

MF112847

#6442

State Lease	Control	Base File	County
MF112847	07-079975	140048	PECOS
MF112847	07-079984	140049	PECOS
MF112847	07-102805	140048	REEVES
MF112847	07-102814	140049	REEVES

Survey H & T C R Y CO
 Block 1
 Block Name
 Township
 Section/Tract 98, 102
 Land Part
 Part Description
 Acres 1281.1 639.75
 Depth Below Depth Above Depth Other

Leasing: GH
 Analyst: GH
 Maps: _____
 GIS: MC
 DocuShare: _____

Name RED WILLOW PRODUCTION, LLC
 Lease Date 3/1/2011
 Primary Term 3 yrs
 Bonus (\$) \$416,357.50
 Rental (\$) \$0.00
 Lease Royalty 0.1250



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

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

F1072315



CONTENTS OF FILE NO. MF 112847

1. RAL Review Sheet	3/22/11	19. Memo to SLB	3/5/19
2. Lease	6/23/11	20. Ltr. to COB	3/14/19
3. Cover Letter, Bonus, and Fees	6/23/11	21. Production Sharing Agmt.	3/14/19
4. Final Letter	5/2/12	scanned PJ	3-20-2019
5. Fees	05/29/12	22. Commingling Approval	7/31/2019
scanned PJ	3-14-13	scanned PJ	8-6-2019
6. Amended permit to drill	389-33955	23. iNut 10263	9/12/19
McCoy Remme Ranch St. 99-102 #111	9/30/13	scanned sm	10/11/2019
7. Pooling Agmt Packet #6442		24. DIVISION ORDER	2-19-2020
McCoy Remme Ranch Unit	4/3/14	scanned sm	02/24/2020
8. Revised Unit Agmt Memo	7/17/14		
scanned PJ	9-18-14		
See # 15 in M-112677 for the			
Uncompartc State Unit # 7225			
9. Completion Report	3/06/15		
scanned PJ	6-12-15		
10. W-2, permit, GW-2	389-34696		
11. RRC Forms	389-34693		
12. Division Order			
13. Red Willow email D/D			
14. Completion Report	389-33955		
scanned PJ	8-12-15		
15. Compl. Rpt. Unit 7225 API 389-34693	11/20/15		
scanned PJ	1-7-16		
16. Assign ID #9872, Red Willow to COB	4/4/16		
scanned PJ	11-15-16		
17. Recon Billing	6/29/17		
scanned PJ	7-7-2017		
18. Ltr. From Concho	2/8/19		

RAL REVIEW SHEET

Transaction # 7193
Lessor: McCoy Remme Ranches, Ltd.
Lessee: Red Willow Production, LLC

Geologist: R. Widmayer
Lease Date: 3/1/2011 **UT**
Gross Acres: 1281.1
Net Acres: 1281.1

LEASE DESCRIPTION

County	PIN#	Base File No	Part	Sec.	Block	Twp	Survey	Abst#
REEVES	07-102805	140048	ALL	98	1	00	H & T C RY CO	4858
PECOS	07-079975	140048	ALL	98	1	00	H & T C RY CO	8631
REEVES	07-102814	140049	ALL	102	1	00	H & T C RY CO	4859
PECOS	07-079984	140049	ALL	102	1	00	H & T C RY CO	8632

TERMS OFFERED

Primary Term:
Bonus/Acre:
Rental/Acre:
Royalty:

TERMS RECOMMENDED

Primary Term
Bonus/Acre
Rental/Acre
Royalty

COMPARISONS

MF #	Lessee	Date	Term	Bonus/Ac.	Rental/Ac.	Royalty	Distance
MF105196	Petro-Hunt, L.L.C.	3/7/2005	5 years	\$50.00	\$2.00	1/5	Last Lease
Pending	Petro Land Group	12-20-10	3 yrs	\$600.00	\$1.00	1/4	Adjacent SW

Comments:

Approved: m 3/22/11

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: 22-Mar-11

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

Applicant: Red Willow Production, LLC County: REEVES
Prim. Term: 3 years Bonus/Acre \$650.00
Royalty: 1/4 Rental/Acre \$1.00

Consideration

Recommended: ML Date: 3/22/11

Not Recommended: _____

Comments: Paid up rentals.

Lease Form

Recommended: RJH Date: 3/24/11

Not Recommended: _____

Comments:

Louis Renaud, Deputy Commissioner Date: 3-28-11

Recommended: CLR

Not Recommended: _____

Bill Warnick, General Counsel Date: 3/31/11

Recommended: WFW

Not Recommended: _____

Larry Laine, Chief Clerk Date: 3/31/11

Approved: [Signature]

Not Approved: _____

Jerry Patterson, Commissioner Date: 4/4/2011

Approved: [Signature]

Not Approved: _____

File No. 112847

RAL Review Sheet

Date Filed: 3/22/11

Jerry E. Patterson, Commissioner

By GH

Patterson

3/22/11

3/22/11

[Faint handwritten signature]



[Faint handwritten marks]



The State of Texas



MF112847

Austin, Texas

paid up

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 1st day of March, 2011, between the State of Texas, acting by and through its agent, McCoy Remme Ranches, Ltd.

of P. O. Box 1028, San Marcos, Texas 78667

(Give Permanent Address)

said agent herein referred to as the owner of the soil (whether one or more), and Red Willow Production, LLC.

of 14933 Highway 172, Ignacio, Colorado 81137

(Give Permanent Address)

hereinafter called Lessee.

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

TR. #1) 641.35 acres of land, more or less, being all of Section 98, Block 1, H & T C Ry. Co. Survey, A-4858, Reeves and Pecos Counties, Texas, and being the same land granted from the State of Texas to Francis W. Popham and Elizabeth Popham in that certain Patent dated June 17, 1963, recorded in Volume 7, Page 116, of the Patent Records of Reeves County, Texas.

TR. #2) 639.75 acres of land, more or less, being all of Block 1, Section 102, H & T C RY CO. Survey, A-8632, Certificate 39/4597, Reeves and Pecos Counties, Texas, and being the same land described as Tract # 121 in that certain Deed dated January 16, 1991, from L. R. French Jr. and wife, Marcia Fuller French to McCoy Land and Cattle Company, recorded in Volume 618, Page 540, of the Deed Records of Pecos County, Texas.

SEE EXHIBIT "A" FOR ADDITIONAL PROVISIONS

Containing 1281.10 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Four-Hundred SixteenThousand Three-Hundred Fifty-Seven and 50/100
Dollars (\$416,357.50)

To the owner of the soil: Four-Hundred SixteenThousand Three-Hundred Fifty-Seven and 50/100
Dollars (\$416,357.50)

Total bonus consideration: Eight-Hundred Thirty-Two Thousand Seven-Hundred Fifteen and 00/100
Dollars (\$832,715.00)

The total bonus consideration paid represents a bonus of Six-Hundred Fifty and 00/100
Dollars (\$650.00) per acre, on 1281.10 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. 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, at P. O. Box 1028, San Marcos, Texas 78667 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: PAID-UP BONUS
Dollars ()

To the State of Texas: N/A: PAID-UP BONUS
Dollars ()

Total Delay Rental: N/A: PAID-UP BONUS
Dollars ()



A TRUE COPY
CERTIFICATION ON LAST PAGE
TRISH KING, COUNTY CLERK
PECOS COUNTY, TEXAS

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. **THIS IS A PAID-UP BONUS LEASE FOR THE PRIMARY TERM OF (3) YEARS, THEREFORE DELAY RENTAL PAYMENTS DO NOT APPLY.**

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

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

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

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

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

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

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

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

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

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

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



A TRUE COPY
CERTIFICATION ON LAST PAGE
TRISH KING, COUNTY CLERK
PECOS COUNTY, TEXAS

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

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

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

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

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

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

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

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

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

(A) VERTICAL. In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 14 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit



A TRUE COPY
CERTIFICATION ON LAST PAGE
TRISH KING, COUNTY CLERK
PECOS COUNTY, TEXAS

pursuant to Texas Natural Resources Code 52.151-52.154, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction. If at any time after the effective date of the partial termination provisions hereof, the applicable field rules are changed or the well or wells located thereon are reclassified so that less acreage is thereafter allocated to said well or wells for production purposes, this lease shall thereupon terminate as to all acreage not thereafter allocated to said well or wells for production purposes. Notwithstanding the termination of this lease as to a portion of the lands covered hereby, Lessee shall nevertheless continue to have the right of ingress to and egress from the lands still subject to this lease for all purposes described in Paragraph 1 hereof, together with easements and rights-of-way for existing roads, existing pipelines and other existing facilities on, over and across all the lands described in Paragraph 1 hereof ("the retained lands"), for access to and from the retained lands and for the gathering or transportation of oil, gas and other minerals produced from the retained lands.

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

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

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

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

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

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

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

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

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

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

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

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

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



A TRUE COPY
CERTIFICATION ON LAST PAGE
TRISH KING, COUNTY CLERK
PECOS COUNTY, TEXAS

fixtures, or casing which are not timely removed by Lessee under the terms of this paragraph.

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

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

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

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

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

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

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

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

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

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

35. INDEMNITY. Lessee hereby releases and discharges the State of Texas and the owner of the soil, their officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns, of and from all and any actions and causes of action of every nature, or other harm, including environmental harm, for which recovery of damages is sought, including, but not limited to, all losses and expenses which are caused by the activities of Lessee, its officers, employees, and agents arising out of, incidental to, or resulting from, the operations of or for Lessee on the leased premises hereunder, or that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement, or by any other negligent or strictly liable act or omission of Lessee. Further, Lessee hereby agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees and agents, their successors or assigns, against any and all claims, liabilities, losses, damages, actions, personal injury (including death), costs and expenses, or other harm for which recovery of damages is sought, under any theory including tort, contract, or strict liability, including attorneys' fees and other legal expenses, including those related to environmental hazards, on the leased premises or in any way related to Lessee's failure to comply with any and all environmental laws; those arising from or in any way related to Lessee's operations or any other of Lessee's activities on the leased premises; those arising from Lessee's use of the



A TRUE COPY
CERTIFICATION ON LAST PAGE
TRISH KING, COUNTY CLERK
PECOS COUNTY, TEXAS

surface of the leased premises; and those that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement or any other act or omission of Lessee, its directors, officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns. Each assignee of this Agreement, or an interest therein, agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees, and agents in the same manner provided above in connection with the activities of Lessee, its officers, employees, and agents as described above. EXCEPT AS OTHERWISE EXPRESSLY LIMITED HEREIN, ALL OF THE INDEMNITY OBLIGATIONS AND/OR LIABILITIES ASSUMED UNDER THE TERMS OF THIS AGREEMENT SHALL BE WITHOUT LIMITS AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF (EXCLUDING PRE-EXISTING CONDITIONS), STRICT LIABILITY, OR THE NEGLIGENCE OF ANY PARTY OR PARTIES (INCLUDING THE NEGLIGENCE OF THE INDEMNIFIED PARTY), WHETHER SUCH NEGLIGENCE BE SOLE, JOINT, CONCURRENT, ACTIVE, OR PASSIVE.

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

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

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

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

LESSEE:

BY: [Signature]
Title: James T. Lynn, Land Manager
Date: 3/24/11

STATE OF TEXAS

BY: McCoy Remme Ranches Ltd
Individually and as agent for the State of Texas

BY: McCoy Remme Land and Cattle LLC
General Partner

By: [Signature]
Kaare J. Remme, President

By: [Signature]
Brian F. McCoy, Vice-President



A TRUE COPY
CERTIFICATION ON LAST PAGE
TRISH KING, COUNTY CLERK
PECOS COUNTY, TEXAS

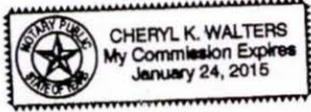
STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF TRAVIS

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

Given under my hand and seal of office this the 24th day of March, 2011.



Cheryl K. Walters
Notary Public in and for the State of Texas

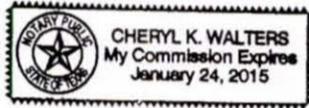
STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF TRAVIS

BEFORE ME, the undersigned authority, on this day personally appeared Kaare J. Remme known to me to be the person whose name is subscribed to the foregoing instruments as President of McCoy Remme Land and Cattle, L.L.C. and the general partner of McCoy Remme Ranches, Ltd. and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this the 24th day of March, 2011.



Cheryl K. Walters
Notary Public in and for the State of Texas

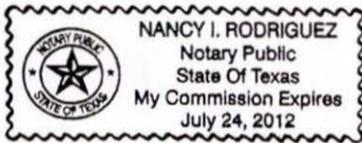
STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF HAYS

BEFORE ME, the undersigned authority, on this day personally appeared Brian F. McCoy known to me to be the person whose name is subscribed to the foregoing instruments as Vice-President of McCoy Remme Land and Cattle LLC. and the general partner of McCoy Remme Ranches Ltd and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this the 24th day of March, 2011.



[Signature]
Notary Public in and for the State of Texas



A TRUE COPY
CERTIFICATION ON LAST PAGE
TRISH KING, COUNTY CLERK
PECOS COUNTY, TEXAS

ADDENDUM TO OIL AND GAS LEASE

dated March 1, 2011 from the State of Texas, acting by and through its agent,
McCoy Remme Ranches Ltd, to Red Willow Production, LLC

Notwithstanding anything to the contrary, or apparently to the contrary, in the foregoing provisions of the oil and gas lease to which this addendum is attached, it is expressly provided as follows:

I. Leasehold Estate.

It is the intent of the parties that all of the rights, titles and interests of Lessee will terminate upon the expiration of this lease and that, with respect to the land which is described in this lease, Lessee shall have no right, power or authority to enter into agreements or impose legal burdens that outlast this lease. Wherever the words "leased premises" or "land" appear in the foregoing lease text, the words "leasehold estate" shall be deemed to be substituted.

II. Additional Royalty Provisions.

A. Production Sale Contracts. Lessee shall pay, as royalty, one-half (1/2) to the Commissioner of the General Land Office of the State of Texas, at Austin, Texas, and one-half (1/2) to the owner of the soil, **twenty-five percent (25%)** of all consideration received by or for the benefit of Lessee under any contract for the sale of oil, gas or other substances produced from the leasehold estate, including, but not limited to, all contract settlements and other sums received by Lessee from any purchaser of oil, gas or other substances, whether such sums are advance payments, payments under take-or-pay provisions, price buy-down settlements, or other contractual payments or payments in settlement of claims of whatever kind or character paid by any purchaser of oil, gas or other substances to Lessee to the extent related to the sale of production from the leasehold estate. To the extent that any such consideration is paid in advance of actual production, Lessee shall receive credit for the amount thereof when such production occurs. If Lessee enters into any contract for the sale of oil, gas or other substances produced from the leasehold estate extending for two (2) or more years from the date thereof, such contract shall have effective provisions requiring reasonable redetermination of price at least once each year.

B. Litigation Recoveries. If Lessee participates in any litigation or administrative proceeding against a third party for damage to the leasehold estate or the minerals therein, including but not limited to claims for trespass, violation of applicable rules and regulations, or breach of a production sale contract, Lessee shall make a sufficient claim therein to cover the royalty share as provided in this lease, and shall pay one-half (1/2) to the Commissioner of the General Land Office of the State of Texas, at Austin, Texas, and one-half (1/2) to the owner of the soil, of **twenty-five percent (25%)** of the proceeds received by Lessee and attributable to this lease as a result thereof; whether by settlement, judgment or otherwise.

III. Surface Use Provisions.

A. Payment For Owner of the Soil's Loss Of Surface Use, Damages and Indemnity. Prior to Lessee's entry onto leasehold estate to commence the operation in question, Lessee shall pay for its occupancy of the surface at the rate of **\$10,000.00** per location for each drillsite, **\$5,000.00** per location for separator and tank battery sites if such sites are allowed by the owner of the soil to be off the well location, **\$25.00** per rod for each road built or improved by Lessee, and **\$25.00** per rod for each pipeline and flowline, **\$1,000.00** per linear mile for 2-D seismic operations, and **\$3,200.00** per square mile for 3-D seismic operations such



A TRUE COPY
CERTIFICATION ON LAST PAGE
TRISH KING, COUNTY CLERK
PECOS COUNTY, TEXAS

payments to be made one-half (1/2) to the Commissioner of the General Land Office of the State of Texas, at Austin, Texas, and one-half (1/2) to the owner of the soil. Lessee shall also compensate the owner of the soil for all damage which Lessee causes to crops, to livestock and wildlife (at the liquidated rates specified in Exhibit "A" hereto), and to the owner of the soil's improvements, and such payments shall be made by Lessee's check bearing the words "payment for damages" in the legend.

B. Lessee Plans. At least 30 days prior to Lessee's commencement of any operation on the leasehold estate that involves the installation of equipment or alteration of the surface, Lessee shall send owner of the soil a written plan that shall contains a plat showing the area to be affected and a reasonable description of the type of operation which will be conducted. Within 20 days after actual receipt of the plan, the owner of the soil may propose one or more alterations, and Lessee shall use the alteration(s) if reasonably practicable. In the plan for a pipeline, Lessee shall make a recommendation either that the pipeline be laid on the surface or that it be buried; provided, however, that the owner of the soil shall have the absolute right to require that the pipeline be buried; and further provided that Lessee shall not be required to bury a pipeline deeper than 36 inches or to any depth below 12 inches which requires trenching or boring through massive rock or any other substance that cannot be handled by standard pipeline laying equipment.

C. Lessee's Surface Use and Accommodation Of Green Energy Projects and Other Mineral Operators in the Area. Lessee shall have the non-exclusive right to use so much of the surface of the leasehold estate as is reasonably necessary for the exploration and development of the leasehold estate for oil and gas, and the owner of the soil may use, or permit third parties to use, the surface of leasehold estate so long as Lessee's uses are reasonably accommodated. Lessee understands that the leasehold estate is located in an area that is prospective for development of solar, wind and geothermal energy production (green energy projects), and if such development occurs in the area of the leasehold estate, Lessee agrees to reasonably accommodate the green energy projects. The owner of the soil shall have the right to allow third parties to conduct geologic, geophysical, weather, solar, and geothermal exploration, testing and monitoring operations on the leasehold estate. This addendum has an attached Exhibit "B" that depicts a general plan for accommodating solar development in this area with oil and gas operations, and it also depicts a required access route to be used by Lessee across other property owned by the owner of the soil for road and pipeline access by Lessee from Interstate 10 to the leasehold estate. If Lessee elects to access the leasehold estate from Interstate 10, it shall use the route designated on Exhibit "B," and Lessee shall negotiate a written easement agreement with the owner of the soil to set out the exact terms. Lessee will endeavor to coordinate its use and construction of roads with other mineral and green energy operators, if any, that are engaged in developing the owner of the soil's properties in the area. If Lessee constructs a road across the owner of the soil's property and another mineral or green energy operator wishes to use and improve the road, Lessee shall allow such use and improvement so long as the road is not rendered materially less useful for Lessee's purposes and does not interfere with Lessee's operations, and such improvement to be done at the other operator's expense. All of Lessee's roads and well locations shall be surfaced with suitable material native to the leasehold estate, or, if no suitable surfacing material is available in the leasehold estate, with native surfacing materials from another area of the owner of the soil's property. All roads constructed by Lessee shall be capable of bearing traffic in all weather, shall be maintained by Lessee in good condition, and shall be left in good condition by Lessee at such time as Lessee's use of the road ends. Lessee shall install corner posts and swinging steel gates at all points where Lessee's roads



cross the owner of the soil's fences unless the owner of the soil requests a bump gate or cattleguard. All gates placed by Lessee in exterior fences of the leasehold estate shall be kept locked, shall be marked by signs prohibiting trespassing, and shall be kept closed at all times, except when vehicles are actually passing through. The owner of the soil shall have the right to place its own lock in the chain to all gates erected by Lessee. Lessee's roads shall be properly ditched and bridged for drainage and follow interior fence lines where reasonably practicable. The course and location of Lessee's buried pipelines shall be clearly marked on the surface, and where Lessee's pipelines cross roads, other pipelines, or irrigation ditches, Lessee's trenches shall be bored and the pipe laid so that both Lessee's pipeline and the road, pipeline or ditch that it crosses are reasonably protected from damage and mutual interference.

D. Lessee's Personnel; Indemnity. All persons present on or near the leasehold estate in connection with Lessee's operations thereon shall be referred to as "Lessee's personnel" and shall be Lessee's responsibility. PRESENCE ON OR NEAR THE LEASEHOLD ESTATE SHALL BE AT THE SOLE RISK OF LESSEE AND LESSEE'S PERSONNEL. LESSEE AND LESSEE'S PERSONNEL ASSUME THE RISK OF DAMAGE, INJURY OR LOSS TO THEIR PERSONS OR PROPERTY FROM COLLISIONS BETWEEN VEHICLES, COLLISIONS BETWEEN LIVESTOCK AND VEHICLES, ACCIDENTS CAUSED BY THE CONDITION OF ROADS USED IN CONNECTION WITH LESSEE'S OPERATIONS HEREUNDER, EITHER ACROSS THE LEASEHOLD ESTATE OR ACROSS OTHER PROPERTY OWNED BY THE OWNER OF THE SOIL AND USED FOR ACCESS TO THE LEASEHOLD ESTATE, OR FROM ANY OTHER CAUSE. LESSEE WILL PROTECT, INDEMNIFY, HOLD HARMLESS AND DEFEND THE OWNER OF THE SOIL AGAINST ANY CLAIM, DEMAND, COST, LIABILITY, LOSS OR DAMAGE SUFFERED BY THE OWNER OF THE SOIL, INCLUDING ENVIRONMENTAL REMEDIATION, REASONABLE ATTORNEYS FEES, EXPERT WITNESS FEES, LITIGATION EXPENSES AND COURT COSTS ARISING OUT OF OR ASSOCIATED IN ANY WAY WITH ANY ACTIVITY CONDUCTED BY LESSEE OR LESSEE'S PERSONNEL ON OR NEAR THE LEASEHOLD ESTATE ("LESSEE'S CONDUCT"), AND LESSEE'S OBLIGATION TO INDEMNIFY OWNER OF THE SOIL FOR CLAIMS ARISING FROM LESSEE'S CONDUCT SHALL APPLY WITHOUT REGARD TO FAULT ON THE PART OF EITHER AND SHALL SPECIFICALLY INCLUDE INDEMNIFICATION OF OWNER OF THE SOIL AGAINST LIABILITY TO THIRD PERSONS ARISING FROM OWNER OF THE SOIL'S NEGLIGENCE IF SUCH LIABILITY IS RELATED TO LESSEE'S CONDUCT. Lessee's above indemnity obligations will continue in effect, and be enforceable by the owner of the soil, even after this lease terminates. Lessee shall allow access to the leasehold estate to only such persons as are reasonably necessary for Lessee's operations thereon, and Lessee's personnel shall be prepared to stop and identify themselves if requested to do so by the owner of the soil's personnel. Lessee's personnel shall only use the leasehold estate for Lessee's legitimate business purposes, and except when actually engaged in seismic or surveying work, or road, or pipeline or landline construction or maintenance, Lessee's personnel shall not leave the right-of-way of its roads or the limits of the drilling and well locations. Lessee's personnel shall be instructed by Lessee to drive in a safe and courteous manner while on the Leasehold estate and shall not exceed a maximum speed of twenty-five (25) miles per hour while inside the Leasehold estate, but the thirty-five mile per hour maximum speed limit shall not be deemed to authorize driving at any speed which is unsafe for conditions.

E. Protection of the Environment. "Environmental Medium" means soil, surface waters, groundwater, sediments, and surface or subsurface strata, ambient air and any other naturally occurring substance in, on, or under, the leasehold estate. Lessee shall use the highest degree of care and all reasonable safeguards to prevent contamination or pollution of any Environmental Medium by any waste, pollutant or contaminant. Lessee shall use all means at its disposal to recapture any and all escaped hydrocarbons or other pollutants. Upon



A TRUE COPY
CERTIFICATION ON LAST PAGE
TRISH KING, COUNTY CLERK
PECOS COUNTY, TEXAS

pollution by Lessee of any Environmental Medium which is capable of ownership, Lessee shall immediately become the owner of such polluted Environmental Medium, shall immediately remove the same from the leasehold estate, and shall replace the polluted Environmental Medium with a like quantity of the same substance which is not polluted. An Environmental Medium shall be considered polluted if the amount or type of any foreign substance introduced into it by Lessee exceeds environmentally safe concentrations under prevailing industry standards or governmental statute, rule or regulation or would result in penalties or require remedial action under any governmental statute, rule, or regulation. Substances used in Lessee's drilling operations, if under normal control and conditions for such operations, will not be considered pollutants if found only in the wellbore and in formations in which Lessee has attempted to complete a producing well. The parties recognize that environmental issues are inherently slow and difficult to detect, and Lessee expressly stipulates that the statute of limitations shall run from the date of discovery by the owner of the soil of any matter dealt with in this paragraph.

F. Operational Requirements. All of Lessee's operations shall be conducted a reasonable distance from the buildings and other permanent installations of the owner of the soil, and Lessee shall place electric and communication lines along existing roads. Lessee shall keep its equipment painted, free from visible rust, and in neat and orderly condition, and promptly remove all of its debris, cut brush, and personal property and equipment for which there is not a reasonably current use. All installed noise making equipment shall be equipped with reasonable sound suppression devices. Lessee shall erect a fence capable of turning cattle around all surface sites and shall immediately restore all fences that it cuts or alters. All surface pits will be lined, and all liquids will be hauled in tanker trucks, rather than dump trucks. Lessee shall at all times use its best efforts to neither cause nor allow the escape of livestock from the Leasehold estate or from one fenced area of the Leasehold estate to another. Lessee shall be liable to owner of the soil for any injury to or escape of livestock due to Lessee's activities and use of roads and gates and shall indemnify and protect owner of the soil against any liability or loss caused by livestock that escape as a result of Lessee's activities. Lessee is expressly denied the right to use the surface of the leasehold estate to serve oil and gas wells located outside the surface boundaries of the leasehold estate or for any purpose other than the exploration and development of the lands included within the surface boundaries of the leasehold estate for oil and gas, it being understood and agreed that Lessee's rights of ingress, egress, surface use, and all other rights granted Lessee herein, are solely for the purpose of allowing Lessee to develop the oil and gas in and under the leasehold estate.

G. Drilling Locations. During operations for drilling, recompleting, reworking or refracing of a well, Lessee shall have the right to use up to a single 5 acre location for each well that it drills on the leasehold estate. Upon completion of each operation for drilling, recompleting, reworking or refracing of a well, and in no event later than 180 days after the date upon which Lessee releases or ceases continuous use of the rig or the other major equipment used for such operation, Lessee shall reduce the surface location to a 2 acre, or less, area which shall become the permanent location for the well, and shall restore the area of the surface location which is no longer included in the permanent location. Unless the parties agree otherwise in writing, all tank batteries, separators, treaters, wellheads, pipelines and connections protruding above the surface, firewalls, pits and other Lessee constructed facilities in connection with a well shall be located within the well's permanent location. A well location shall be in as nearly the shape of a square as practicable unless another shape will best accommodate Lessee's needs with other surface uses.



H. Water. If owner of the soil has excess water available, Lessee may purchase such water. Otherwise, Lessee must construct its own water supply facilities on the leasehold estate and these shall be operated so as not to cause material drawdown of owner of the soil's wells. Lessee shall not use water from the leasehold estate that is suitable for human, animal or agricultural consumption in any water flood or other enhanced recovery operations. Regardless of its source, all water from the leasehold estate used by Lessee shall be monitored and paid for at the greater of the going rate at time of use or \$0.60 per 42 gallon barrel. If a separate water supply is constructed, then the payment for compensation from the sale of water shall be made one-half (1/2) to the Commissioner of the General Land Office of the State of Texas, at Austin, Texas, and one-half (1/2) to the owner of the soil. The liner of all of Lessee's ponds and other open water storage facilities shall be buried at least 2 feet so as to prevent puncture by livestock. Lessee shall not store salt water on the surface except that salt water produced during drilling operations may be temporarily stored during such operations, in a properly constructed pit, and salt water produced in connection with the production of oil and/or gas may be temporarily stored in a salt water tank constructed according to applicable API standards pending reinjection below all fresh water strata or hauling to a licensed disposal facility off the leasehold estate.

I. Weed and Brush Control. If reasonably practicable, as the first step of any operation by Lessee that disturbs the surface of the leasehold estate, Lessee shall apply herbicide to brush in the area in which Lessee will disturb the surface, and Lessee shall take reasonable measures, including washing of all equipment before bringing it onto the owner of the soil's property, to prevent the introduction or spread within the owner of the soil's property, of harmful or noxious weeds as described by Texas Agricultural Extension Service, The Texas A&M University System, in the current edition of its *Integrated Toxic Plant Management Handbook*, *Livestock Poisoning Plants of the Trans-Pecos Region of Texas*, and any successor edition or publication. If the owner of the soil discovers such harmful or noxious weeds in areas of the leasehold estate or its adjoining property that is traversed by Lessee for access, and considers it likely that the weeds were introduced or spread by Lessee, Lessee shall take such reasonable measures as owner of the soil may direct to eradicate such weeds.

J. Plugging Of Wells And Removal Of Equipment. Lessee shall plug and abandon wells in accordance with prevailing good industry practice on or before 90 days from the date when such well ceases to be capable of producing in paying quantities. Should Lessee fail to remove any items of equipment from the leasehold estate within 30 days after the well on which it was used has been plugged, the owner of the soil may file written notice in the county records designating any items as to which owner of the soil desires to acquire ownership, and these will thereupon become owner of the soil's property without any obligation to compensate Lessee or any other party, and owner of the soil may have all items of equipment which it does not wish to own removed at Lessee's expense.

K. Restoration. Within 90 days after Lessee no longer reasonably needs an area that it has used in its operations, Lessee shall send the owner of the soil a plan for restoration of the area, and in addition to the right to request alterations to the plan, the owner of the soil shall have the same 20 days in which to instruct Lessee to leave all or any part of a road or any facility intact, and as to the remaining area, Lessee shall fill, level and restore it to a reasonable condition suitable to the owner of the soil's uses in the area, including replacing the available topsoil, and applying sufficient fertilizer, soil dressing and seed to restore native grasses and performing surface chiseling on the contour interval to prepare a seed bed. Lessee shall commence restoration at the earliest date reasonably permitted by



A TRUE COPY
CERTIFICATION ON LAST PAGE
TRISH KING, COUNTY CLERK
PECOS COUNTY, TEXAS

the weather. If Lessee fails to fulfill any of its restoration obligations within 90 days after demand has been made by the owner of the soil, the owner of the soil may, in its sole discretion, have the necessary work done, at Lessee's cost, even if this lease has terminated.

V. Additional Miscellaneous Provisions.

A. Information. Lessee shall promptly furnish to the owner of the soil one copy of all well logs and reports of tests conducted by or for Lessee in connection with the leasehold estate including without limitation all seismic surveys unless contractually prohibited, all well tests, and all soil, water and other environmental tests, and of all title and ownership information obtained or developed by Lessee concerning the leasehold estate including, but not limited to, a copy of any title opinion or report, any landman's takeoff or runsheet, and any abstract of title, covering all or any part of the leasehold estate, but only to the extent that it covers lands within the surface boundaries of the leasehold estate. The owner of the soil shall keep all such information confidential until the expiration of 2 years after the primary term of this lease.

B. Ownership Changes. Article V.B intentionally deleted.

C. Use of Remme Corporation GIS Information. Remme Corporation provides mapping and ranch and management modeling systems and information (Remme Corp. GIS) to the owner of the soil, and the owner of the soil has to date and may in the future provide Remme Corp. GIS to Lessee. Lessee's reliance upon such information shall be at its own risk, and Lessee shall keep both Remme Corp. GIS and the processes by which it is developed and used confidential. Remme Corporation is a third party beneficiary of this provision.

D. Special Warranty Of Title. The owner of the soil warrants title by, through and under itself but not otherwise. Lessee's remedies in the event of breach of this warranty of title shall be limited to return of the bonus consideration paid for the lease prorated on an acreage basis as to the acreage from the leasehold estate as to which title has failed. The owner of the soil agrees that Lessee, after notice to the owner of the soil reasonably describing the same, may pay any taxes, mortgages or liens on or against the leasehold estate. If Lessee exercises such option, Lessee shall not be subrogated to the rights of the party to whom payment is made, but may reimburse itself out of any rentals or royalties otherwise payable to the owner of the soil.

E. Addresses. All communications regarding this lease shall be in writing and communications, rentals and royalties due hereunder shall be deemed to have been properly made on the date of actual receipt by the other party. The following addresses, which may be changed only in writing, are designated for all purposes hereunder:

OWNER OF THE SOIL:
McCoy Remme Ranches Ltd
Attn: Kaare Remme
1350 IH 35 North
San Marcos, Texas 78666
FAX: 512-395-6606

LESSEE:
Red Willow Production, LLC
14933 Highway 172
Ignacio, Colorado 81137

This addendum was prepared by Goldsmith & Boglsch, 609 Castle Ridge Road, Suite 317, Austin, Texas 78746.



A TRUE COPY
CERTIFICATION ON LAST PAGE
TRISH KING, COUNTY CLERK
PECOS COUNTY, TEXAS

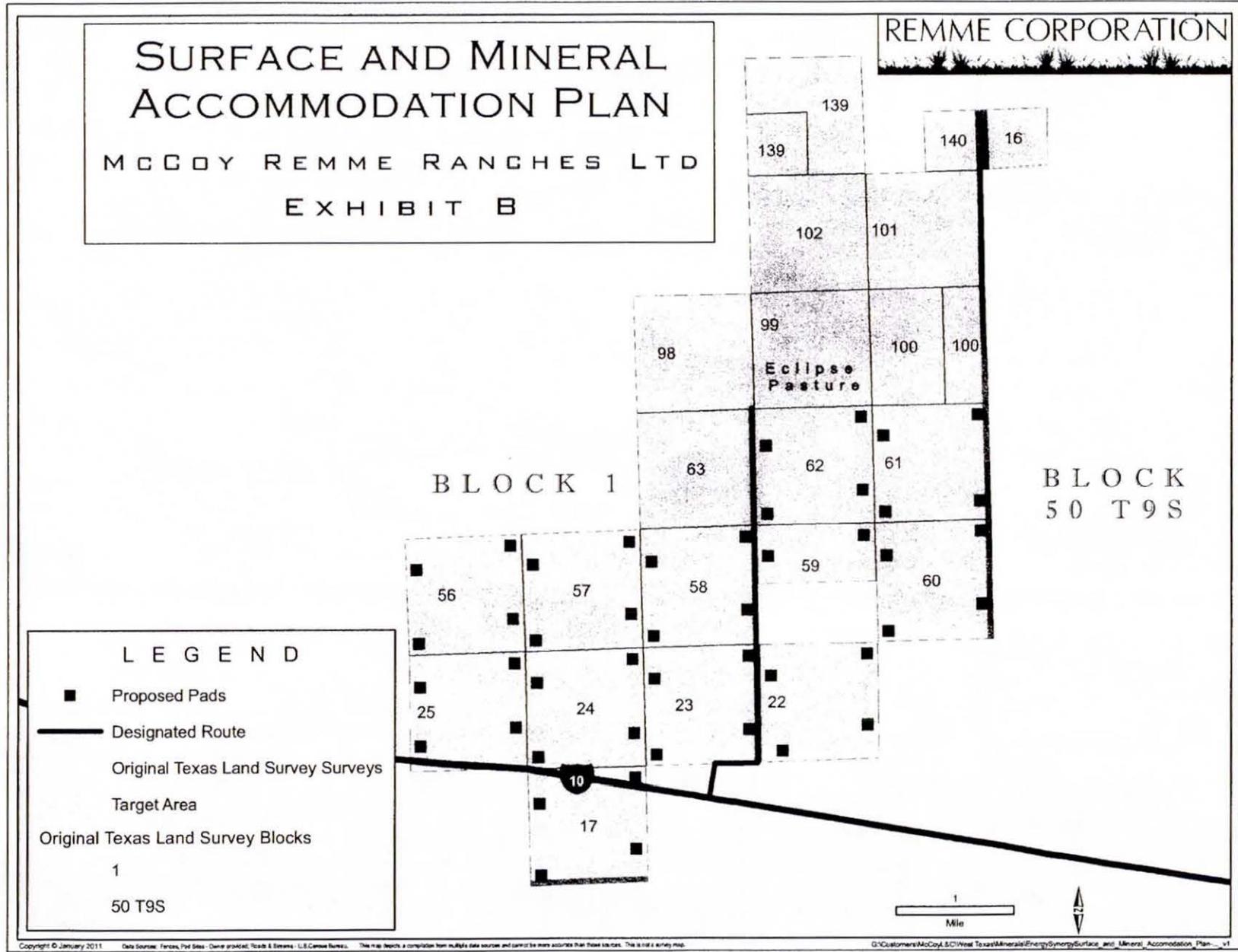
EXHIBIT A

I. Damages for injuries to Livestock (death or major injury):

1.	Mature cow	\$1,500.00
2.	Breeding bull	\$4,000.00
3.	Yearling calf over 6 months of age, either sex	\$600.00
4.	Calf less than 6 months of age	\$500.00
5.	Mule deer	\$3,500.00
6.	Elk	\$7,000.00
7.	Antelope	\$3,000.00



A TRUE COPY
CERTIFICATION ON LAST PAGE
TRISH KING, COUNTY CLERK
PECOS COUNTY, TEXAS



**SURFACE AND MINERAL
ACCOMMODATION PLAN**
MCCOY REMME RANCHES LTD
EXHIBIT B

REMME CORPORATION

LEGEND

- Proposed Pads
- Designated Route
- Original Texas Land Survey Surveys
- Target Area
- Original Texas Land Survey Blocks
- 1
- 50 T9S

Copyright © January 2011 Data Source: Farcos, Pol Sites - Owner provided; TCAD & Stevens - L.S. Census Bureau. This map depicts a compilation from multiple data sources and cannot be held responsible for these sources. This is not a survey map. G:\Customers\McCoy, S\West Texas Minerals\Energy\Synergy\Surface and Mineral Accommodation Plan_v1

State of Texas
County of Pecos
I hereby certify that the above and foregoing
is a full and correct copy of the original record
now in my lawful custody and possession.
File on this date written thereon I hereby
Certify On

Date 6-1-11
Trish King
Co. Clerk
Pecos Co., TX
By Mary Sanchez
Deputy

COUNTY CLERK OF PECOS COUNTY, TEXAS

COPY

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 1st day of March, 2011, between the State of Texas, acting by and through its agent, McCoy Remme Ranches, Ltd. of P. O. Box 1028, San Marcos, Texas 78667 (Give Permanent Address) said agent herein referred to as the owner of the soil (whether one or more), and Red Willow Production, L.L.C. of 14933 Highway 172, Ignacio, Colorado 81137 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 and Pecos County, State of Texas, to-wit:

TR. #1) 641.35 acres of land, more or less, being all of Section 98, Block 1, H&T C Ry. Co. Survey, A-4858, Reeves and Pecos Counties, Texas, and being the same land granted from the State of Texas to Francis W. Popham and Elizabeth Popham in that certain Patent dated June 17, 1963, recorded in Volume 7, Page 116, of the Patent Records of Reeves County, Texas.

TR. #2) 639.75 acres of land, more or less, being all of Block 1, Section 102, H & T C RY CO. Survey, A-8632, Certificate 39/4597, Reeves and Pecos Counties, Texas, and being the same land described as Tract # 121 in that certain Deed dated January 16, 1991, from L. R. French Jr. and wife, Marcia Fuller French to McCoy Land and Cattle Company, recorded in Volume 618, Page 540, of the Deed Records of Pecos County, Texas.

SEE EXHIBIT "A" FOR ADDITIONAL PROVISIONS

Containing 1281.10 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Four-Hundred Sixteen Thousand Three-Hundred Fifty-Seven and 50/100 Dollars (\$416,357.50)

To the owner of the soil: Four-Hundred Sixteen Thousand Three-Hundred Fifty-Seven and 50/100 Dollars (\$416,357.50)

Total bonus consideration: Eight-Hundred Thirty-Two Thousand Seven-Hundred Fifteen and 00/100 Dollars (\$832,715.00)

The total bonus consideration paid represents a bonus of Six-Hundred Fifty and 00/100 Dollars (\$650.00) per acre, on 1281.10 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.** 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, at P. O. Box 1028, San Marcos, Texas 78667 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: PAID-UP BONUS Dollars (_____)

To the State of Texas: N/A: PAID-UP BONUS Dollars (_____)

Total Delay Rental: N/A: PAID-UP BONUS Dollars (_____)



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

In a like manner and upon like payments or tenders annually, the commencement of a well may be further deferred for successive periods of one (1) year each during the primary term. All payments or tenders of rental to the owner of the soil may be made by check or sight draft of Lessee, or any assignee of this lease, and may be delivered on or before the rental paying date. If the bank designated in this paragraph (or its successor bank) should cease to exist, suspend business, liquidate, fail or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payments or tenders of rental until thirty (30) days after the owner of the soil shall deliver to Lessee a proper recordable instrument naming another bank as agent to receive such payments or tenders. **THIS IS A PAID-UP BONUS LEASE FOR THE PRIMARY TERM OF (3) YEARS, THEREFORE DELAY RENTAL PAYMENTS DO NOT APPLY.**

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

(A) VERTICAL. In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 14 hereof, or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit

Original filed in
Reeves County

pursuant to Texas Natural Resources Code 52.151-52.154, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction. If at any time after the effective date of the partial termination provisions hereof, the applicable field rules are changed or the well or wells located thereon are reclassified so that less acreage is thereafter allocated to said well or wells for production purposes, this lease shall thereupon terminate as to all acreage not thereafter allocated to said well or wells for production purposes. Notwithstanding the termination of this lease as to a portion of the lands covered hereby, Lessee shall nevertheless continue to have the right of ingress to and egress from the lands still subject to this lease for all purposes described in Paragraph 1 hereof, together with easements and rights-of-way for existing roads, existing pipelines and other existing facilities on, over and across all the lands described in Paragraph 1 hereof ("the retained lands"), for access to and from the retained lands and for the gathering or transportation of oil, gas and other minerals produced from the retained lands.

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

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

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

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

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

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

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

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

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

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

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

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

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

fixtures, or casing which are not timely removed by Lessee under the terms of this paragraph.

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

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

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

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

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

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

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

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

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

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

35. **INDEMNITY.** Lessee hereby releases and discharges the State of Texas and the owner of the soil, their officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns, of and from all and any actions and causes of action of every nature, or other harm, including environmental harm, for which recovery of damages is sought, including, but not limited to, all losses and expenses which are caused by the activities of Lessee, its officers, employees, and agents arising out of, incidental to, or resulting from, the operations of or for Lessee on the leased premises hereunder, or that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement, or by any other negligent or strictly liable act or omission of Lessee. Further, Lessee hereby agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees and agents, their successors or assigns, against any and all claims, liabilities, losses, damages, actions, personal injury (including death), costs and expenses, or other harm for which recovery of damages is sought, under any theory including tort, contract, or strict liability, including attorneys' fees and other legal expenses, including those related to environmental hazards, on the leased premises or in any way related to Lessee's failure to comply with any and all environmental laws; those arising from or in any way related to Lessee's operations or any other of Lessee's activities on the leased premises; those arising from Lessee's use of the

Original filed in
Reeves County
Clerks Office

surface of the leased premises; and those that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement or any other act or omission of Lessee, its directors, officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns. Each assignee of this Agreement, or an interest therein, agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees, and agents in the same manner provided above in connection with the activities of Lessee, its officers, employees, and agents as described above. EXCEPT AS OTHERWISE EXPRESSLY LIMITED HEREIN, ALL OF THE INDEMNITY OBLIGATIONS AND/OR LIABILITIES ASSUMED UNDER THE TERMS OF THIS AGREEMENT SHALL BE WITHOUT LIMITS AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF (EXCLUDING PRE-EXISTING CONDITIONS), STRICT LIABILITY, OR THE NEGLIGENCE OF ANY PARTY OR PARTIES (INCLUDING THE NEGLIGENCE OF THE INDEMNIFIED PARTY), WHETHER SUCH NEGLIGENCE BE SOLE, JOINT, CONCURRENT, ACTIVE, OR PASSIVE.

