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Archives and Records Staff

DRR - good to 7/19/2020

MF112986

State Lease	Control	Base File	County
MF112986	04-020687	146978	REEVES

Survey	T & P RY CO	
Block	57	
Block Name		
Township	2-S	
Section/Tract	44	
Land Part		
Part Description	NW/4	
Acres	160	
Depth Below	Depth Above	Depth Other
		See Lease
Name	DWYER, T VERNE	
Lease Date	7/19/2011	
Primary Term	5 yrs	
Bonus (\$)	\$177,777.60	
Rental (\$)	\$5.00	
Lease Royalty	0.2500	

Leasing: gjm

Analyst: gjm

Maps: JK

GIS: MC

DocuShare: _____

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3. TRANSMITTAL LETTER	9-1-11	Sam	Scanned sm	10/31/2019
4. CERTIFIED COPY	11/2/11	Sam	22. Surface Damage Pmt	10/18/2021
5. Rental Payment - 2 nd yr.	05/29/2012		23. Surface Damage Pmt	10/18/2021
See MF112982 #6 - Assignment #8114	12-15-17		Scanned W	11-3-2021
Scanned PSC	3-8-13		24. Recon Billing	6/7/2023
6. Rental Payment - 3 rd yr.	05/30/2013		Scanned PJ	6-15-2023
Scanned sm	7/16/13		see MF065359 corrected	
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T. Verne Dwyer

15897

Commissioner of Texas General Land Office

7/15/2011

NW/4 of Section 44, Block 57, T2S, T&P Ry Company
Reeves County, Texas (160.00 acres)

177,777.60

11713485

Checking Account 575 GLO Sale 7/19/11 - MGL No. 36 - Bonus

177,777.60

T. Verne Dwyer

15897

Commissioner of Texas General Land Office

7/15/2011

NW/4 of Section 44, Block 57, T2S, T&P Ry Company
Reeves County, Texas (160.00 acres)

177,777.60

PAYMENT
RECORD

Checking Account 575 GLO Sale 7/19/11 - MGL No. 36 - Bonus

177,777.60

T. Verne Dwyer

15898

Commissioner of Texas General Land Office

7/15/2011

NW/4 of Section 44, Block 57, T2S, T&P Ry Company
Reeves County, Texas (160.00 acres)

2,666.66

11713486

Checking Account 575 GLO Sale 7/19/11 - MGL No. 36 - 1.5% Sales Fe

2,666.66

T. Verne Dwyer

15898

Commissioner of Texas General Land Office

7/15/2011

NW/4 of Section 44, Block 57, T2S, T&P Ry Company
Reeves County, Texas (160.00 acres)

2,666.66

PAYMENT
RECORD

Checking Account 575 GLO Sale 7/19/11 - MGL No. 36 - 1.5% Sales Fe

2,666.66

M- 112986

For GLO Use Only



July 19, 2011

OIL AND GAS LEASE BID APPLICATION

APPLICANT
AGREEMENT

I agree, if awarded a lease on the referenced tract, to comply with all terms and conditions of said lease and with all applicable laws that so govern said lease, and as those laws may be amended.

APPLICANT
IDENTIFICATION
TO APPEAR ON
LEASE (type/print)

Name: T. VERNE DWYER
Address: 508 WEST WALL, SUITE 403
City: MIDLAND State: TX Zip: 79701-5077
(Include +4 Code)
Telephone: (432)684-7933

AREA
DESCRIPTION

County(ies): REEVES Survey/Area: T&P RY COMPANY
(If Applicable)
Block/Tsp.: BLK 57, T2S Section/Tract: NW/4 OF SEC 44 Acres: 160.00
(If Applicable)

BID
SUBMISSION

(A) Bonus Amount (\$ 177,777.60

One Hundred Seventy Seven Thousand Seven Hundred Seventy Seven and 60/100 Dollars
(type/print above)

(B) Sales Fee Amount (\$ 2,666.66

Two Thousand Six Hundred Sixty Six And 66/100 Dollars
(type/print above)

This Sales Fee is 1½% of the cash bonus as provided in Section 32.110 of the Natural Resources Code as amended.

MGL. NO.

36

APPLICANT NAME

T. VERNE DWYER
(same as above)

BONUS AMOUNT ONLY (A)

(Do Not include sales fee)

(X) (\$ 177,777.60

STATE OF TEXAS
TAX I.D. #

(must be an 11-digit number)

SIGNATURE OF
AGENT

T. Verne Dwyer
(signature)

T. VERNE DWYER
(type/print name)

11713486

X 2,666.66

11017

①

File No. MF-112986
Bid Form

Date Filed: 7/19/11

Jerry E. Patterson, Commissioner

By George Martin

112986

112986

The State of Texas



Austin, Texas

OIL AND GAS LEASE NO. M-112986

WHEREAS, pursuant to the Texas Natural Resources Code Chapters 32, 33, 51, and Chapter 52, Subchapters A-D and H, (said Code being hereinafter referred to as N.R.C.), and subject to all rules and regulations promulgated by the Commissioner of the General Land Office and/or the School Land Board pursuant thereto, and all other applicable statutes and amendments to said N.R.C., the following area, to-wit:

NORTHWEST ONE-QUARTER (NW/4) OF SECTION 44, BLOCK 57, TOWNSHIP 2-S, T. & P. RY. CO. SURVEY, REEVES COUNTY, TEXAS CONTAINING APPROXIMATELY 160 ACRES, AS SHOWN ON THE OFFICIAL MAP OF REEVES COUNTY CURRENTLY ON FILE IN THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS,

was, after being duly advertised, offered for lease on the 19th day of July, 2011, at 10:00 o'clock a.m., by the Commissioner of the General Land Office of the State of Texas and the School Land Board of the State of Texas, for the sole and only purpose of prospecting and drilling for, and producing oil and/or gas that may be found and produced from the above described area; and

WHEREAS, after all bids and remittances which were received up to said time have been duly considered by the Commissioner of the General Land Office and the School Land Board at a regular meeting thereof in the General Land Office, on the 19th day of July, 2011, hereinafter the "effective date" and it was found and determined that **T. VERNE DWYER** whose address is **508 WEST WALL, SUITE 403, MIDLAND, TEXAS, 79701-5077** had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of **One Hundred Seventy-Seven Thousand Seven Hundred Seventy-Seven And 60/100 Dollars (\$ 177,777.60)**, receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto the above mentioned bidder the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

1. RESERVATION: There is hereby excepted and reserved to Lessor: the full use of the property covered hereby and all rights with respect to the surface and subsurface thereof for any and all purposes except those granted, and to the extent herein granted to Lessee; the right to grant third parties seismic, geophysical and geological permits and to enter into other agreements with third parties, which allow such third parties to conduct geophysical, geological or seismic surveys on, over, under, through and across the land covered herein during the term of this lease; and the rights of ingress and egress and use of said lands by Lessor and its mineral lessees for purposes of exploring for and producing the minerals which are not covered, or which may not be covered in the future, under the terms of this lease, but which may be located within the surface boundaries of the leased area. All of the rights in and to the leased premises retained by Lessor and all of the rights in and to the leased premises granted to Lessee herein shall be exercised in such a manner that neither shall unduly interfere with the operations of the other.

2. TERM: Subject to the other provisions hereof, this lease shall be for a term of **five (5) years** from the effective date hereof (herein called "primary term") and as long thereafter as oil or gas is produced in paying quantities from said area.

3. DELAY RENTALS: If no well is commenced on the land hereby leased on or before the anniversary date of this lease, this lease shall terminate as to both parties unless the Lessee on or before said date shall pay or tender to the Commissioner of the General Land Office of the State of Texas at Austin, Texas, the amount specified in the following schedule multiplied by the number of acres in the premises, which shall operate as a rental and cover the privilege of deferring the commencement of a well for **twelve (12) months** from said date. In like manner and upon payments or tenders of amounts set out in the following schedule, the commencement of a well may be further deferred for a like period of the same number of months.

<u>Anniversary Date</u>	<u>Delay Rental per Acre</u>
First	\$ 5.00
Second	\$ 5.00
Third	\$ 1,000.00
Fourth	\$ 5.00

4. PRODUCTION ROYALTIES: Upon production of oil and/or gas, the Lessee agrees to pay or cause to be paid to the Commissioner of the General Land Office in Austin, Texas, for the use and benefit of the State of Texas, during the term hereof:

(A) **OIL:** As a royalty on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, **1/4** part of the gross production or the market value thereof, at the option of the Lessor, 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 land hereby leased is sold, used or processed in a plant, it will be run free of cost to Lessor through an adequate oil and gas separator of conventional type or other equipment at least as efficient to the end that all liquid hydrocarbons recoverable from the gas by such means will be recovered. Upon written consent of Lessor, the requirement that such gas be run through such a separator or other equipment may be waived upon such terms and conditions as prescribed by Lessor.

(B) **NON-PROCESSED GAS:** As a 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) **1/4** part of the gross production or the market value thereof, at the option of the Lessor, 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 greater provided that the maximum pressure base in measuring the gas under this lease contract 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 test 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:** As a royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons, $\frac{1}{4}$ part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the Lessor. 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 arms' 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:** As a 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, $\frac{1}{4}$ part of gross production of such products, or the market value thereof, at the option of Lessor, such market value to be determined as follows:

- (1) On the basis of the highest market price of each product, during 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.

(E) **NO DEDUCTIONS:** Lessee agrees that all royalties accruing to Lessor under this lease shall be without deduction for the cost of producing, transporting, and otherwise making the oil, gas and other products produced hereunder ready for sale or use.

(F) **ROYALTY IN KIND:** Notwithstanding anything contained herein to the contrary, Lessor may, at its option, upon not less than 60 days notice to Lessee, require at any time or from time to time that payment of all or any royalties accruing to Lessor under this lease 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. Lessor's right to take its royalty in kind shall not diminish or negate Lessor's rights or Lessee's obligations, whether express or implied, under this lease.

(G) **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 anything contained herein to the contrary, and subject to the consent in writing of the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises after the liquid hydrocarbons contained in the gas have been removed, and no royalties shall be payable on the gas so recycled until such time as the same may thereafter be produced and sold or used by Lessee in such manner as to entitle Lessor to a royalty thereon under the royalty provisions of this lease.

(H) **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 to Lessor in no event shall be less than an amount equal to \$5.00 per acre; 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 \$5.00 per acre less the amount of royalties paid during the preceding year.

(I) **MARGINAL PRODUCTION ROYALTY:** Upon Lessee's written application, the School Land Board may reduce the royalty rate set out in this paragraph and/or the minimum royalty set out in subparagraph 4 (I) to extend the economic life of this lease and encourage recovery of oil or gas that might otherwise remain unrecovered. Any such royalty reduction must conform to the requirements of any School Land Board administrative rules on this subject. Royalty may not be reduced below the applicable statutory minimum.

