2,536.69	\$17,275.05	December 2017 - December 2021
MF118709	IV B	Billing on under reported oil prices	\$9,737.56	\$1,478.86	\$2,213.95	\$13,430.37	September 2017 - December 2021
MF119148	IV A	Billing on under reported oil prices	\$70,522.49	\$7,054.69	\$14,152.76	\$91,729.94	April 2018 - December 2021
MF119160	IV A	Billing on under reported oil prices	\$27,635.28	\$2,906.03	\$6,661.60	\$37,202.91	September 2017 - December 2021
MF119281	IV A	Billing on under reported oil prices	\$12,908.38	\$1,404.56	\$3,137.19	\$17,450.13	March 2018 - December 2021
MF119424	IV A	Billing on under reported oil prices	\$608.08	\$725.00	\$142.23	\$1,475.31	March 2018 - December 2021
MF119686	IV A	Billing on under reported oil prices	\$24,219.48	\$2,680.76	\$4,947.02	\$31,847.26	June 2019 - December 2021
MF119900		No Material Finding	\$0.00	\$0.00	\$0.00	\$0.00	N/A
MF119996	IV A	Billing on under reported oil prices	\$1,241.80	\$425.00	\$278.68	\$1,945.48	May 2019 - October 2020
IV A & B			\$1,808,936.74	\$196,492.61	\$417,863.04	\$2,423,292.39	GRAND TOTAL

File No. MF12094 39

County

0.1 DRAFT AUDIT Billing Notice

Date Filed: 6/3/2024
Commissioner Dawn Buckingham, M.D.

By: _____



TEXAS GENERAL LAND OFFICE
COMMISSIONER DAWN BUCKINGHAM, M.D.

October 20, 2023

Certified Mail No: 7006-2760-0000-6437-6843

Sent via e-mail

PDC Energy, Inc.
1099 18th Street, Granite Tower, Suite 1500
Denver, CO 80202
Attention: Tonia Carbajal, Sr. Manager Revenue Accounting

Re: Gas Draft Audit Billing Notice for State Leases Operated by PDC

Dear Ms. Carbajal:

The Texas General Land Office (GLO) has completed the audit of the above-referenced State leases operated and/or held PDC Energy, Inc. (PDC). The objective of this audit was to determine whether gas royalties were being accurately reported and paid per the lease agreement and the *Texas Natural Resources Code*. Please refer to Attachment I that highlights the audit and billing periods for each audited State lease.

The audit has preliminarily resulted in a royalty due of **\$4,692,841.78**. This letter does not constitute an audit billing notice as defined in Section 52.135(c) of the *Texas Natural Resources Code*. This amount **does not include** penalty and interest assessed for royalty underpayments. Penalty and interest will be computed and included in our final audit billing notice. Attached are the following documents in support of our findings:

- Attachment I - Summary of the audit exceptions by lease;
- Attachment II - Draft audit report, which includes a brief discussion of the audit exceptions; and
- Attachment III - Various schedules and documents that support royalty calculations.

Please respond to this notice within 30 days of the above date. If you have any questions or need additional information regarding this draft billing notice, contact Pamela Akpotaire at (281) 923-7478 or by email at pamela.akpotaire@glo.texas.gov.

Sincerely,

Brian B. Raygon, MBA, CFE
Director of Minerals Audit
Texas General Land Office
(512) 463-0154 / brian.raygon@glo.texas.gov

Cc:

Ryan Robison, Revenue Accounting Director/PDC
Glinda Cummings, Chevron Services Company
Matthew Bartkowiak, Chevron Services Company

Attachments

Ltr Log# 0394



TEXAS GENERAL LAND OFFICE
COMMISSIONER DAWN BUCKINGHAM, M.D.

November 7, 2023

Certified Mail No: 7006-2760-0000-6437-6846

Sent via e-mail

PDC Energy, Inc.
1099 18th Street, Granite Tower, Suite 1500
Denver, CO 80202
Attention: Tonia Carbajal, Senior Manager Revenue Accounting

Re: Gas Final Audit Billing Notice for State Leases Operated by PDC

Dear Ms. Carbajal:

The Texas General Land Office (GLO) has completed the audit of the above-referenced State leases operated and/or held by PDC Energy, Inc. (PDC). The objective of this audit was to determine whether gas royalties were being accurately reported and paid per the lease agreement and the *Texas Natural Resources Code*. Please refer to Attachment I, which highlights the audit and billing periods for each audited State lease.