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

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

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

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

LESSEE:

BY: James T. Lynn
Title: James T. Lynn, Land Manager
Date: 3/24/11

STATE OF TEXAS

BY: McCoy Remme Ranches Ltd
Individually and as agent for the State of Texas

BY: McCoy Remme Land and Cattle LLC
General Partner

By: Kaare J. Remme
Kaare J. Remme, President

By: Brian F. McCoy
Brian F. McCoy, Vice-President



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

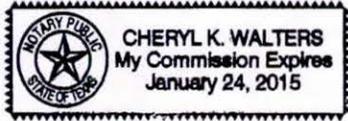
STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF TRAVIS

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

Given under my hand and seal of office this the 24th day of March, 2011.



Cheryl K. Walters
Notary Public in and for the State of Texas

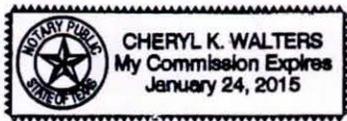
STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF TRAVIS

BEFORE ME, the undersigned authority, on this day personally appeared Kaare J. Remme
known to me to be the person whose name is subscribed to the foregoing instruments as President
of McCoy Remme Land and Cattle, LLC, and the general partner of McCoy Remme Ranches, Ltd. and acknowledged to me that he executed the
same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this the 24th day of March, 2011.



Cheryl K. Walters
Notary Public in and for the State of Texas

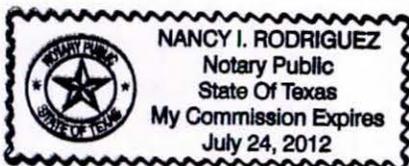
STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF HAYS

BEFORE ME, the undersigned authority, on this day personally appeared Brian F. McCoy
known to me to be the person whose name is subscribed to the foregoing instruments as Vice-President
of McCoy Remme Land and Cattle LLC, and the general partner of McCoy Remme Ranches Ltd and acknowledged to me that he executed the
same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this the 24th day of March, 2011.



[Signature]
Notary Public in and for the State of Texas



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

ADDENDUM TO OIL AND GAS LEASE
dated March 1, 2011 from the State of Texas, acting by and through its agent,
McCoy Remme Ranches Ltd, to Red Willow Production, LLC

Notwithstanding anything to the contrary, or apparently to the contrary, in the foregoing provisions of the oil and gas lease to which this addendum is attached, it is expressly provided as follows:

I. Leasehold Estate.

It is the intent of the parties that all of the rights, titles and interests of Lessee will terminate upon the expiration of this lease and that, with respect to the land which is described in this lease, Lessee shall have no right, power or authority to enter into agreements or impose legal burdens that outlast this lease. Wherever the words "leased premises" or "land" appear in the foregoing lease text, the words "leasehold estate" shall be deemed to be substituted.

II. Additional Royalty Provisions.

A. Production Sale Contracts. Lessee shall pay, as royalty, one-half (1/2) to the Commissioner of the General Land Office of the State of Texas, at Austin, Texas, and one-half (1/2) to the owner of the soil, **twenty-five percent (25%)** of all consideration received by or for the benefit of Lessee under any contract for the sale of oil, gas or other substances produced from the leasehold estate, including, but not limited to, all contract settlements and other sums received by Lessee from any purchaser of oil, gas or other substances, whether such sums are advance payments, payments under take-or-pay provisions, price buy-down settlements, or other contractual payments or payments in settlement of claims of whatever kind or character paid by any purchaser of oil, gas or other substances to Lessee to the extent related to the sale of production from the leasehold estate. To the extent that any such consideration is paid in advance of actual production, Lessee shall receive credit for the amount thereof when such production occurs. If Lessee enters into any contract for the sale of oil, gas or other substances produced from the leasehold estate extending for two (2) or more years from the date thereof, such contract shall have effective provisions requiring reasonable redetermination of price at least once each year.

B. Litigation Recoveries. If Lessee participates in any litigation or administrative proceeding against a third party for damage to the leasehold estate or the minerals therein, including but not limited to claims for trespass, violation of applicable rules and regulations, or breach of a production sale contract, Lessee shall make a sufficient claim therein to cover the royalty share as provided in this lease, and shall pay one-half (1/2) to the Commissioner of the General Land Office of the State of Texas, at Austin, Texas, and one-half (1/2) to the owner of the soil, of **twenty-five percent (25%)** of the proceeds received by Lessee and attributable to this lease as a result thereof; whether by settlement, judgment or otherwise.

III. Surface Use Provisions.

A. Payment For Owner of the Soil's Loss Of Surface Use, Damages and Indemnity. Prior to Lessee's entry onto leasehold estate to commence the operation in question, Lessee shall pay for its occupancy of the surface at the rate of **\$10,000.00** per location for each drillsite, **\$5,000.00** per location for separator and tank battery sites if such sites are allowed by the owner of the soil to be off the well location, **\$25.00** per rod for each road built or improved by Lessee, and **\$25.00** per rod for each pipeline and flowline, **\$1,000.00** per linear mile for 2-D seismic operations, and **\$3,200.00** per square mile for 3-D seismic operations such



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

payments to be made one-half (1/2) to the Commissioner of the General Land Office of the State of Texas, at Austin, Texas, and one-half (1/2) to the owner of the soil. Lessee shall also compensate the owner of the soil for all damage which Lessee causes to crops, to livestock and wildlife (at the liquidated rates specified in Exhibit "A" hereto), and to the owner of the soil's improvements, and such payments shall be made by Lessee's check bearing the words "payment for damages" in the legend.

B. Lessee Plans. At least 30 days prior to Lessee's commencement of any operation on the leasehold estate that involves the installation of equipment or alteration of the surface, Lessee shall send owner of the soil a written plan that shall contains a plat showing the area to be affected and a reasonable description of the type of operation which will be conducted. Within 20 days after actual receipt of the plan, the owner of the soil may propose one or more alterations, and Lessee shall use the alteration(s) if reasonably practicable. In the plan for a pipeline, Lessee shall make a recommendation either that the pipeline be laid on the surface or that it be buried; provided, however, that the owner of the soil shall have the absolute right to require that the pipeline be buried; and further provided that Lessee shall not be required to bury a pipeline deeper than 36 inches or to any depth below 12 inches which requires trenching or boring through massive rock or any other substance that cannot be handled by standard pipeline laying equipment.

C. Lessee's Surface Use and Accommodation Of Green Energy Projects and Other Mineral Operators in the Area. Lessee shall have the non-exclusive right to use so much of the surface of the leasehold estate as is reasonably necessary for the exploration and development of the leasehold estate for oil and gas, and the owner of the soil may use, or permit third parties to use, the surface of leasehold estate so long as Lessee's uses are reasonably accommodated. Lessee understands that the leasehold estate is located in an area that is prospective for development of solar, wind and geothermal energy production (green energy projects), and if such development occurs in the area of the leasehold estate, Lessee agrees to reasonably accommodate the green energy projects. The owner of the soil shall have the right to allow third parties to conduct geologic, geophysical, weather, solar, and geothermal exploration, testing and monitoring operations on the leasehold estate. This addendum has an attached Exhibit "B" that depicts a general plan for accommodating solar development in this area with oil and gas operations, and it also depicts a required access route to be used by Lessee across other property owned by the owner of the soil for road and pipeline access by Lessee from Interstate 10 to the leasehold estate. If Lessee elects to access the leasehold estate from Interstate 10, it shall use the route designated on Exhibit "B," and Lessee shall negotiate a written easement agreement with the owner of the soil to set out the exact terms. Lessee will endeavor to coordinate its use and construction of roads with other mineral and green energy operators, if any, that are engaged in developing the owner of the soil's properties in the area. If Lessee constructs a road across the owner of the soil's property and another mineral or green energy operator wishes to use and improve the road, Lessee shall allow such use and improvement so long as the road is not rendered materially less useful for Lessee's purposes and does not interfere with Lessee's operations, and such improvement to be done at the other operator's expense. All of Lessee's roads and well locations shall be surfaced with suitable material native to the leasehold estate, or, if no suitable surfacing material is available in the leasehold estate, with native surfacing materials from another area of the owner of the soil's property. All roads constructed by Lessee shall be capable of bearing traffic in all weather, shall be maintained by Lessee in good condition, and shall be left in good condition by Lessee at such time as Lessee's use of the road ends. Lessee shall install corner posts and swinging steel gates at all points where Lessee's roads



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

cross the owner of the soil's fences unless the owner of the soil requests a bump gate or cattleguard. All gates placed by Lessee in exterior fences of the leasehold estate shall be kept locked, shall be marked by signs prohibiting trespassing, and shall be kept closed at all times, except when vehicles are actually passing through. The owner of the soil shall have the right to place its own lock in the chain to all gates erected by Lessee. Lessee's roads shall be properly ditched and bridged for drainage and follow interior fence lines where reasonably practicable. The course and location of Lessee's buried pipelines shall be clearly marked on the surface, and where Lessee's pipelines cross roads, other pipelines, or irrigation ditches, Lessee's trenches shall be bored and the pipe laid so that both Lessee's pipeline and the road, pipeline or ditch that it crosses are reasonably protected from damage and mutual interference.

D. Lessee's Personnel; Indemnity. All persons present on or near the leasehold estate in connection with Lessee's operations thereon shall be referred to as "Lessee's personnel" and shall be Lessee's responsibility. PRESENCE ON OR NEAR THE LEASEHOLD ESTATE SHALL BE AT THE SOLE RISK OF LESSEE AND LESSEE'S PERSONNEL. LESSEE AND LESSEE'S PERSONNEL ASSUME THE RISK OF DAMAGE, INJURY OR LOSS TO THEIR PERSONS OR PROPERTY FROM COLLISIONS BETWEEN VEHICLES, COLLISIONS BETWEEN LIVESTOCK AND VEHICLES, ACCIDENTS CAUSED BY THE CONDITION OF ROADS USED IN CONNECTION WITH LESSEE'S OPERATIONS HEREUNDER, EITHER ACROSS THE LEASEHOLD ESTATE OR ACROSS OTHER PROPERTY OWNED BY THE OWNER OF THE SOIL AND USED FOR ACCESS TO THE LEASEHOLD ESTATE, OR FROM ANY OTHER CAUSE. LESSEE WILL PROTECT, INDEMNIFY, HOLD HARMLESS AND DEFEND THE OWNER OF THE SOIL AGAINST ANY CLAIM, DEMAND, COST, LIABILITY, LOSS OR DAMAGE SUFFERED BY THE OWNER OF THE SOIL, INCLUDING ENVIRONMENTAL REMEDIATION, REASONABLE ATTORNEYS FEES, EXPERT WITNESS FEES, LITIGATION EXPENSES AND COURT COSTS ARISING OUT OF OR ASSOCIATED IN ANY WAY WITH ANY ACTIVITY CONDUCTED BY LESSEE OR LESSEE'S PERSONNEL ON OR NEAR THE LEASEHOLD ESTATE ("LESSEE'S CONDUCT"), AND LESSEE'S OBLIGATION TO INDEMNIFY OWNER OF THE SOIL FOR CLAIMS ARISING FROM LESSEE'S CONDUCT SHALL APPLY WITHOUT REGARD TO FAULT ON THE PART OF EITHER AND SHALL SPECIFICALLY INCLUDE INDEMNIFICATION OF OWNER OF THE SOIL AGAINST LIABILITY TO THIRD PERSONS ARISING FROM OWNER OF THE SOIL'S NEGLIGENCE IF SUCH LIABILITY IS RELATED TO LESSEE'S CONDUCT. Lessee's above indemnity obligations will continue in effect, and be enforceable by the owner of the soil, even after this lease terminates. Lessee shall allow access to the leasehold estate to only such persons as are reasonably necessary for Lessee's operations thereon, and Lessee's personnel shall be prepared to stop and identify themselves if requested to do so by the owner of the soil's personnel. Lessee's personnel shall only use the leasehold estate for Lessee's legitimate business purposes, and except when actually engaged in seismic or surveying work, or road, or pipeline or landline construction or maintenance, Lessee's personnel shall not leave the right-of-way of its roads or the limits of the drilling and well locations. Lessee's personnel shall be instructed by Lessee to drive in a safe and courteous manner while on the Leasehold estate and shall not exceed a maximum speed of twenty-five (25) miles per hour while inside the Leasehold estate, but the thirty-five mile per hour maximum speed limit shall not be deemed to authorize driving at any speed which is unsafe for conditions.

E. Protection of the Environment. "Environmental Medium" means soil, surface waters, groundwater, sediments, and surface or subsurface strata, ambient air and any other naturally occurring substance in, on, or under, the leasehold estate. Lessee shall use the highest degree of care and all reasonable safeguards to prevent contamination or pollution of any Environmental Medium by any waste, pollutant or contaminant. Lessee shall use all means at its disposal to recapture any and all escaped hydrocarbons or other pollutants. Upon



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

pollution by Lessee of any Environmental Medium which is capable of ownership, Lessee shall immediately become the owner of such polluted Environmental Medium, shall immediately remove the same from the leasehold estate, and shall replace the polluted Environmental Medium with a like quantity of the same substance which is not polluted. An Environmental Medium shall be considered polluted if the amount or type of any foreign substance introduced into it by Lessee exceeds environmentally safe concentrations under prevailing industry standards or governmental statute, rule or regulation or would result in penalties or require remedial action under any governmental statute, rule, or regulation. Substances used in Lessee's drilling operations, if under normal control and conditions for such operations, will not be considered pollutants if found only in the wellbore and in formations in which Lessee has attempted to complete a producing well. The parties recognize that environmental issues are inherently slow and difficult to detect, and Lessee expressly stipulates that the statute of limitations shall run from the date of discovery by the owner of the soil of any matter dealt with in this paragraph.

F. Operational Requirements. All of Lessee's operations shall be conducted a reasonable distance from the buildings and other permanent installations of the owner of the soil, and Lessee shall place electric and communication lines along existing roads. Lessee shall keep its equipment painted, free from visible rust, and in neat and orderly condition, and promptly remove all of its debris, cut brush, and personal property and equipment for which there is not a reasonably current use. All installed noise making equipment shall be equipped with reasonable sound suppression devices. Lessee shall erect a fence capable of turning cattle around all surface sites and shall immediately restore all fences that it cuts or alters. All surface pits will be lined, and all liquids will be hauled in tanker trucks, rather than dump trucks. Lessee shall at all times use its best efforts to neither cause nor allow the escape of livestock from the Leasehold estate or from one fenced area of the Leasehold estate to another. Lessee shall be liable to owner of the soil for any injury to or escape of livestock due to Lessee's activities and use of roads and gates and shall indemnify and protect owner of the soil against any liability or loss caused by livestock that escape as a result of Lessee's activities. Lessee is expressly denied the right to use the surface of the leasehold estate to serve oil and gas wells located outside the surface boundaries of the leasehold estate or for any purpose other than the exploration and development of the lands included within the surface boundaries of the leasehold estate for oil and gas, it being understood and agreed that Lessee's rights of ingress, egress, surface use, and all other rights granted Lessee herein, are solely for the purpose of allowing Lessee to develop the oil and gas in and under the leasehold estate.

G. Drilling Locations. During operations for drilling, recompleting, reworking or refracing of a well, Lessee shall have the right to use up to a single 5 acre location for each well that it drills on the leasehold estate. Upon completion of each operation for drilling, recompleting, reworking or refracing of a well, and in no event later than 180 days after the date upon which Lessee releases or ceases continuous use of the rig or the other major equipment used for such operation, Lessee shall reduce the surface location to a 2 acre, or less, area which shall become the permanent location for the well, and shall restore the area of the surface location which is no longer included in the permanent location. Unless the parties agree otherwise in writing, all tank batteries, separators, treaters, wellheads, pipelines and connections protruding above the surface, firewalls, pits and other Lessee constructed facilities in connection with a well shall be located within the well's permanent location. A well location shall be in as nearly the shape of a square as practicable unless another shape will best accommodate Lessee's needs with other surface uses.



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

H. Water. If owner of the soil has excess water available, Lessee may purchase such water. Otherwise, Lessee must construct its own water supply facilities on the leasehold estate and these shall be operated so as not to cause material drawdown of owner of the soil's wells. Lessee shall not use water from the leasehold estate that is suitable for human, animal or agricultural consumption in any water flood or other enhanced recovery operations. Regardless of its source, all water from the leasehold estate used by Lessee shall be monitored and paid for at the greater of the going rate at time of use or \$0.60 per 42 gallon barrel. If a separate water supply is constructed, then the payment for compensation from the sale of water shall be made one-half (1/2) to the Commissioner of the General Land Office of the State of Texas, at Austin, Texas, and one-half (1/2) to the owner of the soil. The liner of all of Lessee's ponds and other open water storage facilities shall be buried at least 2 feet so as to prevent puncture by livestock. Lessee shall not store salt water on the surface except that salt water produced during drilling operations may be temporarily stored during such operations, in a properly constructed pit, and salt water produced in connection with the production of oil and/or gas may be temporarily stored in a salt water tank constructed according to applicable API standards pending reinjection below all fresh water strata or hauling to a licensed disposal facility off the leasehold estate.

I. Weed and Brush Control. If reasonably practicable, as the first step of any operation by Lessee that disturbs the surface of the leasehold estate, Lessee shall apply herbicide to brush in the area in which Lessee will disturb the surface, and Lessee shall take reasonable measures, including washing of all equipment before bringing it onto the owner of the soil's property, to prevent the introduction or spread within the owner of the soil's property, of harmful or noxious weeds as described by Texas Agricultural Extension Service, The Texas A&M University System, in the current edition of its *Integrated Toxic Plant Management Handbook, Livestock Poisoning Plants of the Trans-Pecos Region of Texas*, and any successor edition or publication. If the owner of the soil discovers such harmful or noxious weeds in areas of the leasehold estate or its adjoining property that is traversed by Lessee for access, and considers it likely that the weeds were introduced or spread by Lessee, Lessee shall take such reasonable measures as owner of the soil may direct to eradicate such weeds.

J. Plugging Of Wells And Removal Of Equipment. Lessee shall plug and abandon wells in accordance with prevailing good industry practice on or before 90 days from the date when such well ceases to be capable of producing in paying quantities. Should Lessee fail to remove any items of equipment from the leasehold estate within 30 days after the well on which it was used has been plugged, the owner of the soil may file written notice in the county records designating any items as to which owner of the soil desires to acquire ownership, and these will thereupon become owner of the soil's property without any obligation to compensate Lessee or any other party, and owner of the soil may have all items of equipment which it does not wish to own removed at Lessee's expense.

K. Restoration. Within 90 days after Lessee no longer reasonably needs an area that it has used in its operations, Lessee shall send the owner of the soil a plan for restoration of the area, and in addition to the right to request alterations to the plan, the owner of the soil shall have the same 20 days in which to instruct Lessee to leave all or any part of a road or any facility intact, and as to the remaining area, Lessee shall fill, level and restore it to a reasonable condition suitable to the owner of the soil's uses in the area, including replacing the available topsoil, and applying sufficient fertilizer, soil dressing and seed to restore native grasses and performing surface chiseling on the contour interval to prepare a seed bed. Lessee shall commence restoration at the earliest date reasonably permitted by



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

the weather. If Lessee fails to fulfill any of its restoration obligations within 90 days after demand has been made by the owner of the soil, the owner of the soil may, in its sole discretion, have the necessary work done, at Lessee's cost, even if this lease has terminated.

V. Additional Miscellaneous Provisions.

A. Information. Lessee shall promptly furnish to the owner of the soil one copy of all well logs and reports of tests conducted by or for Lessee in connection with the leasehold estate including without limitation all seismic surveys unless contractually prohibited, all well tests, and all soil, water and other environmental tests, and of all title and ownership information obtained or developed by Lessee concerning the leasehold estate including, but not limited to, a copy of any title opinion or report, any landman's takeoff or runsheet, and any abstract of title, covering all or any part of the leasehold estate, but only to the extent that it covers lands within the surface boundaries of the leasehold estate. The owner of the soil shall keep all such information confidential until the expiration of 2 years after the primary term of this lease.

B. Ownership Changes. Article V.B intentionally deleted.

C. Use of Remme Corporation GIS Information. Remme Corporation provides mapping and ranch and management modeling systems and information (Remme Corp. GIS) to the owner of the soil, and the owner of the soil has to date and may in the future provide Remme Corp. GIS to Lessee. Lessee's reliance upon such information shall be at its own risk, and Lessee shall keep both Remme Corp. GIS and the processes by which it is developed and used confidential. Remme Corporation is a third party beneficiary of this provision.

D. Special Warranty Of Title. The owner of the soil warrants title by, through and under itself but not otherwise. Lessee's remedies in the event of breach of this warranty of title shall be limited to return of the bonus consideration paid for the lease prorated on an acreage basis as to the acreage from the leasehold estate as to which title has failed. The owner of the soil agrees that Lessee, after notice to the owner of the soil reasonably describing the same, may pay any taxes, mortgages or liens on or against the leasehold estate. If Lessee exercises such option, Lessee shall not be subrogated to the rights of the party to whom payment is made, but may reimburse itself out of any rentals or royalties otherwise payable to the owner of the soil.

E. Addresses. All communications regarding this lease shall be in writing and communications, rentals and royalties due hereunder shall be deemed to have been properly made on the date of actual receipt by the other party. The following addresses, which may be changed only in writing, are designated for all purposes hereunder:

OWNER OF THE SOIL:
McCoy Remme Ranches Ltd
Attn: Kaare Remme
1350 IH 35 North
San Marcos, Texas 78666
FAX: 512-395-6606

LESSEE:
Red Willow Production, LLC
14933 Highway 172
Ignacio, Colorado 81137

This addendum was prepared by Goldsmith & Bogisch, 609 Castle Ridge Road, Suite 317, Austin, Texas 78746.



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

EXHIBIT A

I. Damages for injuries to Livestock (death or major injury):

1.	Mature cow	\$1,500.00
2.	Breeding bull	\$4,000.00
3.	Yearling calf over 6 months of age, either sex	\$600.00
4.	Calf less than 6 months of age	\$500.00
5.	Mule deer	\$3,500.00
6.	Elk	\$7,000.00
7.	Antelope	\$3,000.00

STATE OF TEXAS
COUNTY OF REEVES
CLERK'S OFFICE



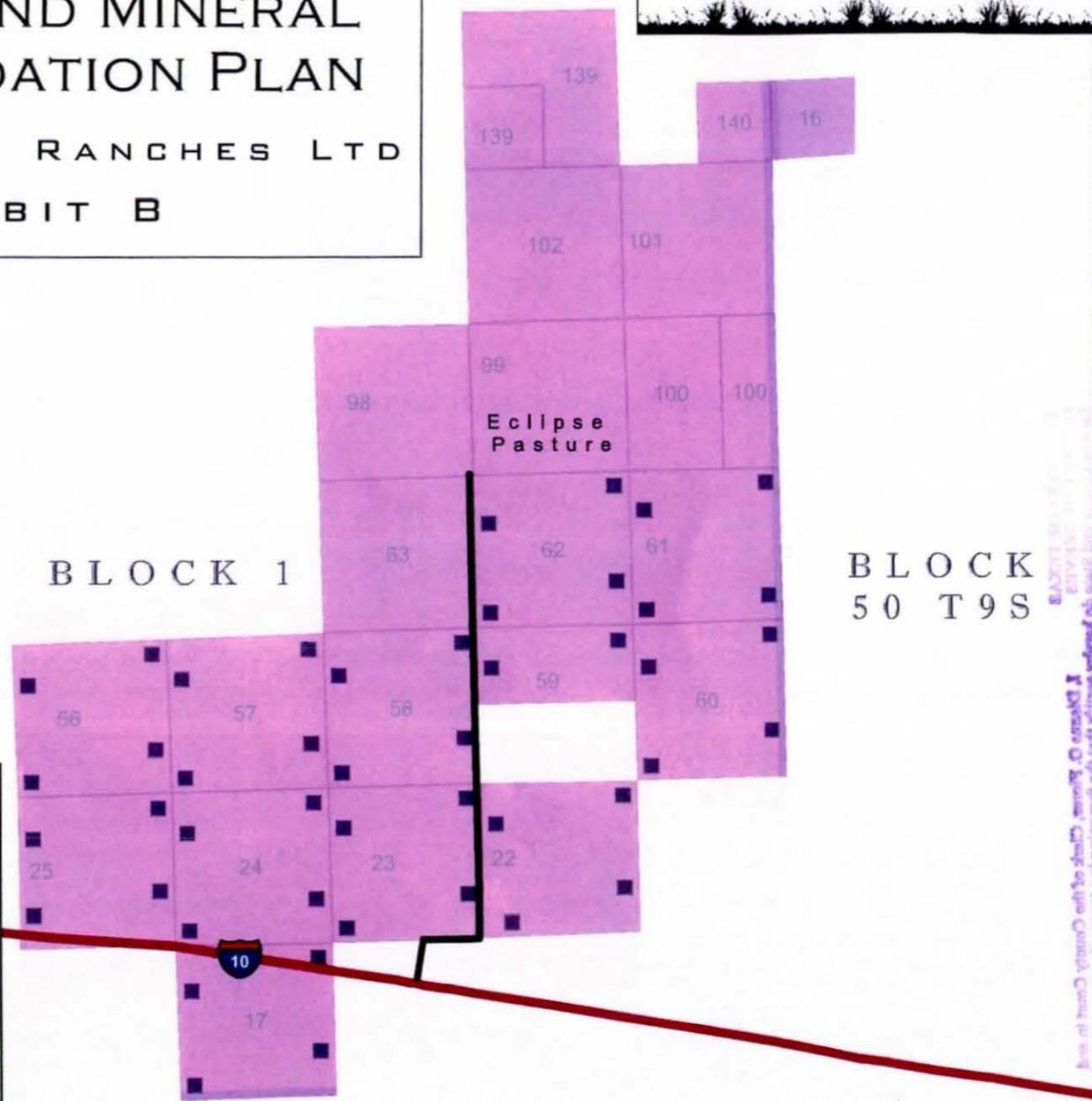
True and Correct
copy of
Original filed in
Reeves County
Clerks Office

SURFACE AND MINERAL ACCOMMODATION PLAN

MCCOY REMME RANCHES LTD

EXHIBIT B

REMME CORPORATION



LEGEND

- Proposed Pads
- Designated Route
- Original Texas Land Survey Surveys
- Target Area

Original Texas Land Survey Blocks

1
50 T9S

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



TO CORRECTOR, REEVES COUNTY, TEXAS
I, _____, County Clerk of Reeves County, Texas, do hereby certify that the foregoing is a true and correct copy of the original filed in my office on _____, 2011.

_____ County Clerk, Reeves County, Texas



File No. 112847

Lease

Date Filed: ~~3/11~~ 6/28/11

Jerry E. Patterson, Commissioner

By G-11

0.50.11

THE STATE OF TEXAS
COUNTY OF REEVES
I, Dianne O. Flores, Clerk of the County Court in and
for said County and State do hereby certify that the foregoing is a true and correct copy of

Filed for record in my office this 27th day of May, 2011 at
10:00 AM, under Clerk's File No. 10-010110 to be recorded in the
Official Public Records

Records of Reeves County, Texas.

this 27th day of May, 2011,
I, Dianne O. Flores, witness my hand and official seal at Pecos, Texas
By Dina G. S. S. Deputy
Dianne O. Flores, County Clerk
REEVES COUNTY, TEXAS

RED WILLOW PRODUCTIONS LLC

(970) 563-5100
P.O. Box 369
Ignacio CO 81137

Check Number 0070000837

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
032411-Req	03/24/2011	MF 112847	416,357.50	0.00	416,357.50

11712295

(P)

181



ANDREW E. OR ROBIN BRAUN
HOUSEHOLD ACCOUNT
218 PEBBLE BEACH DRIVE
TROPHY CLUB, TX 76262

Date 03-21-2011

4398

32-8016/3110
D75215

Pay to the Order of STATE OF TEXAS: GLO \$ 100.⁰⁰

ONE HUNDRED AND ^{xx}100 Dollars  Security Feature Embossed On Back

Resource One
CREDIT UNION
P.O. Box 660077 * 214 319-3100
Dallas, Texas 75266-0077

Memo COMMERCIAL LEASE App.

Andrew Braun MP

[REDACTED] 4398

New

**PETRO-LAND GROUP INC.
P. O. BOX 389
TYLER, TEXAS 79710**

Telephone (469) 951-3827

Fax: (903) 593-4293

March 21, 2011

Mineral Leasing Division
Texas General Land Office
Attn: Drew Reid
1700 North Congress Ave., Rm. #600
Austin, Texas 78701-1495
Ph: (512) 475-1534

Re: Tr. #1: 641.35 acres of land, more or less, being all of Section 98,
Block 1, H&T C Ry. Co. Survey, A-4858, Reeves and Pecos
Counties, Texas.
(100% interest x 641.35 x .5 = 320.675 NMA)

Tr. #2: 639.75 acres of land, more or less, being all of Block 1,
Section 102, H & T C RY CO. Survey, A-8632, Reeves and
Pecos Counties, Texas.
(100% interest x 639.75 x .5 = 319.875 NMA)

Mr. Reid:

Enclosed is a copy of an unsigned Oil, Gas, and Mineral Lease for the lands mentioned above. The lease was negotiated by the surface owner, McCoy Remme Ranches, Ltd., to which the land is titled. This lease is submitted to the Texas General Land Office for your review and approval. The interest owned is reflected below each property description above. The total combined NMA is 640.55. A title report for each tract and a check for the processing fee of \$100.00 is also enclosed. The negotiated terms of this lease are set out as follows:

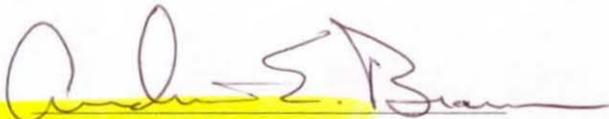
PAID-UP BONUS----- \$650.00 per Net Mineral Acre
ROYALTY----- 22.5%
PRIMARY TERM----- 3 years
STATE OF TEXAS NET MINERAL ACRES----- 640.55 NMA = 1281.10 x .50
STATE OF TEXAS BONUS SHARE----- \$416,357.50 = \$650.00 x 640.55 ~~11698237~~ NMA

Please mail any correspondence to the address below:

**Petro-Land Group, Inc.
P. O. Box 389
Tyler, Texas 75710**

Please call me at (469) 951-3827 or e-mail aebraun83@sbcglobal.net if you have any further questions or concerns. Thank you for your consideration.

Sincerely,



ANDREW E. BRAUN
Agent for Petro-Land Group, Inc.

File No. 112847

Cover Letter @ Bonus @ Fees

Date Filed: 6/23/11

Jerry E. Patterson, Commissioner

By GH



May 2, 2012

James T. Lynn
Red Willow Production
14933 Highway 172
Ignacio, Colorado 81137

Re: **State Lease MF 112847**

RAL Lease dated March 1, 2011 recorded in Doc. 3092, Reeves Co., Vol. 13, Pg. 135, Pecos Co., covering 1281.10 ac. being Sec. 98, 102, Blk. 1, H&TC Ry Co. Survey, Reeves/Pecos Co., TX, McCoy Remme Ranches Ltd, agent for State of TX, Lessor

Dear Mr. Lynn:

The certified copy of the Relinquishment Act lease covering the above referenced tract has been approved and filed in our records under Mineral File numbers **MF-112847**. **Please refer to this lease number when making payments to the State and in all future correspondence concerning the lease. Failure to include the mineral file number may delay processing of any payments towards the lease.**

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

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

Your remittance of **\$416,357.50** has been applied to the State's portion of the cash bonus. In addition, we are in receipt of the processing fee. However, we are not in receipt of the \$25 filing fee which we request you send as soon as possible.

Sincerely yours,

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

File No. 112847

Final Letter

Date Filed: 5/2/12

Jerry E. Patterson, Commissioner

By GH

PETRO-LAND GROUP INC.

3/440

Texas General Land Office
51000 · Field Expenses:51045 · Recordin S Toyah

5/23/2012

25.00

STATE LEASE MF 112847

12712127

Bank of America

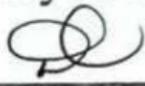
25.00

File No. 112847

Fees

Date Filed: 05/29/12

Jerry E. Patterson, Commissioner

By 

FILED IN 112847

API No. <u>42-389-33955</u> Drilling Permit # <u>769728</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. 697104	2. Operator's Name (as shown on form P-5, Organization Report) RED WILLOW PRODUCTION, LLC	3. Operator Address (include street, city, state, zip): PO BOX 369 IGNACIO, CO 81137				
4. Lease Name MCCOY REMME RANCH STATE 99-102	5. Well No. 1H					
GENERAL INFORMATION						
6. Purpose of filing (mark ALL appropriate boxes): <input checked="" type="checkbox"/> New Drill <input type="checkbox"/> Recompletion <input type="checkbox"/> Reclass <input type="checkbox"/> Field Transfer <input type="checkbox"/> Re-Enter <input checked="" type="checkbox"/> Amended <input type="checkbox"/> Amended as Drilled (BHL) (Also File Form W-1D)						
7. Wellbore Profile (mark ALL appropriate boxes): <input type="checkbox"/> Vertical <input checked="" type="checkbox"/> Horizontal (Also File Form W-1H) <input type="checkbox"/> Directional (Also File Form W-1D) <input type="checkbox"/> Sidetrack						
8. Total Depth 10300	9. Do you have the right to develop the minerals under any right-of-way? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
SURFACE LOCATION AND ACREAGE INFORMATION						
11. RRC District No. 08	12. County REEVES	13. Surface Location <input checked="" type="checkbox"/> Land <input type="checkbox"/> Bay/Estuary <input type="checkbox"/> Inland Waterway <input type="checkbox"/> Offshore				
14. This well is to be located <u>29.3</u> miles in a <u>SE</u> direction from <u>Ft. Stockton</u> which is the nearest town in the county of the well site.						
15. Section 99	16. Block 1	17. Survey H&TC RR CO				
18. Abstract No. A-	19. Distance to nearest lease line: 467 ft.	20. Number of contiguous acres in lease, pooled unit, or unitized tract: 1120.13				
21. Lease Perpendiculars: <u>3320</u> ft from the <u>S</u> line and <u>275</u> ft from the <u>W</u> line.						
22. Survey Perpendiculars: <u>1960</u> ft from the <u>N</u> line and <u>275</u> ft from the <u>W</u> line.						
23. Is this a pooled unit? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		24. Unitization Docket No: _____				
25. Are you applying for Substandard Acreage Field? <input type="checkbox"/> Yes (attach Form W-1A) <input checked="" type="checkbox"/> 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	32. Number of Wells on this lease in this Reservoir
08	41911500	HOEFS T-K (WOLFCAMP)	Oil Well	10300	0.00	1
BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)						
Remarks [RRC STAFF Sep 30, 2013 5:30 PM]: SEE PAYMENT FOR PREVIOUS FILING WHICH HAD TO BE WITHDRAWN TO BE CORRECTED AND SUBMITTED CORRECTLY.				Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge. <div style="display: flex; justify-content: space-between;"> < Mail in Application > Sep 30, 2013 </div> <div style="display: flex; justify-content: space-between;"> Name of filer Date submitted </div>		
RRC Use Only				Data Validation Time Stamp: Sep 30, 2013 5:30 PM('As Approved' Version) Phone _____ E-mail Address (OPTIONAL) _____		

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

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

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

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 # **769728**
Approved Date: **Sep 30, 2013**

1. RRC Operator No. 697104	2. Operator's Name (exactly as shown on form P-5, Organization Report) RED WILLOW PRODUCTION, LLC	3. Lease Name MCCOY REMME RANCH STATE 99-102	4. Well No. 1H
--------------------------------------	---	--	--------------------------

Lateral Drainhole Location Information

5. Field as shown on Form W-1 **HOEFS T-K (WOLFCAMP) (Field # 41911500, RRC District 08)**

6. Section 102	7. Block 1	8. Survey H&TC RR CO/POPHAM, F W & E	9. Abstract 4859	10. County of BHL REEVES
--------------------------	----------------------	--	----------------------------	------------------------------------

11. Terminus Lease Line Perpendiculars 1634 ft. from the North line. and 467 ft. from the E line
12. Terminus Survey Line Perpendiculars 1634 ft. from the North line. and 467 ft. from the E line
13. Penetration Point Lease Line Perpendiculars 4185 ft. from the South line. and 1000 ft. from the W line

2nd Revision

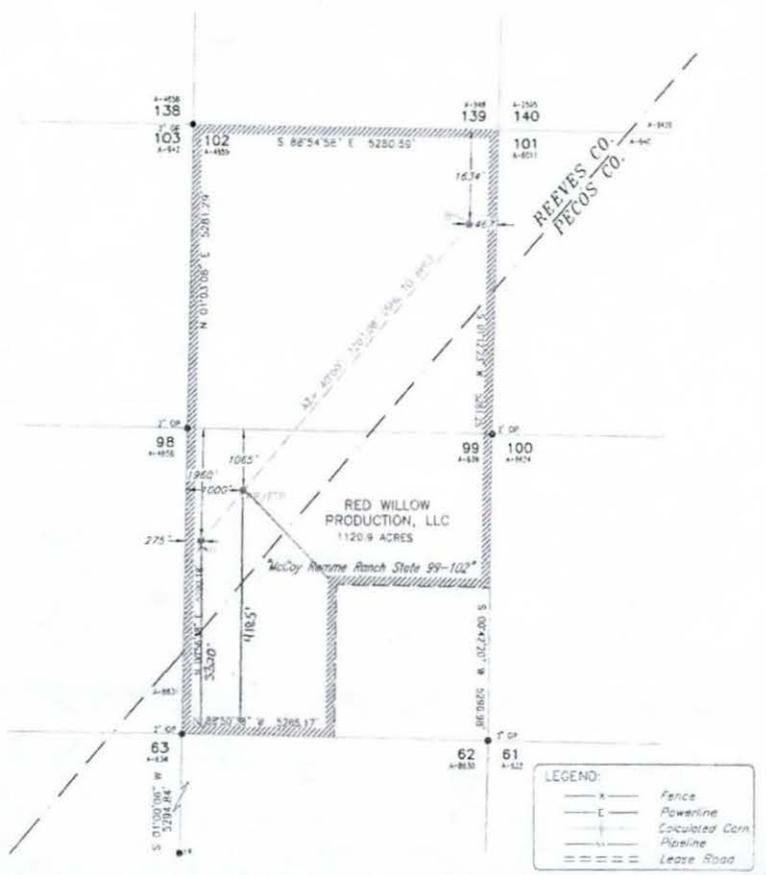
RED WILLOW PRODUCTION, LLC

LEASE NAME & WELL NO.:
MCCOY REMME RANCH STATE 99-102 #1H

TOPOGRAPHY & VEGETATION:
NATURAL MESQUITE PASTURE

NEAREST TOWN IN COUNTY:
± 18.2 MILES EAST OF SARAGOSA, TEXAS

DESCRIPTION:
SHL/PP/FTP: SECTION 99, BLOCK 1, H. & T.C. RR. CO. SURVEY, A-105, REEVES COUNTY, TEXAS
BHL: SECTION 102, BLOCK 1, H. & T.C. RR. CO. SURVEY, A-4859, REEVES COUNTY, TEXAS



This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us. This plat does not in any way represent a "Boundary Survey" and does not comply with revised I.B.P.L.S. Minimum Standards of Procedure for Boundary Surveys.

CERTIFICATION:



William J. Keating
Texas Reg. No. 5041

I, William J. Keating, a Registered Professional Land Surveyor and an authorized agent of Topographic Land Surveyors, do hereby certify that the above described well location was surveyed and staked on the ground as shown herein. This plat is for Texas Railroad Commission permitting only.

Surface Hole Location:
1960' FNL & 275' FWL (Sec. 99)
SHL Ground Elevation: 2951
X = 1050946 Y = 499580
LAT.: N 31°00'17.26" LONG.: W 103°21'46.98"
NAD 83 TX-C ZONE
X = 1347410 Y = 10342155
LAT.: N 31°00'17.79" LONG.: W 103°21'48.59"
Penetration Point/First Take Point:
1065' FNL & 1000' FWL (Sec. 99)
X = 1051686 Y = 500461
LAT.: N 31°00'26.18" LONG.: W 103°21'38.75"
NAD 83 TX-C ZONE
X = 1348149 Y = 10343036
LAT.: N 31°00'26.71" LONG.: W 103°21'40.37"
Bottom Hole Location:
1634' FNL & 467' FWL (Sec. 102)
X = 1055578 Y = 505101
LAT.: N 31°01'13.13" LONG.: W 103°20'55.48"
NAD 83 TX-C ZONE
X = 1352042 Y = 10347676
LAT.: N 31°01'13.67" LONG.: W 103°20'57.10"

All Coordinates are in NAD 27 State Plane Zone unless otherwise noted.

ORIGINAL DOC. SIZE: 8.5" x 11"

SCALE:	1" = 2000'
DATE:	SEPTEMBER 13, 2013
COGO:	476-58322
ID:	MCCOY_REMME_RANCH_STATE99_102_1H_REV2
DRAWN BY:	ACP: 9-17-13

REV#	BY	DATE	REVISED
1	ACP	9-18-13	
2	ACP	9-20-13	

LEGEND:

---	Fence
---	Powerline
---	Calculated Corn
---	Propine
---	Lease Road

TOPOGRAPHIC
LOYALTY INNOVATION LEGACY
2803 NORTH BIG SPRING - MOLAND, TEXAS 76705
TELEPHONE: (432) 682-1853 OR (800) 757-1853 - FAX (432) 682-1743
WWW.TOPOGRAPHIC.COM

File No. MF 112847
Amended permit to drill 389.33955
McCoy Remme Ranch St. 99-102 #1H
Date Filed: 9/30/13
Jerry E. Patterson, Commissioner
By SSD

DO NOT DESTROY



**Texas General Land Office
UNIT AGREEMENT MEMO**

UPA135209

Unit Number 6442
 Operator Name Red Willow Production, LLC Effective Date 09/10/2013
 Customer ID C000051690 Unitized For Oil And Gas
 Unit Name McCoy Remme Ranch 99-102 #1h Unit Term
 County 1 Pecos RRC District 1 08 Old Unit Number Inactive Status Date
 County 2 Reeves RRC District 2 08
 County 3 RRC District 3
 County 4 RRC District 4
 Unit type Permanent
 State Net Revenue Interest 0.07134891
 State Part in Unit 0.57079133
 Unit Depth Specified Depths Well
 From Depth 10000 TVD Formation Top of Wolfcamp to Base of Wolfcamp
 To Depth 11750 Upper Wolfcamp TVD Participation Basis Surface Acreage
 If Exclusions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	Lease Royalty	Tract Royalty Participation	Royalty Rate Reduction Clause
MF112847	1	639.800000	1,120.900000	0.570791	0.12500000	0.071349	No

API Number

Remarks:

The unit is being amended to change the State, private and total unit acreage. State unit royalty decreases from 0.071513 to 0.071349.