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

6. (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) **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. 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.

7. **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 11 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Natural Resources Code Sections 52.151-52.153, 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. Within 90 days of a

partial termination of this lease in accordance with this subparagraph and upon payment of the minimum filing fee set by General Land Office rules in effect at the time of the partial termination, Lessee shall have the right to obtain a surface lease for ingress and egress on and across the terminated portion of the leased premises as may be reasonably necessary for the continued operation of the portions of the lease remaining in force and effect. If Lessee fails to apply for a surface lease within the 90 day period specified above, Lessee may apply for a surface lease from the Land Office, but the Land Commissioner has the discretion to grant or deny such application and to set the fee for such surface lease.

(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 7 (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 School Land Board. 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. 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.

8. OFFSET WELLS: If oil and/or gas should be produced in commercial quantities from a well located on land privately owned or on State land leased at a lesser royalty, which well is within one thousand (1,000) feet of the area included herein, or which well is draining the area covered by this lease, the Lessee shall, within sixty (60) days after such initial production from the draining well or the well located within one thousand (1,000) feet from the area covered by this lease begin in good faith and prosecute diligently the drilling of an offset well on the area covered by this lease, and such offset well shall be drilled to such depth as may be necessary to prevent the undue drainage of the area covered by this lease, and the Lessee, manager or driller shall use all means necessary in a good faith effort to make such offset well produce oil and/or gas in commercial quantities. Only upon the determination of the Commissioner and with his written approval, may the payment of a compensatory royalty satisfy the obligation to drill an offset well or wells required under this Paragraph.

9. 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 10, using the expiration of the primary term as the date of cessation of production under Paragraph 10. 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.

10. 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 a 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.

11. 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 \$10.00 per acre, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. 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. 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.

12. 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 to the Commissioner beginning on or before the last day of the month following the month in which the oil or gas is produced from the well causing the drainage or that is completed in the same producing reservoir and located within one thousand (1,000) feet of the leased premises; if the compensatory royalty paid in any 12-month period is in an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period; and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in N.R.C. Section 52.034; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 5 of this lease.

13. EXTENSIONS: If, at the expiration of the primary term of this lease, production of oil or gas has not been obtained on the leased premises but drilling operations are being conducted thereon in good faith and in a good and workmanlike manner, Lessee may, on or before the expiration of the primary term, file in the General Land Office written application to the Commissioner of the General Land Office for a thirty (30) day extension of this lease, accompanied by payment of Three Thousand Dollars (\$3,000.00) if this lease covers six hundred forty (640) acres or less and Six Thousand Dollars (\$6,000.00) if this lease covers more than six hundred forty (640) acres and the Commissioner shall, in writing, extend this lease for a thirty (30) day period from and after the expiration of the primary term and so long thereafter as oil or gas is produced in paying quantities; provided further, that Lessee may, so long as such drilling operations are being conducted make like application and payment during any thirty (30) day extended period for an additional extension of thirty (30) days and, upon receipt of such application and payment, the Commissioner shall, in writing, again extend this lease so that same shall remain in force for such additional thirty (30) day period and so long thereafter as oil or gas is produced in paying quantities; provided, however, that this lease shall not be extended for more than a total of three hundred ninety (390) days from and after the expiration of the primary term unless production in paying quantities has been obtained.

14. USE OF WATER; SURFACE: Lessee shall have the right to use water produced on said land necessary for operations hereunder and solely upon the leased premises; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for water flood operations without the prior written consent of Lessor. Subject to its obligation to pay

surface damages, Lessee shall have the right to use so much of the surface of the land that may be reasonably necessary for drilling and operating wells and transporting and marketing the production therefrom, such use to be conducted under conditions of least injury to the surface of the land. Lessee shall pay surface damages in an amount set by the General Land Office fee schedule which is effective on the date when the activity requiring the payment of surface damages occurs.

15. 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.

(A) UPLANDS: 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.

(B) SUBMERGED LANDS: No discharge of solid waste or garbage shall be allowed into State waters from any drilling or support vessels, production platform, crew or supply boat, barge, jack-up rig or other equipment located on the leased area. Solid waste shall include but shall not be limited to containers, equipment, rubbish, plastic, glass, and any other man-made non-biodegradable items. A sign must be displayed in a high traffic area on all vessels and manned platforms stating, "Discharge of any solid waste or garbage into State Waters from vessels or platforms is strictly prohibited and may subject a State of Texas lease to forfeiture." Such statement shall be in lettering of at least 1" in size.

(C) RIVERS: To the extent necessary to prevent pollution, the provisions found in subsections (a) and (b) of this paragraph shall also apply to rivers and riverbeds.

(D) PENALTY: Failure to comply with the requirements of this provision may result in the maximum penalty allowed by law including forfeiture of the lease. Lessee shall be liable for the damages caused by such failure and any costs and expenses incurred in cleaning areas affected by the discharged waste.

16. IDENTIFICATION MARKERS: Lessee shall erect, at a distance not to exceed twenty-five (25) feet from each well on the premises covered by this lease, a legible sign on which shall be stated the name of the operator, the lease designation and the well number. Where two or more wells on the same lease or where wells on two or more leases are connected to the same tank battery, whether by individual flow line connections direct to the tank or tanks or by use of a multiple header system, each line between each well and such tank or header shall be legibly identified at all times, either by a firmly attached tag or plate or an identification properly painted on such line at a distance not to exceed three (3) feet from such tank or header connection. Said signs, tags, plates or other identification markers shall be maintained in a legible condition throughout the term of this lease.

17. ASSIGNMENTS: The lease may be transferred at any time; provided, however, that the liability of the transferor to properly discharge its obligation under the lease, including properly plugging abandoned wells, removing platforms or pipelines, or remediation of contamination at drill sites shall pass to the transferee upon the prior written consent of the Commissioner of the General Land Office. The Commissioner may require the transferee to demonstrate financial responsibility and may require a bond or other security. All transfers must reference the lease by the file number and must be recorded in the county where the area is located, and the recorded transfer or a copy certified to by the County Clerk of the county where the transfer is recorded must be filed in the General Land Office within ninety (90) days of the execution date, as provided by N.R.C. Section 52.026, accompanied by the filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such transfer or certified copy thereof. Every transferee 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 transferee of the lease, including any liabilities to the state for unpaid royalties.

18. RELEASES: Lessee may relinquish the rights granted hereunder to the State at any time by recording the relinquishment in the county where this area is situated and filing the recorded relinquishment or certified copy of same in the General Land Office within ninety (90) days after its execution accompanied by the filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such relinquishment or certified copy thereof. Such relinquishment will not have the effect of releasing Lessee from any liability theretofore accrued in favor of the State.

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

20. FORFEITURE: If Lessee shall fail or refuse to make the payment of any sum within thirty (30) 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 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 to the highest bidder, under the same regulations controlling the original sale of leases. 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.

21. RIVERBED TRACTS: In the event this lease covers a riverbed, Lessee is hereby specifically granted the right of eminent domain and condemnation as provided for in N.R.C. Sections 52.092-52.093, as a part of the consideration moving to Lessor for the covenants herein made by Lessee.

22. APPLICABLE LAWS AND DRILLING RESTRICTIONS: This lease shall be subject to all rules and regulations, and amendments thereto, promulgated by the Commissioner of the General Land Office governing drilling and producing operations on Permanent Free School Land (specifically including any rules promulgated that relate to plans of operations), payment of royalties, and auditing procedures, and shall be subject to all other valid statutes, rules, regulations, orders and ordinances that may affect operations under the provisions of this lease. Without limiting the generality of the foregoing, Lessee hereby agrees, by the acceptance of this lease, to be bound by and subject to all statutory and regulatory provisions relating to the General Land Office's audit billing notice and audit hearings procedures. Said provisions are currently found at 31 Texas Administrative Code, Chapter 4, and Texas Natural Resources Code Sections 52.135 and 52.137 through 52.140. In the event this lease covers land franchised or leased or otherwise used by a navigation district or by the United States for the purpose of navigation or other purpose incident to the operation of a port, then Lessee shall not be entitled to enter or possess such land without prior approval as provided under Section 61.117 of the Texas Water Code, but Lessee shall be entitled to develop such land for oil and gas by directional drilling; provided, however, that no surface drilling location may be nearer than 660 feet and special permission from the Commissioner of the General Land Office is necessary to make any surface location nearer than 2,160 feet measured at right angles from the nearest bulkhead line or from the nearest dredged bottom edge of any channel, slip, or turning basin which has been authorized by the United States as a federal project for future construction, whichever is nearer.

23. REMOVAL OF EQUIPMENT: Upon the termination of this lease for any cause, Lessee shall not, in any event, be permitted to remove the casing or any part of the equipment from any producing, dry, or abandoned well or wells without the written consent of the Commissioner of the General Land Office or his authorized representative; nor shall Lessee, without the written consent of said Commissioner or his authorized representative remove from the leased premises the casing or any other equipment, material, machinery, appliances or property owned by Lessee and used by Lessee in the development and production of oil or gas therefrom until all dry or abandoned wells have been plugged and until all slush or refuse pits have been properly filled and all broken or discarded lumber, machinery, or debris shall have been removed from the premises to the satisfaction of the said Commissioner or his authorized representative.

24. FORCE MAJEURE: Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling operations thereon, or from producing oil and/or gas therefrom, after effort made in good faith, by reason of war, rebellion, riots, strikes, fires, acts of God or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended upon proper and satisfactory proof presented to the Commissioner of the General Land Office in support of Lessee's contention and Lessee shall not be liable for damages for failure to comply therewith (except in the event of lease operations suspended as provided in the rules and regulations adopted by the School Land Board); and this lease shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing oil and/or gas from the leased premises; provided, however, that nothing herein shall be construed to suspend the payment of rentals during the primary or extended term, nor to abridge Lessee's right to a suspension under any applicable statute of this State.

25. LEASE SECURITY: Lessee shall take the highest degree of care and all proper safeguards to protect said premises and to prevent theft of oil, gas, and other hydrocarbons produced from said lease. This includes, but is not limited to, the installation of all necessary equipment, seals, locks, or other appropriate protective devices on or at all access points at the lease's production, gathering and storage systems where theft of hydrocarbons can occur. Lessee shall be liable for the loss of any hydrocarbons resulting from theft and shall pay the State of Texas royalties thereon as provided herein on all oil, gas or other hydrocarbons lost by reason of theft.

26. 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 in accordance with Natural Resources Code Sections 52.151-52.153, 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.

27. SUCCESSORS AND ASSIGNS: The covenants, conditions and agreements contained herein shall extend to and be binding upon the heirs, executors, administrators, successors or assigns of Lessee herein.