Due to Chevron Corporation's acquisition of PDC in May 2023, and in the interest of time in quantifying potential additional royalties owed by PDC, the GLO advised PDC that separate final audit billing notices would be sent for oil and gas. Consequently, the Final Audit Billing Notice for oil-related audit exceptions was issued on September 13, 2023. This letter constitutes a Final Audit Billing Notice for gas-related audit exceptions as defined in Section 52.135(c) of the Texas Natural Resources Code.

The audit resulted in the determination of additional amounts due for gas royalties as follows:

Royalty	\$4,692,799.04
Penalty	\$ 533,569.37
Interest	<u>\$ 646,758.58</u>
Total	<u>\$5,873,126.99</u>

Interest has been computed through October 31, 2023, per Section 52.131 of the *Texas Natural Resources Code* and will continue to accrue until the royalty has been paid. Attached are the following documents in support of our findings:

- Attachment I – Summary of the gas audit exceptions by lease;
- Attachment II – Audit Report, which includes a brief discussion of the gas audit exceptions;
- Attachment III – The procedures used for assessment of penalties and interest; and
- Attachment IV – Various schedules and documents that support gas royalty calculations.

To ensure your company remains in good standing with the GLO, please respond within 30 days from the receipt of this Final Gas Audit Billing Notice. Respond with your payment, or request a hearing before the Commissioner, or his representative, for redetermination of such assessment. To ensure proper credit, mail your payment (or advise and provide supporting documents on any electronic payments made for this audit billing) with your audit billing notice to the following address:

Texas General Land Office
Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701-1495

For any questions or additional information on this audit, please contact Pamela Akpotaire at (281) 923-7478 or send an email to pamela.akpotaire@glo.texas.gov.

Sincerely,



Brian B. Raygon, MBA, CFE
Director of Minerals Audit
Texas General Land Office
(512) 463-0154 / brian.raygon@glo.texas.gov

Cc:

Ryan Robison, Revenue Accounting Director/PDC
Glinda Cummings, Chevron Services Company
Matthew Bartkowiak, Chevron Services Company