Prepared By: REU
 GLO Base Updated By: REU
 RAM Approval By: VD
 GIS By: _____
 Well Inventory By: _____

Prepared Date: 4/25/14
 GLO Base Date: 4/25/14
 RAM Approval Date: 4/29/14
 GIS Date: _____
 WI Date: _____

JJ

DO NOT DESTROY



Texas General Land Office UNIT AGREEMENT MEMO

PA13-383

Unit Number 6442

Operator Name RED WILLOW PRODUCTION, LLC Effective Date 9/10/2013

Customer ID C000051690 Unitized For Oil & Gas

Unit Name McCoy Remme Ranch 99-102 #1H Unit Term 0 Months

County 1 Reeves

County 2 Pecos

County 3

RRC District: 08

Unit Type: Permanent

State Royalty Interest: 0.0715130998

State Part in Unit: 0.5721047987

Unit Depth Well: Other

Below Depth 10000 TVD Formation: Wolfcamp

Above Depth 11750 TVD Participation Basis: Surface Acreage

[If Exclusions Apply: See Remarks]

Old Unit Number	Inactive Status Date
0	
0	
0	
0	
0	

~~MF Number MF112847 Tract Number~~

~~Lease Acres 641.77 / Total Unit Acres 1121.77 =~~

~~Tract Participation: 0.5721048 X~~

~~Lease Royalty 0.125 = Manual Tract Participation: [] See Remark~~

~~Tract Royalty Participation 0.0715131 Manual Tract Royalty: []~~

Tract Royalty Reduction No

Tract Royalty Rate 0

Tract On-Line Date:

07-079984 - Pecos 124.75 Ac

07-102814 - Reeves 515 Ac

See # 8 for revisions
[Signature]

API Number

RRC Number

Remarks:

Prepared By:

REW

Prepared Date:

9/10/13

GLO Base Updated By:

REW

GLOBase Date:

9/10/13

RAM Approval By:

REW

RAM Approval Date:

11/9/14

GIS By:

ML

GIS Date:

4-21-14

Pooling Committee Report

To: School Land Board

UPA135209

Date of Board Meeting:

Unit Number: 6442

Effective Date: 09/10/2013

Unit Expiration Date:

Applicant:

Attorney Rep:

Operator: Red Willow Production, Llc

Unit Name: McCoy Remme Ranch 99-102 #1h

Field Name: Hoefs T-K (Wolfcamp)

*Amended
Numbers:
4-25-14-
Rw*

County:

Pecos
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	MF112847	0.12500000	03/01/2014	3 years	1,281.100000	639.800000	0.07134892

Private Acres:	481.100000
State Acres:	639.800000
Total Unit Acres:	1120.900000

<u>Participation Basis:</u>	Surface Acreage
Surface Acreage	
<u>State Acreage:</u>	57.08%
<u>State Net Revenue Interest:</u>	7.13%

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

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Yes	

REMARKS:

- o Red Willow Production, LLC is requesting permanent oil and gas pooling of the Upper Wolfcamp Formation defined as the stratigraphic interval or its correlative equivalent occurring from 10,000 feet to 11,750 feet as shown on the Red Willow Production McCoy Remme Ranch #1 well log (API 42-371-38871).
- o The applicant plans to spud the unit well on October 1, 2013 with a proposed total depth of 11,000 feet TVD. A 9,300 foot lateral is expected to be drilled.
- o With approval of the unit the State's unit royalty participation will be 7.15%.
- o The State will participate on a unitized basis from the date of first production.

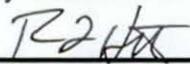
POOLING COMMITTEE RECOMMENDATION:

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



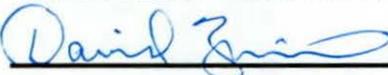
Mary Smith - Office of the Attorney General

8/21/13
Date:



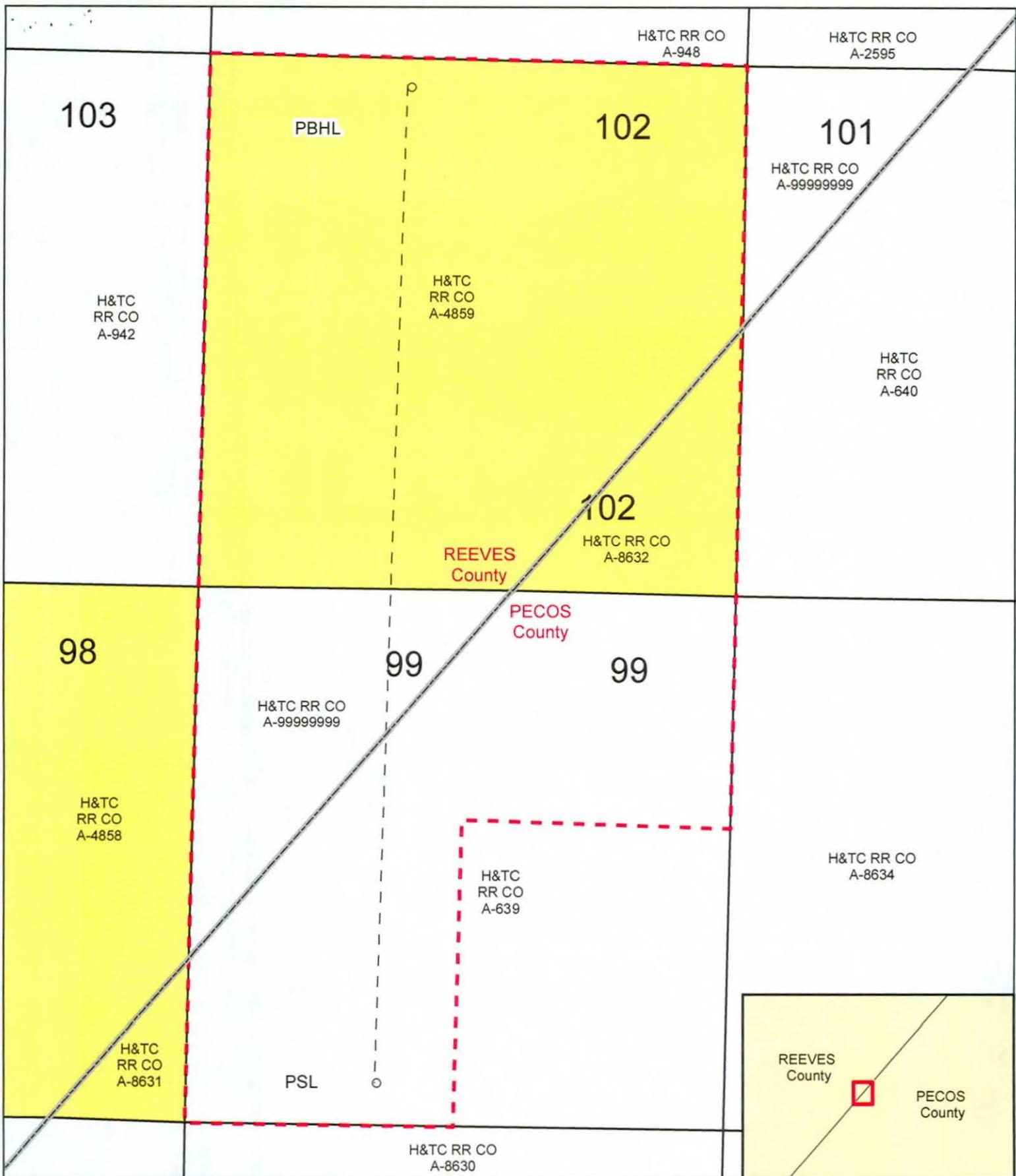
Robert Hatter - General Land Office

8/21/13
Date:



David Zimmerman - Office of the Governor

8/21/13
Date:



PA13-383 Unit #6442
 Red Willow Production LLC
 McCoy Remme Ranch 99-102 #1H Unit
 Hoefs T-K (Wolfcamp) Field
 MF112847
 Reeves / Pecos County, Texas

1,200 600 0 1,200 Feet



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



Map Generated by:
 Zeke Guillen
 IS/BAS/GIS
 August 2013

POOLING AGREEMENT
RED WILLOW PRODUCTION, LLC
MCCOY REMME RANCH 99-102 #1H UNIT
GLO UNIT NO. 6442
PECOS AND REEVES COUNTIES, TEXAS

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

PURPOSES:

1.

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

UNIT DESCRIPTION:

2.

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

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit in the Upper Wolfcamp Formation, being defined as the stratigraphic interval or its correlative equivalent occurring from 10,000 feet to 11,750 feet as seen on the log of the Red Willow Production, LLC, McCoy Remme Ranch, No. 1 well, API# 42-371-38871 ("unitized interval").

POOLING AND EFFECT:

4.

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

- (a) The unit, to the extent as above described, shall be operated as an entirety for the exploration, development and production of the pooled mineral, rather than as separate tracts.
- (b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement.
- (c) Production of the pooled mineral from the unit allocated to each separate tract, respectively, as hereinafter provided, shall be deemed to have been produced from each such separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement.
- (d) All rights to the production of the pooled mineral from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom. Provided that, payments that are made on a per acre basis shall be reduced according to the number of acres pooled and included herein, so that payments made on a per acre basis shall be calculated based upon the number of acres actually included within the boundaries of the pooled unit covered by this Agreement.
- (e) A shut-in oil or gas well located upon any land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or lease included within said unit; provided, however, that shut-in oil or gas well royalty shall be paid to the State on each State lease wholly or partially within the unit, according to the terms of such lease as though such shut-in oil or gas well were located on said lease, it

being agreed that shut-in royalties provided in each State lease shall not be shared with other royalty owners.

- (f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that, except as may otherwise be provided in each State Lease, the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.
- (g) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than 1,121 acres, then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) make application to the School Land Board of the State of Texas to reform the unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.
- (h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.
- (i) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.
- (j) Should this Agreement terminate for any cause, the leases and other contracts affecting the lands within the unit, if not then otherwise maintained in force and effect, shall remain and may be maintained in force and effect under their respective terms and conditions in the same manner as though there had been production or operations under said lease or contract and the same had ceased on the date of the termination of this Agreement.

ALLOCATION OF PRODUCTION:

5.

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

TAKING ROYALTY IN KIND:

6.

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

FULL MARKET VALUE:

7.

In the event the State does not elect to take its royalty in kind, the State shall receive full market value for its royalty hereunder, such value to be determined as follows:

- (a) As to royalty on oil 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 for the field where produced and when run, or (2) the highest market price thereof offered or paid for the field where produced and when run, or (3) gross proceeds of the sale thereof, whichever is the greater;

- (b) As to royalty on gas, such value to be based on (1) the highest market price paid or offered for gas of comparable quality for the field where produced and when run, or (2) the gross price paid or offered to the producer, whichever is the greater.

(For the purposes of this Agreement "field" means the general area in which the lands covered hereby are located.)

EFFECTIVE DATE: 8.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of September 10, 2013.

TERM: 9.

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

STATE LAND: 10.

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

DISSOLUTION: 11.

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

RATIFICATION/WAIVER: 12.

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

COUNTERPARTS: 13.

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

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

Date Executed 10/9/13

STATE OF TEXAS

Legal
Content
Geology
Executive

mmj
REW

By: *Jerry E. Patterson*
Jerry E. Patterson, Commissioner
of the General Land Office

Date Executed 10/1/13

RED WILLOW PRODUCTION, LLC

By: [Signature]
JAMES LYON
Its: Vice President

CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 10th day of September, 2013, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

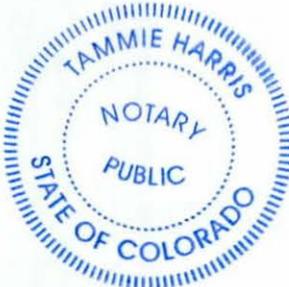
IN TESTIMONY WHEREOF, witness my hand this the 10th day of October, 2013.

[Signature]
Secretary of the School Land Board

STATE OF COLORADO

COUNTY OF Saplan

This instrument was acknowledged before me on October 1, 2013, by James J Lyon
as Vice President of Red Willow Production, LLC, a Colorado
limited liability company, on behalf of said company.



[Signature]
Notary Public in and for the
State of Colorado
My Commission Expires 2/24/2015

Exhibit "A"

to that certain Pooling Agreement by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and Red Willow Production, LLC as "Lessee" effective September 10, 2013

Lease No.: 1
Date: March 1, 2011
Lessor: McCoy Remme Ranches Ltd
Original Lessee: Red Willow Production, LLC
Term: 3 years
County: Reeves and Pecos Counties, Texas
Recording Data: Memorandum recorded as Volume 874 Page 590 (Reeves County, Texas) and Volume 8 Page 575 (Pecos County, Texas)
Recording Date: 4/29/11 (Reeves County, TX) 4/14/11 (Pecos County, Texas)
Entry: 002195 (Reeves County, Texas) 2011-115996 (Pecos County, Texas)

Lease No.: 2
Date: March 1, 2011
Lessor: State of Texas and McCoy Remme Ranches, Ltd.
Original Lessee: Red Willow Production, LLC
Term: 3 years
County: Reeves and Pecos Counties, TX
Recording Data: Volume 882 Page 222 (Reeves County, Texas) Volume 13 Page 135 (Pecos County, Texas)
Recording Date: 06/08/11 (Reeves County, Texas) Volume 13 Page 135 (Pecos County, Texas)
Lease Number: MF112847
Entry: 003492 (Reeves County, Texas) 2011-116561 (Pecos County, TX)

End of Exhibit "A"

Exhibit "B"

to that certain Pooling Agreement by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and Red Willow Production, LLC as "Lessee" effective September 10, 2013

Legal Description

Section 102, Block 1, H & T C RY CO. Survey, A-8632, Certificate 39/4597, Reeves and Pecos Counties, Texas, and the N/2 and SW/4 of Section 99, Block 1, H&TC Ry Co Survey, A-639, Reeves and Pecos Counties, Texas

End of Exhibit "B"

RED WILLOW PRODUCTION, LLC

LEASE NAME & WELL NO.:
MCCOY REMME RANCH STATE 99-102 #1H

TOPOGRAPHY & VEGETATION:
NATURAL MESQUITE PASTURE

NEAREST TOWN IN COUNTY:
± 18.2 MILES EAST OF SARAGOSA, TEXAS

DESCRIPTION:
SHL/PP/FTP: SECTION 99, BLOCK 1, H. & T.C. RR. CO. SURVEY, A-105, REEVES COUNTY, TEXAS
BHL: SECTION 102, BLOCK 1, H. & T.C. RR. CO. SURVEY, A-4859, PECOS COUNTY, TEXAS

This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us. This plot does not in any way represent a "Boundary Survey", and does not comply with correct I.B.P.L.S. Minimum Standards of Procedures for Boundary Surveys.

CERTIFICATION:



William J. Keating
Texas Reg. No. 5041

I, William J. Keating, a Registered Professional Land Surveyor, and an authorized agent of Topographic Land Surveyors, do hereby certify that the above described well location was surveyed and staked on the ground as shown herein. This plot is for Texas Railroad Commission permitting only.



2903 NORTH BIG SPRING - MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 OR (800) 767-1653 - FAX (432) 682-1743
WWW.TOPOGRAPHIC.COM

Surface Hole Location:
1960' FNL & 275' FWL (Sec. 99)
SHL Ground Elevation: 2951'
X = 1050946 Y = 499580
LAT.: N 31°00'17.26" LONG.: W 103°21'46.98"
NAD 83 TX-C ZONE
X = 1347410 Y = 10342155
LAT.: N 31°00'17.79" LONG.: W 103°21'48.59"
Penetration Point/First Take Point:
1065' FNL & 1000' FWL (Sec. 99)
X = 1051686 Y = 500461
LAT.: N 31°00'26.18" LONG.: W 103°21'38.75"
NAD 83 TX-C ZONE
X = 1348149 Y = 10343036
LAT.: N 31°00'26.71" LONG.: W 103°21'40.37"
Bottom Hole Location:
1634' FNL & 467' FEL (Sec. 102, Pecos Co.)
X = 1055578 Y = 505101
LAT.: N 31°01'13.13" LONG.: W 103°20'55.48"
NAD 83 TX-C ZONE
X = 1352042 Y = 10347676
LAT.: N 31°01'13.67" LONG.: W 103°20'57.10"

All Coordinates are in NAD 27 TX-C Zone unless otherwise noted.

ORIGINAL DOC. SIZE: 8.5"x14"

SCALE:	1" = 2000'
DATE:	SEPTEMBER 13, 2013
COGO:	476-58322
LO:	MCCOY_REMME_RANCH_STATE99_102_1H_REV2
DRAWN BY:	ACP; 9-17-13

REV#	BY	DATE	REVISED
1	ACP	9-18-13	
2	ACP	9-20-13	

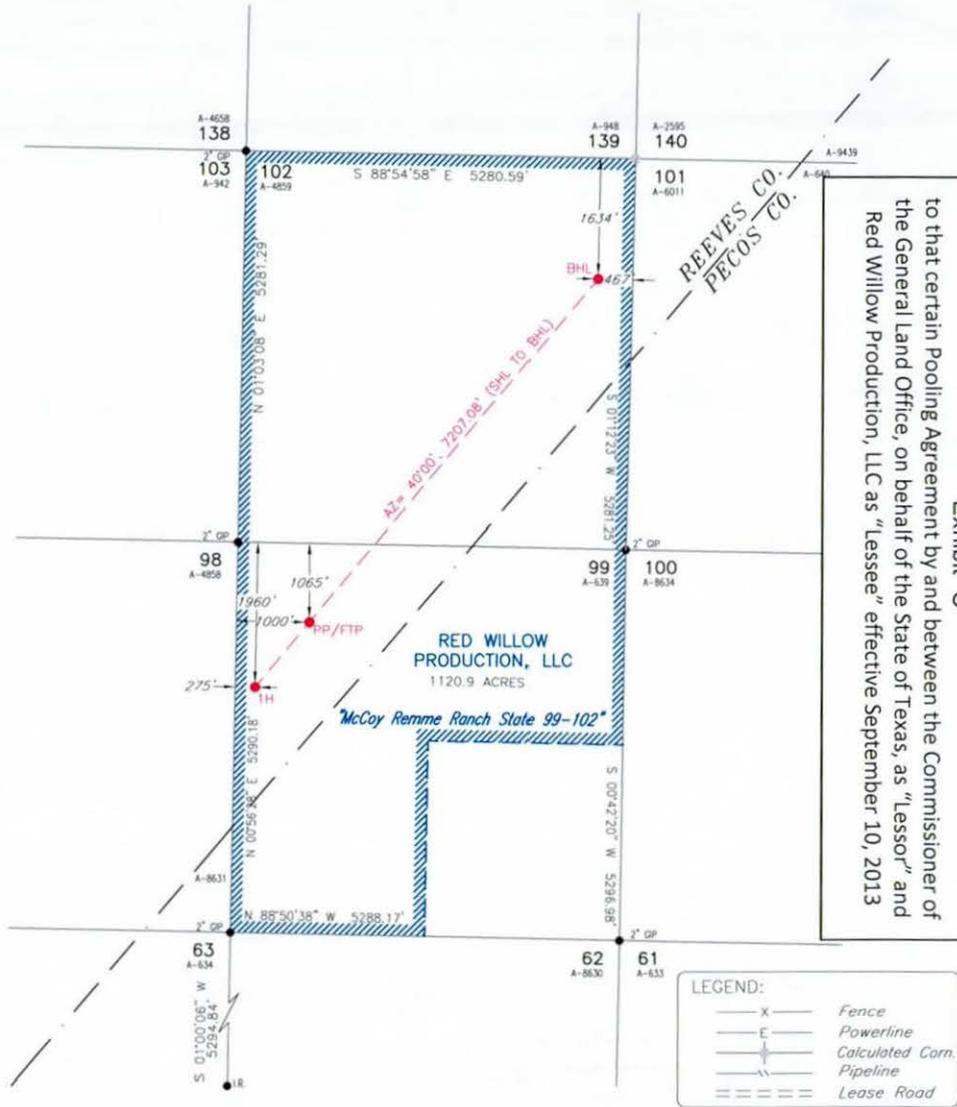


Exhibit "C"
 to that certain Pooling Agreement by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and Red Willow Production, LLC as "Lessee" effective September 10, 2013

7

File No. M-112847
Pooling Agrmt Packet #6442
McCoy/Renne Ranch Unit
Date Filed: 4/3/14
Jerry E. Patterson, Commissioner
By [Signature]

DO NOT DESTROY



**Texas General Land Office
UNIT AGREEMENT MEMO**

UPA135209

Unit Number 6442
 Operator Name Red Willow Production, LLC Effective Date 09/10/2013
 Customer ID C000051690 Unitized For Oil And Gas
 Unit Name McCoy Remme Ranch 99-102 #1h Unit Term
 County 1 Pecos RRC District 1 08 Old Unit Number Inactive Status Date
 County 2 Reeves RRC District 2 08
 County 3 RRC District 3
 County 4 RRC District 4
 Unit type Permanent
 State Net Revenue Interest 0.07134891
 State Part in Unit 0.57079133
 Unit Depth Specified Depths Well
 From Depth 10000 TVD Formation Top of Wolfcamp to Base of Wolfcamp
 To Depth 11750 Upper Participation Basis Surface Acreage
 Wolfcamp TVD
 If Exclusions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	Lease Royalty	Tract Royalty Participation	Royalty Rate Reduction Clause
MF112847	1	639.800000	1,120.900000	0.570791	0.12500000	0.071349	No

API Number

Remarks:

The unit is being amended to change the State, private and total unit acreage. State unit royalty decreases from 0.071513 to 0.071349.

Prepared By:

REW

Prepared Date:

4/25/14

GLO Base Updated By:

REW

GLO Base Date:

4/25/14

RAM Approval By:

VD

RAM Approval Date:

4/29/14

GIS By:

GIS Date:

Well Inventory By:

WI Date:

Pooling Committee Report

To: School Land Board

UPA135209

Date of Board Meeting:

Unit Number: 6442

Effective Date: 09/10/2013

Unit Expiration Date:

Applicant:

Attorney Rep:

Operator: Red Willow Production, LLC

Unit Name: McCoy Remme Ranch 99-102 #1h

Field Name: Hoefs T-K (Wolfcamp)

*Amended
Numbers:
4-25-14
RW*

County:

Pecos
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	MF112847	0.12500000	03/01/2014	3 years	1,281.100000	639.800000	0.07134892

Private Acres:	481.100000
State Acres:	639.800000
Total Unit Acres:	1120.900000

Participation Basis:	Surface Acreage
Surface Acreage	
State Acreage:	57.08%
State Net Revenue Interest:	7.13%

Unit Type:	Unitized for:
Permanent	Oil And Gas
Term:	

RRC Rules:	Spacing Acres:
Yes	

8

File No. MF 112847
Revised Unit Agent Memo

Date Filed: 7/17/14
Jerry E. Patterson, Commissioner

By [Signature]



RAILROAD COMMISSION OF TEXAS

Form W-2

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Status: Submitted
Date: 02/11/2015
Tracking No.: 126746

OIL WELL POTENTIAL TEST, COMPLETION OR RECOMPLETION REPORT, AND LOG

OPERATOR INFORMATION

Operator Name: COG OPERATING LLC Operator No.: 166150
Operator Address: ONE CONCHO CENTER 600 W ILLINOIS AVE MIDLAND, TX 79701-0000

WELL INFORMATION

API No.: 42-389-33955 County: REEVES
Well No.: 1H RRC District No.: 08
Lease Name: MCCOY REMME RANCH STATE 99-102 Field Name: HOEFS T-K (WOLFCAMP)
RRC Lease No.: Field No.: 41911500
Location: Section: 99, Block: 1, Survey: H&TC RR CO, Abstract:

Latitude: Longitude:
This well is located 29.3 miles in a SOUTHEAST
direction from FT. STOCKTON, TX,
which is the nearest town in the county.

FILING INFORMATION

Purpose of filing: Initial Potential
Type of completion: New Well
Well Type: Producing Completion or Recompletion Date: 11/18/2013
Type of Permit Date Permit No.
Permit to Drill, Plug Back, or Deepen 09/30/2013 769728
Rule 37 Exception
Fluid Injection Permit
O&G Waste Disposal Permit
Other:

COMPLETION INFORMATION

Spud date: 09/30/2013 Date of first production after rig released: 11/18/2013
Date plug back, deepening, recompletion, or drilling operation commenced: 09/30/2013 Date plug back, deepening, recompletion, or drilling operation ended: 11/18/2013
Number of producing wells on this lease in this field (reservoir) including this well: 1 Distance to nearest well in lease & reservoir (ft.): 0.0
Total number of acres in lease: 1120.13 Elevation (ft.): 2951 GL
Total depth TVD (ft.): 10238 Total depth MD (ft.): 17062
Plug back depth TVD (ft.): 10130 Plug back depth MD (ft.): 16900
Was directional survey made other than inclination (Form W-12)? Yes Rotation time within surface casing (hours): 191.0
Is Cementing Affidavit (Form W-15) attached? No
Recompletion or reclass? No Multiple completion? No
Type(s) of electric or other log(s) run: Neutron logs
Electric Log Other Description:
Location of well, relative to nearest lease boundaries Off Lease: No
of lease on which this well is located: 3320.0 Feet from the South Line and
275.0 Feet from the West Line of the
MCCOY REMME RANCH STATE 99-102 Lease.

FORMER FIELD (WITH RESERVOIR) & GAS ID OR OIL LEASE NO.

Field & Reservoir Gas ID or Oil Lease No. Well No. Prior Service Type

PACKET: N/A

W2: N/A

FOR NEW DRILL OR RE-ENTRY, SURFACE CASING DEPTH DETERMINED BY:

GAU Groundwater Protection Determination Depth (ft.): 1650.0 Date: 12/11/2014
 SWR 13 Exception Depth (ft.):

INITIAL POTENTIAL TEST DATA FOR NEW COMPLETION OR RECOMPLETION

Date of test: 07/28/2014 Production method: Pumping
 Number of hours tested: 24 Choke size:
 Was swab used during this test? No Oil produced prior to test: 25500.00

PRODUCTION DURING TEST PERIOD:

Oil (BBLs): 396.0 Gas (MCF): 439
 Gas - Oil Ratio: 1108 Flowing Tubing Pressure:
 Water (BBLs): 518

CALCULATED 24-HOUR RATE

Oil (BBLs): 396.0 Gas (MCF): 439
 Oil Gravity - API - 60.: 43.0 Casing Pressure:
 Water (BBLs): 518

CASING RECORD

Row	Type of Casing	Casing Size (in.)	Hole Size (in.)	Setting Depth (ft.)	Multi - Stage Depth (ft.)	Multi - Stage Shoe Depth (ft.)	Cement Class	Cement Amount (sacks)	Slurry Volume (cu. ft.)	Top of Cement (ft.)	TOC Determined By
1	Surface	13 3/8	17 1/2	1670			C	1250	2138.0	0	Circulated to Surface
2	Intermediate	9 5/8	12 1/4	9294			C H	900	1697.0	5027	Calculation
3	Intermediate	9 5/8	12 1/4	9294	5027		C H	1800	4184.0	4985	Calculation
4	Conventional Production	5 1/2	8 1/2	17062			H	2210	2919.0	2065	Cement Evaluation Log

LINER RECORD

Row	Liner Size (in.)	Hole Size (in.)	Liner Top (ft.)	Liner Bottom (ft.)	Cement Class	Cement Amount (sacks)	Slurry Volume (cu. ft.)	Top of Cement (ft.)	TOC Determined By
-----	------------------	-----------------	-----------------	--------------------	--------------	-----------------------	-------------------------	---------------------	-------------------

N/A

TUBING RECORD

Row	Size (in.)	Depth Size (ft.)	Packer Depth (ft.)/Type
1	2 7/8	9621	/

PRODUCING/INJECTION/DISPOSAL INTERVAL

Row	Open hole?	From (ft.)	To (ft.)
1	No	L1 10986	16886.0

ACID, FRACTURE, CEMENT SQUEEZE, CAST IRON BRIDGE PLUG, RETAINER, ETC.

Was hydraulic fracturing treatment performed? No

Is well equipped with a downhole actuation sleeve? No

If yes, actuation pressure (PSIG):

Production casing test pressure (PSIG) prior to hydraulic fracturing treatment:

Actual maximum pressure (PSIG) during hydraulic fracturing:

Has the hydraulic fracturing fluid disclosure been reported to FracFocus disclosure registry (SWR29)? No

Row	Type of Operation	Amount and Kind of Material Used	Depth Interval (ft.)	
1	Fracture	FRAC'D W/186,000GAL HCL ACID,4,541,124 GAL SLICKWATER,6,710,550 GAL XLGEL, 9,227,919#SAND,OTTAWA,OPTIPROP	10986	16886

FORMATION RECORD

Formations	Encountered	Depth TVD (ft.)	Depth MD (ft.)	Is formation isolated?	Remarks
DELAWARE	Yes	5179.0	5183.0	Yes	
BONESPRING	Yes	7969.0	7975.0	Yes	
WOLFCAMP	No	10114.0	10117.0	No	PRODUCTIVE ZONE

Do the producing interval of this well produce H2S with a concentration in excess of 100 ppm (SWR 36)? No

Is the completion being downhole commingled (SWR 10)? No

REMARKS**RRC REMARKS**

PUBLIC COMMENTS:

CASING RECORD :

TUBING RECORD:

PRODUCING/INJECTION/DISPOSAL INTERVAL :

ACID, FRACTURE, CEMENT SQUEEZE, CAST IRON BRIDGE PLUG, RETAINER, ETC. :

POTENTIAL TEST DATA:

OPERATOR'S CERTIFICATION

Printed Name: Viola Vasquez
Telephone No.: (432) 683-7443

Title: Regulatory Analyst
Date Certified: 01/29/2015

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

RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

1. Operator's Name (As Shown on Form P-5, Organization Report) <i>COG Operating LLC</i>	2. RRC Operator No. <i>166150</i>	3. RRC District No. <i>08</i>	4. County of Well Site Reeves
5. Field Name (Wildcat or Exactly as Shown on RRC Records) <i>Hoef T-k (Wolfcamp)</i>	6. API No. <i>42-389-33955</i>	7. Drilling Permit No. <i>769728</i>	
8. Lease Name <i>McCoy Remme Ranch State 99-102</i>	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 PARALLEL STRINGS	TOOL	SHOE
12.	Cementing Date	<i>10/4/2013</i>					
13.	*Drilled Hole Size	<i>17-1/2</i>					
	*Ext. % Wash or Hole Enlargement	<i>—</i>					
14.	Size of Casing (In. O.D.)	<i>13-3/8</i>					
15.	Top of Liner (ft)	<i>—</i>					
16.	Setting Depth (ft)	<i>1670</i>					
17.	Number of Centralizers Used	<i>12</i>					
18.	Hrs. Waiting on Cement Before Drill-Out	<i>12</i>					
1st Slurry	19. API Cement Used: No. of Sacks >	900					
	Class >	C					
	Additives >	Remarks 1					
2nd Slurry	No. of Sacks >	350					
	Class >	C					
	Additives >	Remarks 2					
3rd Slurry	No. of Sacks >						
	Class >						
	Additives >						
1st	20. Slurry Pumped: Volume (cu.ft.) >	1665					
	Height (ft) >	2397					
2nd	Volume (cu.ft.) >	473					
	Height (ft) >	681					
3rd	Volume (cu.ft.) >						
	Height (ft) >						
	Volume (cu.ft.) >	2138					
	Height (ft) >	3078					
21. Was Cement Circulated to Ground Surface (or Bottom of Casing) Outside Casing?		YES					
22. Remarks 1 6%gel + 2%cacl2 + 3#sk/Kol-Seal + 1/4#sk/Celloflake 2 2%CACL2 + 1/4#sk/CELLOFLAKE							

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.

Anthony Polvon - Service Supervisor
Name and Title of Cementer's Representative

O-TEX PUMPING SERVICES
Cementing Company

Signature

2611 East I-20

Midland, Texas 79706

432-686-8559

10/4/2013

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.

Viola Vasquez
Typed or Printed Name of Operator's Representative

Reg. Analyst
Title

Viola Vasquez
Signature

600 W. Illinois Ave. Midland TX 79701

432-683-7443

4/10/14

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

RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

1. Operator's Name (As Shown on Form P-5, Organization Report) <i>COG Operating LLC</i>	2. RRC Operator No. <i>166150</i>	3. RRC District No. <i>08</i>	4. County of Well Site <i>Reeves</i>
5. Field Name (Wildcat or Exactly as Shown on RRC Records) <i>Hoefs TK (Wolfcamp)</i>	6. API No. <i>42-389-33955</i>	7. Drilling Permit No. <i>769728</i>	
8. Lease Name <i>McCoy Remme Ranch State 99-102</i>	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well Number <i>1H</i>

CASING CEMENTING DATA	SURFACE CASING	INTERMEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
			SINGLE STRING	MULTIPLE PARALLEL STRINGS	TOOL	SHOE
12. Cementing Date					<i>10/29/2013</i>	<i>10/28/2013</i>
13. *Drilled Hole Size					<i>12 1/4</i>	<i>12 1/4</i>
*Ext. % Wash or Hole Enlargement					<i>—</i>	<i>—</i>
14. Size of Casing (in. O.D.)					<i>9.518</i>	<i>9.98</i>
15. Top of Liner (ft)					<i>—</i>	<i>—</i>
16. Setting Depth (ft)					<i>5027</i>	<i>9294</i>
17. Number of Centralizers Used					<i>20</i>	<i>20</i>
18. Hrs. Waiting on Cement Before Drill-Out					<i>12</i>	<i>12</i>
19. API Cement Used: No. of Sacks >					<i>1600</i>	<i>500</i>
	Class >				<i>50:50:C</i>	<i>50:50:H</i>
	Additives >				<i>Remarks 3</i>	<i>Remarks 1</i>
2 nd Slurry	No. of Sacks >				<i>200</i>	<i>400</i>
	Class >				<i>C</i>	<i>H</i>
	Additives >				<i>Remarks 4</i>	<i>Remarks 2</i>
3 rd Slurry	No. of Sacks >					
	Class >					
	Additives >					
20. Slurry Pumped: Volume (cu.ft.) >					<i>3920</i>	<i>1225</i>
	1st Height (ft) >				<i>9498</i>	<i>2968</i>
2nd	Volume (cu.ft.) >				<i>264</i>	<i>472</i>
	Height (ft) >				<i>640</i>	<i>1144</i>
3rd	Volume (cu.ft.) >					
	Height (ft) >					
	Volume (cu.ft.) >				<i>4184</i>	<i>1697</i>
	Height (ft) >				<i>10138</i>	<i>4112</i>
21. Was Cement Circulated to Ground Surface (or Bottom of Casing) Outside Casing?					<i>NO</i>	<i>NO</i>
22. Remarks <i>1 10%Gel + 3#/sk Kalseal + 5%Salt + 1/4#/sk Celloflake + 2/10%C-20</i> <i>2 3/10%C-47A + 1/10%C-20</i> <i>3 10% Gel + 3#/sk Kalseal + 5% Salt + 1/4#/sk Celloflake</i> <i>4 C Neat</i>						

OVER →

CEMENTING TO PLUG AND ABANDON	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7	PLUG #8
3. Cementing Date								
4. Size of Hole or Pipe Plugged (in)								
5. Depth to Bottom of Tubing or Drill Pipe (ft)								
6. Sacks of Cement Used (each plug)								
7. Slurry Volume Pumped (cu.ft.)								
8. Calculated Top of Plug (ft)								
9. Measured Top of Plug, If Tagged (ft)								
10. Slurry Wt. (lbs/gal)								
11. 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.

Anthony Polvorin - Service Supervisor
Name and Title of Cementer's Representative

C-O-T-E-X PUMPING SERVICES
Cementing Company

Signature

8611 East I-20
Address

Midland, Texas 79706
City State Zip Code

432-688-8559
Tel. Area Code Number

10/29/2013
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.

Viola Vasquez
Typed or Printed Name of Operators Representative

Reg. Analyst
Title

Viola Vasquez
Signature

600 W. Illinois Ave. Midland, TX 79701
Address City State Zip Code

432-683-7443
Tel. Area Code Number

4-11-14
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).

1. **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.
2. **Where to file.** The appropriate Commission District Office for the county in which the well is located.
3. **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.
4. **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.
5. **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.
6. **Intermediate and production casing.** For specific technical requirements, operators should consult Statewide Rule 12 (b) (3) and (4).
7. **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
HLBRN1096

RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

1. Operator's Name (As Shown on Form P-5, Organization Report) COG Operating LLC	2. RRC Operator No. 166150	3. RRC District No. 08	4. County of Well Site REEVES
5. Field Name (Wildcat or Exactly as Shown on RRC Records) Hoefs T-K (w/dfcamp)	6. API No. 42-389-33955	7. Drilling Permit No. 769728	
8. Lease Name MCCOY REMME Ranch State 99-102	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well Number #1H

	SURFACE CASING	INTERMEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
			SINGLE STRING	MULTIPLE PARALLEL STRINGS	TOOL	SHOE
12. Cementing Date			11/16/2013			
13. *Drilled Hole Size			8-1/2			
*Ext. % Wash or Hole Enlargement			-			
14. Size of Casing (in. O.D.)			5-1/2			
15. Top of Liner (ft)			-			
16. Setting Depth (ft)			17062			
17. Number of Centralizers Used			20			
18. Hrs. Waiting on Cement Before Drill-Out			12			
1 at Slurry	19. API Cement Used: No. of Sacks >		310			
	Class >		35:65 H			
	Additives >		REMARK #1			
2 nd Slurry	No. of Sacks >		1900			
	Class >		50:50 H			
	Additives >		REMARK #2			
3 rd Slurry	No. of Sacks >					
	Class >					
	Additives >					
1st	20. Slurry Pumped: Volume (cu.ft.) >		601			
	Height (ft) >		2625			
2nd	Volume (cu.ft.) >		2318			
	Height (ft) >		10118			
3rd	Volume (cu.ft.) >					
	Height (ft) >					
	Volume (cu.ft.) >		2919			
	Height (ft) >		12743			
21. Was Cement Circulated to Ground Surface (or Bottom of Casing) Outside Casing?			NO			
22. Remarks 1 6% Gel + 6/10% C-19 + 3/10% C-20 2 2% Gel + 5/10% C-47A + 1/10% SMS + 3/10% C-20						

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 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.

GABRIEL AVILA SERVICE SUPERVISOR
Name and Title of Cementer's Representative

O-TEX PUMPING SERVICES
Cementing Company

Signature

2611 East I-20

Midland, Texas 79706

432-686-8559

11/16/2013

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.

Viola Vasquez
Typed or Printed Name of Operators Representative

Reg. Analyst
Title

Viola Vasquez
Sk.

2611 East I-20 Midland TX 79706
Address City State Zip Code

432-686-8559
Tel: Area Code Number

11/16/2013
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 applications, 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.

Groundwater
Advisory Unit

GROUNDWATER PROTECTION DETERMINATION

Form GW-2

Date December 11, 2014

GAU File No.: 5639

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

API Number 38933955

Attention: VIOLA VASQUEZ

RRC Lease No. 000000

SC_166150_38933955_000000_5639.pdf

COG OPERATING LLC
600 W ILLINOIS AVE
MIDLAND TX 79701

--Measured--

275 ft FWL

1960 ft FNL

MRL:SECTION

Digital Map Location:

X-coord/Long 1050946

Y-coord/Lat 499580

Datum 27 Zone C

P-5# 166150

County REEVES

Lease & Well No. MCCOY REMME RANCH STATE 99-102 #1H

Purpose ND

Location SUR-H&TC, BLK-1, SEC-99, -- [TD=11000], [RRC 8],

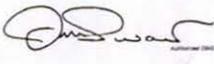
To protect usable-quality groundwater at this location, the Groundwater Advisory Unit of the Railroad Commission of Texas recommends:

Water-bearing strata from the land surface to a depth of 600 feet and the RUSTLER, which is estimated to occur from 1100 to 1650 feet must be protected.

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.

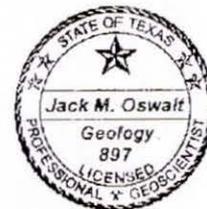
Sincerely,



Digitally signed by Jack Oswalt
DN: c=US, st=TEXAS, l=Austin,
o=Railroad Commission of Texas,
cn=Jack Oswalt,
email=jack.oswalt@rrc.state.tx.us
Date: 2014.12.11 08:57:26 -06'00'

Jack M. Oswalt, P.G.

GEOLOGIST SEAL



Geologist, Groundwater Advisory Unit
Oil & Gas Division

The seal appearing on this document was authorized by Jack M. Oswalt on 12/11/2014
Note: Alteration of this electronic document will invalidate the digital signature.

COG OPERATING, LLC

LEASE NAME & WELL NO.:
MCCOY REMME RANCH STATE 99-102 #1H "AS-DRILLED"

TOPOGRAPHY & VEGETATION:
NATURAL MESQUITE PASTURE

NEAREST TOWN IN COUNTY:
±18.2 MILES EAST OF SARAGOSA, TEXAS

DESCRIPTION:
SHL/FTP: SECTION 99, BLOCK 1, H. & T.C. RR. CO. SURVEY, A-105, REEVES COUNTY, TEXAS
LTP/BHL: SECTION 102, BLOCK 1, H. & T.C. RR. CO. SURVEY, A-4859, REEVES COUNTY, TEXAS



This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us. This plat does not in any way represent a "Boundary Survey", and does not comply with correct I.B.P.L.S. Minimum Standards of Procedures for Boundary Surveys.

CERTIFICATION:



William J. Keating
 Texas Reg. No. 5041

I, William J. Keating, a Registered Professional Land Surveyor, and an authorized agent of Topographic Land Surveyors, do hereby certify that the above described well location was surveyed and staked on the ground as shown herein. This plat is for Texas Railroad Commission permitting only.

Surface Hole Location:
 1960' FNL & 275' FWL (SEC. 99)
 SHL Ground Elevation: 2951'
 X = 1050946 Y = 499580
 LAT.: N 31°00'17.26" LONG.: W 103°21'46.97"
 NAD 83 TX-C ZONE
 X = 1347410 Y = 10342155
 LAT.: N 31°00'17.79" LONG.: W 103°21'48.59"

First Take Point:
 1116' FNL & 1049' FWL (SEC. 99)
 X = 1051734 Y = 500410
 LAT.: N 31°00'25.68" LONG.: W 103°21'38.19"

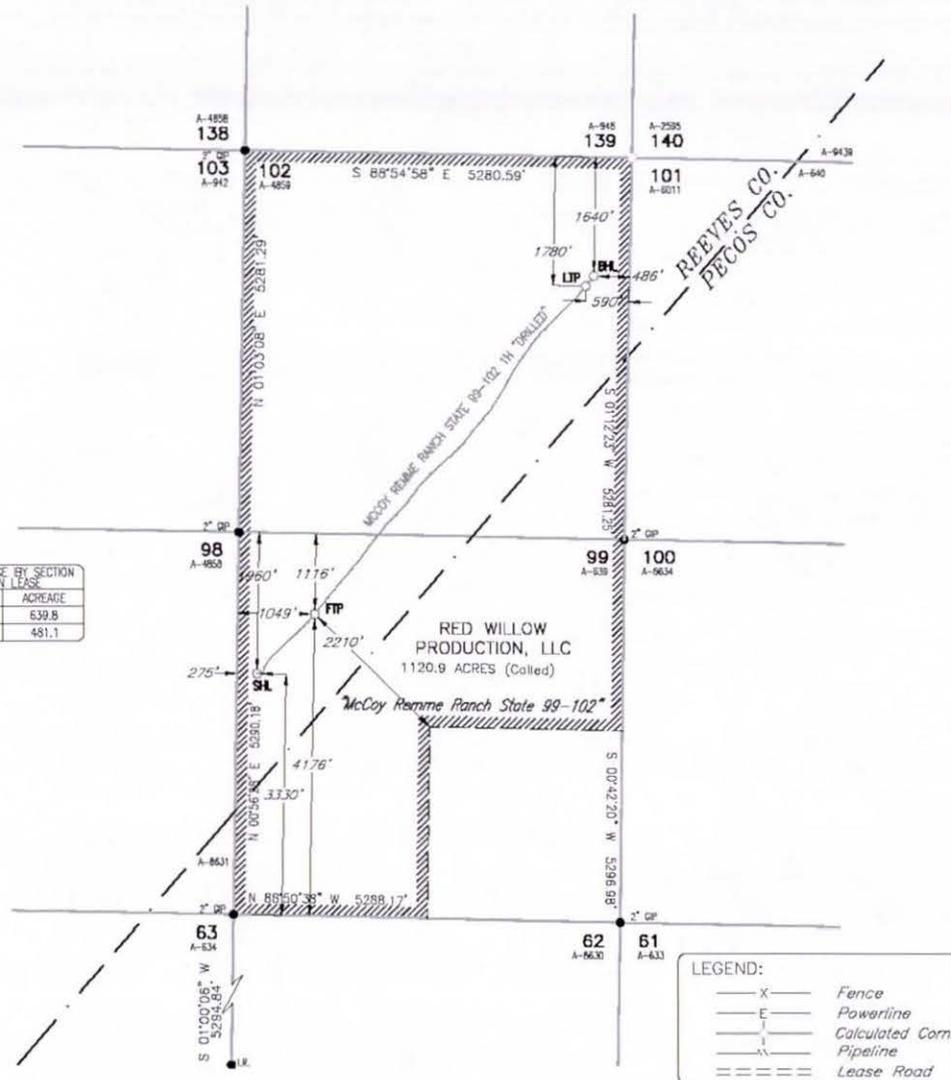
Last Take Point:
 1780' FNL & 590' FEL (SEC. 102)
 X = 1055452 Y = 504958
 LAT.: N 31°01'11.69" LONG.: W 103°20'56.89"

Bottom Hole Location:
 1640' FNL & 486' FEL (SEC. 102)
 X = 1055558 Y = 505096
 LAT.: N 31°01'13.07" LONG.: W 103°20'55.71"

All Coordinates are in NAD 27 TX-C Zone unless otherwise noted.