28. ANTIQUITIES CODE: In the event that any feature of archeological or historical interest on Permanent School Fund Land is encountered during the activities authorized by this lease, Lessee will immediately cease activities and will immediately notify the General Land Office (ATTN: Archaeologist, Asset Management Division, 1700 N. Congress Ave., Austin, Texas 78701) and the Texas Historical Commission (P.O. Box 12276, Austin, TX 78711) so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate. Lessee is expressly placed on notice of the National Historical Preservation Act of 1966 (PB-89-66, 80 Statute 915; 16 U.S.C.A. 470) and the Antiquities Code of Texas, Chapter 191, Tex. Nat. Code Ann. (Vernon 1993 & Supp. 1998). On state-owned land not dedicated to the Permanent School Fund, lessee shall notify the Texas Historical Commission before breaking ground at a project location. An archaeological survey might be required by the commission before construction of the project can commence. Further, in the event that any site, object, location, artifact or other feature of archaeological, scientific, educational, cultural or historic interest is encountered during the activities authorize by this lease, lessee will immediately notify lessor and the Texas Historical Commission so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate.

29. VENUE: Lessor and lessee, including lessee's successors and assigns, hereby agree that venue for any dispute arising out of a provision of this lease, whether express or implied, regarding interpretation of this lease, or relating in any way to this lease or to applicable case law, statutes, or administrative rules, shall be in a court of competent jurisdiction located in Travis County, State of Texas.

30. LEASE FILING: Pursuant to Chapter 9 of the Tex. Bus. & Com. 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. The prescribed filing fee shall accompany the certified copies sent to the General Land Office.

31. 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.

LESSEE _____
BY: _____
TITLE: _____
DATE: _____

IN TESTIMONY WHEREOF, witness the signature of the Commissioner of the General Land Office of the State of Texas under the seal of the General Land Office.

COMMISSIONER OF THE GENERAL LAND OFFICE
OF THE STATE OF TEXAS

APPROVED

Contents _____
Legal _____
DC _____
Exec _____

STATE OF _____

COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____
known to me to be the person whose name is subscribed to the foregoing instrument, as _____ of _____

_____ and acknowledged to me that he executed the same

for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

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

(CORPORATION ACKNOWLEDGMENT)

Notary Public in and for _____

②

File No. MF-112986
Oil & Gas Lease

Date Filed: 7/19/11

Jerry E. Patterson, Commissioner

By Goye Martin

STATE OF _____

COUNTY OF _____

Before me, the undersigned authority, on this day personally appeared _____

known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed.

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

Notary Public in and for _____

(INDIVIDUAL ACKNOWLEDGMENT)

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

September 1, 2011

Mr. T. Verne Dwyer
508 West Wall, Suite 403
Midland, Texas 79701-5077

Dear Mr. Dwyer:

Thank you for participating in the General Land Office Oil and Gas Lease Sale held on July 19, 2011. I am pleased to inform you that you were the high bidder on **MGL. No. 36**, which has been assigned the lease number **M-112986**.

State Lease M-112986 is enclosed and serves as your receipt for your bid. This lease form must be fully executed by the lessee, and then recorded in the County Clerk's office of the county or counties in which lands covered by the lease are located. After signing and recording the lease, please submit a certified copy of the recorded lease to the attention of the undersigned. These requirements are material provisions of the lease; therefore, please return the certified copy at your earliest convenience.

The lessee's other contractual and statutory responsibilities are outlined in the lease agreement, such as Section 6(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 submit copies of these forms to the General Land Office, such as Forms W-1, Application to Drill; W-2, Oil Well Completion Report and Log; G -1, Gas Well Completion Report and Log; W-3, Plugging Record; 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.

Please let me know if you have any questions or need any additional information.

Sincerely,

Robert B. Hatter, Director
Mineral Leasing Division

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

③

File No. M-112986
Transmittal Letter

Date Filed: 9/1/11

Jerry E. Patterson, Commissioner

By George Martin

Lease Form
Revised 04/11
Uplands

The State of Texas



Austin, Texas

OIL AND GAS LEASE NO. M-112986

WHEREAS, pursuant to the Texas Natural Resources Code Chapters 32, 33, 51, and Chapter 52, Subchapters A-D and H, (said Code being hereinafter referred to as N.R.C.), and subject to all rules and regulations promulgated by the Commissioner of the General Land Office and/or the School Land Board pursuant thereto, and all other applicable statutes and amendments to said N.R.C., the following area, to-wit:

NORTHWEST ONE-QUARTER (NW/4) OF SECTION 44, BLOCK 57, TOWNSHIP 2-S, T. & P. RY. CO. SURVEY, REEVES COUNTY, TEXAS CONTAINING APPROXIMATELY 160 ACRES, AS SHOWN ON THE OFFICIAL MAP OF REEVES COUNTY CURRENTLY ON FILE IN THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS,

was, after being duly advertised, offered for lease on the 19th day of July, 2011, at 10:00 o'clock a.m., by the Commissioner of the General Land Office of the State of Texas and the School Land Board of the State of Texas, for the sole and only purpose of prospecting and drilling for, and producing oil and/or gas that may be found and produced from the above described area; and

WHEREAS, after all bids and remittances which were received up to said time have been duly considered by the Commissioner of the General Land Office and the School Land Board at a regular meeting thereof in the General Land Office, on the 19th day of July, 2011, hereinafter the "effective date" and it was found and determined that T. VERNE DWYER whose address is 508 WEST WALL, SUITE 403, MIDLAND, TEXAS, 79701-5077 had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of **One Hundred Seventy-Seven Thousand Seven Hundred Seventy-Seven And 60/100 Dollars (\$177,777.60)**, receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto the above mentioned bidder the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

1. RESERVATION: There is hereby excepted and reserved to Lessor: the full use of the property covered hereby and all rights with respect to the surface and subsurface thereof for any and all purposes except those granted, and to the extent herein granted to Lessee; the right to grant third parties seismic, geophysical and geological permits and to enter into other agreements with third parties, which allow such third parties to conduct geophysical, geological or seismic surveys on, over, under, through and across the land covered herein during the term of this lease; and the rights of ingress and egress and use of said lands by Lessor and its mineral lessees for purposes of exploring for and producing the minerals which are not covered, or which may not be covered in the future, under the terms of this lease, but which may be located within the surface boundaries of the leased area. All of the rights in and to the leased premises retained by Lessor and all of the rights in and to the leased premises granted to Lessee herein shall be exercised in such a manner that neither shall unduly interfere with the operations of the other.

2. TERM: Subject to the other provisions hereof, this lease shall be for a term of five (5) years from the effective date hereof (herein called "primary term") and as long thereafter as oil or gas is produced in paying quantities from said area.

3. DELAY RENTALS: If no well is commenced on the land hereby leased on or before the anniversary date of this lease, this lease shall terminate as to both parties unless the Lessee on or before said date shall pay or tender to the Commissioner of the General Land Office of the State of Texas at Austin, Texas, the amount specified in the following schedule multiplied by the number of acres in the premises, which shall operate as a rental and cover the privilege of deferring the commencement of a well for **twelve (12) months** from said date. In like manner and upon payments or tenders of amounts set out in the following schedule, the commencement of a well may be further deferred for a like period of the same number of months.

<u>Anniversary Date</u>	<u>Delay Rental per Acre</u>
First	\$ 5.00
Second	\$ 5.00
Third	\$ 1,000.00
Fourth	\$ 5.00

4. PRODUCTION ROYALTIES: Upon production of oil and/or gas, the Lessee agrees to pay or cause to be paid to the Commissioner of the General Land Office in Austin, Texas, for the use and benefit of the State of Texas, during the term hereof:

(A) OIL: As a royalty on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, **1/4** part of the gross production or the market value thereof, at the option of the Lessor, 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 land hereby leased is sold, used or processed in a plant, it will be run free of cost to Lessor through an adequate oil and gas separator of conventional type or other equipment at least as efficient to the end that all liquid hydrocarbons recoverable from the gas by such means will be recovered. Upon written consent of Lessor, the requirement that such gas be run through such a separator or other equipment may be waived upon such terms and conditions as prescribed by Lessor.

(B) NON-PROCESSED GAS: As a 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) **1/4** part of the gross production or the market value thereof, at the option of the Lessor, 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 greater provided that the maximum pressure base in measuring the gas under this lease contract 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 test made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.



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

(C) **PROCESSED GAS:** As a royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons, $\frac{1}{4}$ part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the Lessor. 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 arms' 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:** As a 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, $\frac{1}{4}$ part of gross production of such products, or the market value thereof, at the option of Lessor, such market value to be determined as follows:

- (1) On the basis of the highest market price of each product, during 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.

(E) **NO DEDUCTIONS:** Lessee agrees that all royalties accruing to Lessor under this lease shall be without deduction for the cost of producing, transporting, and otherwise making the oil, gas and other products produced hereunder ready for sale or use.

(F) **ROYALTY IN KIND:** Notwithstanding anything contained herein to the contrary, Lessor may, at its option, upon not less than 60 days notice to Lessee, require at any time or from time to time that payment of all or any royalties accruing to Lessor under this lease 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. Lessor's right to take its royalty in kind shall not diminish or negate Lessor's rights or Lessee's obligations, whether express or implied, under this lease.

(G) **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 anything contained herein to the contrary, and subject to the consent in writing of the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises after the liquid hydrocarbons contained in the gas have been removed, and no royalties shall be payable on the gas so recycled until such time as the same may thereafter be produced and sold or used by Lessee in such manner as to entitle Lessor to a royalty thereon under the royalty provisions of this lease.

(H) **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 to Lessor in no event shall be less than an amount equal to \$5.00 per acre; 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 \$5.00 per acre less the amount of royalties paid during the preceding year.

(I) **MARGINAL PRODUCTION ROYALTY:** Upon Lessee's written application, the School Land Board may reduce the royalty rate set out in this paragraph and/or the minimum royalty set out in subparagraph 4 (I) to extend the economic life of this lease and encourage recovery of oil or gas that might otherwise remain unrecovered. Any such royalty reduction must conform to the requirements of any School Land Board administrative rules on this subject. Royalty may not be reduced below the applicable statutory minimum.

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

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

6. (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) **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. 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.

7. 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 11 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Natural Resources Code Sections 52.151-52.153, 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. Within 90 days of a



partial termination of this lease in accordance with this subparagraph and upon payment of the minimum filing fee set by General Land Office rules in effect at the time of the partial termination, Lessee shall have the right to obtain a surface lease for ingress and egress on and across the terminated portion of the leased premises as may be reasonably necessary for the continued operation of the portions of the lease remaining in force and effect. If Lessee fails to apply for a surface lease within the 90 day period specified above, Lessee may apply for a surface lease from the Land Office, but the Land Commissioner has the discretion to grant or deny such application and to set the fee for such surface lease.