Attachments
Ltr Log# 0396

ATTACHMENT I
PDC PERMIAN, INC.
SUMMARY OF FINAL AUDIT EXCEPTIONS - GAS
11/7/2023

FIELD NAME STATE LEASE #	ATT	ERROR RATE CODES *	EXCEPTION	ADDITIONAL ROYALTY DUE Under / (Over)	PENALTY DUE AS OF 10/31/2023	INTEREST DUE AS OF 10/31/2023	ADDITIONAL REVENUE DUE Under / (Over)	AUDITED PRODUCTION MONTHS	BILLED PRODUCTION MONTHS
Fields: Phantom-Wolfcamp, Wolfbone (Trend Area)									
MF111356	IV	A	See Att II Audit Report for Exceptions	\$111,271.49	\$11,472.04	\$9,054.81	\$131,798.34	Aug 2016 - Dec 2022	Aug 2016 - Dec 2022
MF111399	IV	B	See Att II Audit Report for Exceptions	\$18,819.04	\$1,888.66	\$5,521.77	\$26,229.47	Sep 2016 - Dec 2017	Sep 2016 - Dec 2017
MF111746	IV	B(i)	See Att II Audit Report for Exceptions	\$1,346.95	\$375.00	\$376.57	\$2,098.52	Jul 2017 - Jun 2019	Jul 2017 - Jun 2019
MF111747	IV	B	See Att II Audit Report for Exceptions	\$37,720.81	\$3,790.29	\$11,178.69	\$52,689.79	Sep 2016 - Dec 2017	Sep 2016 - Dec 2017
MF111748	IV	A	See Att II Audit Report for Exceptions	\$399,546.14	\$39,954.60	\$78,254.27	\$517,755.01	Dec 2016 - Dec 2022	Dec 2016 - Dec 2022
MF112094	IV	A	See Att II Audit Report for Exceptions	\$518,967.41	\$51,924.36	\$50,012.99	\$620,904.76	Nov 2016 - Dec 2022	Nov 2016 - Dec 2022
MF112404	IV	B(i)	See Att II Audit Report for Exceptions	\$45,703.12	\$4,627.17	\$12,368.80	\$62,699.09	Jul 2017 - Jun 2019	Jul 2017 - Jun 2019
MF112407	IV	B	See Att II Audit Report for Exceptions	\$11,045.43	\$1,209.47	\$3,118.62	\$15,373.52	Feb 2017 - Jun 2019	Feb 2017 - Jun 2019
MF112415	IV	B	See Att II Audit Report for Exceptions	\$12,431.26	\$1,391.76	\$3,375.81	\$17,198.83	Jul 2017 - Jul 2019	Jul 2017 - Jul 2019
MF112438	IV	B	See Att II Audit Report for Exceptions	\$6,187.89	\$840.39	\$1,680.36	\$8,708.64	Jul 2017 - Jul 2019	Jul 2017 - Jul 2019
MF112687	IV	B	See Att II Audit Report for Exceptions	\$54,136.53	\$5,435.78	\$15,631.56	\$75,203.87	Nov 2016 - Feb 2019	Nov 2016 - Feb 2019
MF112692	IV	A	See Att II Audit Report for Exceptions	\$168,559.29	\$16,972.68	\$15,790.46	\$201,322.43	Nov 2016 - Dec 2022	Nov 2016 - Dec 2022
MF112819	IV	B	See Att II Audit Report for Exceptions	\$1,379.05	\$350.00	\$389.34	\$2,118.39	Feb 2017 - May 2019	Feb 2017 - May 2019
MF112844	IV	B	See Att II Audit Report for Exceptions	\$13,314.64	\$1,662.63	\$3,316.66	\$18,293.93	Nov 2016 - Dec 2021	Nov 2016 - Dec 2021
MF113522	IV	B	See Att II Audit Report for Exceptions	\$3,380.65	\$531.17	\$966.96	\$4,878.78	Nov 2016 - Oct 2018	Nov 2016 - Oct 2018
MF113523	IV	B	See Att II Audit Report for Exceptions	\$5,070.95	\$671.37	\$1,450.42	\$7,192.74	Nov 2016 - Oct 2018	Nov 2016 - Oct 2018
MF113744	IV	A	See Att II Audit Report for Exceptions	\$76,570.20	\$7,905.43	\$11,964.27	\$96,439.90	Jan 2017 - Dec 2022	Jan 2017 - Dec 2022
MF113745	IV	A	See Att II Audit Report for Exceptions	\$76,570.18	\$7,905.43	\$11,964.27	\$96,439.88	Jan 2017 - Dec 2022	Jan 2017 - Dec 2022