SCALE:	1" = 2000'
DATE:	SEPTEMBER 24, 2014
COGO:	476-58322
AD_MCCOY_REMME_RANCH_STATE99_102_1H	
DRAWN BY:	MAL: 9-25-14
ORIGINAL DOC. SIZE: 8.5"x14"	

ACREAGE BY SECTION IN LEASE	
SECTION	ACREAGE
102	639.8
99	481.1



TOPOGRAPHIC
 LOYALTY INNOVATION LEGACY
 2803 NORTH BIRD SPRING - MIDLAND, TEXAS 79705
 TELEPHONE: (432) 882-1853 OR (800) 767-1853 • FAX: (432) 882-1743
 WWW.TOPOGRAPHIC.COM

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

Form P-8

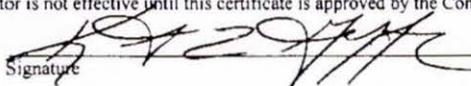
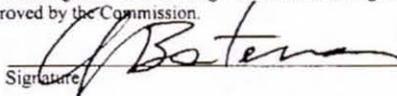
Reference No. 24080

1. Operator's Name and Address (Exactly as shown on Form P-5 Organization Report) COG OPERATING LLC ONE CONCHO CENTER 600 W ILLINOIS AVE MIDLAND, TX 79701-0000 2. RRC Operator Number: <u>166150</u>		3. RRC District No. 08
		4. County of Well Site REEVES
		5. API No. 42-389-33955
6. Field Name (Wildcat or exactly as shown on RRC records) HOEFS T-K (WOLFCAMP)	7. Drilling Permit No. 769728	8. Rule 37 Case No.
9. Lease Name MCCOY REMME RANCH STATE 99-102	10. Oil lease No.	11. Well No. 1H
12. Drilling completed on <u>01/28/2014</u>	13. Completion report--Form W-2 or G-1--will be filed on <u>08/29/2014</u>	
14. Oil or condensate gatherer's name and address SUNOCO PTNRS. MKTG.&TERMINALS LP ATTN ASHLEY FRIEDRICKS 1 FLUOR DANIEL DRIVE BLDG A SUGAR LAND, TX 77478 (221) 637-6580		15. Authorization to transport oil or condensate (mark one) <input checked="" type="checkbox"/> Form P-4 attached <input checked="" type="checkbox"/> Form P-4 Filed on <u>04/04/2014</u>
16. This request is for <u>15000</u> barrels of <input checked="" type="checkbox"/> crude oil OR <input type="checkbox"/> condensate	17. Amount of oil/condensate in tanks <u>500</u> barrels on <u>07/28/2014</u>	
18. Storage capacity in bbls. Tank battery <u>3000</u> Test tanks <u>7000</u> Total <u>10000</u>		
19. Previous request for clearance. Amount <u>15000</u> barrels granted on <u>02/04/2014</u>		
20. Reason for current request for clearance (explain briefly) COG Operating LLC is now operator on this well. Will file completion report 8/29/2014.		
Viola Vasquez	REGULATORY ANALYST	
Name of operator's representative	Title of person	
(432) 683-7443	07/28/2014	
Telephone	Date	
RRC District Office Action		
Status: Approved	Barrels recommended <u>15000</u>	RRC Staff <u>07/30/2014</u> Date

**CERTIFICATE OF COMPLIANCE
 AND TRANSPORTATION AUTHORITY**

P-4
 5/02—www-1

READ INSTRUCTIONS ON BACK

1. Field name exactly as shown on proration schedule Hoefs T-K (Wolfcamp)		2. Lease name as shown on proration schedule McCoy Remme Ranch State 99-102					
3. Current operator name exactly as shown on P-5 Organization Report COG Operating LLC		4. Operator P-5 no 166150	5. Oil Lse/Gas ID no	6. County Reeves	7. RRC district 08		
8. Operator address including city, state, and zip code One Concho Center 600 W. Illinois Avenue Midland, TX 79701		9. Well no(s) (see instruction E) 1H					
12. Purpose of Filing. (Complete section a or b below.) (See instructions B and G)		10. Classification <input checked="" type="checkbox"/> Oil <input type="checkbox"/> Gas <input type="checkbox"/> Other (see instruction A)		11. Effective Date 04/01/14			
a. Change of: <input checked="" type="checkbox"/> operator <input type="checkbox"/> oil or condensate gatherer <input type="checkbox"/> gas gatherer <input type="checkbox"/> gas purchaser <input type="checkbox"/> gas purchaser system code <input type="checkbox"/> field name from: _____ <input type="checkbox"/> lease name from: _____ OR b. New RRC Number for: <input type="checkbox"/> oil lease <input type="checkbox"/> gas well <input type="checkbox"/> other well (specify) _____ Due to: <input type="checkbox"/> new completion or recompletion <input type="checkbox"/> reclass oil to gas <input type="checkbox"/> reclass gas to oil <input type="checkbox"/> consolidation, unitization, or subdivision (oil lease only)							
13. Authorized GAS WELL, GAS or CASINGHEAD GAS Gatherer(s) and/or Purchaser(s). (See instruction G).							
Gatherer	Purchaser	Name of GAS WELL, GAS or CASINGHEAD GAS Gatherer(s) or Purchaser(s) As Indicated in Columns to the Left <i>(Attach an additional sheet in same format if more space is needed)</i>			Purchaser's RRC Assigned System Code	Percent of Take	Full-well stream
x	x	Regency Field Services, LLC			0001	100	
14. Authorized OIL or CONDENSATE Gatherer(s). (See instruction G).							
Name of OIL or CONDENSATE Gatherer(s) - List Highest Volume Gatherer First <i>(Attach an additional sheet in same format if more space is needed)</i>				Percent of Take	RRC USE ONLY		
Sunoco Partners Marketing & Terminals LP				100	Reviewer's initials: _____ Approval date: _____		
15. PREVIOUS OPERATOR CERTIFICATION FOR CHANGE OF OPERATOR P-4 FILING. Being the PREVIOUS OPERATOR, I certify that operating responsibility for the well(s) designated in this filing, located on the subject lease has been transferred in its entirety to the above named Current Operator. I understand, as Previous Operator, that designation of the above named operator as Current Operator is not effective until this certificate is approved by the Commission.							
Red Willow Production, LLC Name of Previous Operator		Kenneth Guffey, Jr. Name (print)		Production Superintendent Title			
		Signature 		Date 03/10/14			
		<input checked="" type="checkbox"/> Authorized Employee of previous operator		<input type="checkbox"/> Authorized agent of previous operator (see instruction G)			
		Date 03/10/14		Phone with area code (970) 563-5281			
16. CURRENT OPERATOR CERTIFICATION. By signing this certificate as the Current Operator, I certify that all statements on this form are true and correct and I acknowledge responsibility for the regulatory compliance of the subject lease including plugging of well(s) pursuant to Rule 14. I further acknowledge that I assume responsibility for the physical operation, control, and proper plugging of each well designated in this filing. I also acknowledge that I will remain designated as the Current Operator until a new certificate designating a new Current Operator is approved by the Commission.							
Clay Bateman Name (print)		Vice President of Texas Title		Signature 			
		<input checked="" type="checkbox"/> Authorized Employee of current operator		<input type="checkbox"/> Authorized agent of current operator (see instruction G)			
		Date 3/10/14		Phone with area code (432) 683-7443			
E-mail Address (optional)		Date		Phone with area code			

File No. ME112847

Reeves County

Completion Report

Date Filed: 03/06/2015

George P. Bush, Commissioner

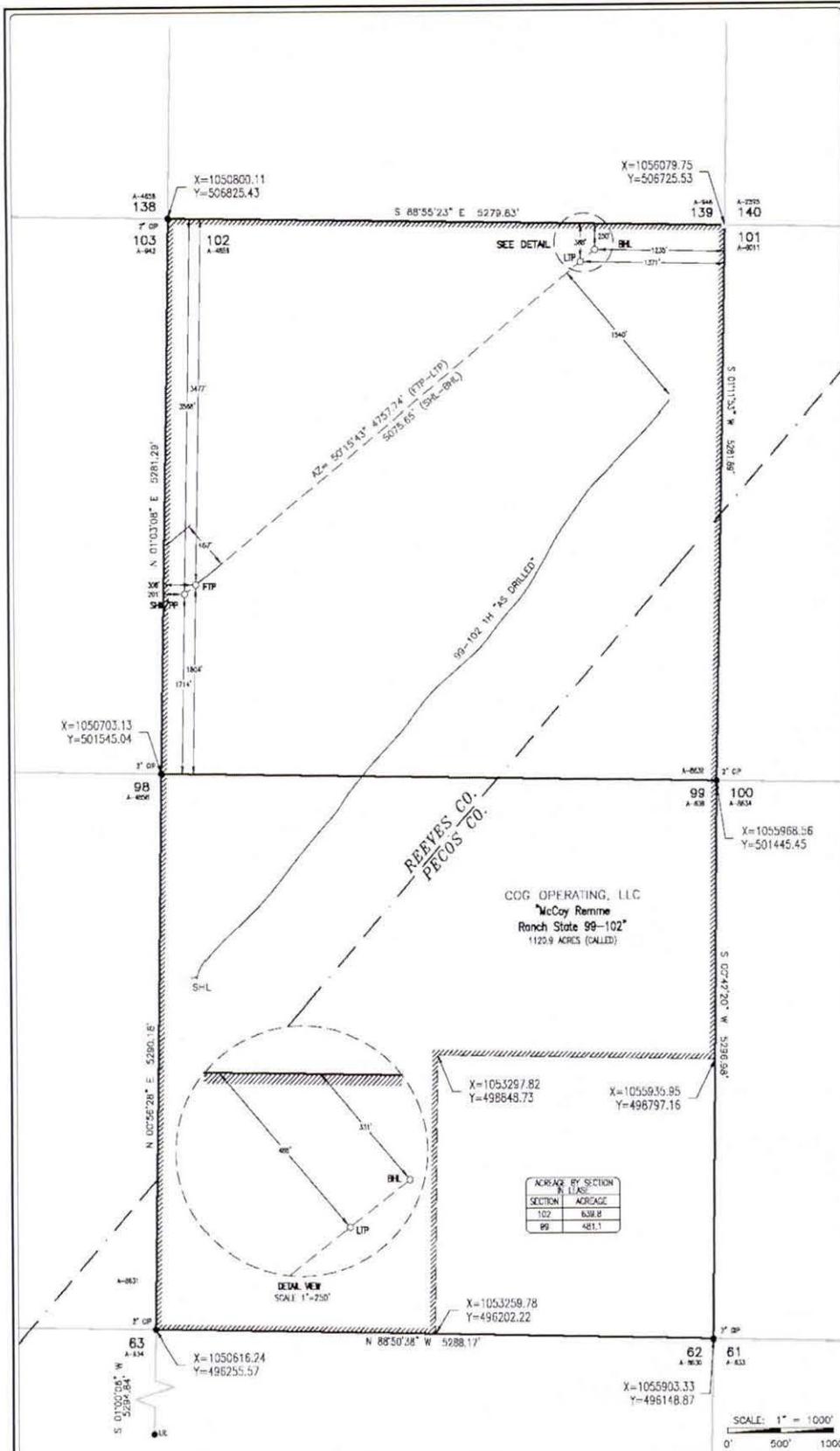
By Jm

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

REEVES (389) County

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

The above list may not be all inclusive, and may also include formations that do not intersect all wellbores. Formation "TOP" information listed reflects an estimated range based on geologic variances across the county. To clarify, the "Deep Top" is not the bottom of the formation; it is the deepest depth at which the "TOP" of the formation has been or might be encountered. This is a dynamic list subject to updates and revisions. It is the operator's responsibility to make sure that at the time of spudding the well the most current list is being referenced. Refer to the RRC website at the following address for the most recent information.
<http://www.rrc.state.tx.us/oil-gas/compliance-enforcement/rule-13-geologic-formation-info>



NAD 27
GSD SURVEYS

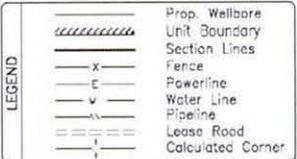
Surface Hole Location:
 GROUND ELEVATION:
 SHL Ground Elevation: 2933'
 COORDINATES:
 NAD 27 TX-C ZONE:
 X = 1050935.94 Y = 503254.69
 LAT.: N 31°00'53.62" LONG.: W 103°21'48.24"
 LAT.: N 31°01'48.936" LONG.: W 103.3633998"
 SURVEY LINE PERPENDICULARS:
 1714' FSL & 201' FWL (Sec. 102)
 LEASE LINE PERPENDICULARS:
 3568' FNL & 201' FWL
Penetration Point:
 COORDINATES:
 NAD 27 TX-C ZONE:
 X = 1050935.94 Y = 503254.69
 LAT.: N 31°00'53.62" LONG.: W 103°21'48.24"
 LAT.: N 31°01'48.936" LONG.: W 103.3633998"
 SURVEY LINE PERPENDICULARS:
 1714' FSL & 201' FWL (Sec. 102)
 LEASE LINE PERPENDICULARS:
 3568' FNL & 201' FWL
First Take Point:
 COORDINATES:
 NAD 27 TX-C ZONE:
 X = 1051041.99 Y = 503342.85
 LAT.: N 31°00'54.52" LONG.: W 103°21'47.05"
 LAT.: N 31°01'51.438" LONG.: W 103.3630691"
 SURVEY LINE PERPENDICULARS:
 1804' FSL & 306' FWL (Sec. 102)
 LEASE LINE PERPENDICULARS:
 3477' FNL & 306' FWL
Last Take Point:
 COORDINATES:
 NAD 27 TX-C ZONE:
 X = 1054700.57 Y = 506384.38
 LAT.: N 31°01'25.60" LONG.: W 103°21'05.97"
 LAT.: N 31°02'37.772" LONG.: W 103.3516575"
 SURVEY LINE PERPENDICULARS:
 368' FNL & 1371' FEL (Sec. 102)
 LEASE LINE PERPENDICULARS:
 368' FNL & 1371' FEL
Bottom Hole Location:
 COORDINATES:
 NAD 27 TX-C ZONE:
 X = 1054638.99 Y = 506498.45
 LAT.: N 31°01'26.77" LONG.: W 103°21'04.41"
 LAT.: N 31°02'41.038" LONG.: W 103.3512257"
 SURVEY LINE PERPENDICULARS:
 250' FNL & 1235' FEL (Sec. 102)
 LEASE LINE PERPENDICULARS:
 250' FNL & 1235' FEL

All Coordinates are in NAD 27 TX-C Zone unless otherwise noted.

This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us. This plat does not in any way represent a "Boundary Survey", and does not comply with correct T.B.P.L.S. Minimum Standards of Procedure for Boundary Surveys.

ACREAGE BY SECTION IN CLASS	
SECTION	ACREAGE
102	838.8
99	481.1

REV. BY	DATE REVISED	REV. BY	DATE REVISED
1-NAI	12-3-14		



CERTIFICATION:
 I, William J. Keating, a Registered Professional Land Surveyor and an authorized agent of Topographic Land Surveyors, do hereby certify that the above described well location was surveyed and staked on the ground as shown herein. This plat is for Texas Railroad Commission permitting only.

William J. Keating
 Texas Reg. No. 5041

TOPOGRAPHIC
 LOYALTY INNOVATION LEGACY
 2903 NORTH MCG SPRING • MCKINNEY, TEXAS 75069
 TELEPHONE: (432) 982-1800 OR (800) 787-1963 • FAX (432) 982-1740
 WWW.TOPOGRAPHIC-LS.COM
 Texas FIRM Registration NO. 10042500

COG OPERATING, LLC

LEASE NAME & WELL NO:
MCCOY REMME RANCH STATE 99-102 5H
 TOPOGRAPHY & VEGETATION:
 NATURAL MESQUITE PASTURE
 NEAREST TOWN IN COUNTY:
 ±17.3 MILES EAST OF SARAGOSA, TEXAS
 LOCATION DESCRIPTION:
 SECTION 102, BLOCK 1, H. & T.C. RR. CO. SURVEY, A-4859
 REEVES COUNTY, TEXAS

Scale: 1" = 1000' | Surveyed: 11-24-14 | ORIGINAL DOC. SIZE: 11"x17"
 COGO: 476-58322 | LD_MCCOY_REMME_RANCH_STATE99_102_5H_REV1 | Drawn By: ED: 11/25/14

API No. _____ Application Status # 801253 SWR Exception Case/Docket No. _____	RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER <small>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.</small>	FORM W-1 07/2004 Permit Status: Pending Approval <small>The RRC has not approved this application. Duplication or distribution of information is at the user's own risk.</small>
1. RRC Operator No. 166150	2. Operator's Name (as shown on form P-5, Organization Report) COG OPERATING LLC	3. Operator Address (include street, city, state, zip): ONE CONCHO CENTER 600 W ILLINOIS AVE MIDLAND, TX 79701-0000
4. Lease Name MCCOY REMME RANCH STATE 99-102	5. Well No. 5H	
GENERAL INFORMATION		
6. Purpose of filing (mark ALL appropriate boxes):		
<input checked="" type="checkbox"/> New Drill <input type="checkbox"/> Recompletion <input type="checkbox"/> Reclass <input type="checkbox"/> Field Transfer <input type="checkbox"/> Re-Enter <input type="checkbox"/> Amended <input type="checkbox"/> Amended as Drilled (BHL) (Also File Form W-1D)		
7. Wellbore Profile (mark ALL appropriate boxes):		
<input type="checkbox"/> Vertical <input checked="" type="checkbox"/> Horizontal (Also File Form W-1H) <input type="checkbox"/> Directional (Also File Form W-1D) <input type="checkbox"/> Sidetrack		
8. Total Depth 12000	9. Do you have the right to develop the minerals under any right-of-way? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
SURFACE LOCATION AND ACREAGE INFORMATION		
11. RRC District No. 08	12. County REEVES	13. Surface Location <input checked="" type="checkbox"/> Land <input type="checkbox"/> Bay/Estuary <input type="checkbox"/> Inland Waterway <input type="checkbox"/> Offshore
14. This well is to be located <u>17.3</u> miles in a <u>E</u> direction from <u>SARAGOSA, TX</u> which is the nearest town in the county of the well site.		
15. Section 102	16. Block 1	17. Survey H&TC RR CO
18. Abstract No. A-4859	19. Distance to nearest lease line: 201 ft.	20. Number of contiguous acres in lease, pooled unit, or unitized tract: 1120.9
21. Lease Perpendiculars: <u>3568</u> ft from the <u>NORTH</u> line and <u>201</u> ft from the <u>WEST</u> line		
22. Survey Perpendiculars: <u>1714</u> ft from the <u>SOUTH</u> line and <u>201</u> ft from the <u>WEST</u> line		
23. Is this a pooled unit? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		24. Unitization Docket No. _____
25. Are you applying for Substandard Acreage Field? <input type="checkbox"/> Yes (attach Form W-1A) <input checked="" type="checkbox"/> 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
32. Number of Wells on this lease in this Reservoir		
08	41911500	HOEFS T-K (WOLFCAMP)
BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)		
Remarks 		<u>Certificate:</u> I certify that information stated in this application is true and complete, to the best of my knowledge. <u>Viola Vasquez, Regulatory Analyst</u> <u>Dec 05, 2014</u> <small>Name of filer</small> <small>Date submitted</small> <u>(432)683-7443</u> <u>Vvasquez@conchoresources.com</u> <small>Phone</small> <small>E-mail Address (OPTIONAL)</small>
RRC Use Only Data Validation Time Stamp: Dec 5, 2014 8:00 AM(Current Version)		

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

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

Permit Status: Pending Approval

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

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.

Status # 801253

Approved Date:

1. RRC Operator No. 166150	2. Operator's Name (exactly as shown on form P-5, Organization Report) COG OPERATING LLC	3. Lease Name MCCOY REMME RANCH STATE 99-102	4. Well No. 5H
Lateral Drainhole Location Information			
5. Field as shown on Form W-1 HOEFS T-K (WOLFCAMP) (Field # 41911500, RRC District 08)			
6. Section 102	7. Block 1	8. Survey H&TC RR CO	9. Abstract 4859
		10. County of BHL REEVES	
11. Terminus Lease Line Perpendiculars 250 ft. from the NORTH line. and 1235 ft. from the EAST line			
12. Terminus Survey Line Perpendiculars 250 ft. from the NORTH line. and 1235 ft. from the EAST line			
13. Penetration Point Lease Line Perpendiculars 3568 ft. from the NORTH line. and 201 ft. from the WEST line			

Groundwater
Advisory Unit

GROUNDWATER PROTECTION DETERMINATION

Form GW-2

Date December 9, 2014

GAU File No.: 5637

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

API Number 38934696

Attention: VIOLA VASQUEZ

RRC Lease No. 000000

SC_166150_38934696_000000_5637.pdf

COG OPERATING LLC
600 W ILLINOIS AVE
MIDLAND TX 79701

--Measured--

201 ft FWL

1714 ft FSL

MRL:SECTION

P-5# 166150

Digital Map Location:

X-coord/Long 1050936

Y-coord/Lat 503255

Datum 27 Zone C

County REEVES

Lease & Well No. MCCOY REMME RANCH STATE 99-102 #5H&ALL Purpose ND

Location SUR-H&TC, A-4859, BLK-1, SEC-102, -- [TD=11000] , [RRC 8] ,

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

Water-bearing strata from the land surface to a depth of 600 feet and the RUSTLER, which is estimated to occur from 1100 to 1650 feet must be protected.

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).

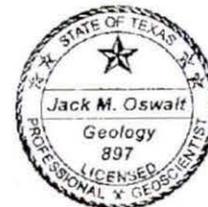
If you have any questions, please contact us at 512-463-2741, gau@rrc.state.tx.us, or by mail

Sincerely,


Digitally signed by Jack Oswalt
DN: c=US, st=TEXAS, l=Austin,
o=Railroad Commission of Texas,
cn=Jack Oswalt,
email=jack.oswalt@rrc.state.tx.us
Date: 2014.12.09.14:13:35 -06'00'

Jack M. Oswalt, P.G.

GEOLOGIST SEAL



Geologist Groundwater Advisory Unit
Oil & Gas Division

The seal appearing on this document was authorized by Jack M. Oswalt on 12/9/2014
Note: Alteration of this electronic document will invalidate the digital signature.

Form GW-2
Rev 02/2014

P.O. Box 12967 Austin, Texas 78711-2967 512-463-2741 Internet address: www.rrc.state.tx.us

File No. MF112847

W-1, permit, 6W-2

389-34696

Date Filed: 12-8-17

Jerry E. Patterson, Commissioner

By JEP

10.

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

REEVES (389) County

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

The above list may not be all inclusive, and may also include formations that do not intersect all wellbores. Formation "TOP" information listed reflects an estimated range based on geologic variances across the county. To clarify, the "Deep Top" is not the bottom of the formation; it is the deepest depth at which the "TOP" of the formation has been or might be encountered. This is a dynamic list subject to updates and revisions. It is the operator's responsibility to make sure that at the time of spudding the well the most current list is being referenced. Refer to the RRC website at the following address for the most recent information.
<http://www.rrc.state.tx.us/oil-gas/compliance-enforcement/rule-13-geologic-formation-info>

COG OPERATING, LLC

LEASE NAME & WELL NO.:
UNCOMPAGHRE STATE 9704H

TOPOGRAPHY & VEGETATION:
NATURAL MESQUITE PASTURE

NEAREST TOWN IN COUNTY:
±15.36 MILES SOUTHEAST OF SARAGOSA, TEXAS

DESCRIPTION:
SHL: SECTION 96, BLOCK 1, H. & T.C. RR. CO. SURVEY, A-4808
FTP/PP/LTP: SECTION 97, BLOCK 1, H. & T.C. RR. CO. SURVEY, A-941
BHL: SECTION 98, BLOCK 1, H. & T.C. RR. CO. SURVEY, A-947
REEVES COUNTY, TEXAS



CERTIFICATION:

This well location shown on this permit plot was surveyed on ground under my direct supervision. This plot is for Texas Railroad Commission permit purpose only and should not be considered a boundary survey.



William J. Keating
Texas Reg. No. 5041

Surface Hole Location:
305' FSL & 250' FEL (SEC. 96)
SHL Ground Elevation: 2973'
X = 1039782 Y = 496740
LAT.: N 30°59'46.13" LONG.: W 103°23'54.31"
NAD 83 TX-C ZONE
X = 1336246 Y = 10339315
LAT.: N 30°59'46.67" LONG.: W 103°23'55.93"

First Take Point/Penetration Point:
591' FSL & 89' FWL (SEC. 97)
X = 1040126 Y = 497022
LAT.: N 30°59'49.01" LONG.: W 103°23'50.45"

Last Take Point Location:
300' FNL & 16' FEL (SEC. 97)
X = 1045404 Y = 501341
LAT.: N 31°00'33.19" LONG.: W 103°22'51.19"

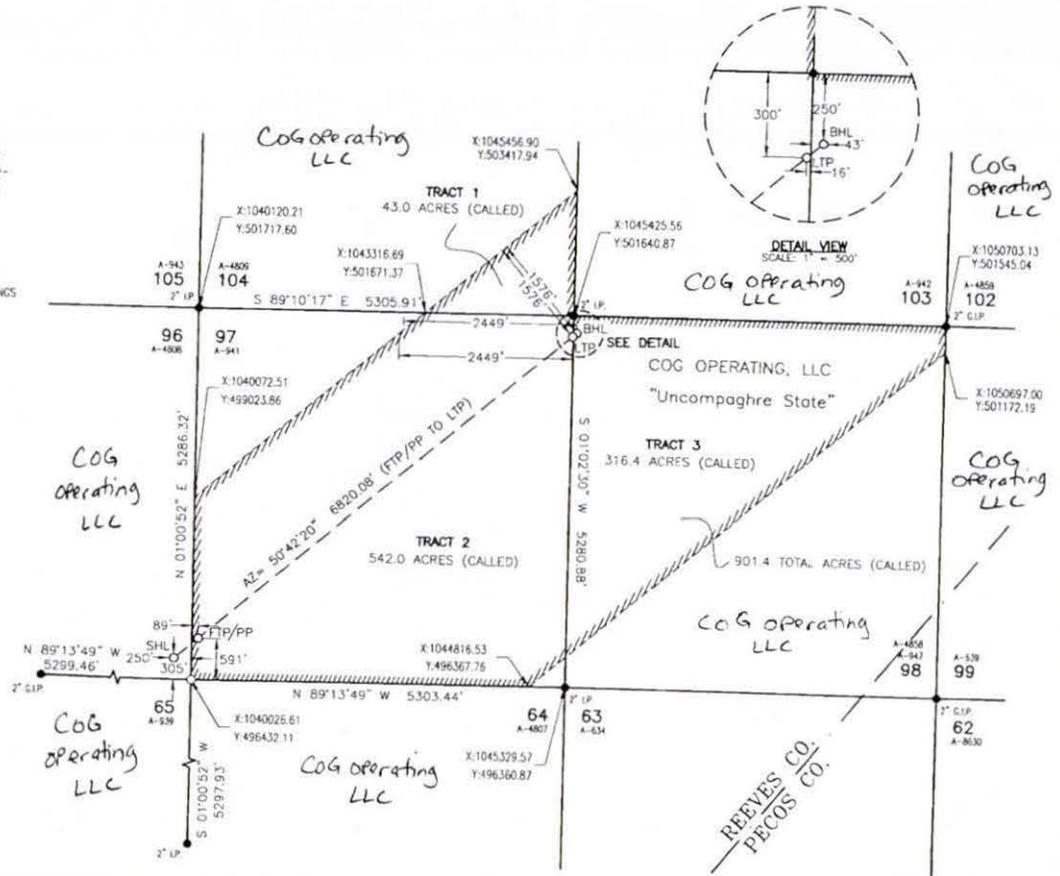
Bottom Hole Location:
250' FNL & 43' FWL (SEC. 98)
X = 1045464 Y = 501390
LAT.: N 31°00'33.69" LONG.: W 103°22'50.51"

All Coordinates are in NAD 27 TX-C Zone unless otherwise noted.

SCALE: 1" = 2000'
DATE: OCTOBER 15, 2014
COGO: 476-58322
L.O_UNCOMPAGHRE_STATE_9704H
DRAWN BY: ED; 10/20/2014

ORIGINAL DOC. SIZE: 8.5"x14"

- LEGEND
- X— Fence
 - E— Powerline
 - W— Water Line
 - P— Pipeline
 - L— Lease Road
 - Found Monument
 - Set IR "RPLS 5041"
 - Unless otherwise noted
 - Calculated Corner



TOPOGRAPHIC
LOYALTY INNOVATION LEGACY
2003 NORTH 830 SPRING - MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 OR (800) 757-1653 • FAX: (432) 682-1743
WWW.TOPOGRAPHIC.COM
Texas FIRM Registration NO. 10042500

Permit Status: Pending Approval

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
Supplemental Horizontal Well Information

07/2004

Status # 801056

Approved Date:

1. RRC Operator No. 166150	2. Operator's Name (exactly as shown on form P-5, Organization Report) COG OPERATING LLC	3. Lease Name UNCOMPAGHRE STATE	4. Well No. 9704H	
Lateral Drainhole Location Information				
5. Field as shown on Form W-1 HOEFS T-K (WOLFCAMP) (Field # 41911500, RRC District 08)				
6. Section 97	7. Block 1	8. Survey H&TC RR CO	9. Abstract 4808	10. County of BHL REEVES
11. Terminus Lease Line Perpendiculars 250 ft. from the NORTH line. and 1576 ft. from the NWESTERNLY line				
12. Terminus Survey Line Perpendiculars 250 ft. from the NORTH line. and 43 ft. from the EAST line				
13. Penetration Point Lease Line Perpendiculars 591 ft. from the SOUTH line. and 89 ft. from the WEST line				

Groundwater
Advisory Unit

GROUNDWATER PROTECTION DETERMINATION

Form GW-2

Date December 5, 2014

GAU File No.: 5631

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

API Number 38934693

Attention: VIOLA VASQUEZ

RRC Lease No. 000000

SC_166150_38934693_000000_5631.pdf

COG OPERATING LLC
600 W ILLINOIS AVE
MIDLAND TX 79701

--Measured--

250 ft FEL

305 ft FSL

MRL: SECTION

Digital Map Location:

X-coord/Long 1039782

Y-coord/Lat 496740

Datum 27 Zone C

P-5# 166150

County REEVES

Lease & Well No. UNCOMPAGHRE #9704H

Purpose ND

Location SUR-H&TC, BLK-1, SEC-96, -- [TD=12000] , [RRC 8] ,

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

Water-bearing strata from the land surface to a depth of 600 feet and the RUSTLER, which is estimated to occur from 1050 to 1650 feet must be protected.

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).

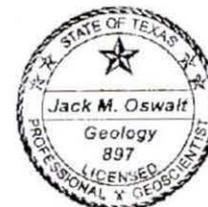
If you have any questions, please contact us at 512-463-2741, gau@rrc.state.tx.us, or by mail.

Sincerely,


Digitally signed by Jack Oswalt
DN: c=US, st=TEXAS, l=Austin,
o=Railroad Commission of Texas,
cn=Jack Oswalt,
email=jack.oswalt@rrc.state.tx.us
Date: 2014.12.05 15:19:56 -06'00'

Jack M. Oswalt, P.G.

GEOLOGIST SEAL



Geologist, Groundwater Advisory Unit
Oil & Gas Division

The seal appearing on this document was authorized by Jack M. Oswalt on 12/5/2014
Note: Alteration of this electronic document will invalidate the digital signature.



RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

P-16 Data Sheet

(Optional)

Page 1

Rev. 09/2014

Acreege Designation

SECTION I. OPERATOR INFORMATION

Operator Name: COG OPERATING LLC
Operator P-5 No.: 166150
Operator Address: 600 W. ILLINOIS AVE. MIDLAND, TX 79701

SECTION II. WELL INFORMATION

District No.: 08
Well No.: 9704H
Total Lease Acres: 901.4
Lease Name: UNCOMPAGHRE STATE
Field Name: HOEFS T-K (WOLFCAMP)
County: REEVES
API No.:
Drilling Permit No.:
Lease No.:
Field No.:
Purpose of Filing: [X] Drilling Permit Application (Form W-1) [] Completion Report (Form G-1/W-2)

Filer is the owner or lessee, or has been authorized by the owner or lessee, of all or an undivided portion of the mineral estate under each tract for which filer is listed as operator below.

SECTION III. LISTING OF ALL WELLS IN THE APPLIED-FOR FIELD ON THE SAME ACREEGE AS THE LEASE, POOLED UNIT, OR UNITIZED TRACT DESIGNATED IN SECTION II ABOVE BY FILER

Table with 8 columns: RRC ID No. or Lease No., Well No., H-Horizontal D-Directional V-Vertical, Lease Name, API No., Acres Assigned, SWR 38 Except. (Y/N), Operator Name and Operator No. (if different from filing operator). Row 1: 9704H, H, UNCOMPAGHRE STATE, 901.4, N.

Total Well Count > 1
901.4
< A. Total Assigned Horiz. Acreege 901.4
< C. Total Assigned Acreege
< Total Remaining Horiz. Acreege
< Total Remaining Acreege
< B. Total Assigned Vert./Dir. Acreege
< Total Remaining Vert./Dir. Acreege

SECTION IV. REMARKS / PURPOSE OF FILING (see instructions)

Empty box for remarks or purpose of filing.

Attach Additional Pages As Needed. [X] No additional pages [] Additional Pages: ___ (No. of additional pages)

CERTIFICATION: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that this report was prepared by me or under my supervision or direction, that I am authorized to make this report, and that the information contained in this report is true, correct, and complete to the best of my knowledge.

Signature of Patrick Godwin

Patrick Godwin, Landman
Name and title (type or print)

pgodwin@concho.com
Email (include email address only if you affirmatively consent to its public release)

600 W. Illinois Ave. Midland, TX 79701

432-683-7443

12/01/2014

Address

City, State, Zip Code

Tel: Area Code Number

Date: mo. day yr.

File No. MF 112847 //

RRC FORMS

389-34693

Date Filed: 12-5-17

Jerry E. Patterson, Commissioner

By JF



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

July 21, 2015

Teresa Offutt
Red Willow Production LLC
PO Box 369
Ignacio, CO 81137

Re: State Lease No. MF112847 McCoy Remme Ranch State 99-102

Dear Ms. Offutt:

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

DIVISION ORDER

To:

Texas General Land Office
C000051690
P.O. Box 12873
Austin, TX 78711-2873

Issue Date: 02/12/2014
Effective Date: 02/01/2014 (first sales)
Product: All products

The undersigned severally and not jointly certifies he is the legal owner of the interest set out below of all the oil, gas and related hydrocarbons produced from the property described below:

Operator: Red Willow Production LLC
Property Name: McCoy Remme Ranch State 99-102
County and State: Reeves County, Texas

Red Willow's property no.: 03307.01
API no.: 42-389-33955-00
Railroad Commission no.: 112847

Property Description: N2 Section 99, Block 1, H&TC Ry Co. Survey/H&TC. Reeves County, Texas.

Owner Name	Texas General Land Office	Owner No.:	021671-00001
Address	C000051690 P.O. Box 12873 Austin, TX 78711-2873	MF112847/Unit 6442	
Tax ID:	[REDACTED]	Type of Interest:	STATE
		Decimal Interest:	0.07141661 VOK

THIS AGREEMENT DOES NOT AMEND ANY LEASE OR OPERATING AGREEMENT BETWEEN THE INTEREST OWNERS AND THE LESSEE OR OPERATOR OR ANY OTHER CONTRACTS FOR THE PURCHASE OF OIL, GAS, OR RELATED HYDROCARBONS.

The following provisions apply to each interest owner ("owner") who executes this agreement:

TERMS OF SALE: The undersigned will be paid in accordance with the division of interests set out herein. The payor shall pay all parties at the price agreed to by the operator for products to be sold pursuant to this division order.

PAYMENT: From the effective date, payment is to be made monthly by payor's check, based on this division of interest, for oil run during the preceding calendar month and gas delivered the month before the preceding calendar month from the property listed above, less taxes required by law to be deducted and remitted by payor as purchaser. Payments of less than \$100 may be accrued before disbursement until the total amount equals \$100 or more or until 12 months' proceeds accumulate, whichever occurs first. However, the payor may hold accumulated proceeds of less than \$10 until production ceases or the payor's responsibility for making payment for production ceases, whichever occurs first. Payee agrees to refund to payor any amounts attributable to an interest or part of an interest that payee does not own.

INDEMNITY: The owner agrees to indemnify and hold payor harmless from all liability resulting from payments made to the owner in accordance with such division of interest, including but not limited to attorney fees or judgments in connection with any suit that affects the owner's interest to which payor is made a party.

DISPUTE; WITHHOLDING OF FUNDS: If a suit is filed that affects the interest of the owner, written notice shall be given to payor by the owner together with a copy of the complaint or petition filed. In the event of a claim or dispute that affects title to the division of interest credited herein, payor is authorized to withhold payments accruing to such interest, without interest unless otherwise required by applicable statute, until the claim or dispute is settled.

TERMINATION: Termination of this agreement is effective on the first day of the month that begins after the 30th day after the date written notice of termination is received by either party.

NOTICES: The owner agrees to notify payor in writing of any change in the division of interest, including changes of interest contingent on payment of money or expiration of time. No change of interest is binding on payor until the recorded copy of the instrument of change or documents satisfactorily evidencing such change are furnished to payor at the time the change occurs. Any change of interest shall be made effective on the first day of the month following receipt of such notice by payor. Any correspondence regarding this agreement shall be furnished to the addresses listed unless otherwise advised by either party.

In addition to the legal rights provided by the terms and provisions of this division order, an owner may have certain statutory rights under the laws of the State of Texas.

Owner(s) Signatures:

Texas General Land Office

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

[REDACTED]

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 28% tax withholding and will not be refundable by Red Willow Production, LLC

File No. MF112847

Division Order

Date Filed: 7-21-2015

Jerry E. Patterson, Commissioner

By VH

COBA

5.70.14

From: "Offutt, Teresa" <toffutt@rwpc.us>
To: "vivian.hernandez@glo.texas.gov" <vivian.hernandez@glo.texas.gov>
Date: 7/28/2015 4:55 PM
Subject: State Lease No. MF112847 McCoy Remme Ranch State 99-102

Dear Vivian:

I am in receipt of your letter dated July 21, 2015 regarding the division order you received from us for the referenced well.

Effective January 1, 2014 Red Willow Production LLC sold 75% of its interest to COG Operating LLC. They are also the current operator of this well. You should be receiving your revenues from COG Operating.

Please let me know if you have been paid and also notified by COG that they are the current operator. I can also give you contact information for COG if you need it.

Sincerely,

Teresa M. Offutt, CDOA, CPLTA
Red Willow Production Company
P.O. Box 369
Ignacio, CO 81137
Direct (970) 563-5247
Fax (970) 563-5241

File No. MF 112847

Red Willow email County

D.O.

Date Filed: 7-31-2015

By George P. Bush, Commissioner
VB



RAILROAD COMMISSION OF TEXAS

Form W-2

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Status: Approved
Date: 06/09/2015
Tracking No.: 126746

OIL WELL POTENTIAL TEST, COMPLETION OR RECOMPLETION REPORT, AND LOG

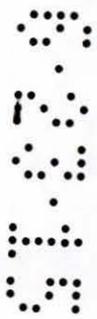
OPERATOR INFORMATION
Operator Name: COG OPERATING LLC
Operator No.: 166150
Operator Address: ONE CONCHO CENTER 600 W ILLINOIS AVE MIDLAND, TX 79701-0000

WELL INFORMATION
API No.: 42-389-33955
Well No.: 1H
Lease Name: MCCOY REMME RANCH STATE 99-102
RRC Lease No.: 46227
Location: Section: 99, Block: 1, Survey: H&TC RR CO, Abstract:
County: REEVES
RRC District No.: 08
Field Name: HOEFS T-K (WOLFCAMP)
Field No.: 41911500
Latitude:
Longitude:
This well is located 29.3 miles in a SOUTHEAST direction from FT. STOCKTON, TX, which is the nearest town in the county.

FILING INFORMATION
Purpose of filing: Initial Potential
Type of completion: New Well
Well Type: Producing
Completion or Recompletion Date: 11/18/2013
Type of Permit Date Permit No.
Permit to Drill, Plug Back, or Deepen 09/30/2013 769728
Rule 37 Exception
Fluid Injection Permit
O&G Waste Disposal Permit
Other:

COMPLETION INFORMATION
Spud date: 09/30/2013
Date of first production after rig released: 11/18/2013
Date plug back, deepening, recompletion, or drilling operation commenced: 09/30/2013
Date plug back, deepening, recompletion, or drilling operation ended: 11/18/2013
Number of producing wells on this lease in this field (reservoir) including this well: 1
Distance to nearest well in lease & reservoir (ft.): 0.0
Total number of acres in lease: 1120.13
Elevation (ft.): 2951 GL
Total depth TVD (ft.): 10238
Total depth MD (ft.): 17062
Plug back depth TVD (ft.): 10130
Plug back depth MD (ft.): 16900
Was directional survey made other than inclination (Form W-12)? Yes
Rotation time within surface casing (hours): 191.0
Is Cementing Affidavit (Form W-15) attached? No
Recompletion or reclass? No
Multiple completion? No
Type(s) of electric or other log(s) run: Neutron logs
Electric Log Other Description:
Location of well, relative to nearest lease boundaries
of lease on which this well is located: 3320.0 Feet from the South Line and 275.0 Feet from the West Line of the MCCOY REMME RANCH STATE 99-102 Lease.

Table with 4 columns: Field & Reservoir, Gas ID or Oil Lease No., Well No., Prior Service Type. Row 1: PACKET: N/A



W2: N/A

FOR NEW DRILL OR RE-ENTRY, SURFACE CASING DEPTH DETERMINED BY:

GAU Groundwater Protection Determination Depth (ft.): 1650.0 Date: 12/11/2014
 SWR 13 Exception Depth (ft.):

INITIAL POTENTIAL TEST DATA FOR NEW COMPLETION OR RECOMPLETION

Date of test: 07/28/2014 Production method: Pumping
 Number of hours tested: 24 Choke size:
 Was swab used during this test? No Oil produced prior to test: 25500.00

PRODUCTION DURING TEST PERIOD:

Oil (BBLs): 396.00 Gas (MCF): 439
 Gas - Oil Ratio: 1108 Flowing Tubing Pressure:
 Water (BBLs): 518

CALCULATED 24-HOUR RATE

Oil (BBLs): 396.0 Gas (MCF): 439
 Oil Gravity - API - 60.: 43.0 Casing Pressure:
 Water (BBLs): 518

CASING RECORD

Row	Type of Casing	Casing Size (in.)	Hole Size (in.)	Setting Depth (ft.)	Multi - Stage Depth (ft.)	Multi - Tool Shoe Depth (ft.)	Cement Class	Cement Amount (sacks)	Slurry Volume (cu. ft.)	Top of Cement (ft.)	TOC Determined By
1	Surface	13 3/8	17 1/2	1670			C	1250	2138.0	0	Circulated to Surface
2	Intermediate	9 5/8	12 1/4	9294			C H	900	1697.0	5027	Calculation
3	Intermediate	9 5/8	12 1/4	9294	5027		C H	1800	4184.0	4985	Calculation
4	Conventional Production	5 1/2	8 1/2	17062			H	2210	2919.0	2065	Cement Evaluation Log

LINER RECORD

Row	Liner Size (in.)	Hole Size (in.)	Liner Top (ft.)	Liner Bottom (ft.)	Cement Class	Cement Amount (sacks)	Slurry Volume (cu. ft.)	Top of Cement (ft.)	TOC Determined By
N/A									

TUBING RECORD

Row	Size (in.)	Depth	Size (ft.)	Packer Depth (ft.)/Type
1	2 7/8	9621		/

PRODUCING/INJECTION/DISPOSAL INTERVAL

Row	Open hole?	From (ft.)	To (ft.)
1	No	L1 10986	16886.0

ACID, FRACTURE, CEMENT SQUEEZE, CAST IRON BRIDGE PLUG, RETAINER, ETC.