(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 7 (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 School Land Board. 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. 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.

8. **OFFSET WELLS:** If oil and/or gas should be produced in commercial quantities from a well located on land privately owned or on State land leased at a lesser royalty, which well is within one thousand (1,000) feet of the area included herein, or which well is draining the area covered by this lease, the Lessee shall, within sixty (60) days after such initial production from the draining well or the well located within one thousand (1,000) feet from the area covered by this lease begin in good faith and prosecute diligently the drilling of an offset well on the area covered by this lease, and such offset well shall be drilled to such depth as may be necessary to prevent the undue drainage of the area covered by this lease, and the Lessee, manager or driller shall use all means necessary in a good faith effort to make such offset well produce oil and/or gas in commercial quantities. Only upon the determination of the Commissioner and with his written approval, may the payment of a compensatory royalty satisfy the obligation to drill an offset well or wells required under this Paragraph.

9. **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 10, using the expiration of the primary term as the date of cessation of production under Paragraph 10. 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.

10. **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.

11. **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 \$10.00 per acre, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. 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. 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.

12. **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 to the Commissioner beginning on or before the last day of the month following the month in which the oil or gas is produced from the well causing the drainage or that is completed in the same producing reservoir and located within one thousand (1,000) feet of the leased premises; if the compensatory royalty paid in any 12-month period is in an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period; and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in N.R.C. Section 52.034; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 5 of this lease.

13. **EXTENSIONS:** If, at the expiration of the primary term of this lease, production of oil or gas has not been obtained on the leased premises but drilling operations are being conducted thereon in good faith and in a good and workmanlike manner, Lessee may, on or before the expiration of the primary term, file in the General Land Office written application to the Commissioner of the General Land Office for a thirty (30) day extension of this lease, accompanied by payment of Three Thousand Dollars (\$3,000.00) if this lease covers six hundred forty (640) acres or less and Six Thousand Dollars (\$6,000.00) if this lease covers more than six hundred forty (640) acres and the Commissioner shall, in writing, extend this lease for a thirty (30) day period from and after the expiration of the primary term and so long thereafter as oil or gas is produced in paying quantities; provided further, that Lessee may, so long as such drilling operations are being conducted make like application and payment during any thirty (30) day extended period for an additional extension of thirty (30) days and, upon receipt of such application and payment, the Commissioner shall, in writing, again extend this lease so that same shall remain in force for such additional thirty (30) day period and so long thereafter as oil or gas is produced in paying quantities; provided, however, that this lease shall not be extended for more than a total of three hundred ninety (390) days from and after the expiration of the primary term unless production in paying quantities has been obtained.

14. **USE OF WATER; SURFACE:** Lessee shall have the right to use water produced on said land necessary for operations hereunder and solely upon the leased premises; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for water flood operations without the prior written consent of Lessor. Subject to its obligation to pay



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surface damages, Lessee shall have the right to use so much of the surface of the land that may be reasonably necessary for drilling and operating wells and transporting and marketing the production therefrom, such use to be conducted under conditions of least injury to the surface of the land. Lessee shall pay surface damages in an amount set by the General Land Office fee schedule which is effective on the date when the activity requiring the payment of surface damages occurs.

15. **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.

(A) **UPLANDS:** 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.

(B) **SUBMERGED LANDS:** No discharge of solid waste or garbage shall be allowed into State waters from any drilling or support vessels, production platform, crew or supply boat, barge, jack-up rig or other equipment located on the leased area. Solid waste shall include but shall not be limited to containers, equipment, rubbish, plastic, glass, and any other man-made non-biodegradable items. A sign must be displayed in a high traffic area on all vessels and manned platforms stating, "Discharge of any solid waste or garbage into State Waters from vessels or platforms is strictly prohibited and may subject a State of Texas lease to forfeiture." Such statement shall be in lettering of at least 1" in size.

(C) **RIVERS:** To the extent necessary to prevent pollution, the provisions found in subsections (a) and (b) of this paragraph shall also apply to rivers and riverbeds.

(D) **PENALTY:** Failure to comply with the requirements of this provision may result in the maximum penalty allowed by law including forfeiture of the lease. Lessee shall be liable for the damages caused by such failure and any costs and expenses incurred in cleaning areas affected by the discharged waste.

16. **IDENTIFICATION MARKERS:** Lessee shall erect, at a distance not to exceed twenty-five (25) feet from each well on the premises covered by this lease, a legible sign on which shall be stated the name of the operator, the lease designation and the well number. Where two or more wells on the same lease or where wells on two or more leases are connected to the same tank battery, whether by individual flow line connections direct to the tank or tanks or by use of a multiple header system, each line between each well and such tank or header shall be legibly identified at all times, either by a firmly attached tag or plate or an identification properly painted on such line at a distance not to exceed three (3) feet from such tank or header connection. Said signs, tags, plates or other identification markers shall be maintained in a legible condition throughout the term of this lease.

17. **ASSIGNMENTS:** The lease may be transferred at any time; provided, however, that the liability of the transferor to properly discharge its obligation under the lease, including properly plugging abandoned wells, removing platforms or pipelines, or remediation of contamination at drill sites shall pass to the transferee upon the prior written consent of the Commissioner of the General Land Office. The Commissioner may require the transferee to demonstrate financial responsibility and may require a bond or other security. All transfers must reference the lease by the file number and must be recorded in the county where the area is located, and the recorded transfer or a copy certified to by the County Clerk of the county where the transfer is recorded must be filed in the General Land Office within ninety (90) days of the execution date, as provided by N.R.C. Section 52.026, accompanied by the filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such transfer or certified copy thereof. Every transferee 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 transferee of the lease, including any liabilities to the state for unpaid royalties.

18. **RELEASES:** Lessee may relinquish the rights granted hereunder to the State at any time by recording the relinquishment in the county where this area is situated and filing the recorded relinquishment or certified copy of same in the General Land Office within ninety (90) days after its execution accompanied by the filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such relinquishment or certified copy thereof. Such relinquishment will not have the effect of releasing Lessee from any liability theretofore accrued in favor of the State.

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

20. **FORFEITURE:** If Lessee shall fail or refuse to make the payment of any sum within thirty (30) 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 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 to the highest bidder, under the same regulations controlling the original sale of leases. 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.

21. **RIVERBED TRACTS:** In the event this lease covers a riverbed, Lessee is hereby specifically granted the right of eminent domain and condemnation as provided for in N.R.C. Sections 52.092-52.093, as a part of the consideration moving to Lessor for the covenants herein made by Lessee.

22. **APPLICABLE LAWS AND DRILLING RESTRICTIONS:** This lease shall be subject to all rules and regulations, and amendments thereto, promulgated by the Commissioner of the General Land Office governing drilling and producing operations on Permanent Free School Land (specifically including any rules promulgated that relate to plans of operations), payment of royalties, and auditing procedures, and shall be subject to all other valid statutes, rules, regulations, orders and ordinances that may affect operations under the provisions of this lease. Without limiting the generality of the foregoing, Lessee hereby agrees, by the acceptance of this lease, to be bound by and subject to all statutory and regulatory provisions relating to the General Land Office's audit billing notice and audit hearings procedures. Said provisions are currently found at 31 Texas Administrative Code, Chapter 4, and Texas Natural Resources Code Sections 52.135 and 52.137 through 52.140. In the event this lease covers land franchised or leased or otherwise used by a navigation district or by the United States for the purpose of navigation or other purpose incident to the operation of a port, then Lessee shall not be entitled to enter or possess such land without prior approval as provided under Section 61.117 of the Texas Water Code, but Lessee shall be entitled to develop such land for oil and gas by directional drilling; provided, however, that no surface drilling location may be nearer than 660 feet and special permission from the Commissioner of the General Land Office is necessary to make any surface location nearer than 2,160 feet measured at right angles from the nearest bulkhead line or from the nearest dredged bottom edge of any channel, slip, or turning basin which has been authorized by the United States as a federal project for future construction, whichever is nearer.

23. **REMOVAL OF EQUIPMENT:** Upon the termination of this lease for any cause, Lessee shall not, in any event, be permitted to remove the casing or any part of the equipment from any producing, dry, or abandoned well or wells without the written consent of the Commissioner of the General Land Office or his authorized representative; nor shall Lessee, without the written consent of said Commissioner or his authorized representative remove from the leased premises the casing or any other equipment, material, machinery, appliances or property owned by Lessee and used by Lessee in the development and production of oil or gas therefrom until all dry or abandoned wells have been plugged and until all slush or refuse pits have been properly filled and all broken or discarded lumber, machinery, or debris shall have been removed from the premises to the satisfaction of the said Commissioner or his authorized representative.



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24. **FORCE MAJEURE:** Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling operations thereon, or from producing oil and/or gas therefrom, after effort made in good faith, by reason of war, rebellion, riots, strikes, fires, acts of God or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended upon proper and satisfactory proof presented to the Commissioner of the General Land Office in support of Lessee's contention and Lessee shall not be liable for damages for failure to comply therewith (except in the event of lease operations suspended as provided in the rules and regulations adopted by the School Land Board); and this lease shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing oil and/or gas from the leased premises; provided, however, that nothing herein shall be construed to suspend the payment of rentals during the primary or extended term, nor to abridge Lessee's right to a suspension under any applicable statute of this State.

25. **LEASE SECURITY:** Lessee shall take the highest degree of care and all proper safeguards to protect said premises and to prevent theft of oil, gas, and other hydrocarbons produced from said lease. This includes, but is not limited to, the installation of all necessary equipment, seals, locks, or other appropriate protective devices on or at all access points at the lease's production, gathering and storage systems where theft of hydrocarbons can occur. Lessee shall be liable for the loss of any hydrocarbons resulting from theft and shall pay the State of Texas royalties thereon as provided herein on all oil, gas or other hydrocarbons lost by reason of theft.

26. **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 in accordance with Natural Resources Code Sections 52.151-52.153, 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.

27. **SUCCESSORS AND ASSIGNS:** The covenants, conditions and agreements contained herein shall extend to and be binding upon the heirs, executors, administrators, successors or assigns of Lessee herein.

28. **ANTIQUITIES CODE:** In the event that any feature of archeological or historical interest on Permanent School Fund Land is encountered during the activities authorized by this lease, Lessee will immediately cease activities and will immediately notify the General Land Office (ATTN: Archaeologist, Asset Management Division, 1700 N. Congress Ave., Austin, Texas 78701) and the Texas Historical Commission (P.O. Box 12276, Austin, TX 78711) so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate. Lessee is expressly placed on notice of the National Historical Preservation Act of 1966 (PB-89-66, 80 Statute 915; 16 U.S.C.A. 470) and the Antiquities Code of Texas, Chapter 191, Tex. Nat. Code Ann. (Vernon 1993 & Supp. 1998). On state-owned land not dedicated to the Permanent School Fund, lessee shall notify the Texas Historical Commission before breaking ground at a project location. An archaeological survey might be required by the commission before construction of the project can commence. Further, in the event that any site, object, location, artifact or other feature of archaeological, scientific, educational, cultural or historic interest is encountered during the activities authorize by this lease, lessee will immediately notify lessor and the Texas Historical Commission so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate.