MF114156	IV	A	See Att II Audit Report for Exceptions	\$175,999.70	\$17,602.82	\$21,949.24	\$215,551.76	May 2018 - Dec 2022	May 2018 - Dec 2022
MF116245	IV	B	See Att II Audit Report for Exceptions	\$11,367.04	\$1,216.38	\$3,350.51	\$15,933.93	Dec 2014 - Apr 2019	Dec 2014 - Apr 2019
MF116246	IV	B	See Att II Audit Report for Exceptions	\$8,927.71	\$924.97	\$2,509.09	\$12,361.77	May 2017 - May 2018	May 2017 - May 2018
MF116247	IV	B	See Att II Audit Report for Exceptions	\$887.13	\$148.50	\$251.91	\$1,287.54	Apr 2017 - Dec 2017	Apr 2017 - Dec 2017
MF116248	IV	B	See Att II Audit Report for Exceptions	\$75,999.10	\$7,663.39	\$23,014.25	\$106,676.74	Dec 2014 - Aug 2019	Dec 2014 - Aug 2019
MF116249	IV	B	See Att II Audit Report for Exceptions	\$11,369.01	\$1,216.58	\$3,351.12	\$15,936.71	Aug 2016 - Apr 2019	Aug 2016 - Apr 2019
MF116544	IV	B	See Att II Audit Report for Exceptions	\$1,690.27	\$401.56	\$483.46	\$2,575.29	Nov 2016 - Oct 2018	Nov 2016 - Oct 2018
MF116609	IV	B(i)	See Att II Audit Report for Exceptions	\$4,274.39	\$1,075.00	\$741.85	\$6,091.24	Sep 2017 - Dec 2022	Sep 2017 - Dec 2022
MF116834	IV	A	See Att II Audit Report for Exceptions	\$28,023.09	\$3,119.64	\$4,596.18	\$35,738.91	Sep 2017 - Dec 2022	Sep 2017 - Dec 2022
MF116835	IV	A	See Att II Audit Report for Exceptions	\$55,216.69	\$5,679.52	\$9,055.73	\$69,951.94	Sep 2017 - Dec 2022	Sep 2017 - Dec 2022
MF116844	IV	B	See Att II Audit Report for Exceptions	\$21,701.24	\$2,354.93	\$6,571.25	\$30,627.42	Jul 2015 - Sep 2019	Jul 2015 - Sep 2019
MF117056	IV	A	See Att II Audit Report for Exceptions	\$38,844.63	\$4,284.75	\$3,487.80	\$46,617.18	Dec 2017 - Dec 2022	Dec 2017 - Dec 2022
MF117175	IV	B	See Att II Audit Report for Exceptions	\$13,835.43	\$1,868.08	\$3,143.66	\$18,847.17	Oct 2015 - Sep 2022	Oct 2015 - Sep 2022
MF117292	IV	A(i)	See Att II Audit Report for Exceptions	(\$203,862.91)	\$21,938.77	\$20,760.09	(\$161,164.05)	Feb 2018 - Dec 2022	Feb 2018 - Dec 2022
MF117414	IV	A	See Att II Audit Report for Exceptions	\$142,601.55	\$14,320.90	\$18,231.43	\$175,153.88	Aug 2016 - Dec 2022	Aug 2016 - Dec 2022
MF117492	IV	A(ii) 4c	See Att II Audit Report for Exceptions	\$1,017.86	\$400.00	\$115.14	\$1,533.00	Feb 2019 - Dec 2022	Feb 2019 - Dec 2022
MF117516	IV	A	See Att II Audit Report for Exceptions	\$704,475.61	\$70,469.81	\$47,332.96	\$822,278.38	Mar 2018 - Dec 2022	Mar 2018 - Dec 2022
MF117652	IV	A(i)	See Att II Audit Report for Exceptions	(\$15,241.78)	\$2,060.55	\$2,014.60	(\$11,166.63)	Feb 2018 - Dec 2022	Feb 2018 - Dec 2022
MF117815	IV	A	See Att II Audit Report for Exceptions	\$153,140.50	\$15,714.54	\$23,928.48	\$192,783.52	Jan 2017 - Dec 2022	Jan 2017 - Dec 2022
MF117960	IV	B	See Att II Audit Report for Exceptions	\$4,136.99	\$567.60	\$1,168.06	\$5,872.65	Feb 2017 - Jun 2019	Feb 2017 - Jun 2019
MF118062	IV	A(ii) 4c	See Att II Audit Report for Exceptions	\$2,339.32	\$750.00	\$448.83	\$3,538.15	May 2018 - Dec 2022	May 2018 - Dec 2022