Was hydraulic fracturing treatment performed? No

Is well equipped with a downhole actuation sleeve? No If yes, actuation pressure (PSIG):

Production casing test pressure (PSIG) prior to hydraulic fracturing treatment: Actual maximum pressure (PSIG) during hydraulic fracturing:

Has the hydraulic fracturing fluid disclosure been reported to FracFocus disclosure registry (SWR29)? No

Row	Type of Operation	Amount and Kind of Material Used	Depth Interval (ft.)	
1	Fracture	FRAC'D W/186,000GAL HCL ACID,4,541,124 GAL SLICKWATER,6,710,550 GAL XLGEL, 9,227,919#SAND,OTTAWA,OPTIPROP	10986	16886

FORMATION RECORD

Formations	Encountered	Depth TVD (ft.)	Depth MD (ft.)	Is formation isolated?	Remarks
DELAWARE	Yes	5179.0	5183.0	Yes	
BONESPRING	Yes	7969.0	7975.0	Yes	
WOLFCAMP	No	10114.0	10117.0	No	PRODUCTIVE ZONE

Do the producing interval of this well produce H2S with a concentration in excess of 100 ppm (SWR 36)? No

Is the completion being downhole commingled (SWR 10)? No

REMARKS

RRC REMARKS

PUBLIC COMMENTS:

[RRC Staff 2015-04-23 13:03:20.87] EDL=5570 feet, max acres=800, HOEFS T-K (WOLFCAMP) oil well

CASING RECORD :

TUBING RECORD:

PRODUCING/INJECTION/DISPOSAL INTERVAL :

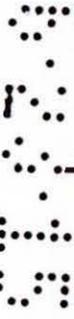
ACID, FRACTURE, CEMENT SQUEEZE, CAST IRON BRIDGE PLUG, RETAINER, ETC. :

POTENTIAL TEST DATA:

OPERATOR'S CERTIFICATION

Printed Name: Viola Vasquez
Telephone No.: (432) 683-7443

Title: Regulatory Analyst
Date Certified: 01/29/2015



Groundwater
Advisory Unit

GROUNDWATER PROTECTION DETERMINATION

Form GW-2

Date December 11, 2014

GAU File No.: 5639

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

API Number 38933955

Attention: VIOLA VASQUEZ

RRC Lease No. 000000

SC_166150_38933955_000000_5639.pdf

COG OPERATING LLC
600 W ILLINOIS AVE
MIDLAND TX 79701

--Measured--

275 ft FWL

1960 ft FNL

MRL: SECTION

P-5# 166150

Digital Map Location:	
X-coord/Long	<u>1050946</u>
Y-coord/Lat	<u>499580</u>
Datum	<u>27</u>
Zone	<u>C</u>

County REEVES

Lease & Well No. MCCOY REMME RANCH STATE 99-102 #1H

Purpose ND

Location SUR-H&TC, BLK-1, SEC-99, -- [TD=11000], [RRC 8],

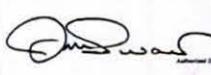
To protect usable-quality groundwater at this location, the Groundwater Advisory Unit of the Railroad Commission of Texas recommends:

Water-bearing strata from the land surface to a depth of 600 feet and the RUSTLER, which is estimated to occur from 1100 to 1650 feet must be protected.

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).

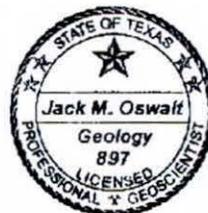
If you have any questions, please contact us at 512-463-2741, gau@rrc.state.tx.us, or by mail.

Sincerely,


 Digitally signed by Jack Oswalt
 DN: c=US, st=TEXAS, I=Austin,
 o=Railroad Commission of Texas,
 cn=Jack Oswalt,
 email=jack.oswalt@rrc.state.tx.us
 Date: 2014.12.11 08:57:26 -06'00'

Jack M. Oswalt, P.G.

GEOLOGIST SEAL



Geologist, Groundwater Advisory Unit
Oil & Gas Division

The seal appearing on this document was authorized by Jack M. Oswalt on 12/11/2014
Note: Alteration of this electronic document will invalidate the digital signature.

STATEMENT OF PRODUCTIVITY OF ACREAGE
ASSIGNED TO PRORATION UNITS

Form P-15

Tracking No.: 126746

This facsimile P-15 was generated electronically
from data submitted to the RRC.

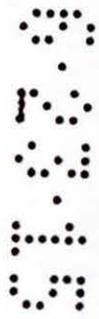
The undersigned states that he is authorized to make this statement; that he has knowledge of the facts concerning the COG OPERATING LLC ,
OPERATOR
MCCOY REMME RANCH STATE 99-102 , No. 1H ; that such well is
LEASE WELL
completed in the HOEFS T-K (WOLFCAMP) Field, REEVES County,
Texas and that the acreage claimed, and assigned to such well for proration purposes as
authorized by special rule and as shown on the attached certified plat embraces _____
800.0 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,

Date 06/09/2015 Signature Viola Vasquez

Telephone (432) 683-7443 Title Regulatory Analyst
AREA CODE



COG OPERATING, LLC

LEASE NAME & WELL NO.:
MCCOY REMME RANCH STATE 99-102 #1H "AS-DRILLED"

TOPOGRAPHY & VEGETATION:
NATURAL MESQUITE PASTURE

NEAREST TOWN IN COUNTY:
±18.2 MILES EAST OF SARAGOSA, TEXAS

DESCRIPTION:
SHL/FTP: SECTION 99, BLOCK 1, H. & T.C. RR. CO. SURVEY, A-105, REEVES COUNTY, TEXAS
LTP/BHL: SECTION 102, BLOCK 1, H. & T.C. RR. CO. SURVEY, A-4859, REEVES COUNTY, TEXAS

This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us. This plat does not in any way represent a "Boundary Survey", and does not comply with correct T.B.P.L.S. Minimum Standards of Procedures for Boundary Surveys.

CERTIFICATION:



William J. Keating
Texas Reg. No. 5041

I, William J. Keating, a Registered Professional Land Surveyor, and an authorized agent of Topographic Land Surveyors, do hereby certify that the above described well location was surveyed and staked on the ground as shown herein. This plat is for Texas Railroad Commission permitting only.

TOPOGRAPHIC
LOYALTY INNOVATION LEGACY
2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 882-1653 OR (800) 767-1653 • FAX (432) 882-1743
WWW.TOPOGRAPHIC.COM

Surface Hole Location:
1960' FNL & 275' FWL (SEC. 99)
SHL Ground Elevation: 2951'
X = 1050946 Y = 499580
LAT.: N 31°00'17.26" LONG.: W 103°21'46.97"
NAD 83 TX-C ZONE
X = 1347410 Y = 10342155
LAT.: N 31°00'17.79" LONG.: W 103°21'48.59"

First Take Point:
1116' FNL & 1049' FWL (SEC. 99)
X = 1051734 Y = 500410
LAT.: N 31°00'25.68" LONG.: W 103°21'38.19"

Last Take Point:
1780' FNL & 590' FEL (SEC. 102)
X = 1055452 Y = 504958
LAT.: N 31°01'11.69" LONG.: W 103°20'56.89"

Bottom Hole Location:
1640' FNL & 486' FEL (SEC. 102)
X = 1055558 Y = 505096
LAT.: N 31°01'13.07" LONG.: W 103°20'55.71"

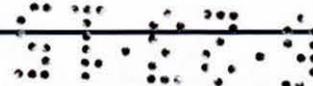
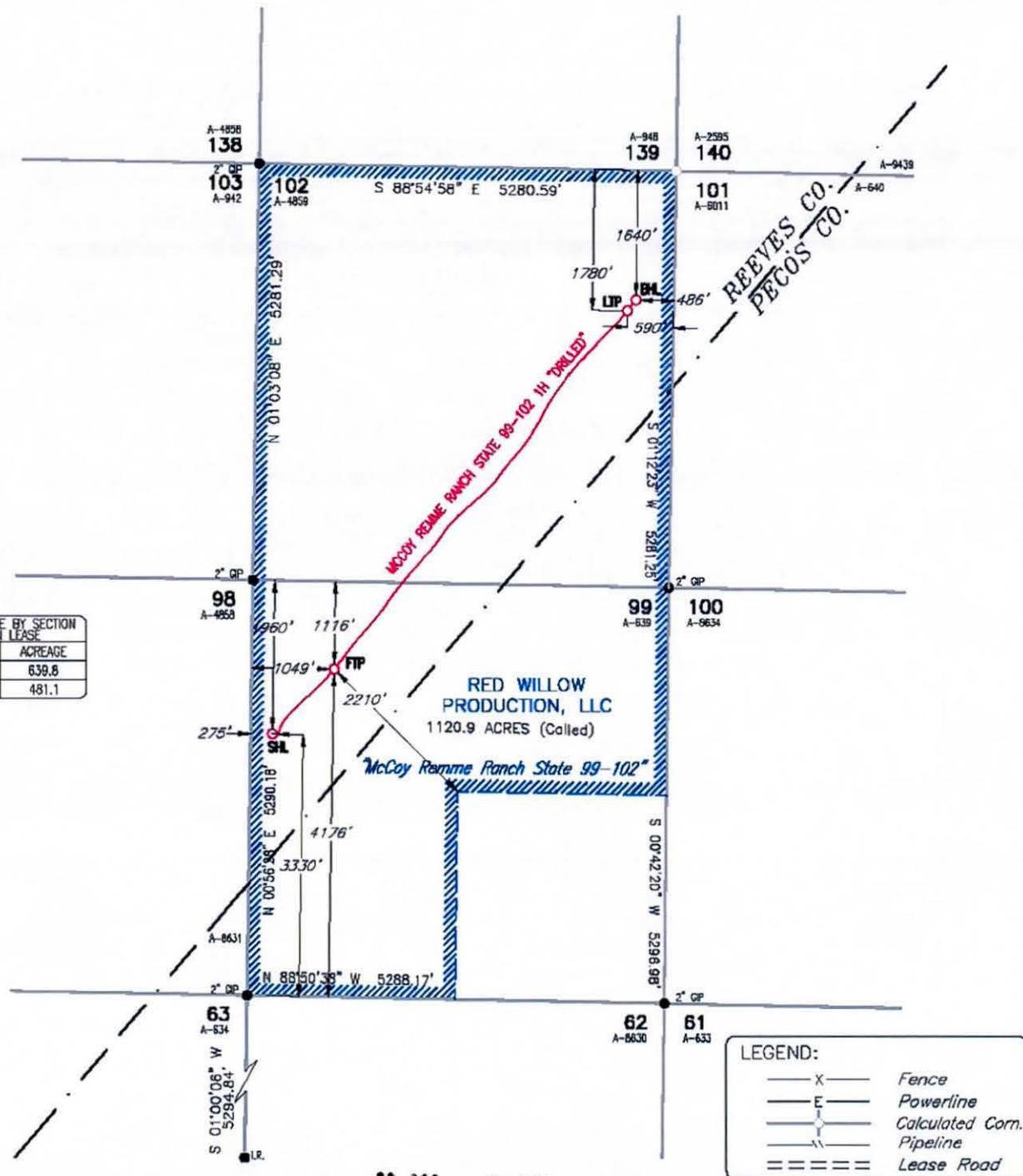
All Coordinates are in NAD 27 TX-C Zone unless otherwise noted.

SCALE: 1" = 2000'
DATE: SEPTEMBER 24, 2014
COGO: 476-58322
AD_MCCOY_REMME_RANCH_STATE99_102_1H
DRAWN BY: MAL; 9-25-14

ORIGINAL DDC. SIZE: 8.5"x14"



ACREAGE BY SECTION IN LEASE	
SECTION	ACREAGE
102	639.8
99	481.1



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

RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

1. Operator's Name (As Shown on Form P-5, Organization Report) COG Operating LLC	2. RRC Operator No. 166150	3. RRC District No. 08	4. County of Well Site Reeves
5. Field Name (Wildcat or Exactly as Shown on RRC Records) Hoef T-K (Wolfcamp)		6. API No. 42-389-33955	7. Drilling Permit No. 769728
8. Lessee Name McCoy Remme Ranch State 99-102	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 PARALLEL STRINGS	TOOL	SHOE
12. Cementing Date	10/4/2013					
13. *Drilled Hole Size	17-1/2					
*Ext. % Wash or Hole Enlargement	—					
14. Size of Casing (in. O.D.)	13-3/8					
15. Top of Liner (ft)	—					
16. Setting Depth (ft)	1670					
17. Number of Centralizers Used	12					
18. Hrs. Waiting on Cement Before Drill-Out	12					
19. API Cement Used: No. of Sacks >	900					
	Class >	C				
	Additives >	Remarks 1				
2nd Slurry	No. of Sacks >	350				
	Class >	C				
	Additives >	Remarks 2				
3rd Slurry	No. of Sacks >					
	Class >					
	Additives >					
1st	20. Slurry Pumped: Volume (cu.ft.) >	1665				
	Height (ft) >	2397				
2nd	Volume (cu.ft.) >	473				
	Height (ft) >	681				
3rd	Volume (cu.ft.) >					
	Height (ft) >					
	Volume (cu.ft.) >	2138				
	Height (ft) >	3078				
21. Was Cement Circulated to Ground Surface (or Bottom of Casing) Outside Casing?		YES				
22. Remarks 1 6%gel + 2%cacI2 + 3#sk/Koi-Seal + 1/4#sk/Celloflake 2 2%CACL2 + 1/4#sk/CELLOFLAKE						

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. (lb/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.

Anthony Polvon - Service Supervisor
Name and Title of Cementer's Representative

O-TEX PUMPING SERVICES
Cementing Company

[Signature]
Signature

2611 East I-20
Address

Midland, Texas 79706
City State Zip Code

432-686-8559
Tel: Area Code Number

10/4/2013
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.

Viola Vasquez
Typed or Printed Name of Operator's Representative

Reg. Analyst
Title

[Signature]
Signature

600 W. Illinois Ave. Midland TX 79701
Address City State Zip Code

4326837443
Tel: Area Code Number

4/10/14
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 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 applications, 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

RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

1. Operator's Name (As Shown on Form P-5, Organization Report) <i>COG Operating LLC</i>	2. RRC Operator No. <i>166150</i>	3. RRC District No. <i>08</i>	4. County of Well Site <i>Reeves</i>
5. Field Name (Wildcat or Exactly as Shown on RRC Records) <i>Hoefs TK (Wolfcamp)</i>	6. API No. <i>42-389-33955</i>	7. Drilling Permit No. <i>769728</i>	
8. Lease Name <i>McCoy Remme Ranch State 99-102</i>	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well Number <i>1H</i>

	CASING CEMENTING DATA	SURFACE CASING	INTERMEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				SINGLE STRING	MULTIPLE PARALLEL STRINGS	TOOL	SHOE
	12. Cementing Date					<i>10/29/2013</i>	<i>10/28/2013</i>
	13. *Drilled Hole Size					<i>12 1/4</i>	<i>12 1/4</i>
	*Ext. % Wash or Hole Enlargement					<i>-</i>	<i>-</i>
	14. Size of Casing (in. O.D.)					<i>9.518</i>	<i>9.978</i>
	15. Top of Liner (ft)					<i>-</i>	<i>-</i>
	16. Setting Depth (ft)					<i>5027</i>	<i>9294</i>
	17. Number of Centralizers Used					<i>20</i>	<i>20</i>
	18. Hrs. Waiting on Cement Before Drill-Out					<i>12</i>	<i>12</i>
1st Slurry	19. API Cement Used: No. of Sacks >					<i>1600</i>	<i>500</i>
	Class >					<i>50:50:C</i>	<i>50:50:H</i>
	Additives >					<i>Remarks 3</i>	<i>Remarks 1</i>
2nd Slurry	No. of Sacks >					<i>200</i>	<i>400</i>
	Class >					<i>C</i>	<i>H</i>
	Additives >					<i>Remarks 4</i>	<i>Remarks 2</i>
3rd Slurry	No. of Sacks >						
	Class >						
	Additives >						
1st	20. Slurry Pumped: Volume (cu.ft.) >					<i>3920</i>	<i>1225</i>
	Height (ft) >					<i>9408</i>	<i>2968</i>
2nd	Volume (cu.ft.) >					<i>264</i>	<i>472</i>
	Height (ft) >					<i>640</i>	<i>1144</i>
3rd	Volume (cu.ft.) >						
	Height (ft) >						
	Volume (cu.ft.) >					<i>4184</i>	<i>1697</i>
	Height (ft) >					<i>10138</i>	<i>4112</i>
	21. Was Cement Circulated to Ground Surface (or Bottom of Casing) Outside Casing?					<i>NO</i>	<i>NO</i>
22. Remarks <i>1 10%Gel + 3#/sk Kolseal + 5%Salt + 1/4#/sk Celloflake + 2/10%C-20</i> <i>2 3/10%C-47A + 1/10%C-20</i> <i>3 10% Gel + 3#/sk Kolseal + 5% Salt + 1/4#/sk Celloflake</i> <i>4 C Neat</i>							

OVER →

CEMENTING TO PLUG AND ABANDON	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7	PLUG #8
3. Cementing Date								
4. Size of Hole or Pipe Plugged (in)								
5. Depth to Bottom of Tubing or Drill Pipe (ft)								
6. Sacks of Cement Used (each plug)								
7. Slurry Volume Pumped (cu.ft.)								
8. Calculated Top of Plug (ft)								
9. Measured Top of Plug, If Tagged (ft)								
10. Slurry Wt. (lbs/gal)								
11. 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.

Anthony Polvon - Service Supervisor
Name and Title of Cementer's Representative

O-TEX PUMPING SERVICES
Cementing Company

Signature

1611 East I-20
Address

Midland, Texas 79706
City State Zip Code

432-686-8559
Tel: Area Code Number

10/29/2013
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.

Viola Vasquez
Typed or Printed Name of Operator's Representative

Reg. Analyst
Title

Viola Vasquez
Signature

600 W. Illinois Ave. Midland TX 79701
Address City State Zip Code

432 683 7443
Tel: Area Code Number

4-11-14
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).

1. 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.

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

2. 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.

2. 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.

3. 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.

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

3. 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
HLBRTN1086

RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

1. Operator's Name (As Shown on Form P-5, Organization Report) COG Operating LLC	2. RRC Operator No. 166150	3. RRC District No. 08	4. County of Well Site REEVES
5. Field Name (Wildcat or Exactly as Shown on RRC Records) Hoefs T-K (Wolfcamp)	6. API No. 42-389-33955		7. Drilling Permit No. 769728
8. Lease Name MCCOY REMME Ranch State 99-102	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 PARALLEL STRINGS	TOOL	SHOE
12. Cementing Date			11/16/2013			
13. *Drilled Hole Size			8-1/2			
*Ext. % Wash or Hole Enlargement			-			
14. Size of Casing (in. O.D.)			5-1/2			
15. Top of Liner (ft)			-			
16. Setting Depth (ft)			17062			
17. Number of Centralizers Used			20			
18. Hrs. Waiting on Cement Before Drill-Out			12			
1 at Slurry	19. API Cement Used: No. of Sacks >		310			
	Class >		35:65 H			
	Additives >		REMARK #1			
2 nd Slurry	No. of Sacks >		1900			
	Class >		50:50 H			
	Additives >		REMARK #2			
3 rd Slurry	No. of Sacks >					
	Class >					
	Additives >					
1st	20. Slurry Pumped: Volume (cu.ft.) >		601			
	Height (ft) >		2625			
2nd	Volume (cu.ft.) >		2318			
	Height (ft) >		10118			
3rd	Volume (cu.ft.) >					
	Height (ft) >					
	Volume (cu.ft.) >		2919			
	Height (ft) >		12743			
21. Was Cement Circulated to Ground Surface (or Bottom of Casing) Outside Casing?			NO			
22. Remarks 1 6% Gel + 6/10% C-19 + 3/10% C-20 2 2% Gel + 5/10% C-47A + 1/10% SMS + 3/10% C-20						

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 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. (lb/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.

GABRIEL AVILA SERVICE SUPERVISOR
Name and Title of Cementer's Representative

O-TEX PUMPING SERVICES
Cementing Company

Signature

2611 East I-20
Address

Midland, Texas 79706
City State Zip Code

432-686-8559
Tel: Area Code Number

11/16/2013
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.

Viola Vasquez
Typed or Printed Name of Operator Representative

Reg. Analyst
Title

Viola Vasquez
Sig.

2600 W. FLORISS Ave Midland TX 79701
Address City State Zip Code

432-683-7443
Tel: Area Code Number

4-14-14
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 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 applications, 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.

HALLIBURTON

SPECTRAL DENSITY DUAL SPACED NEUTRON

COMPANY WELL FIELD/BLOCK COUNTY STATE	RED WILLOW PRODUCTION, LLC MCCOY REMME RANCH STATE 99-102 No. 1H HOEFS T-K (WOLFCAMP) REEVES TEXAS	COMPANY RED WILLOW PRODUCTION, LLC WELL MCCOY REMME RANCH STATE 99-102 No. 1H FIELD/BLOCK HOEFS T-K (WOLFCAMP) COUNTY REEVES STATE TEXAS
	API No. 42-389-33955 Location 1960' FNL & 275' FWL SECTION 99, BLOCK 1 H&TC SURVEY	Other Services: DLLT-MSFL
Permanent Datum Log measured from Drilling measured from	GL KB KB	Elev 2951.0 ft 25.0 ft above perm Datum
		Elev: K.B 2976 D.F. 2975 G.L. 2951
Date	26-Oct-13	
Run No.	ONE	
Depth - Driller	9295.00 ft	
Depth - Logger	9289.0 ft	
Bottom - Logged Interval	9235.0 ft	
Top - Logged Interval	200.0 ft	
Casing - Driller	13.375 in @ 1669.0 ft @	
Casing - Logger	1662.0 ft	
Bit Size	12.250 in @	
Type Fluid in Hole	CUT-BRINE	
Density	Viscosity	9.5 ppg 48.00 s/qt
PH	Fluid Loss	10.00 pH 10.0 cptm
Source of Sample	FLOWLINE	
Rm @ Meas. Temperature	0.141 ohmm @ 85.10 degF @	
Rmf @ Meas. Temperature	0.12 ohmm @ 85.10 degF @	
Rmc @ Meas. Temperature	0.178 ohmm @ 85.10 degF @	
Source Rmf	Rmc	MEAS MEAS
Rm @ BHT	0.08 ohmm @ 158.0 degF @	
Time Since Circulation	21.5 hr	
Time on Bottom	26-Oct-13 21:26	
Max. Rec. Temperature	158.0 degF @ 9289.0 ft @	
Equipment	Location	12128583 ODESSA, TX
Recorded By	ALAN BENAVIDES	
Witnessed By	REBECCA HELMS	



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

Form P-8

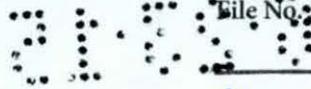
Reference No. 30164

1. Operator's Name and Address (Exactly as shown on Form P-5 Organization Report) COG OPERATING LLC ONE CONCHO CENTER 600 W ILLINOIS AVE MIDLAND, TX 79701-0000		3. RRC District No. 08
2. RRC Operator Number: <u>166150</u>		4. County of Well Site REEVES
6. Field Name (Wildcat or exactly as shown on RRC records) HOEFS T-K (WOLFCAMP)		7. Drilling Permit No. 769728
9. Lease Name MCCOY REMME RANCH STATE 99-102		8. Rule 37 Case No. 11. Well No. 1H
12. Drilling completed on <u>01/28/2014</u>		13. Completion report--Form W-2 or G-1--will be filed on <u>02/11/2015</u>
14. Oil or condensate gatherer's name and address BP PRODUCTS NORTH AMERICA INC. PO BOX 1036 WARRENVILLE, IL 60555 (630) 420-3619		15. Authorization to transport oil or condensate (mark one) <input checked="" type="checkbox"/> Form P-4 attached <input checked="" type="checkbox"/> Form P-4 Filed on <u>03/26/2015</u>
16. This request is for <u>27000</u> barrels of <input checked="" type="checkbox"/> crude oil OR <input type="checkbox"/> condensate		17. Amount of oil/condensate in tanks <u>500</u> barrels on <u>04/22/2015</u>
18. Storage capacity in bbls. Tank battery <u>3000</u> Test tanks <u>0</u> Total <u>3000</u>		
19. Previous request for clearance. Amount <u>15000</u> barrels granted on <u>07/30/2014</u>		
20. Reason for current request for clearance (explain briefly) Changed gatherer. W-2 filed on 2/11/15 TR #126746		
Viola Vasquez Name of operator's representative		REGULATORY ANALYST Title of person
(432) 683-7443 Telephone		04/24/2015 Date
RRC District Office Action		
Status: Approved	Barrels recommended <u>27000</u>	RRC Staff <u>04/24/2015</u> Date

CERTIFICATE OF COMPLIANCE
AND TRANSPORTATION AUTHORITY
READ INSTRUCTIONS ON BACK

P-4
5/02—www-1

1. Field name exactly as shown on provision schedule Hoehn T-K (Wolflcamp)		2. Lease name as shown on provision schedule McCoy Ramme Ranch State 99-102	
3. Current operator name exactly as shown on P-5 Organization Report COG Operating LLC		4. Operator P-5 no. 188150	5. Oil/Land/Gas ID no. Reserves
8. Operator address including city, state, and zip code One Concho Center 800 W. Illinois Avenue Midland, TX 79701		6. County Reeves	7. RRC district 08
12. Purpose of Filing (Complete section a or b below.) (See instructions B and G) a. Change of: <input checked="" type="checkbox"/> operator <input type="checkbox"/> oil or condensate gatherer <input type="checkbox"/> gas gatherer <input type="checkbox"/> gas purchaser <input type="checkbox"/> gas purchaser system code <input type="checkbox"/> field name from: _____ lease name from: _____ OR b. New RRC Number for: <input type="checkbox"/> oil lease <input type="checkbox"/> gas well <input type="checkbox"/> new completion or recompletion <input type="checkbox"/> redress oil to gas <input type="checkbox"/> redress gas to oil <input type="checkbox"/> other well (specify) _____ <input type="checkbox"/> consolidation, utilization, or subdivision (oil lease only)		9. Well no(s) (see instruction E) 1H	11. Effective Date 04/01/14
13. Authorize GAS WELL GAS or CASINGHEAD GAS Gatherer(s) and/or Purchaser(s). (See instruction G) Name of GAS WELL GAS or CASINGHEAD GAS Gatherer(s) or Purchaser(s) As indicated in Columns to the Left (Attach an additional sheet in same format if more space is needed) Gatherer Purchaser x x Regency Field Services, LLC		10. Classification <input checked="" type="checkbox"/> Oil <input type="checkbox"/> Gas <input type="checkbox"/> Other (see instruction A)	
14. Authorize OIL or CONDENSATE Gatherer(s). (See instruction G). Name of OIL or CONDENSATE Gatherer(s) - List Highest Volume Gatherer First (Attach an additional sheet in same format if more space is needed) Sunoco Partners Marketing & Terminals LP		Purchaser's RRC Assigned System Code 0001	Percent of Take 100
15. PREVIOUS OPERATOR CERTIFICATION FOR CHANGE OF OPERATOR P-4 FILING. Being the PREVIOUS OPERATOR, I certify that operating responsibility for the well(s) designated in this filing, located on the subject lease has been transferred in its entirety to the above named Current Operator. I understand, as Previous Operator, that designation of the above named operator as Current Operator is not effective until this certificate is approved by the Commission. Rid Willow Production, LLC Name of Previous Operator Kenneth Guffey, Jr. Name (print) Production Superintendent Date 03/10/14		RRC USE ONLY Percent of Take Reviewer's initials Approval date: 100	
16. CURRENT OPERATOR CERTIFICATION. By signing this certificate as the Current Operator, I certify that all statements on this form are true and correct and I acknowledge responsibility for the regulatory compliance of the subject lease including plugging of well(s) pursuant to Rule 14. I further acknowledge that I assume responsibility for the physical operation, control, and proper plugging of each well designated in this filing. I also acknowledge that I will remain designated as the Current Operator until a new certificate designating a new Current Operator is approved by the Commission. Clay Bateman Name (print) Vice President of Texas Title Date 3/10/14		Signature <i>Clay Bateman</i> <input checked="" type="checkbox"/> Authorized Employee of central operator <input type="checkbox"/> Authorized agent of previous operator (see instruction G) <input type="checkbox"/> Authorized agent of previous operator (see instruction G) <input type="checkbox"/> Authorized agent of current operator (see instruction G) Phone with area code (970) 583-5281 (432) 683-7443	
E-mail Address (optional)		Phone with area code	



File No.

MF112847

M.

Roanes

County

Completion Report for Unit # 6442

API 389-33955

Date Filed:

6-23-15

George P. Bush, Commissioner

By

Jm



RAILROAD COMMISSION OF TEXAS

Form W-2

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Status: Approved
Date: 08/19/2015
Tracking No.: 139606

OIL WELL POTENTIAL TEST, COMPLETION OR RECOMPLETION REPORT, AND LOG

OPERATOR INFORMATION
Operator Name: COG OPERATING LLC
Operator No.: 166150
Operator Address: ONE CONCHO CENTER 600 W ILLINOIS AVE MIDLAND, TX 79701-0000

WELL INFORMATION
API No.: 42-389-34693
Well No.: 9704H
Lease Name: UNCOMPAGHRE STATE UNIT
RRC Lease No.: 46641
Location: Section: 96, Block: 1, Survey: H&TC RR CO/MOORE, J M / IVEY, J W, Abstract: 4808
County: REEVES
RRC District No.: 08
Field Name: HOEFS T-K (WOLFCAMP)
Field No.: 41911500
Latitude:
Longitude:
This well is located 15.36 miles in a SE direction from SARAGOSA, TX, which is the nearest town in the county.

FILING INFORMATION
Purpose of filing: Initial Potential
Type of completion: New Well
Well Type: Producing
Completion or Recompletion Date: 05/15/2015
Type of Permit Date Permit No.
Permit to Drill, Plug Back, or Deepen 06/15/2015 801056
Rule 37 Exception 0294503
Fluid Injection Permit
O&G Waste Disposal Permit
Other:

COMPLETION INFORMATION
Spud date: 02/21/2015
Date of first production after rig released: 05/15/2015
Date plug back, deepening, recompletion, or drilling operation commenced: 02/21/2015
Date plug back, deepening, recompletion, or drilling operation ended: 03/26/2015
Number of producing wells on this lease in this field (reservoir) including this well: 1
Distance to nearest well in lease & reservoir (ft.): 0.0
Total number of acres in lease: 901.40
Elevation (ft.): 2973 GL
Total depth TVD (ft.): 10354
Total depth MD (ft.): 17351
Plug back depth TVD (ft.): 10351
Plug back depth MD (ft.): 17175
Was directional survey made other than inclination (Form W-12)? Yes
Rotation time within surface casing (hours): 130.7
Is Cementing Affidavit (Form W-15) attached? Yes
Recompletion or reclass? No
Multiple completion? No
Type(s) of electric or other log(s) run: Neutron logs
Electric Log Other Description:
Location of well, relative to nearest lease boundaries
Off Lease: Yes
of lease on which this well is located: 250.0 Feet from the East Line and 305.0 Feet from the South Line of the UNCOMPAGHRE STATE UNIT Lease.

Table with 4 columns: Field & Reservoir, Gas ID or Oil Lease No., Well No., Prior Service Type

PACKET: N/A

W2: N/A

FOR NEW DRILL OR RE-ENTRY, SURFACE CASING DEPTH DETERMINED BY:

GAU Groundwater Protection Determination Depth (ft.): 1650.0 Date: 12/05/2014
 SWR 13 Exception Depth (ft.):

INITIAL POTENTIAL TEST DATA FOR NEW COMPLETION OR RECOMPLETION

Date of test: 05/29/2015 Production method: Flowing
 Number of hours tested: 24 Choke size: 35/64
 Was swab used during this test? No Oil produced prior to test:

PRODUCTION DURING TEST PERIOD:

Oil (BBLs): 652.00 Gas (MCF): 817
 Gas - Oil Ratio: 1253 Flowing Tubing Pressure: 580.00
 Water (BBLs): 2390

CALCULATED 24-HOUR RATE

Oil (BBLs): 652.0 Gas (MCF): 817
 Oil Gravity - API - 60.: 45.1 Casing Pressure: 0.00
 Water (BBLs): 2390

CASING RECORD

Row	Type of Casing	Casing Size (in.)	Hole Size (in.)	Setting Depth (ft.)	Multi - Stage Depth (ft.)	Multi - Shoe Depth (ft.)	Cement Class	Cement Amount (sacks)	Slurry Volume (cu. ft.)	Top of Cement (ft.)	TOC Determined By
1	Surface	13 3/8	17 1/2	1752			C	1660	2724.0	0	Circulated to Surface
2	Intermediate	9 5/8	12 1/4	9630			C H	1120	2126.0	5263	Calculation
3	Intermediate	9 5/8	12 1/4	9630	5263		C H	1780	4131.0	0	Circulated to Surface
4	Conventional Production	5 1/2	8 1/2	17351			H	2010	3492.0	4054	Cement Evaluation Log

LINER RECORD

Row	Liner Size (in.)	Hole Size (in.)	Liner Top (ft.)	Liner Bottom (ft.)	Cement Class	Cement Amount (sacks)	Slurry Volume (cu. ft.)	Top of Cement (ft.)	TOC Determined By
N/A									

TUBING RECORD

Row	Size (in.)	Depth Size (ft.)	Packer Depth (ft.)/Type
1	2 7/8	9676	/

PRODUCING/INJECTION/DISPOSAL INTERVAL

Row	Open hole?	From (ft.)	To (ft.)
1	No	L1 10440	17160.0

ACID, FRACTURE, CEMENT SQUEEZE, CAST IRON BRIDGE PLUG, RETAINER, ETC.

Was hydraulic fracturing treatment performed? Yes

Is well equipped with a downhole actuation sleeve? No If yes, actuation pressure (PSIG):

Production casing test pressure (PSIG) prior to hydraulic fracturing treatment: 10000 Actual maximum pressure (PSIG) during hydraulic fracturing: 9332

Has the hydraulic fracturing fluid disclosure been reported to FracFocus disclosure registry (SWR29)? Yes

Row	Type of Operation	Amount and Kind of Material Used	Depth Interval (ft.)	
1	Fracture	SEE FRAC FOCUS	10440	17160

FORMATION RECORD

Formations	Encountered	Depth TVD (ft.)	Depth MD (ft.)	Is formation isolated?	Remarks
FORD-DELAWARE	Yes	2500.0	2500.0	Yes	SURF & INTER CSG CMT CIRCULATED
CASTILLE	Yes	2800.0	2800.0	Yes	SURF & INTER CSG CMT CIRCULATED
BELL CANYON	Yes	5304.0	5304.0	Yes	SURF & INTER CSG CMT CIRCULATED
DELAWARE	Yes	5239.0	5239.0	Yes	SURF & INTER CSG CMT CIRCULATED
DELAWARE CONSOLIDATED GAS	Yes	6500.0	6500.0	Yes	SURF & INTER CSG CMT CIRCULATED
CHERRY CANYON	Yes	5981.0	5981.0	Yes	SURF & INTER CSG CMT CIRCULATED
BONE SPRINGS	Yes	7984.0	7984.0	Yes	SURF & INTER CSG CMT CIRCULATED
PERMIAN	No			No	TVD=10354' MD=17351'
WOLFCAMP	Yes	10049.0	10049.0	Yes	PROD ZONE
PENNSYLVANIAN	No			No	TVD=10354' MD=17351'
MISSISSIPPIAN	No			No	TVD=10354' MD=17351'
DEVONIAN	No			No	TVD=10354' MD=17351'
FUSSELMAN	No			No	TVD=10354' MD=17351'
ELLENBURGER	No			No	TVD=10354' MD=17351'

Do the producing interval of this well produce H2S with a concentration in excess of 100 ppm (SWR 36)? No

Is the completion being downhole commingled (SWR 10)? No

REMARKS

KOP @ 9701'
 INTER W-15 SHOW DID NOT CIRC TO SURFACE. WHEN CALCULATED, IT IS ABOVE SURFACE

RRC REMARKS

PUBLIC COMMENTS:

[RRC Staff 2015-08-04 13:40:11.555] EDL=6720 feet, max acres=960, HOEFS T-K (WOLFCAMP) oil well

CASING RECORD :

INTER W-15 SHOW DID NOT CIRC TO SURFACE. WHEN CALCULATED, IT IS ABOVE SURFACE

TUBING RECORD:

PRODUCING/INJECTION/DISPOSAL INTERVAL :

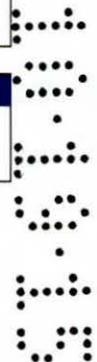
ACID, FRACTURE, CEMENT SQUEEZE, CAST IRON BRIDGE PLUG, RETAINER, ETC. :

POTENTIAL TEST DATA:

OPERATOR'S CERTIFICATION

Printed Name: Viola Vasquez
Telephone No.: (432) 683-7443

Title: Regulatory Analyst
Date Certified: 07/29/2015



COG OPERATING, LLC

LEASE NAME & WELL NO.:

UNCOMPAGHRE STATE UNIT 9704H "AS-DRILLED"

TOPOGRAPHY & VEGETATION:

NATURAL MESQUITE PASTURE

NEAREST TOWN IN COUNTY:

±15.36 MILES SOUTHEAST OF SARAGOSA, TEXAS

DESCRIPTION:

SHL/PP: SECTION 96, BLOCK 1, H. & T.C. RR. CO. SURVEY, A-4808

FTP/LTP: SECTION 97, BLOCK 1, H. & T.C. RR. CO. SURVEY, A-941

BHL: SECTION 98, BLOCK 1, H. & T.C. RR. CO. SURVEY, A-947

REEVES COUNTY, TEXAS

SPECIAL NOTES:

Original Document Size: 11"x17"

All Coordinates are in NAD 27 TX-C Zone unless otherwise noted.

CERTIFICATION:

All as-drilled information provided by COG Operating, LLC. 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

Surface Hole Location/Penetration Point:

305' FSL & 250' FWL (SEC. 96)
SHL Ground Elevation: 2973'
X = 1039782 Y = 496740
LAT.: N 30°59'46.13" LONG.: W 103°23'54.31"

First Take Point:

593' FSL & 98' FWL (SEC. 97)
X = 1040136 Y = 497024
LAT.: N 30°59'49.03" LONG.: W 103°23'50.34"

Last Take Location:

364' FNL & 91' FEL (SEC. 97)
X = 1045326 Y = 501278
LAT.: N 31°00'32.55" LONG.: W 103°22'52.04"

Bottom Hole Location:

231' FNL & 46' FWL (SEC. 98)
X = 1045467 Y = 501409
LAT.: N 31°00'33.88" LONG.: W 103°22'50.49"

Symbol	Description
X	Fence
E	Powerline
v	Water Line
— —	Pipeline
— —	Lease Road
	Unit/Lease Boundary
●	Found Monument
○	Set IR "RPLS 5041"
○	Unless otherwise noted
○	Calculated Corner

Scale: 1"=1000' Surveyed: 06/12/15

COGO: 476-58322

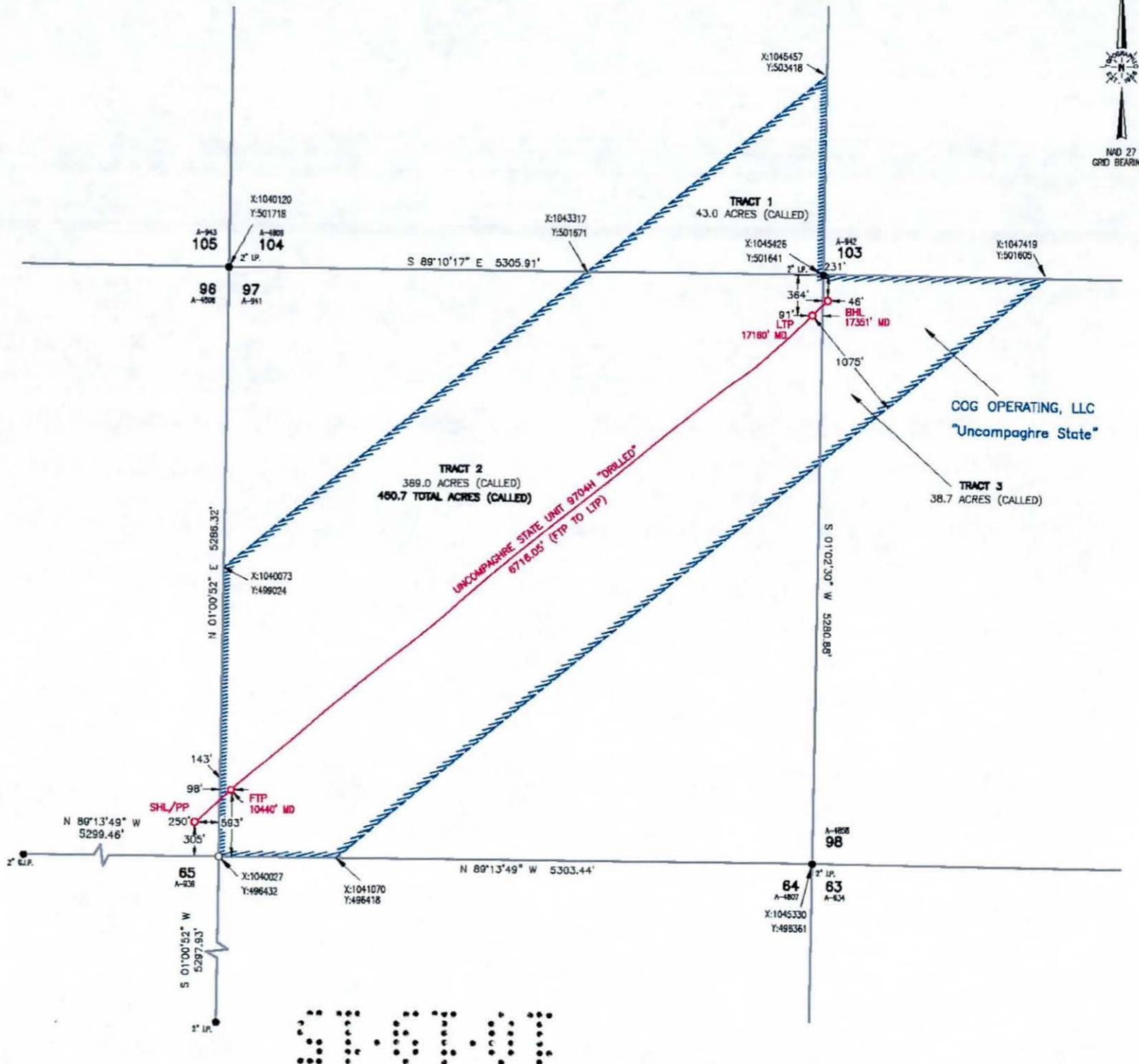
AD_UNCOMPAGHRE_STATE_UNIT_9704H

Revision: () / /



2903 NORTH BKG SPRING - MIDLAND, TEXAS 79706
TELEPHONE: (432) 982-1828 OR (800) 767-1828 - FAX (432) 982-1743
WWW.TOPOGRAPHIC.COM

Texas FIRM Registration NO. 10042500



SCALE: 1" = 1000'

0' 500' 1000'



RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Form W-15

Rev. 08/2014

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

CEMENTING REPORT

OPERATOR INFORMATION

Operator Name: COS OPERATING LLC - 1	Operator P-5 No.: 166150
Cementer Name: Halliburton Energy Services	Cementer P-5 No.: 347151

WELL INFORMATION

District No.: 08	County: REEVES	
Well No.: 9704H	API No.: 42-389-34693	Drilling Permit No.: 801056
Lease Name: UNCOMPAGNE STATE UNIT	Lease No.:	
Field Name: Hoefs T-K (Wolfcamp)	Field No.:	

I. CASING CEMENTING DATA

Type of casing: Conductor Surface Intermediate Liner Production

Drilled hole size (in.): 17 1/2 Depth of drilled hole (ft.): 1752 Est. % wash-out or hole enlargement:

Size of casing in O.D. (in.): 13 3/8 Casing weight (lbs/ft) and grade: 68/555 No. of centralizers used: 11

Was cement circulated to ground surface (or bottom of cellar) outside casing? YES NO If no for surface casing, explain in Remarks. Setting depth shoe (ft.): 1752 Top of liner (ft.):

Hrs. waiting on cement before drill-out: 12 Calculated top of cement (ft.): 0 Cementing date: 2/23/2015

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1	1000	C	SEE REMARKS	1851	2664
2	660	C	SEE REMARKS	873	1203
3					
Total	1660			2724	3867

II. CASING CEMENTING DATA

Type of casing: Surface Intermediate Production Tapered production Multi-stage cement shoe Multiple parallel strings

Drilled hole size (in.): Depth of drilled hole (ft.): Est. % wash-out or hole enlargement:

Size of casing in O.D. (in.): Casing weight (lbs/ft) and grade: No. of centralizers used:

Tapered string drilled hole size (in.) Tapered string depth of drilled hole (ft.)
Upper: Lower: Upper: Lower:

Tapered string size of casing in O.D. (in.) Tapered string casing weight (lbs/ft) and grade Tapered string no. of centralizers used
Upper: Lower: Upper: Lower: Upper: Lower:

Was cement circulated to ground surface (or bottom of cellar) outside casing? YES NO Setting depth shoe (ft.):

Hrs. waiting on cement before drill-out: Calculated top of cement (ft.): Cementing date: 2/23/2015

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1					
2					
3					
Total	0			0	0

III. CASING CEMENTING DATA

Type of casing: Surface Intermediate Production Tapered production Multi-stage cement/DV tool Multiple parallel strings

Drilled hole size (in.): Depth of drilled hole (ft.): Est. % wash-out or hole enlargement:

Size of casing in O.D. (in.): Casing weight (lbs/ft) and grade: No. of centralizers used:

Tapered string drilled hole size (in.) Tapered string depth of drilled hole (ft.)
Upper: Lower: Upper: Lower:

Tapered string size of casing in O.D. (in.) Tapered string casing weight (lbs/ft) and grade Tapered string no. of centralizers used
Upper: Lower: Upper: Lower: Upper: Lower:

Was cement circulated to ground surface (or bottom of cellar) outside casing? YES NO Setting depth tool (ft.):

Hrs. waiting on cement before drill-out: Calculated top of cement (ft.): Cementing date:

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1					
2					
3					
Total	0			0	0

CEMENTING TO SQUEEZE, PLUG BACK OR PLUG AND ABANDON							
	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7
Cementing Date							
Size of hole or pipe (in.)							
Depth to bottom of tubing or drill pipe (ft.)							
Cement retainer setting depth (ft.)							
CIBP setting depth (ft.)							
Amount of cement on top of CIBP (ft.)							
Sacks of cement used							
Slurry volume pumped (cu. ft.)							
Calculated top of plug (ft.)							
Measured top of plug, if tagged (ft.)							
Slurry weight (lbs/gal)							
Class/type of cement							
Perforate and squeeze (YES/NO)							

REMARKS

SLURRY1: 3LBM KOL-SEAL, 125LBM POLY-E-FLAKE
 SLURRY2: N/A
 GOT 264 BBLs (800 SKS) OF CEMENT TO SURFACE

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.