29. **VENUE:** Lessor and lessee, including lessee's successors and assigns, hereby agree that venue for any dispute arising out of a provision of this lease, whether express or implied, regarding interpretation of this lease, or relating in any way to this lease or to applicable case law, statutes, or administrative rules, shall be in a court of competent jurisdiction located in Travis County, State of Texas.

30. **LEASE FILING:** Pursuant to Chapter 9 of the Tex. Bus. & Com. 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. The prescribed filing fee shall accompany the certified copies sent to the General Land Office.



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

31. 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.

T. Verne Dwyer
LESSEE

BY: T. Verne Dwyer

TITLE: _____

DATE: September 15, 2011

IN TESTIMONY WHEREOF, witness the signature of the Commissioner of the General Land Office of the State of Texas under the seal of the General Land Office.

Jerry E. Patterson
COMMISSIONER OF THE GENERAL LAND OFFICE
OF THE STATE OF TEXAS

APPROVED

Contents for
Legal for
DC for
Exec for

STATE OF _____

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____

known to me to be the person whose name is subscribed to the foregoing instrument, as _____ of

_____ and acknowledged to me that he executed the same

for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

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

Notary Public in and for _____

STATE OF TEXAS

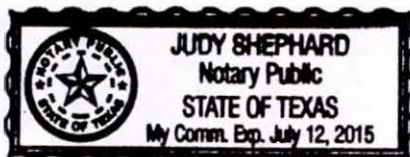
(INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF MIDLAND

Before me, the undersigned authority, on this day personally appeared T. VERNE DWYER

known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that ~~he~~ executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 15th day of September, 2011.



Judy Shephard
Notary Public in and for the State of Texas

6

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

FILE# 6712

FILED FOR RECORD ON THE 20TH DAY OF SEPTEMBER A.D. 2011 3:07 P M.

DULY RECORDED ON THE 10TH DAY OF OCTOBER A.D. 2011 11:40 P M.

BY: Elia Florez, DEPUTY

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS



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

113 11

④

File No. MF-112986
Certified Copy of Lease

Date Filed: 11/2/11
Jerry E. Patterson, Commissioner

By George Martin

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

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office found in VOL 901
PAGE 385 THRU 390 OFFICIAL PUBLIC RECORDS

I hereby certified on 10/20/2011



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

6036288



Devon Energy Production Company, L.P.
333 West Sheridan Avenue
Oklahoma City, OK 73102-5010

12712116

TEXAS GENERAL LAND OFFICE
ATTN ENERGY RESOURCES/MINERAL
LEASING
P O BOX 12873
AUSTIN, TX 78711-2873

DATE 05/22/2012

405-228-4800

6036288

No. 0001000120

YOUR REFERENCE		INV. DATE	NET AMOUNT
42-3016309/000	<i>State QTK M 112986</i> * 10047501 * RENT PERIOD 07/19/2012	05/17/2012	800.00 <i>121</i>
TOTAL			800.00

COPY

*2nd yr Rental**(R)*

8393561

SECURE



SECURE

SECURE

SECURE



SECURE

SECURE



SECURE

SECURE



SECURE

SECURE

SECURE



SECURE



COPY

IN PAYMENT OF DELAY RENTAL/SHUT-IN ROYALTY/MIN. ROYALTY TO PARTY OR PARTIES NAMED BELOW PURSUANT TO THE TERMS OF LEASE IDENTIFIED HEREIN

LEASE NO.		LEASE NAME			RENTAL PERIOD	
					MO	BEGINNING
42-3016309/000		ST OF TX M 112986			12	07-19-2012

ST	COUNTY	RECORDING INFORMATION			LEASE DATE	CHECK DATE
		BOOK	PAGE	REFERENCE		
TX	REEVES	901	385		07-19-2011	5-17-2012

PROPERTY DESCRIPTION:

AGENCY LEASE NUMBER: GLO M-112986
 IN PAYMENT OF: DELAY RENTAL DIVISION : WESTERN
 FOR: 1ST & 2ND YEAR - \$5.00 P/AC

RECORDED: Book 901 Page 385 Reception # 6712

TRACT: 1 COUNTRY: US STATE: TX COUNTY: REEVES NET ACRES LEASE IDENTIFIED HEREIN
 PROSPECT: MI VIDA 160.000
 SUB-DIVISION: PERMIAN
 REGION: PB TEXAS SOUTH
 LEGAL (Part of): TEXAS & PACIFIC RR CO ABST/ID# 5214 Grantee STATE Twsp 2S
 Blk 57 Sec 44 QO NW

FOR THE CREDIT OF: PAYMENT
 TEXAS GENERAL LAND OFFICE (BA# 0006036288) \$800.00
 ATTN ENERGY RESOURCES/MINERAL
 LEASING
 P O BOX 12873
 AUSTIN TX 78711-2873

ACCT:

REMARKS: ST OF TX M-112986

(DPS# 0006036288) TOTAL BANK SERVICE CHARGE \$.00
 TOTAL AMOUNT PAID \$800.00

DEPOSIT TO THE CREDIT OF:

TEXAS GENERAL LAND OFFICE TOTAL AMOUNT: \$800.00
 ATTN ENERGY RESOURCES/MINERAL RENTAL AMOUNT:
 LEASING BANK CHARGE: \$.00
 P O BOX 12873
 AUSTIN TX 78711-2873

OWNER NO.: 000603628 CHECK NO.: 10047501
 CHECK DATE: 5-17-2012

Devon Energy Production Company, L.P.

20 N. Broadway
 Oklahoma City, OK 73102-8260
 PH: 405-235-3611

IF CORRESPONDENCE IS REQUIRED, PLEASE MAKE REFERENCE TO ABOVE LEASE NUMBER



Devon Energy Production Company, L.P.
 20 N. Broadway
 Oklahoma City, OK 73102-8260
 PH: 405-235-3611

5-17-2012
 NO. **10047501**

ACCOUNTING DETAIL

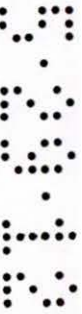
PAY THIS AMOUNT
*****\$800.00

TEXAS GENERAL LAND OFFICE

ATTN ENERGY RESOURCES/MINERAL
 LEASING
 P O BOX 12873
 AUSTIN TX 78711-2873

Enclosure Listing

<u>Date of Checks</u>	<u>Check #'s</u>	<u>Shipped to</u>	<u>Date Shipped</u>	<u>VIA</u>
5/22/2012	1000120	TX	5/24/2012	fed ex 512313318451
5/22/2012	1000119	TX	5/24/2012	fed ex 512313318451



IN PAYMENT OF DELAY RENTAL/SHUT-IN ROYALTY/MIN. ROYALTY TO PARTY OR PARTIES NAMED BELOW PURSUANT TO THE TERMS OF LEASE IDENTIFIED HEREIN

LEASE NO.		LEASE NAME			RENTAL PERIOD	
					MO	BEGINNING
42-3016309/000		ST OF TX M 112986			12	07-19-2012
ST	COUNTY	RECORDING INFORMATION			LEASE DATE	CHECK DATE
		BOOK	PAGE	REFERENCE		
TX	REEVES	901	385		07-19-2011	5-17-2012

PROPERTY DESCRIPTION:

AGENCY LEASE NUMBER: GLO M-112986
 IN PAYMENT OF: DELAY RENTAL
 FOR: 1ST & 2ND YEAR - \$5.00 P/AC
 DIVISION : WESTERN

RECORDED: Book 901 Page 385 Reception # 6712

TRACT: 1 COUNTRY: US STATE: TX COUNTY: REEVES NET ACRES LEASE IDENTIFIED HEREIN
 PROSPECT: MI VIDA 160.000
 SUB-DIVISION: PERMIAN
 REGION: PB TEXAS SOUTH
 LEGAL (Part of): TEXAS & PACIFIC RR CO ABST/ID# 5214 Grantee STATE Twpd 2S
 B1k 57 Sec 44 00 NW

FOR THE CREDIT OF:
 TEXAS GENERAL LAND OFFICE (BA# 0006036288) PAYMENT \$800.00
 ATTN ENERGY RESOURCES/MINERAL LEASING
 P O BOX 12873
 AUSTIN TX 78711-2873

ACCT:

REMARKS: ST OF TX M-112986

(DPS# 0006036288) TOTAL BANK SERVICE CHARGE \$.00
 TOTAL AMOUNT PAID \$800.00

DEPOSIT TO THE CREDIT OF:

TEXAS GENERAL LAND OFFICE
 ATTN ENERGY RESOURCES/MINERAL
 LEASING
 P O BOX 12873
 AUSTIN TX 78711-2873

TOTAL AMOUNT: \$800.00
 RENTAL AMOUNT:
 BANK CHARGE: \$.00

OWNER NO.: 000603628

CHECK NO.: 10047501
 CHECK DATE: 5-17-2012

Devon Energy Production Company, L.P.

20 N. Broadway
 Oklahoma City, OK 73102-8260
 PH: 405-235-3611

IF CORRESPONDENCE IS REQUIRED, PLEASE MAKE REFERENCE TO ABOVE LEASE NUMBER



Devon Energy Production Company, L.P.
 20 N. Broadway
 Oklahoma City, OK 73102-8260
 PH: 405-235-3611

5-17-2012

NO. 10047501

RENTAL RECEIPT

PAY THIS AMOUNT
*****\$800.00

TEXAS GENERAL LAND OFFICE

ATTN ENERGY RESOURCES/MINERAL
 LEASING
 P O BOX 12873
 AUSTIN TX 78711-2873

PLEASE ACKNOWLEDGE RECEIPT OF PAYMENT
 SIGN AND DATE IN THE SPACE PROVIDED BELOW
 RETURN RECEIPT IN THE ENCLOSED ENVELOPE

RECEIVED BY: RENTAL PAYMENT
 DATE: MAY 29 2012

91007

File No. MF112986

⑤

Rental Payment

Date Filed: 05/29/2012

Jerry E. Patterson, Commissioner

By JEP

6036288



Devon Energy Production Company, L.P.
333 West Sheridan Avenue
Oklahoma City, OK 73102-5010

13711512

TEXAS GENERAL LAND OFFICE
ATTN ENERGY RESOURCES/MINERAL
LEASING
P O BOX 12873
AUSTIN, TX 78711-2873

Payment made on behalf of TEXAS GENERAL LAND OFFICE & ATTN ENERGY RESOURCES/MINERAL

DATE 05/17/2013

405-228-4800

6036288

No. [REDACTED]

YOUR REFERENCE		INV. DATE	NET AMOUNT
10053189	ST OF TX M 112986 * 42-3016309/000 * RENT PERIOD 07/19/2013 	05/16/2013	800.00
TOTAL			800.00

121

+

6036288



Devon Energy Production Company, L.P.
333 West Sheridan Avenue
Oklahoma City, OK 73102-5010

13711512

TEXAS GENERAL LAND OFFICE
ATTN ENERGY RESOURCES/MINERAL
LEASING
P O BOX 12873
AUSTIN, TX 78711-2873

Payment made on behalf of TEXAS GENERAL LAND OFFICE & ATTN ENERGY RESOURCES/MINERAL

DATE 05/17/2013

405-228-4800

6036288

No. [REDACTED]

YOUR REFERENCE		INV. DATE	NET AMOUNT
10053189	ST OF TX M 112986 * 42-3016309/000 * RENT PERIOD 07/19/2013	05/16/2013	800.00
TOTAL			800.00

VERIFY THE AUTHENTICITY OF THIS MULTI-TONE SECURITY DOCUMENT.