ATTACHMENT I
PDC PERMIAN, INC.
SUMMARY OF FINAL AUDIT EXCEPTIONS - GAS
11/7/2023

FIELD NAME STATE LEASE #	ATT	ERROR RATE CODES *	EXCEPTION	ADDITIONAL ROYALTY DUE Under / (Over)	PENALTY DUE AS OF 10/31/2023	INTEREST DUE AS OF 10/31/2023	ADDITIONAL REVENUE DUE Under / (Over)	AUDITED PRODUCTION MONTHS	BILLED PRODUCTION MONTHS
Fields: Phantom-Wolfcamp, Wolfbone (Trend Area)									
MF118083	IV	B	See Att II Audit Report for Exceptions	\$3,006.17	\$1,350.00	\$499.62	\$4,855.79	May 2016 - Dec 2022	May 2016 - Dec 2022
MF118101	IV	B(ii) 4c	See Att II Audit Report for Exceptions	\$33,374.31	\$3,337.42	\$8,991.97	\$45,703.70	Sep 2018 - Jun 2019	Sep 2018 - Jun 2019
MF118118	IV	A(i)	See Att II Audit Report for Exceptions	\$342,724.35	\$34,455.31	\$26,240.20	\$403,419.86	Jun 2019 - Dec 2022	Jun 2019 - Dec 2022
MF118152	IV	B(ii) 4c	See Att II Audit Report for Exceptions	\$23,904.06	\$2,739.78	\$3,454.43	\$30,098.27	Sep 2017 - Dec 2022	Sep 2017 - Dec 2022
MF118164	IV	A	See Att II Audit Report for Exceptions	\$20,131.68	\$2,410.78	\$3,301.67	\$25,844.13	Sep 2017 - Dec 2022	Sep 2017 - Dec 2022
MF118284	IV	B(ii) 4c	See Att II Audit Report for Exceptions	\$7,443.20	\$1,201.04	\$1,909.75	\$10,553.99	Sep 2017 - Oct 2021	Sep 2017 - Oct 2021
MF118354	IV	B	See Att II Audit Report for Exceptions	\$63,643.95	\$6,507.87	\$12,383.87	\$82,535.69	May 2017 - Dec 2022	May 2017 - Dec 2022
MF118460	IV	B(ii) 4c	See Att II Audit Report for Exceptions	\$14,720.93	\$1,781.56	\$3,648.76	\$20,151.25	Sep 2017 - Oct 2021	Sep 2017 - Oct 2021
MF118486	IV	A	See Att II Audit Report for Exceptions	\$228,319.98	\$22,867.35	\$35,814.71	\$287,002.04	Apr 2017 - Dec 2022	Apr 2017 - Dec 2022
MF118552	IV	B(i)	See Att II Audit Report for Exceptions	\$9,626.91	\$1,512.98	\$1,670.87	\$12,810.76	Sep 2017 - Dec 2022	Sep 2017 - Dec 2022
MF118601	IV	B	See Att II Audit Report for Exceptions	\$22,972.91	\$2,453.85	\$3,893.82	\$29,320.58	Aug 2017 - Dec 2022	Aug 2017 - Dec 2022
MF118602	IV	B	See Att II Audit Report for Exceptions	\$22,972.82	\$2,453.85	\$3,893.81	\$29,320.48	Aug 2017 - Dec 2022	Aug 2017 - Dec 2022
MF118630	IV	B(i)	See Att II Audit Report for Exceptions	\$14,979.47	\$1,925.71	\$2,599.77	\$19,504.95	Sep 2017 - Dec 2022	Sep 2017 - Dec 2022
MF118664	IV	A	See Att II Audit Report for Exceptions	\$36,782.72	\$4,081.91	\$3,613.39	\$44,478.02	Dec 2017 - Dec 2022	Dec 2017 - Dec 2022
MF118671	IV	A	See Att II Audit Report for Exceptions	\$66,855.75	\$6,879.92	\$6,139.32	\$79,874.99	Dec 2017 - Dec 2022	Dec 2017 - Dec 2022
MF118709	IV	B(ii) 4c	See Att II Audit Report for Exceptions	\$23,904.04	\$2,739.78	\$3,454.43	\$30,098.25	Sep 2017 - Dec 2022	Sep 2017 - Dec 2022
MF119148	IV	A	See Att II Audit Report for Exceptions	\$285,777.58	\$28,577.78	\$35,644.74	\$350,000.10	May 2018 - Dec 2022	May 2018 - Dec 2022
MF119160	IV	B(i)	See Att II Audit Report for Exceptions	\$19,253.85	\$2,272.63	\$3,341.65	\$24,868.13	Sep 2017 - Dec 2022	Sep 2017 - Dec 2022
MF119281	IV	A(ii) 4c	See Att II Audit Report for Exceptions	\$24,095.87	\$2,535.51	\$3,593.48	\$30,224.86	Feb 2018 - Dec 2022	Feb 2018 - Dec 2022
MF119424	IV	A(i)	See Att II Audit Report for Exceptions	(\$1,111.23)	\$150.00	\$43.74	(\$917.49)	Mar 2018 - Dec 2022	Mar 2018 - Dec 2022
MF119686	IV	A(i)	See Att II Audit Report for Exceptions	\$682,821.60	\$68,647.82	\$52,345.99	\$803,815.41	Jun 2019 - Dec 2022	Jun 2019 - Dec 2022
MF119900	IV	A(i)	See Att II Audit Report for Exceptions	(\$52,165.47)	\$0.00	(\$2,643.68)	(\$54,809.15)	Aug 2021 - Dec 2022	Aug 2021 - Dec 2022
MF119996	IV	n/a	See Att II Audit Report for Exceptions	\$0.00	\$0.00	\$0.00	\$0.00	May 2019 - Oct 2020	Excluded
Total for all Leases	III			\$4,692,799.04	\$533,569.37	\$646,758.58	\$5,873,126.99	GRAND TOTAL	

Credit to PDC Permian, Inc. (\$272,381.40)

Footnotes: * See Attach I Exhibit "B" for Error Rate Code Legend

(A): Error Rate for Audited Leases.

(B): Error Rate Applied to Non-Audited Leases.

Attachment I - Exhibit "B"

GLO REVIEW: PDC Permian, Inc.
 AUDIT EXCEPTION: All Gas Error Rates
 MINERAL FILE #: State Leases Operated by PDC Permian, Inc
 FIELDNAME: Phantom
 RRC COUNTY: 08 / Reeves (Unitized)
 AUDIT PERIOD: Nov 2014 thru Dec 2022
 PURPOSE: To determine the Average Gas Error Rate for 27 audited leases according to lease agreement (A).
 For the 34 non-audited leases listed below, the Average Error Rate calculated for audited leases was applied to the Non-Audited Leases according to the lease agreement (B).
 Excluded one (1) leases MF119996 due to materiality. Error Rates were applied to the GLO3 Payments to determine Additional Royalty Due.