ANDRES BOHORQUEZ SS1

Halliburton

Name and title of cementer's representative: 121 B Street
 City, State, Zip Code: Ft. Stockton, Tx, 79735
 Tel: Area Code Number: 432-571-8600
 Signature: *[Signature]*
 Date: mo. day yr.: 2/23/2015

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.

Typed or printed name of operator's representative: *Viola Vasquez*
 Title: *Reg. Analyst*
 Signature: *Viola Vasquez*
 Address: *600 W. Illinois Ave. Midland TX 79701*
 City, State, Zip Code: *Midland TX 79701*
 Tel: Area Code Number: *432 683 7443*
 Date: mo. day yr.: *3/10/15*

Instructions for Form W-15, Cementing Report

NOTICE: The Form W-15 must be submitted as an attachment to a Form G-1 (Gas Well Back Pressure Test, Completion or Recompletion Report, and Log), Form W-2 (Oil Well Potential Test, Completion or Recompletion Report, and Log), Form W-3 (Plugging Record), or Form W-4 (Application for Multiple Completion), any time cement is pumped in a wellbore.

- 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. The Form W-15 should be filed with the Form W-3, Plugging Record, unless the Form 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. **How to file:** An oil and gas completion report and Form W-15 may be filed online using the Commission's Online System (<https://webapps.rrc.state.tx.us/security/login.do>) or a paper copy of the form may be mailed to the Commission in Austin (P.O. Box 12967, Austin, Texas 78711-2967).
- C. **Surface casing:** An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Groundwater Advisory Unit in Austin. Sufficient cement shall be used to fill the annular space outside the casing from the shoe to the ground surface or to the bottom of the cellar. Before drilling a well, an operator must obtain a letter from the Groundwater Advisory Unit stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission. To plug and abandon a well, operators must use only cementers approved by the Commission's Director of Field Operations in accordance with SWR 14 ([http://info.sos.state.tx.us/pls/pub/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&rl=14](http://info.sos.state.tx.us/pls/pub/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&rl=14)). 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.
- D. **Estimated % wash-out:** If the estimated % wash-out is less than 20% (or 30% along the Gulf Coast), provide supporting documentation such as a caliper log to show how the estimated % wash-out was obtained.
- E. **Multi-stage cement:** An operator must report the multi-stage cement shoe in II. Casing Cementing Data section by selecting the type of casing and Multi-stage cement shoe. The operator must report the multi-stage cement tool in III. Casing Cementing Data section by selecting the type of casing and Multi-stage cement/DV tool.
- F. **Multiple parallel strings:** An operator should file the Form W-15 as an attachment to the Form W-4, Application for Multiple Completion. An operator may be required to submit multiple Form W-15s to show all data for multiple parallel strings.
- G. **Slurry data:** If cement job exceeds three slurries, continue the list of slurries in the Slurry table in the subsequent Casing Cementing Data box.



RAILROAD COMMISSION OF TEXAS

1701 N. Congress
 P.O. Box 12967
 Austin, Texas 78701-2967

Form W-15

Rev. 08/2014

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

CEMENTING REPORT

OPERATOR INFORMATION

Operator Name: COG operating LLC	Operator P-5 No.: 166150
Cementer Name: LOUIS GENOVESI	Cementer P-5 No.: 347151

WELL INFORMATION

District No.: 08	County: REEVES
Well No.: 9704H	API No.: 42-389-34693 Drilling Permit No.: 801056
Lease Name: UNCOMPAGHRE State Unit	Lease No.:
Field Name: Holds T-K (Wolfcamp)	Field No.:

I. CASING CEMENTING DATA

Type of casing: Conductor Surface Intermediate Liner Production

Drilled hole size (in.): 12 1/4	Depth of drilled hole (ft.): 9632	Est. % wash-out or hole enlargement:
Size of casing in O.D. (in.): 9 5/8	Casing weight (lbs/ft) and grade:	No. of centralizers used: 45
Was cement circulated to ground surface (or bottom of cellar) outside <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO If no for surface casing, explain in Remarks.	Setting depth shoe (ft.): 9630	Top of liner (ft.):
Hrs. waiting on cement before drill-out: 12	Calculated top of cement (ft.): 5263	Setting depth liner (ft.):
		Cementing date: 3-8-15

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1	720	H	SEE REMARKS	1654	5285
2	400	H	SEE REMARKS	472	1444
3					
Total					

II. CASING CEMENTING DATA

Type of casing: Surface Intermediate Production Tapered production Multi-stage cement shoe Multiple parallel strings

Drilled hole size (in.): 12 1/4	Depth of drilled hole (ft.): 9632	Est. % wash-out or hole enlargement:
Size of casing in O.D. (in.): 9 5/8	Casing weight (lbs/ft) and grade:	No. of centralizers used: 45
Tapered string drilled hole size (in.) Upper: Lower:	Tapered string drilled hole size (in.) Upper: Lower:	
Tapered string size of casing in O.D. (in.) Upper: Lower:	Tapered string casing weight (lbs/ft) and grade Upper: Lower:	Tapered string no. of centralizers used Upper: Lower:
Was cement circulated to ground surface (or bottom of cellar) outside casing? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	Setting depth shoe (ft.): 9630	
Hrs. waiting on cement before drill-out: 12	Calculated top of cement (ft.): calc. 0	Cementing date: 3-8-15

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1	1530	C	SEE REMARKS	3800	8050
2	250	C	SEE REMARKS	331	1057
3					
Total					

III. CASING CEMENTING DATA

Type of casing: Surface Intermediate Production Tapered production Multi-stage cement shoe Multiple parallel strings

Drilled hole size (in.):	Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:	No. of centralizers used:
Tapered string drilled hole size (in.) Upper: Lower:	Tapered string drilled hole size (in.) Upper: Lower:	

Tapered string size of casing in O.D. (in.) Upper: Lower:		Tapered string casing weight(lbs/ft) and grade Upper: Lower:		Tapered string no. of centralizers used Upper: Lower:	
Was cement circulated to ground surface (or bottom of cellar) outside casing? <input type="checkbox"/> YES <input type="checkbox"/> NO				Setting depth shoe (ft.):	
Hrs. waiting on cement before drill-out:		Calculated top of cement (ft.):		Cementing date:	
SLURRY					
Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1					
2					
3					
Total					

CEMENTING TO SQUEEZE, PLUG BACK OR PLUG AND ABANDON							
	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7
Cementing Date							
Size of hole or pipe (in.)							
Depth to bottom of tubing or drill pipe (ft.)							
Cement retainer setting depth (ft.)							
CIBP setting depth (ft.)							
Amount of cement on top of CIBP (ft.)							
Sacks of cement used							
Slurry volume pumped (cu. ft.)							
Calculated top of plug (ft.)							
Measured top of plug, if tagged (ft.)							
Slurry weight (lbs/gal)							
Class/type of cement							
Perforate and squeeze (YES/NO)							

REMARKS

1ST LEAD- 10% BENTONITE, 3# KOLSEAL, 25#DAIR, 45%HR601, 1ST TAIL-.10 HALAD@9, 2ND LEAD-.10% HALAD@322, 1# KOLSEAL, 25#DAIR, 40% HR601 2ND TAIL-.10% HALAD@9

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.

LOUIS GENOVESI SERVICE SUPERVISOR
 Name and title of cementer's representative
6155 W Murphy Odessa, TX 79763
 Address City, State, Zip Code

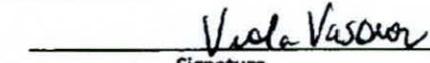
Halliburton Energy Services
 Cementing Company
432-571-8600
 Tel: Area Code Number


 Signature
3-9-15
 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.

Viola Vasquez
 Typed or printed name of operator's representative
600W. Illinois Ave. Midland TX 79701
 Address City, State, Zip Code

Reg. Analyst
 Title
432-683-7443
 Tel: Area Code Number


 Signature
4/10/15
 Date: mo. day yr.

Instructions for form W-15, Cementing Report



RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Form W-15

Rev. 08/2014

Cementor: Fill in shaded areas.
Operator: Fill in other items.

CEMENTING REPORT

OPERATOR INFORMATION

Operator Name: COG OPERATIONS LLC	Operator P-5 No.: 166150
Cementor Name: Halliburton Energy Services	Cementor P-5 No.: 347151

WELL INFORMATION

District No.: 08	County: MIAMI
Well No.: 99041	API No.: 42-389-34693 Drilling Permit No.: 801056
Lease Name: UNPARANIMAS UNIT	Lease No.:
Field Name: Halls Tr (workcamp)	Field No.:

I. CASING CEMENTING DATA

Type of casing: Casedrill Surface Intermediate Liner Production

Drilled hole size (in.): **8 1/2** | Depth of drilled hole (ft.): **17357** | Est. % wash-out or hole enlargement:

Size of casing in O.D. (in.): **5 1/2** | Casing weight (lbs/ft) and grade: | No. of centralizers used: **175**

Was cement circulated to ground surface (or bottom of collar) outside casing? YES NO: If no for surface casing, explain in Remarks. | Setting depth shoe (ft.): **17,351** | Top of liner (ft.):

Hrs. waiting on cement before drill-out: **12** | Calculated top of cement (ft.): **4054** | Cementing date: **08/23/2015**

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1	200	P 8	SEE REMARKS	2004	3482
2	200	P 8H	SEE REMARKS	2488	4087
3					
Total	200			2488	34729

II. CASING CEMENTING DATA

Type of casing: Surface Intermediate Production Tapered production Multi-stage cement shoe Multiple parallel strings

Drilled hole size (in.): | Depth of drilled hole (ft.): | Est. % wash-out or hole enlargement:

Size of casing in O.D. (in.): | Casing weight (lbs/ft) and grade: | No. of centralizers used:

Tapered string drilled hole size (in.)
Upper: | Lower: | Tapered string depth of drilled hole (ft.)
Upper: | Lower:

Tapered string size of casing in O.D. (in.)
Upper: | Lower: | Tapered string casing weight (lbs/ft) and grade
Upper: | Lower: | Tapered string no. of centralizers used
Upper: | Lower:

Was cement circulated to ground surface (or bottom of collar) outside casing? YES NO | Setting depth shoe (ft.):

Hrs. waiting on cement before drill-out: | Calculated top of cement (ft.): | Cementing date:

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1					
2					
3					
Total	0			0	0

III. CASING CEMENTING DATA

Type of casing: Surface Intermediate Production Tapered production Multi-stage cement/DV tool Multiple parallel strings

Drilled hole size (in.): | Depth of drilled hole (ft.): | Est. % wash-out or hole enlargement:

Size of casing in O.D. (in.): | Casing weight (lbs/ft) and grade: | No. of centralizers used:

Tapered string drilled hole size (in.)
Upper: | Lower: | Tapered string depth of drilled hole (ft.)
Upper: | Lower:

Tapered string size of casing in O.D. (in.)
Upper: | Lower: | Tapered string casing weight (lbs/ft) and grade
Upper: | Lower: | Tapered string no. of centralizers used
Upper: | Lower:

Was cement circulated to ground surface (or bottom of collar) outside casing? YES NO | Setting depth tool (ft.):

Hrs. waiting on cement before drill-out: | Calculated top of cement (ft.): | Cementing date:

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1					
2					
3					
Total	0			0	0

CEMENTING TO SQUEEZE, PLUG BACK OR PLUG AND ABANDON

	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7
Cementing Data							
Size of hole or pipe (in.)							
Depth to bottom of tubing or drill pipe (ft.)							
Cement retainer setting depth (ft.)							
CIBP setting depth (ft.)							
Amount of cement on top of CIBP (ft.)							
Sacks of cement used							
Slurry volume pumped (cu. ft.)							
Calculated top of plug (ft.)							
Measured top of plug, if tagged (ft.)							
Slurry weight (lbs/gal)							
Class/type of cement							
Perforate and squeeze (YES/NO)							

REMARKS

1ST SLURRY-0.10% FE-2, 0.25% PWCA, 0.25lbm D-AIR 5000, 0.30% HB-601
 2ND SLURRY- 0.30% Huls(R)-9, 1lbm Salt, 0.45% HB-601, 0.0250% SA-SR15
 SOF 0502218526

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.

ANDRE WADE (SERVICE SUPERVISOR)

Halliburton

Name and title of cementer's representative

Cementing Company

Signature

6155 W. Murphy St.

Odessa, TX, 79763

432-571-8600

09-25-2015

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.

Viola Vasquez

Reg. Analyst

Viola Vasquez

Typed or printed name of operator's representative

Title

Signature

600 W. Illinois Ave. Midland TX 79701

4326837443

4/10/15

Address

City, State, Zip Code

Tel: Area Code

Number

Date: mo. day yr.

Instructions for Form W-15, Cementing Report

NOTICE: The Form W-15 must be submitted as an attachment to a Form G-1 (Gas Well Back Pressure Test, Completion or Recompletion Report, and Log), Form W-2 (Oil Well Potential Test, Completion or Recompletion Report, and Log), Form W-3 (Plugging Record), or Form W-4 (Application for Multiple Completion), any time cement is pumped in a wellbore.

- 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.
The Form W-15 should be filed with the Form W-3, Plugging Record, unless the Form 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.
- How to file:** An oil and gas completion report and Form W-15 may be filed online using the Commission's Online System (<https://webapps.rrc.state.tx.us/security/login.do>) or a paper copy of the form may be mailed to the Commission in Austin (P.O. Box 12967, Austin, Texas 78711-2967).
- Surface casing:** An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Groundwater Advisory Unit in Austin. Sufficient cement shall be used to fill the annular space outside the casing from the shoe to the ground surface or to the bottom of the cellar. Before drilling a well, an operator must obtain a letter from the Groundwater Advisory Unit stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.
To plug and abandon a well, operators must use only cementers approved by the Commission's Director of Field Operations in accordance with SWR 14 ([http://info.sos.state.tx.us/pls/pub/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&ri=14](http://info.sos.state.tx.us/pls/pub/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&ri=14)). 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.
- Estimated % wash-out:** If the estimated % wash-out is less than 20% (or 30% along the Gulf Coast), provide supporting documentation such as a caliper log to show how the estimated % wash-out was obtained.
- Multi-stage cement:** An operator must report the multi-stage cement shoe in II. Casing Cementing Data section by selecting the type of casing and Multi-stage cement shoe. The operator must report the multi-stage cement tool in III. Casing Cementing Data section by selecting the type of casing and Multi-stage cement/DV tool.
- Multiple parallel strings:** An operator should file the Form W-15 as an attachment to the Form W-4, Application for Multiple Completion. An operator may be required to submit multiple Form W-15s to show all data for multiple parallel strings.
- Slurry data:** If cement job exceeds three slurries, continue the list of slurries in the Slurry table in the subsequent Casing Cementing Data box.



Compensated Neutron
Gamma Ray CCL
Log

Company COG Operating, LLC
Well Uncompaghre State #9704H
Field Hoefs T-K (Wolfcamp)
County Reeves State Texas

Location: API # : 42-389-34693
305' FSL & 250' FEL
Section 96, Block 1
H&TC RR Co. Survey
SEC TWP RGE
Other Services
RBL
Elevation
Permanent Datum Ground Level Elevation 2973'
Log Measured From KB 28' APD
Drilling Measured From KB
K.B. 2998'
D.F. 2998'
G.L. 2973'

Log Date	4/7/2015
Run Number	One
Depth Driller	17351'
Depth Logger	10378'
Bottom Logged Interval	10375'
Depth Log Interval	1700'
Open Hole Size	8 1/2"
Well Fluid	Water
Salinity / Viscosity	-
Max. Recorded Temp.	-
Estimated Cement Top	4054'
Time Well Ready	On Arrival
Time Logger on Bottom	See Log
Equipment Number	WL - 825
Location	Midland, Texas
Recorded By	Braden Vaughan
Witnessed By	Mark Self

Borehole Record				Tubing Record			
Run Number	Bit	From	To	Size	Weight	From	To
One	17 1/2"	Surface	1752'				
Two	12 1/4"	1752'	9630'				
Three	8 1/2"	9630'	17351'				

String Record	Size	Wgt/Ft	Top	Bottom
Surface String	13 3/8"	68# J-55	Surface	1752'
Flow String	9 5/8"	40# J-55 / 47# L-80	Surface	9628'
Production String	5 1/2"	20# P-110	Surface	17350'
Marker			Marker Joint	9452' to 9476'

<<< Fold Here >>>

All interpretations are opinions based on inferences from electrical or other measurements and we cannot and do not guarantee the accuracy or correctness of any interpretation, and we shall not, except in the case of gross or willful negligence on our part, be liable or responsible for any loss, costs, damages, or expenses incurred or sustained by anyone resulting from any interpretation made by any of our officers, agents or employees. These interpretations are also subject to our general terms and conditions set out in our current Price Schedule.

Comments

*****Thank You For Choosing Capitan Corporation*****

Correlated to Marker Joint (Casing Tally) @ 9452' to 9476'-
Correction minus 3'



Main Pass 2" = 100' (1000 psi)

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

DAVID PORTER, CHAIRMAN
CHRISTI CRADDICK, COMMISSIONER
RYAN SITTON, COMMISSIONER



LORI WROTENBERY
DIRECTOR, O&G DIVISION

1701 N. CONGRESS

CAPITOL STATION - P.O. BOX 12967 AUSTIN, TEXAS 78711-2967

08/19/2015
FORM P-4 NOTIFICATION (OIL LEASE)

OPERATOR

COG OPERATING LLC
ONE CONCHO CENTER
600 W ILLINOIS AVE
MIDLAND TX 79701

* * * * *
THE FOLLOWING RRC FORM P-4 "PRODUCER'S CERTIFICATE OF COMPLIANCE AND
AUTHORIZATION TO TRANSPORT OIL AND/OR CASINGHEAD GAS FROM AN OIL LEASE
OR GAS AND/OR CONDENSATE FROM A GAS WELL" FILED BY:

COG OPERATING LLC P-5 NO. 166150
ONE CONCHO CENTER PHONE: (432)683-7443
600 W ILLINOIS AVE
MIDLAND TX 79701

HAS BEEN APPROVED ON AUGUST 19, 2015

* * * * *

DISTRICT : 08 FIELD NAME: HOEFS T-K (WOLFCAMP)
COUNTY : REEVES FIELD NO. : 41911 500
EFF. DATE: 05/15/2015 LEASE NAME: UNCOMPAGHRE STATE UNIT
LEASE NO : 46641

FOR THE PURPOSE OF: NEW OIL LEASE

NAMED ON THE P-4:

TYPE	NAME	CODE	PRODUCT	% OF TAKE
GATHERER	SUNOCO PTNRS. MKTG.&TERMINALS LP	SUNOC	OIL	100.000
GATHERER	PENNTEX PERMIAN, LLC	PENNX	CAS	100.000
PURCHASER	PENNTEX PERMIAN, LLC	651791	CAS	100.000

SYSTEM: 0001 PECOS GAS PLANT SYSTEM

PLEASE NOTIFY THE AUSTIN OFFICE OF THE RAILROAD COMMISSION IF ANY OF THE
ABOVE INFORMATION IS NOT CORRECT.

APPROVED BY
LORI WROTENBERY
DIRECTOR, O&G DIVISION
OIL AND GAS DIVISION

CC: RRC-08, AND ALL NAMED PARTIES

API No. <u>42-389-34693</u> Application Status # <u>801056</u> SWR Exception Case/Docket No. _____	RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER <small>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.</small>	FORM W-1 07/2004 Permit Status: Pending Approval <small>The RRC has not approved this application. Duplication or distribution of information is at the user's own risk.</small>
--	---	--

1. RRC Operator No. 166150	2. Operator's Name (as shown on form P-5, Organization Report) COG OPERATING LLC	3. Operator Address (include street, city, state, zip): ONE CONCHO CENTER 600 W ILLINOIS AVE MIDLAND, TX 79701-0000
4. Lease Name UNCOMPAGHRE STATE UNIT		5. Well No. 9704H

GENERAL INFORMATION					
6. Purpose of filing (mark ALL appropriate boxes):					
<input checked="" type="checkbox"/> New Drill	<input type="checkbox"/> Recompletion	<input type="checkbox"/> Reclass	<input type="checkbox"/> Field Transfer	<input type="checkbox"/> Re-Enter	
<input checked="" type="checkbox"/> Amended	<input type="checkbox"/> Amended as Drilled (BHL) (Also File Form W-1D)				
7. Wellbore Profile (mark ALL appropriate boxes):					
<input type="checkbox"/> Vertical	<input checked="" type="checkbox"/> Horizontal (Also File Form W-1H)	<input type="checkbox"/> Directional (Also File Form W-1D)	<input type="checkbox"/> Sidetrack		
8. Total Depth 12000	9. Do you have the right to develop the minerals under any right-of-way? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

SURFACE LOCATION AND ACREAGE INFORMATION					
11. RRC District No. 08	12. County REEVES	13. Surface Location <input checked="" type="checkbox"/> Land <input type="checkbox"/> Bay/Estuary <input type="checkbox"/> Inland Waterway <input type="checkbox"/> Offshore			
14. This well is to be located <u>15.36</u> miles in a <u>SE</u> direction from <u>Saragosa, TX</u> which is the nearest town in the county of the well site.					
15. Section 96	16. Block 1	17. Survey H&TC RR CO/MOORE, J M / IVEY, J W	18. Abstract No. A-4808	19. Distance to nearest lease line: 89 ft.	20. Number of contiguous acres in lease, pooled unit, or unitized tract: 901.4
21. Lease Perpendiculars: <u>250</u> ft from the <u>E OFF LEASE</u> line and <u>305</u> ft from the <u>S OFF LEASE</u> line.		22. Survey Perpendiculars: <u>250</u> ft from the <u>E OFF LEASE</u> line and <u>305</u> ft from the <u>S OFF LEASE</u> line.			
23. Is this a pooled unit? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		24. Unitization Docket No:	25. Are you applying for Substandard Acreage Field? <input type="checkbox"/> Yes (attach Form W-1A) <input checked="" type="checkbox"/> 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	32. Number of Wells on this lease in this Reservoir
08	41911500	HOEFS T-K (WOLFCAMP)	Oil Well	12000	0.00	1

BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)	
Remarks [FILER Jun 11, 2015 2:36 PM]: Amending to change from Allocation well to Pooling Unit	Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge. <u>Viola Vasquez, Regulatory Analyst</u> <u>Jun 11, 2015</u> <small>Name of filer Date submitted</small> <u>(432)683-7443</u> <u>Vvasquez@conchoresources.com</u> <small>Phone E-mail Address (OPTIONAL)</small>
RRC Use Only Data Validation Time Stamp: Jun 11, 2015 2:45 PM (Current Version)	

Permit Status: Pending Approval

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.

Status # 801056

Approved Date:

1. RRC Operator No. 166150	2. Operator's Name (exactly as shown on form P-5, Organization Report) COG OPERATING LLC	3. Lease Name UNCOMPAGHRE STATE UNIT	4. Well No. 9704H	
Lateral Drainhole Location Information				
5. Field as shown on Form W-1 HOEFS T-K (WOLFCAMP) (Field # 41911500, RRC District 08)				
6. Section 98	7. Block 1	8. Survey H&TC RR CO/POPHAM, F W & E	9. Abstract 4858	10. County of BHL REEVES
11. Terminus Lease Line Perpendiculars 250 ft. from the NORTH line. and 1576 ft. from the NWESTERNLY line				
12. Terminus Survey Line Perpendiculars 250 ft. from the NORTH line. and 43 ft. from the WEST line				
13. Penetration Point Lease Line Perpendiculars 591 ft. from the SOUTH line. and 89 ft. from the WEST line				

CERTIFICATE OF POOLING AUTHORITY

P-12
 DBC1001

Revised 05/2001

1. Field Name(s) HOEFS T-K (WOLFCAMP)	2. Lease/ID Number <i>(if assigned)</i>	3. RRC District Number 08
4. Operator Name COG OPERATING LLC	5. Operator P-5 Number 166150	6. Well Number 9704H
7. Pooled Unit Name UNCOMPAGHRE STATE UNIT	8. API Number 42-389-34693	9. Purpose of Filing <input checked="" type="checkbox"/> Drilling Permit (W-1) <input type="checkbox"/> Completion Report
10. County REEVES	11. Total acres in pooled unit 901.4	

DESCRIPTION OF INDIVIDUAL TRACTS CONTAINED WITHIN THE POOLED UNIT

TRACT/ IDENTIFIER	TRACT NAME	ACRES IN TRACT <i>(See inst. #7 below)</i>	INDICATE UNDIVIDED INTERESTS	
			UNLEASED	NON-POOLED
1	UNCOMPAGHRE STATE UNIT	43	<input type="checkbox"/>	<input type="checkbox"/>
2	UNCOMPAGHRE STATE UNIT	542	<input type="checkbox"/>	<input type="checkbox"/>
3	UNCOMPAGHRE STATE UNIT	316.4	<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>

CERTIFICATION:

I declare under penalties prescribed pursuant to the Sec. 91.143, Texas Natural Resources Code, that I am authorized to make the foregoing statements and that the information provided by me or under my direction on this Certificate of Pooling Authority is true, correct, and complete to the best of my knowledge.

Riley Edwards
 Signature

RILEY EDWARDS

Print Name

LANDMAN

redwards@concho.com

06/11/2015

(432)683-7443

Title

E-Mail *(if available)*

Date

Phone

INSTRUCTIONS — Reference: Statewide Rules 31, 38 and 40

1. When two or more tracts are pooled to form a unit to obtain a drilling permit, file completion paperwork, or reform a pooled unit pursuant to Rule 38(d)(3) the operator must file an original Certificate of Pooling Authority and certified plat.
2. The certified plat shall designate each tract with an outline and a tract identifier. The tract identifier on the plat shall correspond to the tract identifier and associated information listed on the Certificate.
3. If within an individual tract, a non-pooled and/or unleased interest exists, indicate by checking the appropriate box.
4. If the Purpose of Filing is to obtain a drilling permit, in box #1 list all applicable fields separately or enter "All Fields" if the Certificate pertains to all fields requested on Form W-1.
5. If the Purpose of Filing is to file completion paperwork, enter the applicable field name in box #1 for the completion.
6. Identify the drill site tract with an * to the left of the tract identifier.
7. The total number of acres in the pooled unit in #11 should equal the total of all acres in the individual tracts listed.

Railroad Commission of Texas
Oil And Gas Division
Request for Clearance of Storage Tanks

Form P-8

Reference No. 29842

Prior to Potential Test

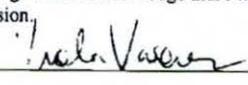
1. Operator's Name and Address (Exactly as shown on Form P-5 Organization Report) COG OPERATING LLC ONE CONCHO CENTER 600 W ILLINOIS AVE MIDLAND, TX 79701-0000		3. RRC District No. 08
2. RRC Operator Number: <u>166150</u>		4. County of Well Site REEVES
6. Field Name (Wildcat or exactly as shown on RRC records) HOEFS T-K (WOLFCAMP)		7. Drilling Permit No. 801056
9. Lease Name UNCOMPAGHRE STATE		8. Rule 37 Case No. 0294503
12. Drilling completed on <u>03/24/2015</u>		11. Well No. 9704H
14. Oil or condensate gatherer's name and address WESTERN REFINING COMPANY, L.P. 6501 TROWBRIDGE DR EL PASO, TX 79905 (915) 775-3339		13. Completion report--Form W-2 or G-1--will be filed on <u>05/24/2015</u>
16. This request is for <u>45000</u> barrels of <input checked="" type="checkbox"/> crude oil OR <input type="checkbox"/> condensate		15. Authorization to transport oil or condensate (mark one) <input checked="" type="checkbox"/> Form P-4 attached <input checked="" type="checkbox"/> Form P-4 Filed on <u>04/07/2015</u>
18. Storage capacity in bbls. Tank battery <u>2000</u> Test tanks <u>0</u> Total <u>2000</u>		17. Amount of oil/condensate in tanks <u>0</u> barrels on <u>04/07/2015</u>
19. Previous request for clearance. Amount _____ barrels granted on _____		
20. Reason for current request for clearance (explain briefly) New well. Completion will be file upon final zone test		
Viola Vasquez Name of operator's representative		REGULATORY ANALYST Title of person
(432) 683-7443 Telephone		04/07/2015 Date
RRC District Office Action		
Status: Approved	Barrels recommended <u>45000</u>	RRC Staff <u>04/07/2015</u> Date



**CERTIFICATE OF COMPLIANCE
 AND TRANSPORTATION AUTHORITY**

P-4
 5/02
 DBC0702

READ INSTRUCTIONS ON BACK

1. Field name exactly as shown on proration schedule HOEFS T-K (WOLFCAMP)		2. Lease name as shown on proration schedule UNCOMPAGHRE STATE		
3. Current operator name exactly as shown on P-5 Organization Report COG OPERATING LLC		4. Operator P-5 no. 166150	5. Oil Lse/Gas ID no.	6. County REEVES
8. Operator address including city, state, and zip code 600 W. ILLINOIS AVE. MIDLAND, TX 79701		9. Well no(s) (see instruction E) 9704H		
		10. Classification <input checked="" type="checkbox"/> Oil <input type="checkbox"/> Gas <input type="checkbox"/> Other (see instruction A)		11. Effective Date
12. Purpose of Filing. (Complete section a or b below.) (See instruction B and G)				
a. Change of: <input type="checkbox"/> operator <input type="checkbox"/> oil or condensate gatherer <input type="checkbox"/> gas gatherer <input type="checkbox"/> gas purchaser <input type="checkbox"/> gas purchaser system code				
OR <input type="checkbox"/> field name from: _____				
OR <input type="checkbox"/> lease name from: _____				
b. New RRC Number for: <input checked="" type="checkbox"/> oil lease <input type="checkbox"/> gas well <input type="checkbox"/> other well (specify) _____				
Due to: <input type="checkbox"/> new completion or recompletion <input type="checkbox"/> reclass oil to gas <input type="checkbox"/> reclass gas to oil				
<input type="checkbox"/> consolidation, unitization, or subdivision (oil lease only)				
13. Authorized GAS WELL GAS or CASINGHEAD GAS Gatherers and/or Purchaser(s). (See instruction G)				
Gatherer	Purchaser	Name of GAS WELL GAS or CASINGHEAD GAS Gatherer(s) or Purchaser(s) As Indicated in Columns to the Left (Attach an additional sheet in same format if more space is needed)		Purchaser's RRC Assigned System Code
				Percent of Take
				Full-well stream
X	X	PENNTEX PERMIAN, LLC		0001
14. Authorized OIL or CONDENSATE Gatherer(s). (See instruction G)			RRC USE ONLY	
Name of OIL or CONDENSATE Gatherer(s) - List Highest Volume Gatherer First (Attach an additional sheet in same format if more space is needed)		Percent of Take	Reviewer's initials: _____	
WESTERN REFINING COMPANY LP (912206)		100	Approval date: _____	
15. PREVIOUS OPERATOR CERTIFICATION FOR CHANGE OF OPERATOR P-4 FILING. Being the PREVIOUS OPERATOR, I certify that operating responsibility for the well(s) designated in this filing, located on the subject lease has been transferred in its entirety to the above named Current Operator. I understand, as Previous Operator, that designation of the above named operator as Current Operator is not effective until this certificate is approved by the Commission.				
Name of Previous Operator		Signature		
Name (print)		<input type="checkbox"/> Authorized Employee of previous operator <input type="checkbox"/> Authorized agent of previous operator (see instruction G)		
Title		Date		
		Phone with area code		
16. CURRENT OPERATOR CERTIFICATION. By signing this certificate as the Current Operator, I certify that all statements on this form are true and correct and I acknowledge responsibility for the regulatory compliance of the subject lease including plugging of well(s) pursuant to Rule 14. I further acknowledge that I assume responsibility for the physical operation, control, and proper plugging of each well designated in this filing. I also acknowledge that I will remain designated as the Current Operator until a new certificate designating a new Current Operator is approved by the Commission.				
Name (print)		Signature		
VIOLA VASQUEZ				
Title		<input checked="" type="checkbox"/> Authorized Employee of current operator <input type="checkbox"/> Authorized agent of current operator (see instruction G)		
REGULATORY ANALYST		Date		
VVASQUEZ@CONCHO.COM		Phone with area code		
E-mail Address (optional)		04/07/2015 (432)683-7443		



Groundwater
Advisory Unit

GROUNDWATER PROTECTION DETERMINATION

Form GW-2

Date December 5, 2014

GAU File No.: 5631

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

API Number 38934693

Attention: VIOLA VASQUEZ

RRC Lease No. 000000

SC_166150_38934693_000000_5631.pdf

COG OPERATING LLC
600 W ILLINOIS AVE
MIDLAND TX 79701

--Measured--

250 ft FEL

305 ft FSL

MRL:SECTION

Digital Map Location:

X-coord/Long 1039782

Y-coord/Lat 496740

Datum 27 Zone C

P-5# 166150

County REEVES

Lease & Well No. UNCOMPAGHRE #9704H

Purpose ND

Location SUR-H&TC, BLK-1, SEC-96, -- [TD=12000], [RRC 8],

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

Water-bearing strata from the land surface to a depth of 600 feet and the RUSTLER, which is estimated to occur from 1050 to 1650 feet must be protected.

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).

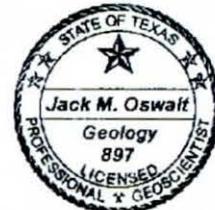
If you have any questions, please contact us at 512-463-2741, gau@rrc.state.tx.us, or by mail.

Sincerely,


Digitally signed by Jack Oswalt
DN: c=US, st=TEXAS, I=Austin,
o=Railroad Commission of Texas,
cn=Jack Oswalt,
email=jack.oswalt@rrc.state.tx.us
Date: 2014.12.05 15:19:56 -06'00'

Jack M. Oswalt, P.G.

GEOLOGIST SEAL

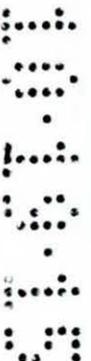


Geologist, Groundwater Advisory Unit
Oil & Gas Division

The seal appearing on this document was authorized by Jack M. Oswalt on 12/5/2014
Note: Alteration of this electronic document will invalidate the digital signature.

Form GW-2
Rev. 02/2014

P.O. Box 12967 Austin, Texas 78711-2967 512-463-2741 Internet address: www.rrc.state.tx.us



310101

15.

File No. MF112847

Reeves County

Unit 7225-Completion Report AP1389-3469

Date Filed: 11/20/2015

George P. Bush, Commissioner

By Jm



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

November 4, 2016

Concho / COG Operating LLC
Sandra S. Venerable, Land Coordinator
One Concho Center
600 West Illinois Avenue
Midland, Texas 79701

Re: *GLO Assignment ID #9872, Pecos & Reeves Counties*
MF-112847 Pecos & Reeves, MF-116346 Pecos

Dear Ms. Venerable:

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

Assignment, Bill of Sale and Conveyance, effective 02/19/14 from Red Willow Production, LLC, Assignor to COG Operating LLC, Assignee. Filed for record under Vol. 104, Pg. 633.

Filing fees in the amount of \$50.00 were received in connection with the above assignment.

Please feel free to contact me at (512) 463-5407 or email carl.bonn@glo.texas.gov if you have further questions.

Best Regards,

Carl Bonn, CPL
Mineral Leasing-Energy Resources



pd in Full
 22 + 35 = \$550 ID # 9872
 2 x 25 = 50
 pd \$25 dwe \$25
 ID # 9872

EFF 279-14

June 23, 2014

Texas General Land Office
 Attn: Mark Adams
 PO Box 12873
 Austin, TX 78711-2873

RE: Filing of Assignments for Multiple State of Texas leases in, Pecos and Reeves counties.

Dear Sir or Madam:

Effective January 1, 2014, Red Willow Production, LLC conveyed 75% of their right, title and interest in multiple properties to COG Operating LLC.

Enclosed please find copies of recorded assignments for the State of Texas Oil and Gas leases listed on the attached Exhibit A to document the assignments of the listed leases. I have also enclosed check #237374, in the amount of \$575.00 to cover the filing fee.

Should you have any questions or need additional information please do not hesitate to contact me at 432-818-2256.

Sincerely,

Sandra S. Venerable
 Land Coordinator

/ssv

COG OPERATING LLC

600 W ILLINOIS AVE
MIDLAND TX 79701
(855) 687-8097

PLEASE DETACH AT PERFORATION ABOVE

Invoice #	Inv. Date	Description	Amount	Discount	Check Number	Net Amount
061814	06/18/2014		575.00	0.00	0000237374	575.00

061814

14714318

001523 Vendor Check Date: 06/19/2014 Check Amount 575.00

X 129

EXHIBIT A
RED WILLOW LEASES
Leases to be Assigned to COG Operating LLC effective January 1, 2014

Lease No.	Lessor	County	Lease Legal Description
MF 112042	STATE OF TX & HOEFS RANCH LLC	REEVES	SECTIONS 26, 66, 96, BLOCK 1, H&TC RR CO. SURVEY, SECTION 64, BLOCK 1, JM MOORE SURVEY, AS MORE FULLY DESCRIBED IN SAID LEASE.
MF 112673A	STATE OF TX & HOEFS RANCH LLC	REEVES	SECTION 104, BLOCK 1, H&TC RR CO. SURVEY, AS MORE FULLY DESCRIBED IN SAID LEASE.
MF 112673E	STATE OF TX & ADVENTURE EXPLORATION	REEVES	SECTION 104, BLOCK 1, H&TC RR CO. SURVEY, AS MORE FULLY DESCRIBED IN SAID LEASE.
MF 112674A	STATE OF TX & GEORGE R BROWN PTNSHP	REEVES	SECTION 26, BLOCK 1, H&TC RR CO SURVEY SECTION 64, BLOCK 1, J.M. MOORE SURVEY AS MORE FULLY DESCRIBED IN SAID LEASE
MF 112674B	STATE OF TX & CHARLES R HOEFS TRUST BY LINDA CARRASCO	REEVES	SECTION 26, BLOCK 1, H&TC RR CO SURVEY SECTION 64, BLOCK 1, J.M. MOORE SURVEY AS MORE FULLY DESCRIBED IN SAID LEASE
MF 112674C	STATE OF TX & CHARLES R HOEFS TRUST BY LORI JANE HOEFS ANDERS	REEVES	SECTION 26, BLOCK 1, H&TC RR CO. SURVEY, SECTION 64, BLOCK 1, JM MOORESURVEY, AS MORE FULLY DESCRIBED IN SAID LEASE.
MF 112676A	STATE OF TX & HOEFS RANCH LLC	REEVES	SECTION 25, BLOCK C-16, PSL SURVEY, AS MORE FULLY DESCRIBED IN SAID LEASE.
MF 112847	STATE OF TX & MCCOY REMME RANCHES	REEVES/ PECOS	SECTION 98, 102, BLOCK 1, H&TC RY CO. SURVEY, AS MORE FULLY DESCRIBED IN SAID LEASE.
MF 112966	STATE OF TX & ARROWHEAD COMPANY	REEVES	SECTION 66, BLOCK 1, H&TC RY CO SURVEY, AS MORE FULLY DESCRIBED IN SAID LEASE
MF 113064A	STATE OF TX & CHARLES R WIGGINS	REEVES	SECTIONS 26, 104, BLOCK 1, H&TC RY CO SURVEY, SECTION 64, BLOCK 1, JM MOORE SURVEY, AS MORE FULLY DESCRIBED IN SAID LEASE
MF 113064B	STATE OF TX & OSADO PROPERTIES LTD	REEVES	SECTIONS 26, 104, BLOCK 1, H&TC RY CO SURVEY, SECTION 64, BLOCK 1, JM MOORE SURVEY, AS MORE FULLY DESCRIBED IN SAID LEASE
MF 113064C	STATE OF TX & RICHARD H COATS	REEVES	SECTIONS 26, 104, BLOCK 1, H&TC RY CO SURVEY, SECTION 64, BLOCK 1, JM MOORE SURVEY, AS MORE FULLY DESCRIBED IN SAID LEASE
MF 113186 A	STATE OF TX & T-6 INC	REEVES	SECTIONS 26, 64, 66, BLOCK 1, H&TC RR CO. SURVEY, AS MORE FULLY DESCRIBED IN SAID LEASE
MF 113187	STATE OF TX & T-6 INC	REEVES	SECTION 25, BLOCK C-16, PSL SURVEY, SECTION 104, BLOCK 1, H&TC RY CO SURVEY, SECTION 314, BLOCK 13, H&GN RR CO. SURVEY, AS MORE FULLY DESCRIBED IN SAID LEASE
MF 113747A	STATE OF TX & ADVENTURE EXPLORATION	REEVES	SECTION 64, BLOCK 1, JM MOORE SURVEY, AS MORE FULLY DESCRIBED IN SAID LEASE.



not on assign →

not on assign →

EXHIBIT A
 RED WILLOW LEASES
 Leases to be Assigned to COG Operating LLC effective January 1, 2014

Lease No.	Lessor	County	Lease Legal Description
MF 113748A	STATE OF TX & ADVENTURE EXPLORATION	REEVES	SECTION 26, BLOCK 1, H&TC RR CO SURVEY, AS MORE FULLY DESCRIBED IN SAID LEASE
MF 116346	STATE OF TX & MCCOY REMME RANCHES, LTD.	PECOS	SECTION 22, 24, BLOCK 1, H&TC RR CO. SURVEY, AS MORE FULLY DESCRIBED IN SAID LEASE.
MF 116474A	STATE OF TX & GEORGE R BROWN PARTNERSHIP	REEVES	SECTION 104, BLOCK 1, H&TC RY CO. SURVEY, AS MORE FULLY DESCRIBED IN SAID LEASE.
MF 116474B	STATE OF TX & CHARLES R HOEFS TRUST BY SHERRY LYNN HOEFS ARNOLD	REEVES	SECTION 104, BLOCK 1, H&TC RY CO. SURVEY, AS MORE FULLY DESCRIBED IN SAID LEASE.
MF 116474C	STATE OF TX & CHARLES R HOEFS TRUST BY LORI JANE HOEFS ANDERS	REEVES	SECTION 104, BLOCK 1, H&TC RY CO. SURVEY, AS MORE FULLY DESCRIBED IN SAID LEASE.
MF 116475	STATE OF TX & T-6 INC	REEVES	SECTION 25, BLOCK C-16, PSL SURVEY, SECTION 104, BLOCK 1, H&TC RY CO. SURVEY, AS MORE FULLY DESCRIBED IN SAID LEASE.
MF 116476B	STATE OF TX & MARGARET ALINE HOEFS DUNCAN	REEVES	SECTION 25, BLOCK C-16, PSL SURVEY, AS MORE FULLY DESCRIBED IN SAID LEASE.
MF 116476C	STATE OF TX & CHARLES R HOEFS TRUST BY LORI JANE HOEFS ANDERS	REEVES	SECTION 25, BLOCK C-16, PSL SURVEY, AS MORE FULLY DESCRIBED IN SAID LEASE.