CHECK BACKGROUND AREA CHANGES COLOR GRADUALLY FROM TOP TO BOTTOM



Devon Energy Production Company, L.P.
333 West Sheridan Avenue
Oklahoma City, OK 73102-5010

Bank of America
National Association

Vendor No: 6036288

TEXAS GENERAL LAND OFFICE

****EIGHT HUNDRED AND ZERO CENTS

PAY
TO THE
ORDER OF

TEXAS GENERAL LAND OFFICE
ATTN ENERGY RESOURCES/MINERAL
LEASING
P O BOX 12873
AUSTIN, TX 78711-2873

Void Over \$800.00

13711512
05/17/2013

No. [REDACTED]

PAY THIS AMOUNT

*****\$800.00

VOID AFTER 90 DAYS
ONLY NEGOTIABLE AT FINANCIAL INSTITUTIONS

Authorized Signature

IN PAYMENT OF DELAY RENTAL/SHUT-IN ROYALTY/MIN. ROYALTY TO PARTY OR PARTIES NAMED BELOW PURSUANT TO THE TERMS OF LEASE IDENTIFIED HE

LEASE NO.	LEASE NAME	RENTAL PERIOD	
		MO	BEGINNING
42-3016309/000	ST OF TX M 112986	12	07-19-2013

ST	COUNTY	RECORDING INFORMATION			LEASE DATE	CHECK DATE
		BOOK	PAGE	REFERENCE		
TX	REEVES	901	385		07-19-2011	05-16-2013

PROPERTY DESCRIPTION:

AGENCY LEASE NUMBER: GLO M-112986

IN PAYMENT OF: DELAY RENTAL

DIVISION

: WESTERN

FOR: 1ST & 2ND YEAR - \$5.00 P/AC

RECORDED: Book 901 Page 385 Reception # 6712

TRACT: 1 COUNTRY: US STATE: TX COUNTY: REEVES

NET ACRES

LEASE IDENTIFIED HEREIN

160.000

PROSPECT: MI VIDA

SUB-DIVISION: PERMIAN

REGION: PB TEXAS SOUTH

LEGAL (Part of): TEXAS & PACIFIC RR CO ABST/ID# 5214 Grantee STATE Twsp 2S

Blk 57 Sec 44 00 NW

FOR THE CREDIT OF:

TEXAS GENERAL LAND OFFICE

(BA# 0006036288)

PAYMENT

\$800.00

ATTN ENERGY RESOURCES/MINERAL

LEASING

P O BOX 12873

AUSTIN

TX 78711-2873

ACCT:

REMARKS: ST OF TX M-112986

(DPS# 0006036288)

TOTAL BANK SERVICE CHARGE

\$.00

TOTAL AMOUNT PAID

\$800.00

DEPOSIT TO THE CREDIT OF:

TEXAS GENERAL LAND OFFICE

TOTAL AMOUNT: \$800.00

ATTN ENERGY RESOURCES/MINERAL

RENTAL AMOUNT:

LEASING

P O BOX 12873

BANK CHARGE: \$.00

AUSTIN

TX 78711-2873

OWNER NO.: 0006036288

CHECK NO.: [REDACTED]

CHECK DATE: 05-16-2013

Devon Energy Production Company, L.P.

333 West Sheridan Avenue
Oklahoma City, OK 73102-5010

PH: 405-235-3611

IF CORRESPONDENCE IS REQUIRED, PLEASE MAKE REFERENCE TO ABOVE LEASE NUMBER

Devon Energy Production Company, L.P.
333 West Sheridan Avenue
Oklahoma City, OK 73102-5010
PH: 405-235-3611

05-16-2013

NO. [REDACTED]

ACCOUNTING DETAIL

PAY THIS AMOUNT

*****\$800.00

TEXAS GENERAL LAND OFFICE

ATTN ENERGY RESOURCES/MINERAL

LEASING

P O BOX 12873

AUSTIN

TX 78711-2873

IN PAYMENT OF DELAY RENTAL/SHUT-IN ROYALTY/MIN. ROYALTY TO PARTY OR PARTIES NAMED BELOW PURSUANT TO THE TERMS OF LEASE IDENTIFIED HEREIN

LEASE NO.		LEASE NAME			RENTAL PERIOD	
					MO	BEGINNING
42-3016309/000		ST OF TX M 112986			12	07-19-2013

ST	COUNTY	RECORDING INFORMATION			LEASE DATE	CHECK DATE
		BOOK	PAGE	REFERENCE		
TX	REEVES	901	385		07-19-2011	05-16-2013

PROPERTY DESCRIPTION:

AGENCY LEASE NUMBER: GLO M-112986

IN PAYMENT OF: DELAY RENTAL

FOR: 1ST & 2ND YEAR - \$5.00 P/AC

DIVISION : WESTERN

RECORDED: Book 901 Page 385 Reception # 6712

TRACT: 1 COUNTRY: US STATE: TX COUNTY: REEVES

NET ACRES

LEASE IDENTIFIED HEREIN

PROSPECT: MI VIDA

160.000

SUB-DIVISION: PERMIAN

REGION: PB TEXAS SOUTH

LEGAL (Part of): TEXAS & PACIFIC RR CO ABST/ID# 5214 Grantee STATE Twpd 2S

Blk 57 Sec 44 CO NW

FOR THE CREDIT OF:

TEXAS GENERAL LAND OFFICE

(BA# 0006036288)

PAYMENT

\$800.00

ATTN ENERGY RESOURCES/MINERAL

LEASING

P O BOX 12873

AUSTIN

TX 78711-2873

ACCT:

REMARKS: ST OF TX M-112986

(DPS# 0006036288)

TOTAL BANK SERVICE CHARGE

\$.00

TOTAL AMOUNT PAID

\$800.00

DEPOSIT TO THE CREDIT OF:

TEXAS GENERAL LAND OFFICE

TOTAL AMOUNT: \$800.00

ATTN ENERGY RESOURCES/MINERAL

RENTAL AMOUNT:

LEASING

BANK CHARGE: \$.00

P O BOX 12873

AUSTIN

TX 78711-2873

OWNER NO.: 0006036288

CHECK NO.: [REDACTED]

CHECK DATE: 05-16-2013

Devon Energy Production Company, L.P.

333 West Sheridan Avenue
Oklahoma City, OK 73102-5010

PH: 405-235-3611

IF CORRESPONDENCE IS REQUIRED, PLEASE MAKE REFERENCE TO ABOVE LEASE NUMBER



Devon Energy Production Company, L.P.
333 West Sheridan Avenue
Oklahoma City, OK 73102-5010
PH: 405-235-3611

05-16-2013

NO. [REDACTED]

RENTAL RECEIPT

PAY THIS AMOUNT

*****\$800.00

TEXAS GENERAL LAND OFFICE

ATTN ENERGY RESOURCES/MINERAL

LEASING

P O BOX 12873

AUSTIN

TX 78711-2873

PLEASE ACKNOWLEDGE RECEIPT OF PAYMENT
SIGN AND DATE IN THE SPACE PROVIDED
BELOW

RECEIVED BY: [Signature]

DATE: 05/30/2013

File No. MF112986

⑥

Rental Payment

Date Filed: 05/30/2013

Jerry E. Patterson, Commissioner

By JEP

Check No.: 203032
Payment Type: DELAY RENTAL

Period Covered: 07/18/2014-07/18/2015
Payment Amount: \$160,000.00

14715208

Lease Number: 1045499/001 LSE

Original Lessor: GENERAL LAND OFFICE STATE OF TEXAS



Lease Effective Date: 07/19/2011

Recording Information: Book # 901 Page # 385, 6712

State: TX

County: REEVES

Check Remarks:
DELAY RENTAL AMOUNT FOR 3RD ANNIVERSARY

BLK 57, TWN 2, SECTION 44

M-112986

RENTAL PAYMENT
4th yr. (P)

121

For the Credit of:

Owner: COMMISSIONER OF THE TEXAS GENERAL
LAND OFFICE ATN MINERAL LEASING
Address: 1700 N CONGRESS AVE
AUSTIN, TX 78701

(BA#):80104210

Payment Amount: ~~\$160,000.00~~

Check No.: 203032
Payment Type: DELAY RENTAL

Period Covered: 07/18/2014-07/18/2015
Payment Amount: \$160,000.00

14715208

Lease Number: 1045499/001 LSE

Original Lessor: GENERAL LAND OFFICE STATE OF TEXAS



Lease Effective Date: 07/19/2011

Recording Information: Book # 901 Page # 385, 6712

State: TX

County: REEVES

Check Remarks:

DELAY RENTAL AMOUNT FOR 3RD ANNIVERSARY

BLK 57, TWN 2, SECTION 44

M-112986

121

For the Credit of:

Owner: COMMISSIONER OF THE TEXAS GENERAL
LAND OFFICE ATN MINERAL LEASING
Address: 1700 N CONGRESS AVE
AUSTIN, TX 78701

(BA#):80104210

Payment Amount: \$160,000.00

VERIFY THE AUTHENTICITY OF THIS MULTI-TONE SECURITY DOCUMENT.

CHECK BACKGROUND AREA CHANGES COLOR GRADUALLY FROM TOP TO BOTTOM.