Auditor: RL & PA
 Date: 11/7/2023

CONCLUSIONS: The 34 non-audited leases made-up 12.25% of PDC Permian, Inc. gas sales during the audit period; therefore, these remaining leases are not as risky and the average error rate would be an applicable metric used to determine additional royalty due.

MF Lease Number	Gas Error Rate	Leased on	with 4(c)1 (Y/N)	ER Code
MF111356	7.95%	Dec-09	No	A
MF111748	15.84%	Aug-10	No	A
MF112094	15.13%	Oct-10	No	A
MF112692	14.98%	Mar-11	No	A
MF113744	7.27%	Nov-11	No	A
MF113745	7.27%	Sep-11	No	A
MF114156	15.74%	Sep-10	No	A
MF116834	7.74%	May-14	No	A
MF116835	7.60%	Sep-14	No	A
MF117056	11.61%	Feb-14	No	A
MF117414	7.95%	Feb-15	No	A
MF117516	13.08%	Mar-15	No	A
MF117815	7.27%	Feb-16	No	A
MF118164	7.60%	Jul-16	Yes	A
MF118486	8.89%	Sep-14	No	A
MF118664	9.84%	Jan-17	No	A
MF118671	11.02%	Nov-14	No	A
MF119148	15.74%	Jan-15	No	A
MF117292	12.38% & -17.04%	Feb-15	Yes	A(i)
MF117652	10.33% & -16.05%	Mar-15	No	A(i)
MF118118	12.59% & 26.89%	Jul-16	Yes	A(i)
MF119424	12.27% & -17.05%	Mar-18	Yes	A(i)
MF119686	12.59% & 26.73%	Oct-18	Yes	A(i)
MF119900	-31.50%	Dec-18	Yes	A(i)
MF117492	12.30%	Oct-14	Yes	A(ii) 4c
MF118062	1.99%	Jun-16	Yes	A(ii) 4c
MF119281	12.37%	Oct-17	Yes	A(ii) 4c
MF111399	10.70%	Jul-10	No	B
MF111747	10.70%	Jul-10	No	B
MF112407	10.70%	Oct-10	No	B
MF112415	10.70%	Apr-11	No	B
MF112438	10.70%	Apr-11	No	B
MF112687	10.70%	Apr-11	No	B
MF112819	10.70%	Oct-11	No	B
MF112844	10.70%	May-11	No	B
MF113522	10.70%	Jun-11	No	B
MF113523	10.70%	Jun-11	No	B

MF Lease Number	Gas Error Rate	Leased on	with 4(c)1 (Y/N)	ER Code
MF111356	7.95%	Dec-09	No	A
MF111748	15.84%	Aug-10	No	A
MF112094	15.13%	Oct-10	No	A
MF112692	14.98%	Mar-11	No	A
MF113744	7.27%	Nov-11	No	A
MF113745	7.27%	Sep-11	No	A
MF114156	15.74%	Sep-10	No	A
MF116834	7.74%	May-14	No	A
MF116835	7.60%	Sep-14	No	A
MF117056	11.61%	Feb-14	No	A
MF117414	7.95%	Feb-15	No	A
MF117516	13.08%	Mar-15	No	A
MF117815	7.27%	Feb-16	No	A
MF118164	7.60%	Jul-16	Yes	A
MF118486	8.89%	Sep-14	No	A
MF118664	9.84%	Jan-17	No	A
MF118671	11.02%	Nov-14	No	A
MF119148	15.74%	Jan-15	No	A

WTD Average ER - B: 10.70%

Notes:

ER from audited State leases and the WTD Average ER was used for non-audited leases "B"

MF Lease Number	Gas Error Rate	Leased on	with 4(c)1 (Y/N)	ER Code
MF117292	12.38% & -17.04%	Feb-15	Yes	A(i)
MF117652	10.33% & -16.05%	Mar-15	No	A(i)
MF118118	12.59% & 26.89%	Jul-16	Yes	A(i)
MF119424	12.27% & -17.05%	Mar-18	Yes	A(i)
MF119686	12.59% & 26.73%	Oct-18	Yes	A(i)
MF119900	-31.50%	Dec-18	Yes	A(i)

Notes:

Stoneman State 3927 Unit #11275 leases:

Due to reporting errors, two (2) weighted average error rates were calculated per lease, Pre & Post 08/2021.