116476A



ASSIGNMENT, BILL OF SALE AND CONVEYANCE

ID 9872

MF 112847 Pecos Reeves

MF 116346 Pecos

STATE OF TEXAS §
COUNTY OF PECOS §

This Assignment, Bill of Sale and Conveyance ("Assignment") is from Red Willow Production, LLC, a Colorado limited liability company, whose address is P.O. Box 369, Ignacio, Colorado 81137 ("Assignor" and "Seller") to COG Operating LLC, a Delaware limited liability company, whose address is One Concho Center, 600 West Illinois Avenue, Midland Texas 79701 ("Assignee" and "Buyer").

eff 2-19-14

75%

For adequate consideration, the receipt and sufficiency of which is hereby acknowledged, Assignor, subject to the terms and provisions set forth herein, does hereby SELL, ASSIGN, TRANSFER and CONVEY unto Assignee an undivided 75% of Assignor's right, title and interest, whether legal or equitable, in and to the following described assets and properties ("Properties"):

- (a) the oil and gas leases more particularly described in Exhibit "A" attached hereto and made a part hereof for all purposes (the "Leases");
- (b) all oil, gas, water, disposal and injection wells located on the lands covered by the Leases or included in pooled acreage or units with which any Lease may have been pooled or unitized (the "Wells"), including the Wells listed on Exhibit "B", and all oil, gas and other hydrocarbons produced from or attributable to the Wells; and
- (c) all other real and personal property, and any and all other property rights relating to the Leases or Wells, the leasehold estates created by the Leases, or the lands covered by the Leases or included in pooled acreage or units with which any Lease may have been pooled or unitized, including, but not limited to, all easements, rights-of-way, servitudes, contracts, contract rights, water rights, lease, title and other files, geophysical and seismic data, well equipment, pipelines, gathering systems, processing facilities, storage facilities, drillsite pads, imbalances, liens and security interests securing payment for the sale of oil, gas or other hydrocarbons, and any overriding royalty interest, fee interest, net profits interest, production payments, reversionary interests and other interests in the oil and gas in place or the production thereof from the lands covered by the Leases or included in pooled acreage or units with which any Lease may have been pooled or unitized.

This Assignment is made pursuant and subject to that certain Purchase and Sale Agreement effective as of February 19, 2014, between Assignor, as Seller, and Assignee, as Buyer, covering the Leases, the terms and provisions of which are incorporated herein for all purposes.



Assignor will do, execute, acknowledge and deliver, all and every such further acts, conveyances, transfer orders, division orders, notices, releases and acquittances and such other instruments as may be necessary or appropriate more fully to assure to Assignee, its successors and assigns, all of the respective properties, rights, titles, interests, estates, remedies, powers and privileges by this instrument granted, bargained, sold, conveyed, assigned, transferred, set over and delivered, or otherwise vested in Assignee or intended so to be.

To the extent permitted by law, Assignee shall be subrogated to Assignor's rights in and to representations, warranties and covenants given with respect to the Leases. Assignor hereby grants and transfers to Assignee, its successors and assigns, to the extent so transferable and permitted by law, the benefit of and the right to enforce the covenants, representations and warranties, if any, which Assignor is entitled to enforce with respect to the Leases, but only to the extent not enforced by Assignor.

Assignor covenants and warrants that each of the Leases listed on Exhibit "A" are in full force and effect and that Assignor has received no notice alleging any default under any of the terms of any of the Leases; that Assignor has good right and authority to sell and assign its interests and that same are free and clear of all mortgages and liens created by through and under Assignor; and that Assignor will warrant and forever defend the same unto Assignee against every person or persons whomsoever claiming by, through or under Assignor.

This Assignment, and the terms, conditions, covenants and provisions hereof, shall be binding upon and shall inure to the benefit of the Assignor and the Assignee, and their respective successors and assigns.

This Assignment may be executed by Assignors and Assignee in any number of counterparts, each of which shall be deemed an original instrument, but all of which together shall constitute one and the same instrument, and the delivery of such counterparts may be via facsimile or email, which shall be as effective as hand delivery of original instruments.

In addition to filing this Assignment of record in Pecos County, Texas, the parties shall execute and file with the appropriate authorities, whether state, federal or local, all forms or instruments required by applicable law or regulation to effectuate the conveyance contemplated hereby. Said instruments shall be deemed to contain all of the exceptions, reservations, rights, titles and privileges set forth herein as fully as though the same were set forth in each such instrument. The interests conveyed by such separate assignments are the same, and not in addition to, the interests conveyed herein. The parties agree to execute and deliver such other instruments and documents and take such other actions as may be reasonably necessary to evidence and effectuate the transactions contemplated by this Assignment

IN WITNESS WHEREOF, this Assignment is executed on this 18th day of March, 2014, but to be effective as of the 1st day of January, 2014 at 7:00, Central Time ("**Effective Time**").



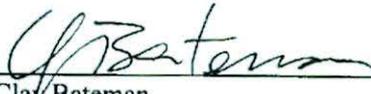
ASSIGNOR:

RED WILLOW PRODUCTION, LLC

By: 
Name: Robert J. Voorhees
Title: President

ASSIGNEE:

COG OPERATING LLC

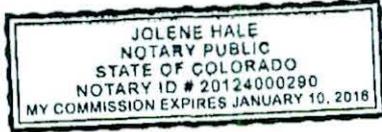
By: 
Name: Clay Bateman
Title: Vice President of Texas



ACKNOWLEDGMENTS

STATE OF COLORADO §
COUNTY OF LA PLATA §

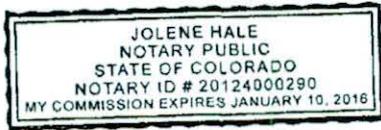
This instrument was acknowledged before me this 18th day of March, 2014, by Robert J. Voorhees, as President of Red Willow Production, LLC, a Colorado limited liability company, on behalf of said limited liability company.



Jolene Hale
Notary Public – State of Colorado

STATE OF COLORADO §
COUNTY OF LA PLATA §

This instrument was acknowledged before me this 18th day of March, 2014, by Clay Bateman, as Vice President of Texas of COG Operating LLC, a Delaware limited liability company, on behalf of said limited liability company.



Jolene Hale
Notary Public - State of Colorado



EXHIBIT A
THE LEASES

Attached to and made a part of that certain Assignment dated effective January 1, 2014 from Red Willow Production, LLC, as Assignor, to COG Operating LLC, as Assignee

Lease No.	Lessor	Lessee	Lease Date	Lease Legal Description	Gross Acres	Book	Page	Rec No.	State	County	Extension Book	Extension Page	Extension Rec No.	
PV74700059	McCoy Remme Ranches Ltd	Red Willow Production, LLC	03/01/2011	Sec. 99, Block 1, Abstract A-639, H&TC Ry. Co. Survey and containing 640.00 acres, more or less in Reeves and Pecos Counties, TX. The East 3/8 of Sec. 100, Abstract A-8633, Block 1, H&TC Ry. Co. Survey and containing 242.70 acres, more or less, in Pecos County, TX.	882.7000	8	575	2011-115996	TX	Pecos	103	55	2014-129744	
PV74700060	State of TX & McCoy Remme Ranches	Red Willow Production, LLC	03/01/2011	TR. #1) 641.35 acres of land, more or less, being all of Sec. 98, Block 1, H&TC Ry. Co. Survey, A-4858, Reeves and Pecos Counties, Texas, and being the same land granted from the State of Texas to Francis W. Popham and Elizabeth Popham in that certain Patent dated June 17, 1963 recorded in Volume 7, Page 116, of the Patent Records of Reeves County, Texas. TR. #2) 639.75 acres of land, more or less, being all of Block 1, Section 102, H&TC RY CO. Survey, A-8632, Certificate 39/4597, Reeves and Pecos Counties, Texas, and being the same land described as Tract #121 in that certain Deed dated January 16, 191, from L.R. French Jr. and wife, Marcia Fuller French to McCoy Land and Cattle Company, recorded in Volume 618, Page 540, of the Deed Records of Pecos County, Texas. Containing 1281.10 acres, more or less.	1281.1000	13	135	2011-116561	TX	Pecos				
PV74700096	Fred Messick	Red Willow Production, LLC	12/08/2011	800 acres, Tr.#1) 640.00 acres of land, more or less, being all of Section 61, Block 1, H. & T.C.RR.Co. Survey, A-633, Pecos County, Texas and being more particularly described as Tract One in that certain Warranty Deed dated July 14, 2000 from William A. Beddinger and Wilhelmina M. Biddinger to McCoy Land & Cattle, recorded in Volume 717, Page 272 of the Deed Records of Pecos County, Texas. Tr. #2) 160.00 acres of land, more or less, being all of the Southwest Quarter (SW/4) of Section 139, Block 1, H. & T.C.RR.Co. Survey, A-948, Reeves County, Texas and being more particularly described in that certain Warranty Deed dated April 25, 1911, from F. W. Johnson to Miss Anna E. Marsh, recorded in Volume 30, Page 397 of the Deed Records of Reeves County, Texas.	800.0000	40	385	2012-120514	TX	Pecos				

MF 112847



True & correct copy of a document on file at Pecos County Texas. Liz Chapman, County Clerk Page 5 of 7



EXHIBIT A
THE LEASES

Attached to and made a part of that certain Assignment dated effective January 1, 2014 from Red Willow Production, LLC, as Assignor, to COG Operating LLC, as Assignee

Lease No.	Lessor	Lessee	Lease Date	Lease Legal Description	Gross Acres	Book	Page	Rec No.	State	County	Extension Book	Extension Page	Extension Rec No.
PV74700097	McCoy Remme Ranches Ltd	Red Willow Production, LLC	01/10/2012	800 acres, Tr.#1) 640.00 acres of land, more or less, being all of Section 51, Block 1, H. & T.C.RR.Co. Survey, A-833, Pecos County, Texas and being more particularly described as Tract One in that certain Warranty Deed dated July 14, 2000 from William A. Beddinger and Wilhelmina M. Biddinger to McCoy Land & Cattle, recorded in Volume 717, Page 272 of the Deed Records of Pecos County, Texas. Tr. #2) 160.00 acres of land, more or less, being all of the Southwest Quarter (SW/4) of Section 139, Block 1, H. & T.C.RR.Co. Survey, A-948, Reeves County, Texas and being more particularly described in that certain Warranty Deed dated April 25, 1911, from F. W. Johnson to Miss Anna E. Marsh, recorded in Volume 30, Page 397 of the Deed Records of Reeves County, Texas.	800.0000	038	282	2012-120162	TX	Pecos	103	58	2014-129745
PV74700142	State of TX & McCoy Remme Ranches	Red Willow Production LLC	02/03/2014	Block 1, H&TC Railroad Company Survey, Pecos County, Texas All of Section 22, E. Popham Survey, A-8626 All of Section 24, E. Popham Survey, A-8627 Containing 1,280.00 acres more or less.	1280.0000	103	61		TX	Pecos			

MF 116346



True & correct copy of a document on file at Pecos County Texas, Liz Chapman, County Clerk Page 6 of 7



**EXHIBIT B
THE WELLS**

Attached to and made a part of that certain Assignment effective January 1, 2014, from Red Willow Production, LLC, as Assignor, to COG Operating LLC, as Asslgnee

API	Lease	Well	Operator	Field Name	State	County	Footage	Section	Block	Survey	Abstract
42-389-33722	CARL H 55	1H	RED WILLOW	HOEFS T-K	TX	REEVES	50.0' FNL & 1980.0' FWL	55	1	H&TC RR CO	938
42-389-33491	HOEFS RANCH STATE 1-64	1 H	RED WILLOW	HOEFS T-K	TX	REEVES	50.0' FNL & 1980.0' FEL	64	1	H&TC RR CO	4807
42-389-33616	HOEFS RANCH STATE 1-66	1 H	RED WILLOW	HOEFS T-K	TX	REEVES	250.0' FNL & 1440.0' FEL	66	1	H&TC RR CO	2852
42-389-33461	HOEFS RANCH STATE 1-96	1 H	RED WILLOW	HOEFS T-K	TX	REEVES	50.0' FNL & 2200.0' FEL	96	1	H&TC RR CO	4808
42-389-33687	JOHN H 95	1 H	RED WILLOW	HOEFS T-K	TX	REEVES	250.0' FNL & 640.0' FWL	95	1	H&TC RR CO	940
42-389-33063	KRISTIN T 65	1	RED WILLOW	WOLFBONE	TX	REEVES	2084.7' FSL & 2083.4' FWL	65	1	H&TC RR CO	939
42-371-38871	MCCOY REMME RANCH 99	1	RED WILLOW	WOLFBONE	TX	REEVES	1980.0' FSL & 1980.0' FEL	99	1	H&TC RR CO	639
42-389-33955	MCCOY REMME RANCH STATE 99-102	1 H	RED WILLOW	HOEFS T-K	TX	REEVES	1960.0' FNL & 275.0' FWL	102	1	H&TC RR CO	4859

4239

State of Texas
County of Pecos
I hereby certify that the above and foregoing
is a full and correct copy of the original record
now in my lawful custody and possession.
File on this date written thereon I hereby
Certify on

Date 5-22-14
Liz Chapman
Co. Clerk
Pecos Co. TX
By Nary Sanchez
Deputy



U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT

(Domestic Mail Only; No Insurance Coverage Provided)

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

OFFICIAL USE

Postage	\$	MF 112847
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	
		Postmark Here
		ATTN: Marcus Arguello

Sent To

Street, Apt. No.;

or PO Box No.

City, State, ZIP+4

COB Operating LLC

Two Concho Center, 600 N Illinois Ave

Midland, TX 79701-4882

7008 0150 0003 1019 9413

Certified Mail Provides:

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

Important Reminders:

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

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



Texas General Land Office

Reconciliation Billing

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

George P. Bush, Commissioner

COG Operating LLC
 Attn: Marcus Arguello
 Two Concho Center, 600 W Illinois Ave
 Midland, TX 79701-4882

Billing Date: 6/27/2017
Billing Due Date: 7/27/2017
 Customer Number: C000044811

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
17I00406	MF112847	\$4,451.91	\$0.00	\$492.07	\$126.18	\$5,070.16
Total Due		\$4,451.91	\$0.00	\$492.07	\$126.18	\$5,070.16

Penalty and interest have been calculated thru 6/30/2017. Payment remitted after 6/30/2017 will result in additional penalty and interest charges.

Contact Info: Sabrina Garcia (512) 475-1510 or Sabrina.Garcia@GLO.TEXAS.GOV

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.
- For other royalty reporting questions, visit <http://www.glo.texas.gov>, call (512) 463-6850 or email us at glo123@glo.texas.gov.

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

COG Operating LLC

Billing Date: 6/27/2017

Billing Due Date: 7/27/2017

Customer Number: C000044811

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
17I00406	MF112847	\$4,451.91	\$0.00	\$492.07	\$126.18	\$5,070.16
Total Due		\$4,451.91	\$0.00	\$492.07	\$126.18	\$5,070.16
Amt. Paid						

Customer ID: C000044811
 Invoice Number: 17100406
 GLO Lease: MF112847
 GLO Review: COG Operating LLC
 Review Period: September 2015 through August 2016

Category: Gas
 Auditor/AE: Sgarcia
 Billing Date: 6/27/2017
 P&I Calculation Date: 6/30/2017
 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 Participa	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Ro	Number of Da	Interest Rate For	Penalty Rate Fron	Interest Rate Fron	Revenue Due
Dec-15	08-46227	54	1.00000000	\$ 1.931919	1.072695	\$111.91	\$13.99		\$13.99	501	4.50%	\$25.00	\$0.76	\$39.75
Apr-16	08-46227	75	1.00000000	\$ 1.710087	1.073605	\$137.70	\$17.21		\$17.21	380	4.50%	\$25.00	\$0.68	\$42.89
Jun-16	08-46277	5,448	1.00000000	\$ 2.347000	1.353930	\$17,311.97	\$2,164.00		\$2,164.00	319	4.50%	\$216.40	\$69.37	\$2,449.77
Aug-16	08-46227	5,168	1.00000000	\$ 2.580160	1.353930	\$18,053.66	\$2,256.71		\$2,256.71	258	4.50%	\$225.67	\$55.37	\$2,537.75
TOTALS		10745.00				\$35,615.23	\$4,451.91	\$0.00	\$4,451.91			\$492.07	\$126.18	\$5,070.16

ATTN: Marcus Arguello
 CERTIFIED MAIL: 7008 0150 0003 1019 9413

COMMENTS: BILLING ON DIFFERENCE FROM VOLUMES REPORTED TO GLO COMPARED TO THE VOLUMES REPORTED TO RRC.

COLUMN (3) VOLUME - REPRESENTS UNDER REPORTED SALES VOLUMES TO THE GLO FROM RRC WELL ID # 08-46227.
 COLUMNS (5), (6) PRICE & BTU- TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE.
 COLUMNS (12), (13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy-business/oil-gas/rrac/forms/penalty-interest-assessment-rules.pdf>

NOTE 1: PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS. THE PREFERRED METHOD OF PAYMENT IS BY CHECK ACCOMPANIED WITH THE BOTTOM HALF OF THE ATTACHED INVOICE. IF PAYMENT IS MADE THROUGH ACH DEBIT, NOTIFY THE AUDITOR AS TO THE REMITTANCE DATE SO THE INVOICE CAN BE PROPERLY CREDITED.

File No. MF 112847

_____ County

Recon Billing

Date Filed: 6/29/17

George P. Bush, Commissioner

By _____ *AT*



February 7, 2019

Via Federal Express, Overnight

Texas General Land Office

Attn: Ms. Joy McCauley

1700 N. Congress Avenue

Austin, Texas 78701

Re: Production Sharing Agreement
Sections 102 and 99, Block 1, H&TC RR. Co. Survey
Reeves and Pecos Counties, Texas

Dear Ms. McCauley,

Enclosed for your review and execution is a Production Sharing Agreement ("PSA") to allow COG Operating LLC ("COG") to effectively and efficiently develop the mineral interest owned by The State of Texas in Section 102, Block 1, H&TC RR Co. Survey, Reeves and Pecos Counties, Texas under that certain Oil and Gas Lease, MF-112847, ("the Lease") dated March 1, 2011, between The State of Texas, acting by and through its agent, McCoy Remme Ranches, Ltd., as Lessor, and Red Willow Production, LLC, as Lessee. COG, as current lessee and Operator, deems it necessary to permit and drill certain horizontal wells as PSA wells due to the inability to pursue standard pooling procedures. The attached PSA covers the lands included in GLO Unit No. 6442, which is recorded in Volume 1035, Page 153 of the Official Public Records of Reeves County, Texas and in Volume 102, Page 471 of the Official Public Records of Pecos County, Texas.

The attached PSA will grant COG the authority to continue drilling portions of Lessor's lands that cannot be explored and developed otherwise. The first well to be drilled in this manner is anticipated to be the Chipeta State 301H well (plat attached). Spudding in of the wells is expected to commence in March 2019.

This PSA in no way alters or reduces royalties due to Lessor as stipulated in the above-mentioned Oil and Gas Lease, nor does it alter any of its provisions. The PSA will, however, allocate production and royalties based upon the portion of productive drainhole length of a sharing well (as defined in PSA) that lies underneath Lessor's lease and unleased mineral interest.

Please review the attached document, and feel free to reach out to the undersigned with any questions or concerns at 432.685.2526 or bbeversdorf@concho.com.

Sincerely,

COG OPERATING LLC

A handwritten signature in blue ink that reads "BBB" followed by a stylized flourish.

Brandon Beversdorf

Landman – Southern Delaware Basin

Enc

File No. M-112847

County

Ha. From Concho

Date Filed: 2/8/19

George P. Bush, Commissioner

By [Signature]



MEMORANDUM

TEXAS GENERAL LAND OFFICE • GEORGE P. BUSH • COMMISSIONER

DATE: March 5, 2019 **PSA# 00233**

TO: School Land Board

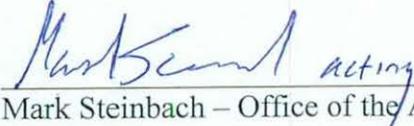
FROM: Pooling Committee

SUBJECT: Request from COG Operating LLC to have the State enter into a Production Sharing Agreement for the drilling of one or more allocation wells.

- **COG Operating LLC** is the operator of State Lease MF112847 (GLO Unit 6442) 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 GLO Unit 6442.
- 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:

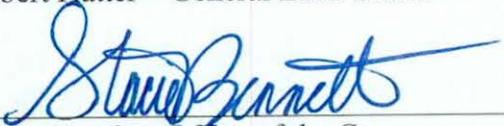
The Pooling Committee recommends Board approval of the Production Sharing Agreement.


Mark Steinbach – Office of the Attorney General

2/19/19
Date

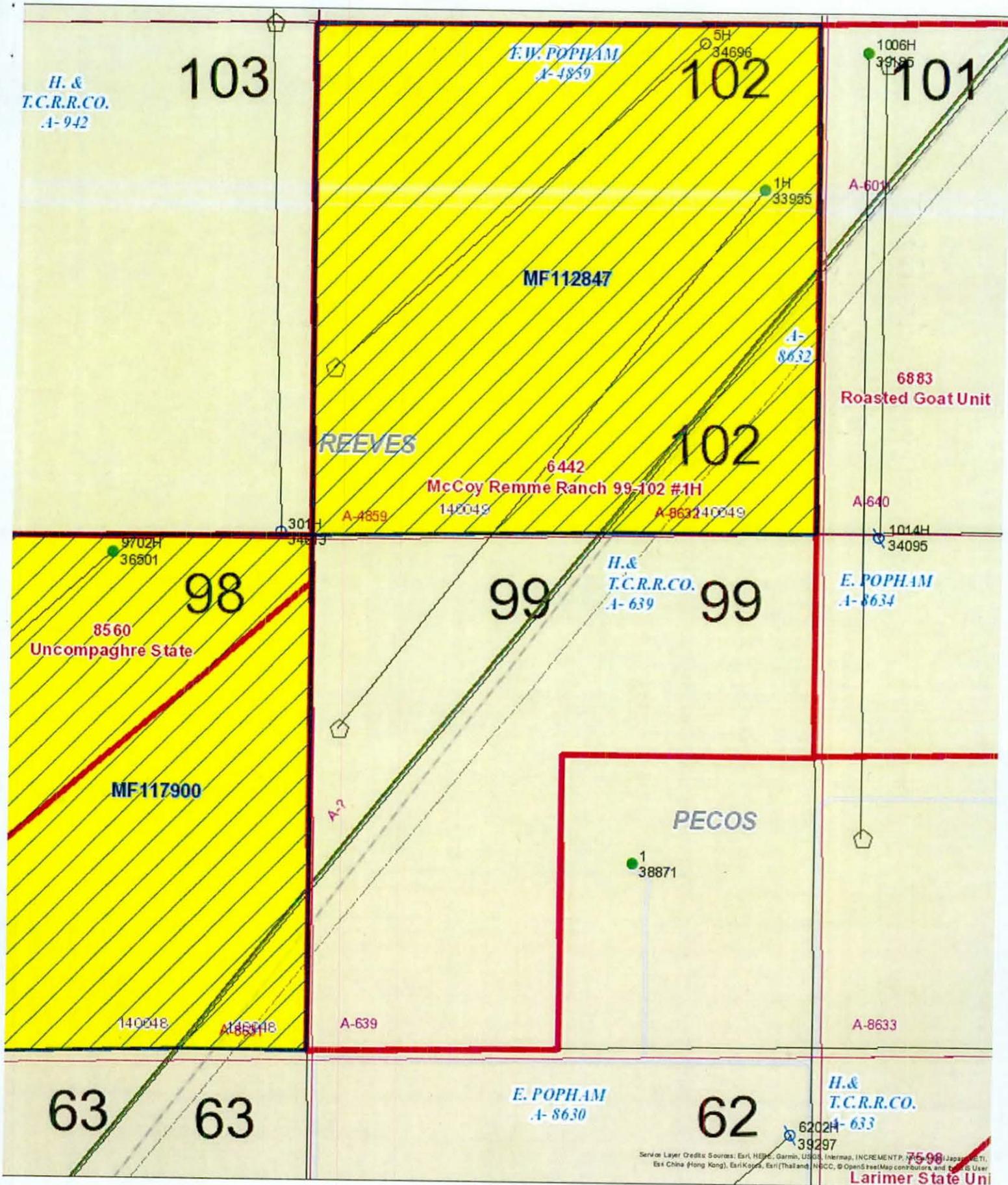

Robert Hatter – General Land Office

2/19/19
Date


Diane Morris – Office of the Governor

2/19/2019
Date

STACIE BENNETT



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.



Print Date: 2/15/2015

File No. M-112847

Memo to SLB County

Date Filed: 3/5/19

By [Signature]
George P. Bush, Commissioner



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

March 14, 2019

Mr. Brandon Beversdorf
COG Operating LLC
600 West Illinois Avenue
Midland, Texas 79701

Re: Production Sharing Agreement
McCoy Remme Ranch Unit
State Lease No. M-112847
Pecos and Reeves Counties, Texas

Dear Mr. Beversdorf:

On March 5, 2019, the School Land Board of the State of Texas approved your application to have the State enter into a Production Sharing Agreement ("PSA") for the referenced Unit. 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 an original of the PSA for our files.

Please provide our office with a recorded copy of the PSA or a fully executed copy if it is not going to be recorded as soon as it is available. After a Sharing Well is drilled, please provide our office with the "Productive Drainhole Length / Allocation Factor" 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 the sharing 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

20

File No. M-112847

_____ County

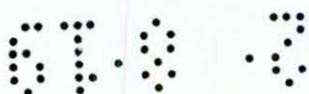
Ltr. to COG

Date Filed: 3/14/19

George P. Bush, Commissioner

By [Signature]

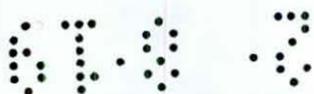
- f. “Productive Drainhole Length” is the length of the wellbore path of the Horizontal Drainhole Well that begins at the first Take Point of a Horizontal Drainhole Well and runs along the actual surveyed wellbore path to the last Take Point. In the event a Horizontal Drainhole Well shall be developed with more than one Horizontal Drainhole, then the Productive Drainhole Length shall be the sum of the horizontal lengths of all such Horizontal Drainholes.
- g. “Sharing Well” is a Horizontal Drainhole Well in which a portion of the Productive Drainhole Length is located upon the Pooled Unit, and another portion or portions are located upon one or more other tracts of land, including lands that may be included in one or more pooled units other than the Pooled Unit, or covered by oil, gas and mineral leases other than the Leases.
- h. “Take Point” is any point along a Horizontal Drainhole where oil, gas and condensate can enter the wellbore from the Correlative Interval and be produced.
- i. As used in this Agreement, the terms, “Agreement,” “Interest Owners,” “Interest Owner,” “Operator,” “Party,” “Parties,” “Lands,” “Pooled Unit,” “Railroad Commission,” “Lease,” and “Leases” shall have the meanings indicated in the preamble above.
- II. Each Interest Owner will share in the proceeds of Hydrocarbons produced and saved from a Sharing Well on the basis of that Interest Owner’s ownership interest in the Pooled Unit payable pursuant to the terms and provisions of the Lease, Leases, or pooling agreement, as applicable, covering such Interest Owner’s interest, multiplied by the Allocation Factor. Interest Owners shall not be entitled to any payment for their ownership interest in a Sharing Well, except as provided in this Paragraph II.
- III. Operations for the exploration, drilling, production, transportation and marketing of Hydrocarbons from each Sharing Well, whether or not the entirety of the Sharing Well’s Horizontal Drainhole or surface location is located on the Lands, will be deemed as actual operations conducted on, or production from, the Lands pursuant to the terms and provisions of each of the Leases and shall be deemed sufficient to maintain the Leases in full force and effect pursuant to the terms and provisions thereof. Exploration, drilling, production, transportation and marketing operations conducted on lands other than the Lands concerning a Sharing Well shall be deemed the same as actual operations conducted on the Lands pursuant to the terms and provisions of each of the Leases and shall be deemed sufficient to maintain the Leases in full force and effect pursuant to their respective terms and provisions.
- IV. Operator shall have the right to make reasonable use of the surface of the Lands to conduct operations for the exploration, drilling, production, storing, transportation and marketing of Hydrocarbons from a Sharing Well.
- V. Hydrocarbons produced from a Sharing Well shall not impose on Operator any offset obligation, whether express or implied, pursuant to the terms of the Leases or otherwise.
- VI. Each of the undersigned agrees that this Agreement affects only the production of Hydrocarbons produced from a Sharing Well, and in no way affects ownership in the production of Hydrocarbons produced from other wells drilled or to be drilled whose wellbores are located solely within the Pooled Unit. **It is expressly agreed that no cross-conveyance of the Parties’ interests in any of the Lands or the Leases in the Pooled Unit with other lands or leases located outside the Pooled Unit is intended or accomplished by the terms of this Agreement.**
- VII. In the event any Sharing Well shall be plugged back or recompleted in such a manner that the well no longer conforms within the meaning of a Horizontal Well, as defined herein, then such well shall no longer be considered a Sharing Well for purposes of this Agreement. In the event a Sharing Well shall be plugged back or recompleted in such a manner that the well still conforms to the meaning of a Horizontal Well, as defined herein, after such plugging back or recompletion operation and the Productive Drainhole Length of such well has changed, then there shall be a recalculation of the Allocation Factor originally determined upon first production from said Sharing Well.
- VIII. The provisions of the various leases, agreements, division orders, transfer orders, pooled unit designations, and pooling agreements covering or affecting the Lands and Leases within the Pooled Unit are hereby amended to the extent necessary to make such instruments and agreements conform to the provisions herein, but not otherwise, *provided however*, nothing contained in this Agreement shall modify the terms of any Lease regarding the determination of market value, net proceeds or other basis on which the value of Hydrocarbons is made or calculated for the purpose of paying royalty.
- IX. In the event there are any irreconcilable inconsistencies or conflict of terms or ambiguities between the terms and conditions of this Agreement and of any one or more of the Leases, or the instrument that established the Pooled Unit, or any other agreement or document that affects the Leases, then the terms and conditions in this Agreement shall prevail and control.
- X. This Agreement shall become effective on February 15, 2019 (“**Effective Date**”) and will thereafter remain effective for so long as a Sharing Well is operated in conformity with the terms and provisions hereof, and, to the extent not inconsistent herewith, the Leases, unless sooner terminated by Operator as hereinafter provided.



- XI. Interest Owners grant Operator the authority to conduct operations to drill, operate, and produce Hydrocarbons from a Horizontal Drainhole Well and/or its Horizontal Drainhole that is drilled across and through any property line of the Lands, or lease line of a Lease included in the Pooled Unit into and under lands not included in the Pooled Unit.
- XII. Operator, at its option, may terminate this Agreement, at any time, by filing a Notice of Termination in the public records of Reeves County, Texas.
- XIII. ~~In addition to the foregoing, and for and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, the undersigned Interest Owners do hereby RATIFY, ADOPT, and CONFIRM the Pooled Unit and, to the extent an Interest Owner is a lessor under a Lease (the "Ratified Lease"), then such Interest Owner or Owners do hereby GRANT, LEASE and LET unto the current lessee of the Ratified Lease, all of such Interest Owner's interest in the acreage covered by the Ratified Lease and included in the Pooled Unit, subject to the same terms and conditions provided for therein, as same may have been previously amended, or amended herein.~~ bna
- XIV. This instrument may be executed in multiple counterparts, each of which shall be given the same effect as the execution of an original instrument. Failure of any Party to execute a counterpart shall not render this instrument ineffective as to any other Party who does execute a counterpart thereof, but shall be binding upon each executing Party and its, his or her heirs, legal representatives, successors and assigns. The executed counterparts may be combined into one or more instruments for recordation, by combining the signature pages and acknowledgments, and the executing Parties agree that such instruments shall be treated and given effect for all purposes as a single instrument. Upon Operator's consent, in lieu of execution hereof, Interest Owners may ratify this Agreement by separate instrument acceptable to Operator, in its sole discretion.
- XV. This Agreement is entered into solely for the purpose of drilling Sharing Wells and is not intended to apply to any other well located entirely within the Pooled Unit. The Parties agree that this Agreement specifically excludes and shall have no application whatsoever to the existing wells located entirely within the Pooled Unit, further described as:

Well Name	API Number	Governing Document
McCoy Remme Ranch State 99-102 1H	42-389-33955	Pooling Agreement recorded in Volume 1035, Page 153 of the Official Public Records of Reeves County, Texas and Volume 102, Page 471 of the Official Public Records of Pecos County, Texas

[Signature and Acknowledgement Pages Follow]



EXECUTED by each Party on the date shown below for each such Party's acknowledgement, but to be effective as of February 15, 2019.

OPERATOR:

COG OPERATING LLC

By: _____

Name: Mark A. Carter

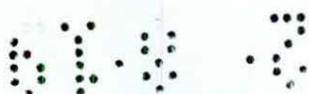
Title: Attorney-in-Fact

STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

This instrument was acknowledged before me on the _____ day of _____, 2019, by Mark A. Carter as Attorney-in-Fact for COG OPERATING LLC, a Delaware limited liability company, on behalf of said company.

Notary Public, State of Texas

My Commission Expires:



INTEREST OWNER:

STATE OF TEXAS

By: George P. Bush

Name: George P. Bush

Title: Commissioner

Address: 1700 N. Congress Ave.
Austin, TX 78701

Approved Legal 4
Contents me
Min. Leasing me
Executive mi

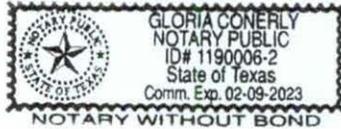
STATE OF TEXAS

COUNTY OF TRAVIS

This instrument was acknowledged before me on the 13 day of March, 2019, by George P. Bush as Commissioner of, a Texas General Land Office on behalf of said

Gloria Conerly
Notary Public, State of Texas

My Commission Expires:
2-9-2023



INTEREST OWNER:

McCOY REMME RANCHES, LTD.

**By: McCoy Remme Land and Cattle LLC
General Partner**

By: _____

Name: Kaare J. Remme, President

Address: 1350 IH 35 North
San Marcos, Texas 78666

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 2019, by Kaare J. Remme as President of McCoy Remme Land and Cattle LLC, a Texas Limited Liability Company, General Partner of McCoy Remme Ranches, Ltd., a Texas Limited Partnership on behalf of said partnership.

Notary Public, State of _____

My Commission Expires:

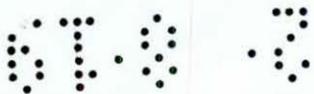
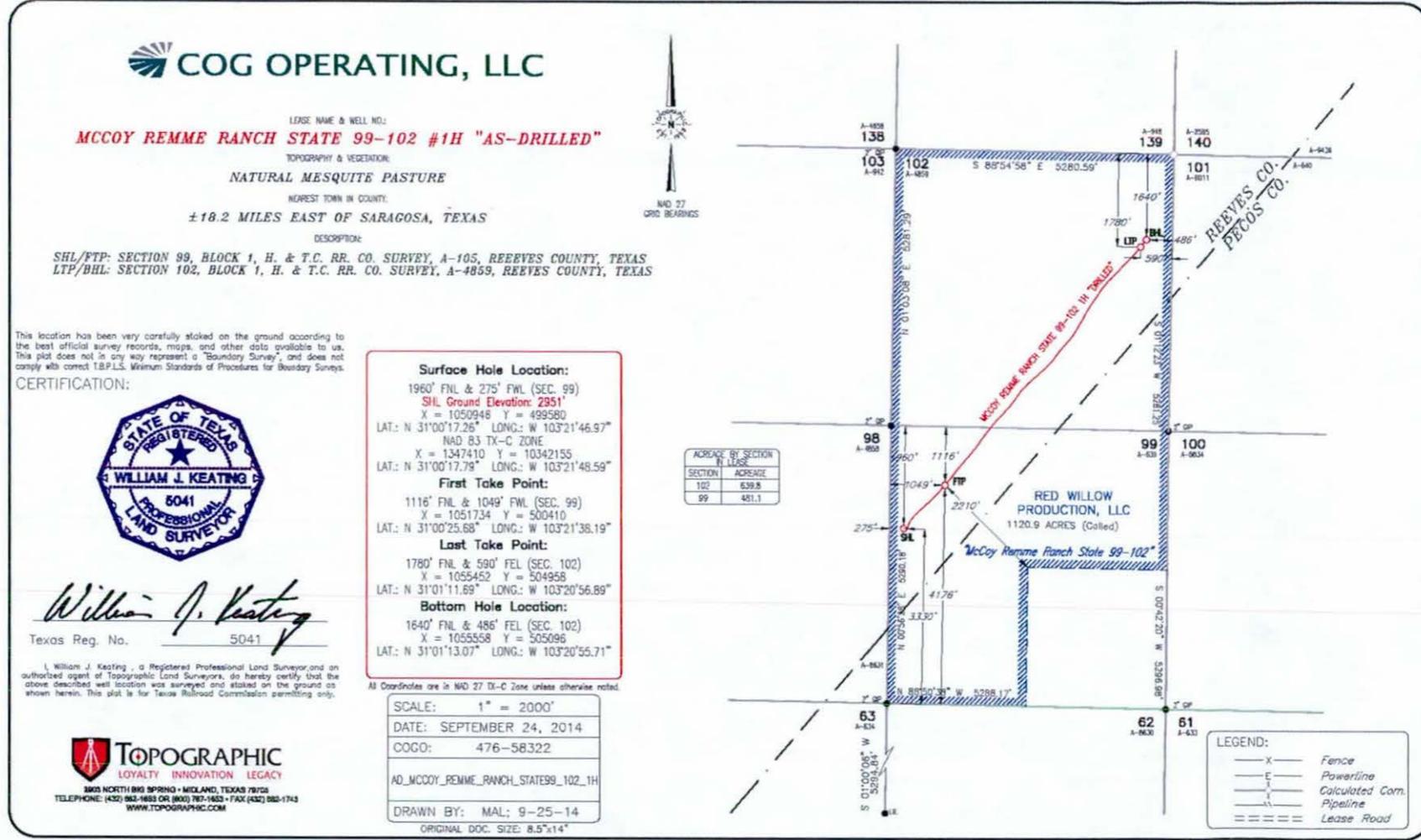


EXHIBIT "A"

Attached to and made part of that certain Production Sharing Agreement dated effective February 15, 2019, by and between COG Operating LLC, as Operator, and The State of Texas, et al, as Interest Owner(s)

Lands

1120.9 acres, more or less being the McCoy Remme Ranch 99-102 #1H Unit, more particularly described as All of Section 102, and the N/2 and SW/4 of Section 99; all in Block 1, H&TC RR Co. Survey, Reeves and Pecos Counties, Texas, as more particularly described below



[End of Exhibit "A"]

EXHIBIT "B"

Attached to and made part of that certain Production Sharing Agreement dated effective February 15, 2019, by and between COG Operating LLC, as Operator, and The State of Texas, et al, as Interest Owner(s)

Lease No. 1

Lessor: The State of Texas, acting by and through its agent, McCoy Remme Ranches, Ltd. (MF-112847)

Lessee: Red Willow Production, LLC

Current Lessee: COG Operating LLC and Red Willow Production, LLC

Date: March 1, 2011

Recording: Volume 882, Page 222 of the Official Public Records of Reeves County, Texas
Volume 13, Page 135 of the Official Public Records of Pecos County, Texas

Lands Covered: All of Section 102, Block 1, A-4859 and A-8632, H&TC RR Co. Survey, Reeves and Pecos Counties, Texas, among other lands

Lease No. 2

Lessor: McCoy Remme Ranches, Ltd.

Lessee: Red Willow Production, LLC

Current Lessee: COG Operating LLC and Red Willow Production, LLC

Date: March 1, 2011

Recording: Unrecorded, Memorandum of Oil and Gas Lease recorded at Volume 874, Page 590 of the Official Public Records of Reeves County, Texas
Unrecorded, Memorandum of Oil and Gas Lease recorded at Volume 8, Page 575 of the Official Public Records of Pecos County, Texas

Lands Covered: All of Section 99, Block 1, A-639, H&TC RR Co. Survey, Reeves and Pecos Counties, Texas, among other lands



(2)

File No. M-112847

Production Sharing Agmt. County

Date Filed: 3/14/11

George P. Bush, Commissioner

By [Signature]

4
2
3
2



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

July 31, 2019

CERTIFIED MAIL: 7011 1150 0001 2420 8524

Ms. Tammy Adair
Regulatory Analyst
COG Operating, LLC
One Concho Center
600 W. Illinois Ave.
Midland, TX 79701

RE: Application to Surface Commingle Oil and Gas Production from State Mineral Leases MF116475 and MF112847 (Ouray State, Chipeta State) in Conjunction with Railroad Commission of Texas Commingling Permit 08-8928 in Reeves County, Texas

Dear Ms. Adair

The Texas General Land Office (GLO) received your application, dated July 18, 2019 as revised on July 25, 2019, to surface commingle oil and gas production from and to utilize gas lift with recycled gas on the above State Mineral Leases. GLO staff have performed an administrative and technical review of your application.

On the condition that COG Operating, LLC first satisfies all of the requirements set out in #1 - #12 on p.1 - 3 of this letter, then, in that event, the application is approved.

1. Per 31 Texas Administrative Code (TAC) §9.35(a)(2), all fluids produced from the wells to be commingled must flow "through oil and gas separators of ample capacity and in good working order...before sale or surface commingling with production from any other lease and/or pooled unit". All production shall be measured by single-phase oil, gas, and water meters installed at the separator outlets prior to sale or surface commingling.

2. Per 31 TAC §9.35(a)(2), you are required to conduct all measurement “in accordance with the American Gas Association (AGA) standards and all applicable chapters of the American Petroleum Institute (API) Manual of Petroleum Measurement Standards (MPMS)”. Measurement shall be conducted, per those standards, for both the quantity and quality of all fluid streams.
3. Sampling frequency shall be equal to or greater than the recommendation in MPMS 20.1 §1.11.3, as required for accurate allocation. Samples shall be taken at the outlets of each first separator stage, at each gas lift supply and distribution meter, and at all points of custody transfer. Industry standard laboratory analysis shall be performed on each sample, with sampling and analysis performed in compliance with MPMS 8.1, 8.2, 9.1, 14.1 and any other applicable chapters.
4. Meter proving, testing and calibration plans as required per MPMS 20.2 §5, §6.5.1, §7.5.1 and §7.5.3 shall be made available to GLO staff for inspection upon request.
5. All lease oil and gas production royalties shall be due based upon the terms in your lease, and royalty payments shall be made per 31 TAC §9.51. Note that royalty is also due on all non-sales hydrocarbon dispositions (e.g. flare, fuel, instrument, lift, and vent gas).
6. Processed gas allocation factors shall be calculated on a mass (molecular) balance basis, i.e. each processed gas component shall be allocated individually in accordance with the requirements in MPMS 20.1 §1.15.3. Non-processed gas allocation factors shall be calculated on an energy balance basis.
7. You shall retain, for lease audit purposes, all meter and test records, volume statements/reports, oil and gas sample/stream analysis reports, shrinkage/flash calculation reports, and any other documents within the scope of this commingling approval for a period of at least seven (7) years after creation of each document.
8. You shall obtain permission from GLO before making any changes to the flow process or metering scheme, adding leases or wells to the list of those being commingled, or making any other material change to the commingling application as approved by this letter.
9. You shall obtain approval of your pending surface commingling permit application from the Railroad Commission of Texas, if applicable, and provide GLO with a copy within ten days of its approval.
10. You shall calculate all allocation factors on a proportional basis. You shall not allocate by difference.