PETROHAWK ENERGY CORPORATION
ATTN: LAND ADMINISTRATION
P.O. BOX 22719
HOUSTON, TX 77027-9998

Bank of America 1455 Market St 4th Fl
San Francisco CA 94103

32-1
1110 GL

14715208
DATE 06/12/2014 CHECK NO: 203032

AMOUNT *****\$160,000.00

VOID IF NOT CASHED WITHIN
SIX MONTHS OF ISSUE

NON TRANSFERABLE

Owner Call Center: 1-877-311-1443

PAY
TO
THE
ORDER
OF

COMMISSIONER OF THE TEXAS GENERAL
LAND OFFICE ATN MINERAL LEASING
1700 N CONGRESS AVE
AUSTIN, TX 78701

Daniel Powell
FACSIMILE SIGNATURE

John L. Bellamy
FACSIMILE SIGNATURE

⑈000 20303 2⑈

File No. MF112986 ⑦

Rentals - 4th yr.

Date Filed: 07/09/2014

Jerry E. Patterson, Commissioner

By JEP

5. 3.74

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

August 20, 2014

Natalie Holeman
Exploration Land Services, LLC
P.O. Box 52105
Lafayette, Louisiana 70505

RE: GLO Assignment ID # 9112

Dear Ms. Holeman,

The General Land Office received the following instrument(s) and has filed them in the appropriate files.

Assignment, Bill of Sale and Conveyance is effective March 1, 2014 from Devon Energy Production Company, L.P., as assignor, to BHP Billiton Petroleum properties (N.A.) LP, as assignee. As filed for record in Reeves County, in volume 901, page 385.

Please see attached "Exhibit A" for reference. Filing fees of \$25.00 were received in connection with the above assignment. Please feel free to contact me if you have any questions.

Best Regards,

Alberto Amesquita
Mineral Leasing
Energy Resources

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

P.O. Box 12873 • Austin, Texas 78711-2873

512.463.5001 • 800.998.4GLO

glo.texas.gov

Exhibit "A"

<i>GLO ID</i>	<i>County</i>	<i>Lease</i>
9112	Reeves	MF112986

Wednesday, August 20, 2014

EXPLORATION LAND SERVICES, LLC

P O Box 52105 • Lafayette, Louisiana 70505-2105 • Phone: 337.234.3500 • Fax: 337.234.3525 • Email: contact@explorationland.com

April 16, 2014

Via FedEx

Mr. Drew Reid
Texas General Land Office
1700 Congress Avenue
Stephen F. Austin Building, RM 847
Austin, Texas 78701

Re: Assignment, Bill of Sale and Conveyance
Reeves County, Texas

Dear Drew:

Enclosed herewith, please find one (1) certified copy of an Assignment, Bill of Sale and Conveyance taken in the name of the State of Texas, in favor of BHP Billiton Petroleum Properties (N.A.), LP, listed as follows:

<u>Lease No.</u>	<u>Date</u>	<u>Lessor</u>
HK-0122	03/01/2014	Devon Energy Production Company, L.P.

Also enclosed, please find a check in the amount of \$25.00. This amount covers the filing fees for the assignment taken in the name of the State of Texas @ \$25/per mineral file lease. This should cover all required fees associated with the above listed assignment.

Please sign and return the copy of the check to me in the enclosed prepaid envelope. I trust that you will not hesitate to call me with any questions that you may have concerning this matter.

Sincerely yours,



Natalie Holeman
encl.

EXPLORATION LAND SERVICES, LLC

5683

Texas General Land Office

Date	Type	Reference	Original Amt.	Balance Due	4/15/2014 Discount	Payment
4/15/2014	Bill	Filing 1 Assignment	25.00	25.00		25.00
					Check Amount	25.00

129

X
14710879

Iberia Bank

Filing 1 Assignment

25.00

EXPLORATION LAND SERVICES, LLCP.O. BOX 52105
LAFAYETTE, LA 70505-2105**IBERIABANK**

4/15/2014

PAY TO THE ORDER OF Texas General Land Office

\$ **25.00

Twenty-Five and 00/100*****

DOLLARS

Texas General Land Office
1700 Congress Avenue
Stephen F. Austin Building RM847
Austin, TX 78701

AUTHORIZED SIGNATURE

MEMO

Filing 1 Assignment

⑈005683⑈

EXPLORATION LAND SERVICES, LLC

5683

Texas General Land Office				4/15/2014		
Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
4/15/2014	Bill	Filing 1 Assignment	25.00	25.00		25.00
				Check Amount		25.00

Iberia Bank Filing 1 Assignment

25.00

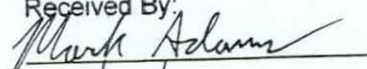
EXPLORATION LAND SERVICES, LLC

5683

Texas General Land Office				4/15/2014		
Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
4/15/2014	Bill	Filing 1 Assignment	25.00	25.00		25.00
				Check Amount		25.00

Please sign and date the copy
of the check and return it in
the enclosed envelope.
Thanks!

Received By:


4/22/14Delaware Basin Leasing
Iberia Bank Filing 1 Assignment

25.00

ASSIGNMENT, BILL OF SALE AND CONVEYANCE

HK-0122

14-03177

FILED FOR RECORD
REEVES COUNTY, TEXAS
Apr 10, 2014 at 01:52:00 PM

STATE OF TEXAS)
)
COUNTY OF REEVES)

This ASSIGNMENT OF OIL AND GAS LEASE ("Assignment") is by and between Devon Energy Production Company, L.P, an Oklahoma limited partnership (hereinafter referred to as "Assignor"), whose address is 333 West Sheridan Avenue, Oklahoma City, Oklahoma 73102-5015, and BHP Billiton Petroleum Properties (N.A.) LP, (hereinafter referred to as "Assignee"), whose address is P.O. Box 22719, Houston, Texas 77027-9998.

1. Granting Clause. For and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and subject to the limitations, exceptions, reservations, terms, waivers and provisions hereinafter set forth, Assignor does hereby assign, convey, set over and transfer unto Assignee all of Assignor's right, title and interest in, to and under the properties, rights and interests described in Sections 1.1 through 1.2 below (hereinafter collectively called the "Interests"):

1.1 the oil and gas lease described in **Exhibit "A"** attached hereto, and all renewals, extensions, ratifications and amendments thereof, together with all rights, interests, and benefits in, derived or carved from, or appurtenant or attributable thereto (including royalties, excess royalties, overriding royalty interests, net profits interests, working interests, leasehold cost-bearing interests, payments out of production and similar interests), including surface and subsurface ingress, egress, and access to and from all depths and formations covered thereunder (collectively, the "Lease"). Notwithstanding anything contained herein to the contrary, Assignor expressly excepts and reserves to itself all right, title and interest in and to all lands and depths covered by the Lease not specifically described at Exhibit "A" and any production associated therewith, together with the concurrent rights of ingress, egress, use, occupancy and all other surface rights necessary or convenient to the full use and enjoyment of all rights and interests reserved to Assignor or excepted from this Assignment;

1.2 the lands described in the Lease in Exhibit "A", or otherwise, and all rights and interests in any lands spaced, pooled and/or unitized with any of those lands (collectively, the "Lands"). Notwithstanding anything contained herein to the contrary, the Interests shall not include, and Assignor hereby reserves and excepts from this Assignment, all fee interests in: (i) the surface and (ii) oil, gas, and other minerals, including, without limitation, rights under mineral deeds, conveyances, or assignments.



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copy of
Original filed in
Reeves County
Clerks Office

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

2. Special Warranty. This Assignment is made without warranty of title to the Interests, either express or implied, except that Assignor hereby warrants title to the Interests against claims and those claiming by, through or under Assignor, but not otherwise.

3. Effective Time. This Assignment shall be effective for all purposes as of 7:00 a.m., Central Time, on March 1, 2014 (the "Effective Time").

4. Allocation of Liability; Assumption of Obligations and Indemnity.

4.1 Assignee shall be liable and responsible for, and shall defend, indemnify, and hold Assignor, its officers, directors, managers, employees, and agents harmless from, any and all losses, claims, damages, liabilities, demands, obligations, actions, assessments, penalties, fines, costs and expenses (including reasonable attorneys' fees) arising out of or attributable to the ownership or operation of, or operations on, the Interests on or after the Effective Time.

4.2 **Notwithstanding anything in this Assignment to the contrary, Assignee assumes full responsibility for, and agrees to defend, indemnify, and hold Assignor its officers, directors, managers, employees, and agents harmless from and against any and all losses, claims, damages, liabilities, demands, obligations, actions, assessments, judgments, orders, abatement, injunctions, penalties, fines, costs and expenses (including reasonable attorneys' fees) that may arise on account of or may in any way be connected with the environmental or physical condition of the Interests, on or after the Effective Time, or are caused by or arise out of any federal, state or local laws, rules, orders and regulations applicable to any waste material or hazardous substances on or included within the Interests or the presence, disposal, release or threatened release of waste material or hazardous substance from the Interests into the atmosphere or into or upon land or any water course or body of water, including ground water, on or after the Effective Time. The assumption and indemnification in this Section 4.2 shall apply to liability for voluntary environmental response actions undertaken pursuant to the Comprehensive Environmental Response Compensation and Liability Act, as amended, and any other applicable federal, state or local law.**

5. Required Governmental Forms for Assignment. Separate governmental forms of assignments of the Interests may be executed on officially approved forms by Assignor and Assignee in sufficient counterparts to satisfy applicable statutory and regulatory requirements. Those assignments shall be deemed to contain all of the exceptions, reservations, warranties, rights, titles, powers, and privileges set forth herein as fully as though they were set forth in each such assignment. The Interests conveyed by such separate assignments are the same and not in addition to the Interests conveyed by this Assignment.

6. Taxes. Assignor shall be responsible for payment of all taxes relating to the Interests prior to the Effective Time. Assignee shall be responsible for payment of all taxes relating to the Interests from and after the Effective Time. Regardless of when assessed or due, ad valorem, severance, and all other taxes based on production attributable to the Interests shall be the obligation of the party entitled to the production during the period on which such tax is based. Taxes payable



on an annual basis shall be prorated between Assignor and Assignee as of the Effective Time. If applicable, all sales taxes relative to the sale of the Interests shall be borne and paid by Assignee.

7. Counterparts. This Assignment may be executed in any number of counterparts, each of which shall be considered an original for all purposes, and all such counterparts together shall constitute one and the same instrument.

8. Miscellaneous.

8.1 The headings and titles in this Assignment are for guidance and convenience of reference only and do not limit or otherwise affect or interpret the provisions of this Assignment.

8.2 Assignor hereby grants and transfers to Assignee, its successors and assigns, to the extent so transferable, the benefit of and the right to enforce the covenants and warranties, if any, which Assignor is entitled to enforce with respect to the Interests against Assignor's predecessors in title to the Interests.

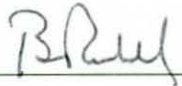
8.3 This Assignment is made subject to the terms of the Lease and Assignee shall assume and be responsible for all obligations of Assignor as to the assigned interests accruing under the Lease from, on and after the Effective Time.

8.4 This Assignment shall be binding upon and shall inure to the benefit of Assignor and Assignee, and their respective successors and assigns.