PDC given credit for over pymts starting on 8/2021 prod months.

Error rates were not used nor combined with other leases.

MF Lease Number	Gas Error Rate	Leased on	with 4(c)1 (Y/N)	ER Code
MF116245	10.70%	Jan-14	No	B
MF116246	10.70%	Jan-14	No	B
MF116247	10.70%	Jan-14	No	B
MF116248	10.70%	Jan-14	No	B
MF116249	10.70%	Jan-14	No	B
MF116544	10.70%	Feb-14	No	B
MF116844	10.70%	Jun-14	No	B
MF117175	10.70%	Jul-14	No	B
MF117960	10.70%	Oct-15	No	B
MF118083	10.70%	Aug-15	No	B
MF118354	10.70%	Feb-12	No	B
MF118601	10.70%	Oct-15	No	B
MF118602	10.70%	Jun-15	No	B
MF111746	10.70%	Jul-10	No	B(i)
MF112404	10.70%	Apr-11	No	B(i)
MF116609	10.70%	Jan-14	No	B(i)
MF118552	10.70%	Feb-17	No	B(i)
MF118630	10.70%	Mar-17	No	B(i)
MF119160	10.70%	Aug-17	No	B(i)
MF118101	8.88%	Jul-16	Yes	B(ii) 4c
MF118152	8.88%	Jul-16	Yes	B(ii) 4c
MF118284	8.88%	Oct-16	Yes	B(ii) 4c
MF118460	8.88%	Oct-16	Yes	B(ii) 4c
MF118709	8.88%	Jun-17	Yes	B(ii) 4c
MF119996	Deleted low \$			
* Error Rate Code Legend Error Rates & Codes for all leases	10.70%		Audited	A
	Various		Audited	A(i)
	8.88%		Audited 4(c-p)	A(ii) 4c
	10.70%		Non-Audited	B
	10.70%		Non-Audited (immaterial)	B(i)
	8.88%		Non-Audited 4(c-p)	B(ii) 4c

Notes:

A. Audited Leases - Average Error Rate

A(i). Outlier - PDC given credit for over payment of Gas Royalties.

Excluded from Average Error Rate for Audited Leases Due to over reported volumes.

Stoneman State 3927 Unit #11275 - RRC ID#'s: #286927 well #BH; #287041 well #A2H and #290992 well #B4H

Stoneman State leases error rates not used nor combined with other leases due to overreporting starting on 8/2021 prod months

A(ii). 4c Lease Agreement Provision - Processing Fees Allowed.

B. Error Rate Applied to Non-Audited Leases

B(i). Initially planned to be audited:

MF111746 & MF112404 documents were not provided for July 2017 - June 2019.

MF116609, MF118552, MF118630, & MF119160 allocated production was immaterial for the sample months.

B(ii). 4c - Error Rate Applied to Non-Audited Leases with 4c Lease Agreement Provision - Processing Fees Allowed.

MF Lease Number	Gas Error Rate	Leased on	with 4(c)1 (Y/N)	ER Code
MF117492	12.30%	Oct-14	Yes	A(ii) 4c
MF118062	1.99%	Jun-16	Yes	A(ii) 4c
MF119281	12.37%	Oct-17	Yes	A(ii) 4c

WTD Average ER-B(ii) 4c: 8.88%

Notes:

Minimum Liquid POP% 4(c-p) ER from audited State leases and WTD Average ER was used for non-audited leases with processing fee clause of 4(c-p) **"B(ii) 4(c)".**

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File No. ME 112094

County

Gas Draft + Audit Billing Notice

Date Filed: 6/3/2024
Commissioner Dawn Buckingham, M.D.

By: VS



Texas General Land Office

Reconciliation Billing

Commissioner Dawn Buckingham, M.D.

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

PDC Permian, Inc.
1099 18th St Ste 1500
Denver, CO 80202-2031

Billing Date: 8/4/2025
Billing Due Date: 9/3/2025
Customer Number: C000088142

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
25I00988	MF112094	\$0.00	\$8,215.82	\$883.91	\$1,082.66	\$10,182.39
Total Due		\$0.00	\$8,215.82	\$883.91	\$1,082.66	\$10,182.39

Penalty and interest have been calculated thru 8/31/2025. Payment remitted after 8/31/2025 will result in additional penalty and interest charges.

NOTICE

- Please update GLO1 and GLO2 production reports to correct volumes.
- Please do not update GLO3 report to include billed royalty, penalty or interest. This receivable has already been recorded.