11. You shall continuously meter the gas lift supply to each well and the gas that passes through any other gas lift supply and distribution meter.
12. You shall account for the presence of any lift and/or buyback gas that is produced along with in situ reservoir gas at the allocation meters when calculating gas allocation factors: this accounting shall be by mass balance (processed gas) and by energy balance (non-processed gas) as appropriate (see also Condition 6).

Please be advised that you have an ongoing obligation to maintain compliance with these standards and conditions. GLO staff will verify compliance during periodic financial audits, which will include, but are not limited to, independent allocation verification studies. GLO reserves the right to validate or question your measurement and detailed allocation methodology based on our own analysis.

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 that reads "Thomas M. Ortiz". The signature is written in a cursive, flowing style.

Thomas Manuel Ortiz, Ph.D., P.E.
Petroleum Engineer

TMO/tmo

cc: Dale Sump, Director of Minerals Audit

Request for Information

COG RRC 8928 MF116475 MF112847

1. Please revise your process flow diagram to show fuel gas meter FE 300-C that is mentioned in your process narrative.
2. Please demonstrate that the total injection gas supply will be metered in addition to providing individual wellhead injection meters, or else certify in your application that all compressor fuel and other gas usage associated with the gas injection system will be measured with other existing meters and, in that case, specify which meter(s).
3. Please revise your gas allocation example to correct what appear to be arithmetic errors in your residue gas allocation calculations, specifically in the calculation of net energy.

July 18, 2019

Texas General Land Office
Energy Resources
Attn: Thomas Manuel Ortiz, Ph.D., P.E.
1700 N. Congress Ave.
Austin, TX 78701

RE: Surface Commingle Production from State Mineral Lease MF116475 and MF112847

Dear Dr. Ortiz,

COG Operating, LLC is hereby requesting GLO permission to surface commingle the State Mineral Leases listed in the table below.

WELL NAME	STATE MINERAL LEASE NUMBER
Ouray State #406H	MF116475
Chipeta State #301H	MF112847

Enclosed are the following application documents in support of our request:

- Copy of submitted RRC Form P-17A
- Process flow diagram for the Ouray State CTB
- Process narrative for the Ouray State CTB
- Completed GLO Lease Table
- Worked allocation examples for oil and gas

If you have any questions, please feel free to contact me at (432)683-7443 or email delawarebasinregulatory@concho.com.

Sincerely,



Tammy Adair
Regulatory Analyst



RAILROAD COMMISSION OF TEXAS

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

Form P-17A

Rev. 03/2019

New Amended Existing Permit
No.
Effective Month/Year of Requested Exception: 07 / 2019
District 08
County Reeves

APPLICATION FOR COMMINGLE PERMIT
PURSUANT TO STATEWIDE
RULES 26 AND OR 27

SECTION 1. OPERATOR INFORMATION

Operator Name: COG OPERATING LLC Operator P-5 No.: 166150
Operator Address: 600 W Illinois Ave., Midland, TX 79701

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

Gatherer Name: Oryx SO Delaware OGT LLC1 Gatherer P-5 No.: 627117
Gatherer Address: 4000 N Big Spring, Midland, TX 79701

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

SECTION 3. APPLICATION APPLIES TO (CHECK ALL THAT APPLY): [X] OIL [X] CASINGHEAD GAS [] GAS WELL GAS [] CONDENSATE

- a) Gas well full well stream into common separation and storage facility with liquids reported on Form PR.
b) Gas well full well stream into a gasoline plant/common separation and storage facility with liquids reported on Form R-3 Serial #
c) Condensate and low-pressure Gas Well Gas are commingled into low-pressure separation and storage facilities.
d) This request is for off lease: Storage Separation Metering
e) This application is for common storage.
f) This application is for common separation.
g) This application is for casinghead gas metering by: Deduct Metering Allocation by well test Other
h) This application is for gas well gas metering by: Deduct Metering Allocation by well test Other

RECEIVED
RRC OF TEXAS
JUL 03 2019

OIL & GAS PRODUCTION DEPT.
AUSTIN, TX

SECTION 4. COMMINGLING PURSUANT TO §3.26(b) or §3.27(e) - (CHECK ALL THAT APPLY)

- a) The production stream from each tract and each Commission-designated reservoir is measured separately before combining it with a stream from another tract or Commission-designated reservoir.
Production will be allocated by: W-10 (oil) W-2 retest (oil) PD Meter (oil & condensate) G-10 (gas) Other
b) The tracts and Commission-designated reservoirs have identical royalty interest and working interest ownership in identical percentages.
Production will be allocated by: W-10 (oil) W-2 retest (oil) PD Meter (oil & condensate) G-10 (gas) Other

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

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

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

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

Table with 5 columns: DISTRICT, RRC IDENTIFIER, ACTION, LEASE AND FIELD NAME, WELL NO.
Rows include: 08 DP #850326 Existing Add Delete Chipeta State 301H; 08 46427 Existing Add Delete Ouray State 406H

ATTACH ADDITIONAL PAGES AS NEEDED. [X] No additional pages [] Additional pages (# of additional pages)

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

Signature: [Signature] Title: Regulatory Analyst Date: 07/02/2019

Operator E-mail Address: tadair@concho.com Operator Phone No. (432)683-7443
(Optional - If provided, e-mail address will become part of this public record.)

Commingling Permit No. 8928 RRC USE ONLY Approval date: 7/3/19 Approved by: [Signature]

PROCESS NARRATIVE - OURAY STATE CTB

GENERAL FLOW DESCRIPTION

All gross production from the Chipeta State well will go from the wellhead, through the flowline to the test separator. After separation and metering, commingled production is treated and stored at , then sold from, The Ouray State battery. Fuel gas (which also includes instrument gas) is used at the battery and metered as indicated below. Gas for gas lift compressors is pulled off the sales line upstream of the gas sales check meter, sent to the compressors where it is metered, and used for injection back into the individual wells.

OIL

Oil is measured coming off the oil dump from the test separator using a turbine meter, tagged FE 101-B. The oil is commingled as it enters the heater treater, tagged HT-200. Any flash gas that comes off the heater treater is sent to flare, tagged FI-800. Any water separated out in the heater treater goes on to the water tanks. Oil leaves the heater treater and goes to oil tanks for common storage. Tank vent gas emissions are routed to combustor, tagged VCU-700. From the tanks oil is metered and delivered to pipeline through a LACT unit, tagged LACT-01.

GAS

Gas production leaves the test separator and is measured using an orifice plate meter, tagged FE 101-A. The gas is sent gathering line and on to the facility gas sales check meter. Any gas we are unable to sell, due to high sales pressure, will go through the Flare meter, tagged FE 300-B and on to flare. Instrument gas for the facility will be pulled off upstream of the gas sales check meter and metered with a fuel gas/instrument air meter tagged, FE 300-C.

Injection gas for the compressors is also pulled off upstream of the gas sales check meter, and goes to individual scrubbers for each compressor. Gas leaves the scrubber, is compressed and metered leaving the gas lift compressor before being injected in the casing of each well. Any hydrocarbon liquids removed from the gas lift scrubbers are sent to the GL Scrubber Liquid Tank, and sold via truck.

WATER

Produced water at the test separator is measured using a turbine meter; tagged FE 101-C. Produced water is commingled and sent to the water tanks. From the water tanks, the produced water is sent through the transfer pumps, P 600, before going through water transfer turbine meters, FE 600, and on to the water gathering lines.

All Volumes Reported at Standard Conditions (14.696 psia, 60 F)

Gross Production

Lease	Oil (bbl)	Gas (Mcf)
Ouray State 406	2,500.00	9,700.00
Chipeta State 301	1,750.00	6,790.00

Sales

Total	4,250	16,490.00
--------------	-------	-----------

Gas Analysis

Gas Components	Ouray State 406	Chipeta State 301				
Methane, C1	84.240	79.000				
Ethane, C2	5.300	9.000				
Propane, C3	3.200	4.500				
Isobutane, iC4	0.630	1.500				
Butane, nC4	0.530	1.200				
Isopentane, iC5	0.420	0.800				
Pentane, nC5	0.420	0.750				
Hexane Plus, nC6+	0.530	0.650				
Hydrogen Sulfide, H ₂ S	0.000	0.000				
Carbon Dioxide, CO ₂	0.530	0.750				
Nitrogen, N ₂	4.200	1.850				
Oxygen, O ₂	0.000	0.000				
Helium, He	0.000	0.000				
Total	100	100	0	0	0	0

Assumed Heavy Ends

Component	Mole Fraction
nC6	0.6
nC7	0.3
nC8	0.1

Stream Properties	Ouray State	Chipeta					Total
	406	State 301					
Gross Production (Mcf)	9,700.0	6,790.0	0.0	0.0	0.0	0.0	16,490.000
Gross Produced Energy Content (MMBtu)	10,900	8,513	0	0	0	0	19,413.103
[Total Gross Heating Value X Gross Prod]							

Gas Components	Ouray State 406			Chipeta State 301			Gross Heating Value			Gross Heating Value			Gross Heating Value			Gross Heating Value		
	Gross Heating Value [NOTE 1]			Gross Heating Value [NOTE 1]			Gross Heating Value [NOTE 1]			Gross Heating Value [NOTE 1]			Gross Heating Value [NOTE 1]			Gross Heating Value [NOTE 1]		
	Mole Fraction	(Btu/ft3)	(Btu/ft3)	Mole Fraction	(Btu/ft3)	(Btu/ft3)	Mole Fraction	(Btu/ft3)	(Btu/ft3)	Mole Fraction	(Btu/ft3)	(Btu/ft3)	Mole Fraction	(Btu/ft3)	(Btu/ft3)	Mole Fraction	(Btu/ft3)	(Btu/ft3)
Methane, C1	0.8424	1,010.00	850.82	0.7900	1,010.00	797.90	0.0000	1,010.00	0.00	0.0000	1,010.00	0.00	0.0000	1,010.00	0.00	0.0000	1,010.00	0.00
Ethane, C2	0.0530	1,769.70	93.79	0.0900	1,769.70	159.27	0.0000	1,769.70	0.00	0.0000	1,769.70	0.00	0.0000	1,769.70	0.00	0.0000	1,769.70	0.00
Propane, C3	0.0320	2,516.10	80.52	0.0450	2,516.10	113.22	0.0000	2,516.10	0.00	0.0000	2,516.10	0.00	0.0000	2,516.10	0.00	0.0000	2,516.10	0.00
Isobutane, iC4	0.0063	3,251.90	20.49	0.0150	3,251.90	48.78	0.0000	3,251.90	0.00	0.0000	3,251.90	0.00	0.0000	3,251.90	0.00	0.0000	3,251.90	0.00
Butane, nC4	0.0053	3,262.30	17.29	0.0120	3,262.30	39.15	0.0000	3,262.30	0.00	0.0000	3,262.30	0.00	0.0000	3,262.30	0.00	0.0000	3,262.30	0.00
Isopentane, iC5	0.0042	4,000.90	16.80	0.0080	4,000.90	32.01	0.0000	4,000.90	0.00	0.0000	4,000.90	0.00	0.0000	4,000.90	0.00	0.0000	4,000.90	0.00
Pentane, nC5	0.0042	4,008.70	16.84	0.0075	4,008.70	30.07	0.0000	4,008.70	0.00	0.0000	4,008.70	0.00	0.0000	4,008.70	0.00	0.0000	4,008.70	0.00
Hexane Plus, nC6+	0.0053	5,129.22	27.18	0.0065	5,129.22	33.34	0.0000	5,129.22	0.00	0.0000	5,129.22	0.00	0.0000	5,129.22	0.00	0.0000	5,129.22	0.00
Hydrogen Sulfide, H ₂ S	0.0000	637.10	0.00	0.0000	637.10	0.00	0.0000	637.10	0.00	0.0000	637.10	0.00	0.0000	637.10	0.00	0.0000	637.10	0.00
Carbon Dioxide, CO ₂	0.0053		0.00	0.0075		0	0.0000		0	0.0000		0	0.0000		0	0.0000		0
Nitrogen, N ₂	0.0420		0.00	0.0185		0	0.0000		0	0.0000		0	0.0000		0	0.0000		0
Oxygen, O ₂	0.0000		0.00	0.0000		0	0.0000		0	0.0000		0	0.0000		0	0.0000		0
Helium, He	0.0000		0.00	0.0000		0	0.0000		0	0.0000		0	0.0000		0	0.0000		0
Total	1.00	1,123.7	1.00	1,253.7	0.00	0.0	0.00	0.0	0.00									

NOTE 1 Component heating values taken from GPA Midstream Standard 2145-16

CONSTANTS
CUFT PER MCF 1,000
BTU PER MMBTU 1,000,000

Stream Properties	Ourray State 406	Chipeta State 301				
Gross Production (Mcf)	9,700	6,790	0	0	0	0
Compressibility Factor	0.9974	0.9967	0.9945	0.9960	0.9970	0.9980

Component	ft ³ ideal gas/gal liquid [Note 1]	Ourray State 406			Chipeta State 301												BATTERY TOTAL THEORETICAL GALLONS			
		Real GPM [1/(Mcf Ideal gas x Compressibilit y Factor)]	Theoretical Gallons [Mole Fraction x Real GPM x Gross Production]		Real GPM [1/(Mcf Ideal gas x Compressibilit y Factor)]	Theoretical Gallons [Mole Fraction x Real GPM x Gross Production]		Real GPM [1/(Mcf Ideal gas x Compressibilit y Factor)]	Theoretical Gallons [Mole Fraction x Real GPM x Gross Production]		Real GPM [1/(Mcf Ideal gas x Compressibilit y Factor)]	Theoretical Gallons [Mole Fraction x Real GPM x Gross Production]		Real GPM [1/(Mcf Ideal gas x Compressibilit y Factor)]	Theoretical Gallons [Mole Fraction x Real GPM x Gross Production]					
		Mole Fraction			Mole Fraction			Mole Fraction			Mole Fraction			Mole Fraction				Mole Fraction		
Ethane, C2	37.488	0.053	26.7447	13,749.4703	0.0900	26.7635	16,355.1885	0.0000	26.8227	0.0000	0.0000	26.7823	0.0000	0.0000	26.7555	0.0000	0.0000	26.7287	0.0000	30,104.6589
Propane, C3	36.391	0.032	27.5510	8,551.8162	0.0450	27.5703	8,424.1063	0.0000	27.6313	0.0000	0.0000	27.5897	0.0000	0.0000	27.5620	0.0000	0.0000	27.5344	0.0000	16,975.9225
Isobutane, iC4	30.637	0.0063	32.7254	1,999.8466	0.0150	32.7483	3,335.4185	0.0000	32.8208	0.0000	0.0000	32.7714	0.0000	0.0000	32.7385	0.0000	0.0000	32.7057	0.0000	5,335.2651
Butane, nC4	31.801	0.0053	31.5275	1,620.8300	0.0120	31.5497	2,570.6668	0.0000	31.6195	0.0000	0.0000	31.5718	0.0000	0.0000	31.5402	0.0000	0.0000	31.5086	0.0000	4,191.4968
Isopentane, iC5	27.414	0.0042	36.5728	1,489.9759	0.0080	36.5985	1,988.0298	0.0000	36.6794	0.0000	0.0000	36.6242	0.0000	0.0000	36.5875	0.0000	0.0000	36.5508	0.0000	3,478.0057
Pentane, nC5	27.658	0.0042	36.2502	1,476.8313	0.0075	36.2756	1,847.3356	0.0000	36.3559	0.0000	0.0000	36.3011	0.0000	0.0000	36.2647	0.0000	0.0000	36.2284	0.0000	3,324.1669
Hexane Plus, nC6+	23.104	0.0053	43.3954	2,230.9563	0.0065	43.4259	1,916.6001	0.0000	43.5219	0.0000	0.0000	43.4564	0.0000	0.0000	43.4128	0.0000	0.0000	43.3693	0.0000	4,147.5564

NOTE 1 Component heating values taken from GPA Midstream Standard 2145-16

CONSTANTS	
CUFT PER MCF	1,000
BTU PER MMBTU	1,000,000

All Volumes Reported at Standard Conditions [14.696 psia, 60 F]

Plant	Recovered Gallons [Total Theoretical]		Gross Heating Value [Btu/gal] [Note 1]	Recovered Shrink [MMBtu]	
	Plant Recovery Factor	Plant Recovery Factor		Recovered Gallons x Gross Heating Value	Recovered Gallons x Gross Heating Value
Ethane, C2	0.7500	22,578.4941	65,897.0000	1,487.8550	
Propane, C3	0.9300	15,787.6080	90,875.0000	1,434.6989	
Isobutane, iC4	0.9800	5,228.5598	98,924.0000	517.2301	
Butane, nC4	0.9800	4,107.6668	102,950.0000	422.8843	
Isopentane, iC5	0.9900	3,443.2257	108,880.0000	374.8984	
Pentane, nC5	0.9900	3,290.9253	110,020.0000	362.0676	
Hexane Plus, nC6+	0.9900	4,106.0808	116,769.0000	479.4629	
Total		58,542.5605		5,079.0972	

Component	Ouray State 406			Chipeta State 301			Allocation			Allocation			Allocation			Total Theoretical Gallons	Total Allocated Gallons	
	Theoretical Gallons	Theoretical Gallons / Total	Allocation Factor	Theoretical Gallons	Theoretical Gallons / Total	Allocation Factor	Theoretical Gallons	Theoretical Gallons / Total	Allocation Factor	Theoretical Gallons	Theoretical Gallons / Total	Allocation Factor	Theoretical Gallons	Theoretical Gallons / Total	Allocation Factor			
Ethane, C2	13749.4703	0.4567	10312.1028	16355.1885	0.5433	12266.3914	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	30104.6589	22578.4941
Propane, C3	8551.8162	0.5038	7953.1891	8424.1063	0.4962	7834.4189	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	16975.9225	15787.6080
Isobutane, iC4	1999.8466	0.3748	1959.8497	3335.4185	0.6252	3268.7102	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	5335.2651	5228.5598
Butane, nC4	1620.8300	0.3867	1588.4134	2570.6668	0.6133	2519.2534	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	4191.4968	4107.6668
Isopentane, iC5	1489.9759	0.4284	1475.0762	1988.0298	0.5716	1968.1495	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	3478.0057	3443.2257
Pentane, nC5	1476.8313	0.4443	1462.0630	1847.3356	0.5557	1828.8623	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	3324.1669	3290.9253
Hexane Plus, nC6+	2230.9563	0.5379	2208.6467	1916.6001	0.4621	1897.4341	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	4147.5564	4106.0808
Total	31119.7267		26959.3408	36437.3457		31583.2197	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	67557.0723	58542.5605

Residue

Theoretical Shrink (MMBtu)
Theoretical Gallons xGross Heating Value]

906.0488475	1077757857
777.1462983	765540662.7
197.8328247	329952943.7
166.8644472	264650145
162.2285792	216456686.9
162.4809797	203243866.2
260.5065366	223799472.1
2633.108513	3081401634
	3081404267

Commingle Permit Applicant: COG Operating LLC
 RRC District: 08
 RRC Form P-17 Permit No.: Pending
 RRC P-17 Application Date:

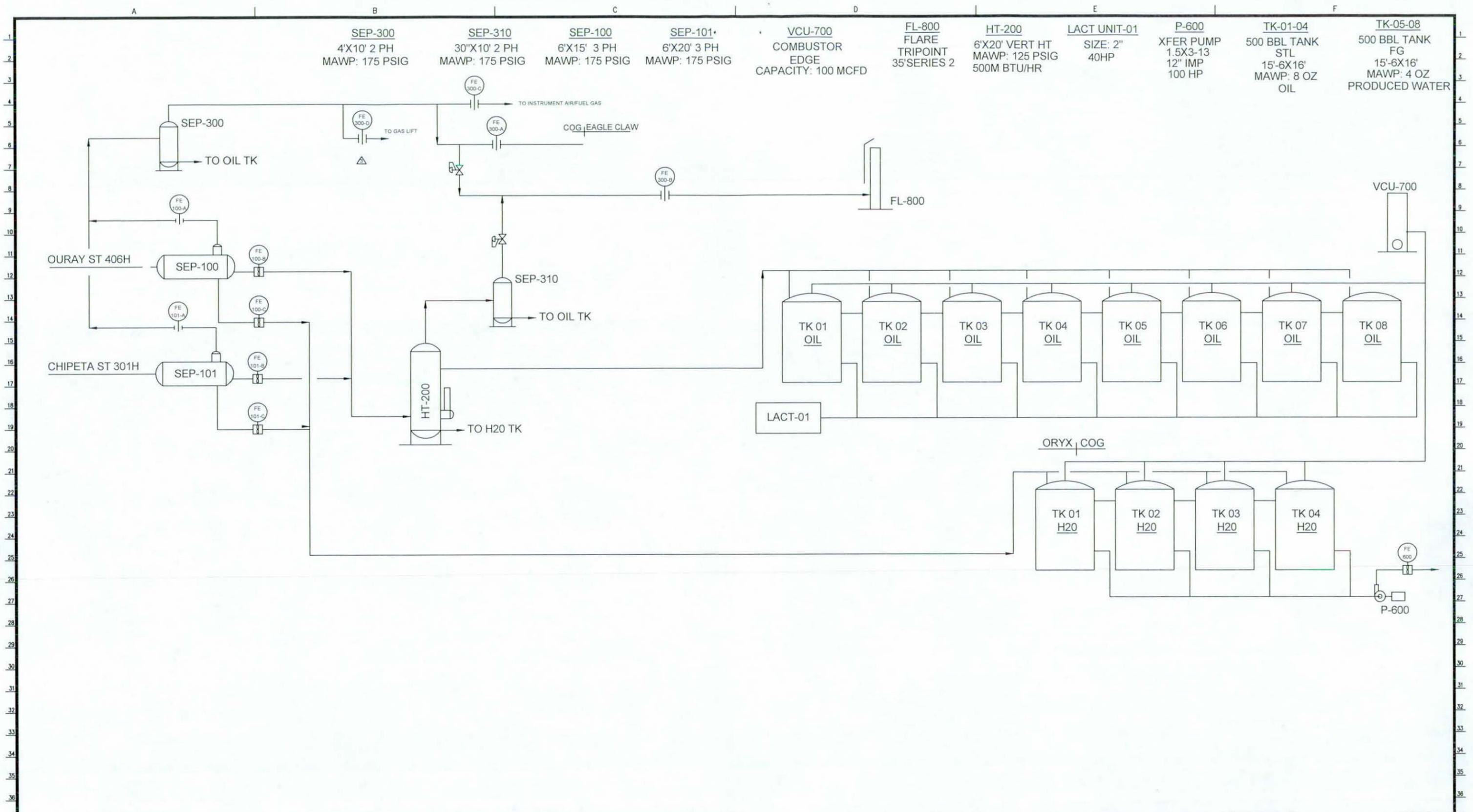
REPORTS OIL PRODUCTION ON FORM PR AND EACH STATE LEASE IS EQUIPPED WITH AN OIL AND GAS SEPARATOR WITH OIL AND GAS SEPARATELY METERED BEFORE COMMINGLING WITH OTHER LEASES.

P-17 RRC Request Status	Lease Commingle Facility Name	RRC Field Name	RRC Lease Name	RRC Well No.	SEE NOTE 3			RRC Lease Type (Oil/Gas)	RRC Well Status	SEE NOTE 1		GLO Unit No.	SEE NOTE 2
					RRC Lease/ID No.	Wellbore 10 Digit API No.	RRC Lease Form P4 Operator			State Mineral Lease No.	GLO or Private Unit Name (If Unitized)		State Mineral Lease or Unit Net Royalty Interest
Pending	Ouray State CTB	Hoefs T-K (Wolfcamp)	Ouray State	406H	46427	42-389-34288	COG Operating LLC	Oil	Active	MF112673A	Ouray State Unit	6832	0.0418572
		Hoefs T-K (Wolfcamp)	Ouray State	406H	46427	42-389-34288	COG Operating LLC	Oil	Active	MF112673B	Ouray State Unit	6832	0.0418572
		Hoefs T-K (Wolfcamp)	Ouray State	406H	46427	42-389-34288	COG Operating LLC	Oil	Active	MF113064A	Ouray State Unit	6832	0.0418572
		Hoefs T-K (Wolfcamp)	Ouray State	406H	46427	42-389-34288	COG Operating LLC	Oil	Active	MF113064B	Ouray State Unit	6832	0.0418572
		Hoefs T-K (Wolfcamp)	Ouray State	406H	46427	42-389-34288	COG Operating LLC	Oil	Active	MF113064C	Ouray State Unit	6832	0.0418572
		Hoefs T-K (Wolfcamp)	Ouray State	406H	46427	42-389-34288	COG Operating LLC	Oil	Active	MF116474A	Ouray State Unit	6832	0.0418572
		Hoefs T-K (Wolfcamp)	Ouray State	406H	46427	42-389-34288	COG Operating LLC	Oil	Active	MF116474B	Ouray State Unit	6832	0.0418572
		Hoefs T-K (Wolfcamp)	Ouray State	406H	46427	42-389-34288	COG Operating LLC	Oil	Active	MF116474C	Ouray State Unit	6832	0.0418572
		Hoefs T-K (Wolfcamp)	Ouray State	406H	46427	42-389-34288	COG Operating LLC	Oil	Active	MF116475	Ouray State Unit	6832	0.0418572
Pending	Ouray State CTB	Hoefs T-K (Wolfcamp)	Chipeta State	301H	DP #850326	42-389-38130	COG Operating LLC	Oil	Active	MF112847	Chipeta Unit		0.03569748

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.





NOTE:

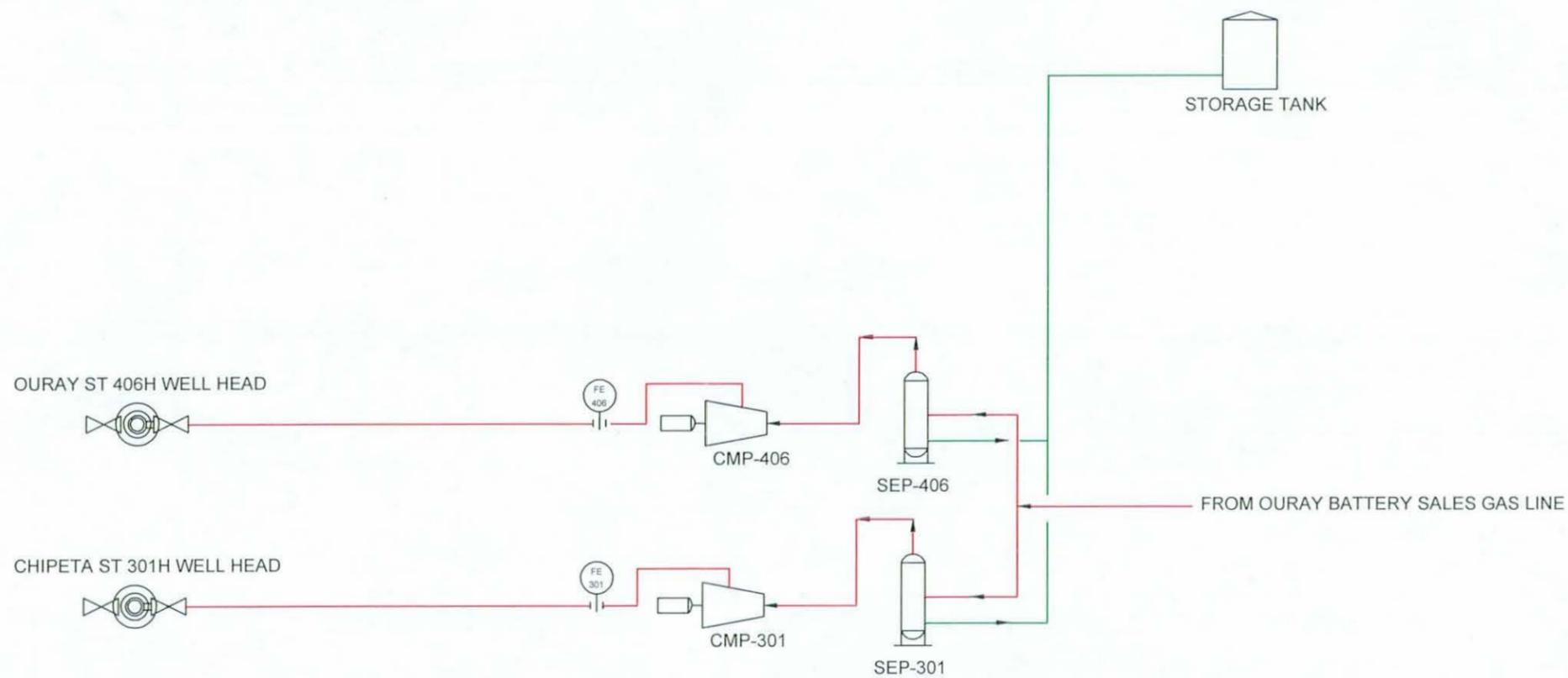
REFERENCE DRAWINGS		REVISIONS				ENGINEERING RECORD			
NO.	TITLE	NO.	DATE	DESCRIPTION	BY	CHK.	APP.	BY	DATE
		0	6/6/19	IFC	ENO	JA	JA	ENO	6/6/19
		1	6/17/19	ADDED ADDITIONAL TANKS	EO	JA	JA	DES: JA	3/1/18
		2	7/16/19	INSTR/METERS	EO	JA	JA	CHK:	
		3	7/26/19	GAS LIFT SUPPLY METER	JA			APP:	
								AFE No.	
								FACILITY ENGR.	JA
								PROJ. ENGR:	
								SCALE: NONE	

OURAY BATTERY
PROCESS FLOW DIAGRAM

SOUTHERN DELAWARE BASIN TEXAS

PLOT SCALE NONE DWG. NO. REV 3

CAD NO.



NOTE:

REFERENCE DRAWINGS		REVISIONS			ENGINEERING RECORD				
NO.	TITLE	NO.	DATE	DESCRIPTION	BY	CHK.	APP.	BY	DATE
0		0	6/6/19	IFC	EO	JA	JA	DRN: ENO	6/16/19
								DES: JA	3/1/18
								CHK:	
								APP:	
								AFE No.	
								FACILITY ENGR.	JA
								PROJ. ENGR:	
								SCALE: NONE	



OURAY GAS LIFT
PROCESS FLOW DIAGRAM

SOUTHERN DELAWARE ASSET		TEXAS
PLOT SCALE: NONE	DWG. NO.	REV 0
CAD NO.		

File No. MF 112847

Reeves County

Commingling Approval

Date Filed: 7/31/2019

By George P. Bush, Commissioner
Thomas M. O'Leary



Information for processing an Internal Non Unit Transaction (iNut)
Length of Lateral

iNut No. 10263

GENERAL INFORMATION

Name of Well: Chipeta State # 301H API # 42-389-38130
 Name of Operator: COG Operating LLC RRC # 08-850326
 Operator Contact Person: Brandon Beversdorf Phone: 432-685-2526
 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 Ryly Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
RAL	6442/MF112847	9861	5015	0.07134891	0.12500000	0.29028681	0.03628585
Totals:							0.03628585
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: JMO Alamo updated by: JMO WI updated by: JMO
 RAM approval by: VD GIS updated by: VR

DO NOT DESTROY



**Texas General Land Office
UNIT AGREEMENT MEMO**

INU190001

Unit Number 10263
Operator Name COG Operating LLC **Effective Date** 04/01/2019
Customer ID C000044811 **Unitized For** Oil And Gas
Unit Name Chipeta State # 301H **Unit Term**
County 1 Pecos **RRC District 1** 08 **Old Unit Number** **Inactive Status Date**
County 2 Reeves **RRC District 2** 08
County 3 **RRC District 3**
County 4 **RRC District 4**
Unit type iNut
State Net Revenue Interest Oil 0.03628585
State Part in Unit 0.29028681
Unit Depth Specified 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
MF112847		0.000000	0.000000	0.29028681	O/G	0.12500000	0.03628585	No

API Number
 4238938130

Remarks:

[Redacted Remarks Box]

Prepared By: _____
GLO Base Updated By: _____
RAM Approval By: _____
GIS By: _____
Well Inventory By: _____

Prepared Date: 09/04/2019
GLO Base Date: 09/04/2019
RAM Approval Date: 9/5/2019
GIS Date: 9/17/2019
WI Date: 09/04/2019

Pooling Committee Report

To: School Land Board

INU190001

Date of Board Meeting:

Unit Number: 10263

Effective Date: 04/01/2019

Unit Expiration Date:

Applicant: COG Operating LLC

Attorney Rep:

Operator: COG OPERATING LLC,

Unit Name: Chipeta State # 301H

Field Name: HOEFS T-K (WOLFCAMP)

County:

Pecos
Reeves

Lease Type	Lease Number	Lease Royalty	Expiration Date	Lease Term	Lease Acres	Lease Acres In Unit	Royalty Participation
RAL	MF112847	0.12500000	03/01/2014	3 years	639.750000	0.000000	0.03628585

Private Acres:	0.000000
State Acres:	0.000000
Total Unit Acres:	0.000000

Participation Basis:	Length of Lateral
Surface Acreage	
State Acreage:	29.03%
State Net Revenue Interest:	3.63%

Unit Type:	Unitized for:
iNut	Oil And Gas
Term:	

RRC Rules:	Spacing Acres:
No	



LEASE NAME & WELL NO:
CHIPETA STATE 301H "AS-DRILLED"

NEAREST TOWN IN COUNTY:
 ±16.32 MILES EAST OF SARAGOSA, TEXAS

DESCRIPTION:
 SHL/PP/FTP: SECTION 103, BLOCK 1, H. & T.C. RR. CO. SURVEY, A-942
 LTP/BHL: SECTION 102, BLOCK 1, H. & T.C. RR. CO. SURVEY, A-4859
 REEVES COUNTY, TEXAS

SPECIAL NOTES:
 TRACT 1 (CHIPETA) 640.00 acres
 TRACT 2 "McCoy Remme Ranch State 99-102" 1120.90 acres
 Original Document Size: 11"x17"
 All Coordinates are in NAD 27 TX-C Zone unless otherwise noted.

CERTIFICATION:
 This well location shown on this permit plat was surveyed under my direct supervision. All As-Drilled 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



Surface Hole Location/Penetration Point:
 380' FNL & 250' FWL (SEC. 103)
 SHL Ground Elevation: 2927'
 X = 1045762 Y = 506540
 LAT.: N 31°01'24.72" LONG.: W 103°22'48.71"
 LAT.: N 31.0235336 LONG.: W 103.3801979

First Take Point:
 352' FNL & 444' FWL (SEC. 103)
 X = 1045956 Y = 506564
 LAT.: N 31°01'25.01" LONG.: W 103°22'46.49"
 LAT.: N 31.0236148 LONG.: W 103.3795795

Last Take Point Location:
 293' FNL & 269' FEL (SEC. 102)
 X = 1055804 Y = 506438
 LAT.: N 31°01'26.42" LONG.: W 103°20'53.30"
 LAT.: N 31.0240069 LONG.: W 103.3481397

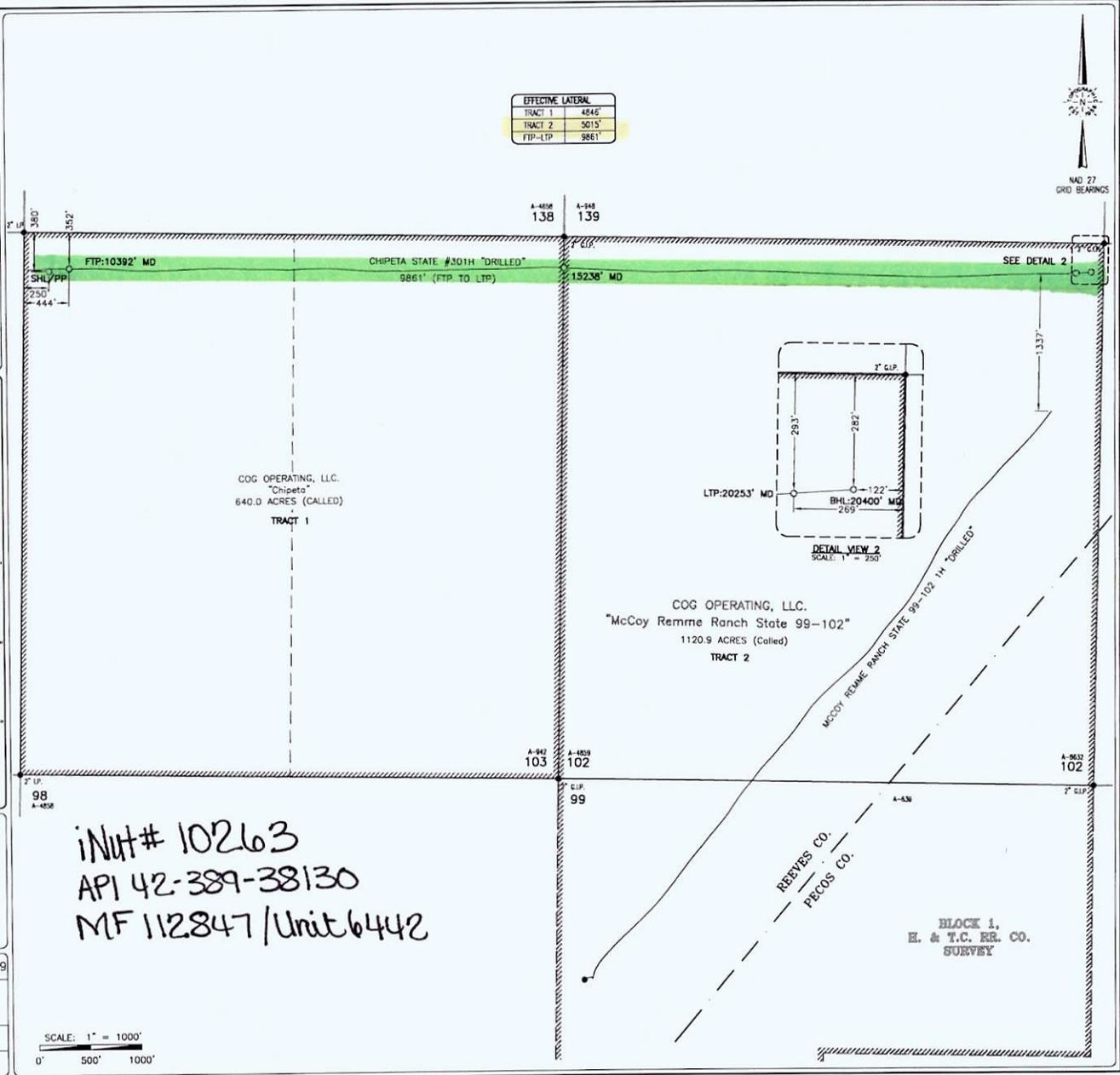
Bottom Hole Location:
 282' FNL & 122' FEL (SEC. 102)
 X = 1055951 Y = 506446
 LAT.: N 31°01'26.55" LONG.: W 103°20'51.62"
 LAT.: N 31.0240410 LONG.: W 103.3476721

- LEGEND
- Section Line
 - Block Line
 - Abstract Line
 - County Line
 - Lease Road
 - County Road
 - Unit/Lease Boundary
 - Found Monument
 - Set 1/2" Rebar w/cap
 - Calculated Corner

Orig. Doc. 11x17 Surveyed: 01/28/19
 COGO: 476-58322
 Revision: () / /
 Drawn By: IC; 07/16/19

FILE NAME: AD_CHIPETA_STATE_301H

EFFECTIVE LATERAL	
TRACT 1	4846'
TRACT 2	5015'
FTP-LTP	9861'



Unit # 10263
 API 42-389-38130
 MF 112847 / Unit 6442

SCALE: 1" = 1000'
 0' 500' 1000'

File No. MF112847

Reeves County

iNut 10263

Date Filed: 09/12/2019

By: George P. Bush, Commissioner
GPB

OIL AND GAS DIVISION ORDER

PLEASE KEEP FOR YOUR RECORDS

Property Number: 420166.301H.1 iNlet 10263 Date Prepared: 2/3/2020
 Property Name: CHIPETA STATE #301H MF112847 Effective Date: Date of First Sales or Date of Last Settlement, as Applicable
389-38130

Operator: COG OPERATING LLC
 County/State: Reeves, TX
 Property Description: Sec. 102, 103 and N/2 and SW/4 of Sec. 99, Blk. 1, H&TC RR Co Survey, A-8632, Pecos County, and A-4859, A-942, and A-639, Reeves County
 Production: Oil Gas Other _____

Owner Name:	TEXAS GENERAL LAND OFFICE	Owner Number:	001523
Address:	1700 N. CONGRESS AVENUE STE 935	Type of Interest:	RI
	AUSTIN, TX 78701-1495		
		Interest:	0.03628585 ✓

The undersigned certifies the ownership of their decimal in production or proceeds as described above payable by (Payor).

COG OPERATING LLC

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 annually, whichever occurs first, or as required by applicable state statutes.

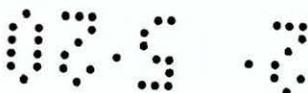
This Division Order does not amend any lease or operating agreement between the undersigned and the lessee or operator or any other contracts for the purchase of oil or gas.

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.

	Witness:
Owner(s) Signature: _____	_____
Owner(s) Printed Name & Title _____	_____
Owner(s) Tax ID/SS No.: _____	
Owner(s) Daytime Telephone No: 512-463-5001 _____	
Owner(s) FAX Telephone No.: _____	

IMPORTANT: TO AVOID DELAY IN PAYMENT, YOUR SOCIAL SECURITY NUMBER OR TAX IDENTIFICATION NUMBER MUST BE SHOWN ABOVE. FEDERAL LAW REQUIRES YOU TO FURNISH YOUR SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER. FAILURE TO COMPLY WILL RESULT IN TAX WITHHOLDING IN ACCORDANCE WITH FEDERAL LAW, WHICH WILL NOT BE REFUNDABLE BY PAYOR.

PG/VJ



Instructions for Execution of Division Orders

Enclosed are two copies of a Division Order which indicates your interest under the well. If you are in agreement with the interest shown, please sign one copy of the division order pursuant to the instructions below, and return the completed division order to COG Operating, LLC. The second copy is for your files.

1. **Signature: Sign your name as shown in title records, and have your signature witnessed.**
If you are signing on behalf of a Corporation, you must have your signature attested and your title and name printed below the signature. If you are signing as an Agent, Attorney-in-fact, or in any other capacity, please indicate such and furnish documentation to evidence your authority to sign.
2. **Mailing Address:** Please verify the address to which checks are to be mailed. Print or type any changes. Do not abbreviate.
3. **Change of Address:** Notify COG Operating LLC immediately in writing of any change in the mailing address. This notice must be signed by the Owner and should include the Owner Number (which can be found on your check from COG) and your old address. Request by an Agent will be accepted with proper documentation of authority.
4. **Changes of Name or Interest:** Any changes of name or interest should be supported with documentation.
5. **Social Security or Federal ID Number: List the appropriate Social Security Number or Tax Identification Number for the Interest Owner.** Federal Law requires us to withhold 28% of the accumulated revenue if we do not have the appropriate number on file.
6. **State Withholding on Non-Resident – New Mexico Leases:** Remitters of Oil and Gas proceeds from wells located in New Mexico must withhold State Tax from each payment of Oil and Gas proceeds to a nonresident of New Mexico. If you are a non-resident of New Mexico and you are exempt from this requirement, please furnish written proof. Exemptions include government entities, Section 501 (C) (3) organizations, and remitters who have furnished the remitter with a notarized Form RPD-41353 (Owner's or Remittee's Agreement to pay withholding on behalf of a Pass-Through Entity or Remitter).

Revenue will be withheld until the accumulated amount reaches \$25.00. Your interest will be placed in a payment status upon receipt of a properly executed division order.

One Concho Center
600 W. Illinois Avenue
Midland, TX 79701
Fax: 432-687-8024





TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

February 18, 2020

Patty George
Division Order Analyst
Concho Resources
660 W Illinois Ave
Midland, TX 79701

Re: State Lease No. MF112847 Chipeta State 301H iNut 10263

Dear Ms. George:

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.

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 112847

DIVISION ORDER

Date Filed: 2-19-2020

George P. Bush, Commissioner

By VB