This notice does not constitute an Audit Billing Notice as defined in Section 52.135 of the Texas Natural Resources Code and, consequently, does not preclude the TGLO from conducting further examinations of these leases, time periods or issues.

Detach and return with payment

Reconciliation Billing

PDC Permian, Inc.

Billing Date: 8/4/2025

Billing Due Date: 9/3/2025

Customer Number: C000088142

Remit Payment To:

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
25I00988	MF112094	\$0.00	\$8,215.82	\$883.91	\$1,082.66	\$10,182.39
Total Due		\$0.00	\$8,215.82	\$883.91	\$1,082.66	\$10,182.39
Amt. Paid						

Customer ID: C000088142
 Invoice Number: MF112094
 GLO Lease: PDC PERMIAN, INC.
 GLO Review: Sept 2023 - Aug 2024
 Review Period:

Category: Oil
 Auditor/AE: Eric M
 Billing Date: 8/1/2025
 P&I Calculation Date: 8/30/2025
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Sep-23	08-295150	145	1	\$87.847	1	\$12,737.87	\$1,592.23	\$0.00	\$1,592.23	664	8.50%	\$159.22	\$224.33	\$1,975.76
Oct-23	08-295150	180	1	\$84.374	1	\$15,187.29	\$1,898.41	\$0.00	\$1,898.41	634	8.50%	\$189.84	\$254.20	\$2,342.45
Nov-23	08-295150	203	1	\$76.280	1	\$15,484.88	\$1,935.61	\$0.00	\$1,935.61	603	9.50%	\$193.56	\$274.06	\$2,403.23
Dec-23	08-295150	147	1	\$69.554	1	\$10,224.40	\$1,278.05	\$0.00	\$1,278.05	572	9.50%	\$127.81	\$170.65	\$1,576.51
Jan-24	08-295150	35	1	\$74.611	1	\$2,611.39	\$326.42	\$0.00	\$326.42	543	9.50%	\$32.64	\$41.12	\$400.18
Feb-24	08-295150	29	1	\$77.712	1	\$2,253.65	\$281.71	\$0.00	\$281.71	512	9.50%	\$28.17	\$33.21	\$343.09
Mar-24	08-295150	27	1	\$81.985	1	\$2,213.80	\$276.70	\$0.00	\$276.70	482	9.50%	\$27.67	\$30.46	\$334.83
Apr-24	08-295150	16	1	\$85.988	1	\$1,375.82	\$171.98	\$0.00	\$171.98	451	9.50%	\$25.00	\$17.55	\$214.53
May-24	08-295150	6	1	\$80.252	1	\$481.51	\$60.19	\$0.00	\$60.19	421	9.50%	\$25.00	\$5.67	\$90.86
Jun-24	08-295150	18	1	\$78.799	1	\$1,418.38	\$177.30	\$0.00	\$177.30	390	9.50%	\$25.00	\$15.27	\$217.57
Jul-24	08-295150	11	1	\$80.997	1	\$890.97	\$111.37	\$0.00	\$111.37	359	9.50%	\$25.00	\$8.70	\$145.07
Aug-24	08-295150	11	1	\$76.979	1	\$846.77	\$105.85	\$0.00	\$105.85	329	9.50%	\$25.00	\$7.44	\$138.29
TOTALS		828				\$65,726.52	\$8,215.82	\$0.00	\$8,215.82			\$883.91	\$1,082.66	\$10,182.39

COMMENTS: BILLING IS FOR UNDERREPORTED VOLUMES FOR RRC ID: 08-295150 08-295192
 OVER REPORTED VOLUMES ON MF112692 ARE ADDED AS A CREDIT TO VOLUME TOTAL
 COLUMN (3) UNDERREPORTED VOLUMES REPORTED TO THE GLO VERSUS VOLUMES REPORTED TO THE RRC
 COLUMNS (5) & (6) AVERAGE PRICE IS CALCULATED AND USED IN THE CALCULATION
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENTS:
<http://www.glo.texas.gov/energy-business/oil-gas/trac/forms/penalty-interest-assessment-rules.pdf>

FOR QUESTIONS REGARDING THIS INVOICE PLEASE E-MAIL: eric.martinez@glo.texas.gov

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

EMAIL: Sofia Raggi sofiaraggi@chevron.com James Magwe jmagwe@chevron.com

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File No. MF112094

County

Recon Billing

Date Filed: 8/26/2025

Commissioner Dawn Buckingham, M.D.

By: VD