EXECUTED by Assignor and Assignee on the dates reflected in the acknowledgements of execution, but effective for all purposes as of the Effective Time.

ASSIGNOR:

Devon Energy Production Company, L.P.

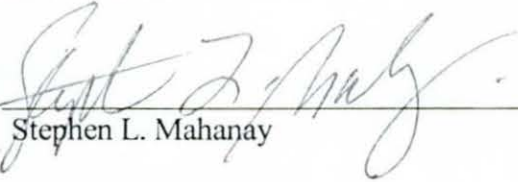
By: 

Name: Bill A. Penhall
Title: Vice President

ASSIGNEE:

BHP Billiton Petroleum Properties (N.A.) LP

By: BHP Billiton Petroleum Properties (GP), LLC
Its General Partner

By: 

Stephen L. Mahanay



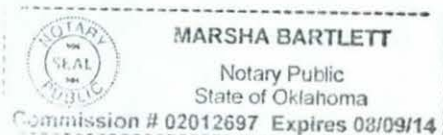
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Reeves County
Clerks Office

ACKNOWLEDGEMENTS

STATE OF OKLAHOMA }
 }
COUNTY OF OKLAHOMA }

This instrument was acknowledged before me this 20 day of March, 2014, by Bill A. Penhall as Vice President of Devon Energy Production Company, L.P., on behalf of said limited partnership.

(S E A L)

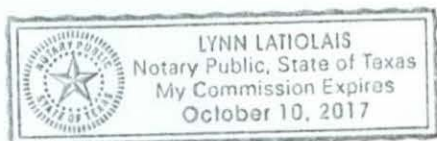


Marsha Bartlett
Notary Public
My Commission Expires: 8-9-14

STATE OF TEXAS }
 }
COUNTY OF HARRIS }

This instrument was acknowledged before me this 8th day of ^{APRIL} March, 2014, by Stephen L. Mahanay as ATTORNEY-IN-FACT of BHP Billiton Petroleum Properties (N.A.), LP, on behalf of said corporation.

(S E A L)



Lynn Latilais
Notary Public
My Commission Expires: _____



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Reeves County
Clerks Office

EXHIBIT "A"

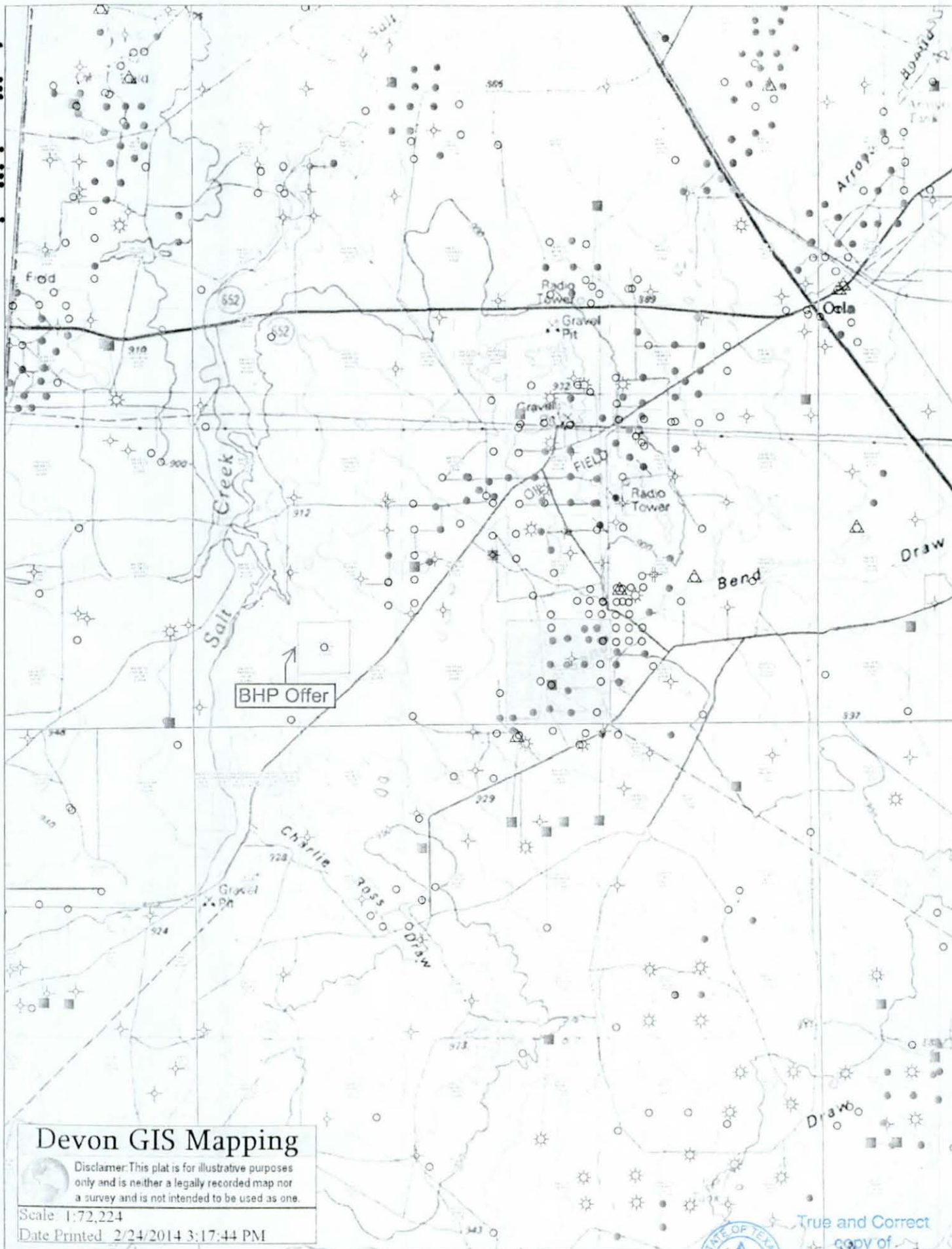
Attached to and made a part of that certain Assignment, Conveyance, and Bill of Sale dated effective March 1, 2014, by and between Devon Energy Production Company, L.P., as Assignor, and BHP Billiton Petroleum Properties (N.A.), LP, as Assignee.

Oil and Gas Lease and Lands:

1: Date: July 19, 2011
Lease #: Devon No. 42-3016309-000)
Lessor: State of Texas M-112986
Lessee: T. Verne Dwyer
Recorded: File: 6712, Book 901, Page 385
Description: NW/4 of Section 44, Blk 57, T2S, T&P RR Co Survey,
Reeves County, Texas containing approximately 160 acres, as
Shown on the official map of Reeves County currently on file in the
Texas General Land Office, Austin, Texas.



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Reeves County
Clerks Office



Devon GIS Mapping

Disclaimer: This plat is for illustrative purposes only and is neither a legally recorded map nor a survey and is not intended to be used as one.

Scale: 1:72,224

Date Printed: 2/24/2014 3:17:44 PM



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Original filed in
Reeves County
Clerks Office

35



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Reeves County
Clerks Office

THE STATE OF TEXAS
COUNTY OF REEVES
I, Dianne O. Florez, Clerk of the County Court in and
for said County and State do hereby certify that the foregoing is a true and correct copy of
the original of the same as the same was filed in my office this _____ day of _____
at _____, Texas.
In witness whereof, I have hereunto set my hand and official seal at Pecos, Texas
this _____ day of _____, 2014.

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

Inst No. 14-03177
DIANNE O. FLOREZ
COUNTY CLERK
2014 Apr 10 at 01:52 PM
REEVES COUNTY, TEXAS
By: CRAYES / deputy CLERK

File No. MF 112986
Assignment #9112, Devon Energy
to BHP Billiton Petroleum
Date Filed: 4.17.14
Jerry E. Patterson, Commissioner
By aa

⑧

**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
Assignment of Bill of Sale (Lien Release) dated March 1, 2014

filed for record in my office this 13th day of April, 2014.

1528 M, under Clerk's File No. 14-0317, to be recorded in the

Records of Reeves County, Texas at

this 10th day of April, 2014.

By [Signature], Deputy, DIANNE O. FLORES, COUNTY CLERK
REEVES COUNTY, TEXAS

4.15.14

Check No.: 205354
Payment Type: DELAY RENTAL

Period Covered: 07/19/2015-07/19/2016
Payment Amount: \$800.00

Lease Number: 1045499/001 LSE

Original Lessor: THE STATE OF TEXAS

15713437



Lease Effective Date: 07/19/2011

Recording Information: Book # 901 Page # 385, 6712

State: TX

County: REEVES

Check Remarks:

DELAY RENTAL FOR 5TH YR M-112986

BLK 57, TWN 2, SECTION 44

For the Credit of:

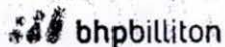
Owner: COMMISSIONER OF THE TEXAS GENERAL
LAND OFFICE ATN MINERAL LEASING
Address: 1700 N CONGRESS AVE
AUSTIN, TX 78701

(BA#):80104210

Payment Amount: \$800.00

VERIFY THE AUTHENTICITY OF THIS MULTI-TONE SECURITY DOCUMENT.

CHECK BACKGROUND AREA CHANGES COLOR GRADUALLY FROM TOP TO BOTTOM.



PETROHAWK ENERGY CORPORATION
ATTN LAND ADMINISTRATION
P.O. BOX 22719
HOUSTON, TX 77027-9998

Bank of America 1455 Market St. 4th Fl
San Francisco CA 94103

32-1
1110 GL

DATE 06/08/2015 CHECK NO. 205354

15713437

PAY *****800*DOLLARS AND* 00*CENTS

AMOUNT *****\$800.00

VOID IF NOT CASHED WITHIN
SIX MONTHS OF ISSUE

NON TRANSFERABLE

Owner Call Center: 1-877-311-1443

PAY
TO
THE
ORDER
OF

COMMISSIONER OF THE TEXAS GENERAL
LAND OFFICE ATN MINERAL LEASING
1700 N CONGRESS AVE
AUSTIN, TX 78701

Daniel Powell
FACSIMILE SIGNATURE

Facsimile Signature
FACSIMILE SIGNATURE

000 205354

9

File No. MF 112986
5th yr Rental County

Date Filed: 6/17/15
George P. Bush, Commissioner
BN



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

January 22, 2016

Ms. Melanie Vargas
BHP Billiton Petroleum Properties (N.A.), LP
1360 Post Oak Blvd., Suite 150
Houston, Texas 77056

Re: Pooling Agreement
State Placer 57-T2-44 1H Unit
Reeves County, Texas

Dear Ms. Vargas:

On January 5, 2016, the School Land Board ("Board") approved your application to form the referenced 320-acre unit subject to the conditions in the enclosed Pooling Agreement.

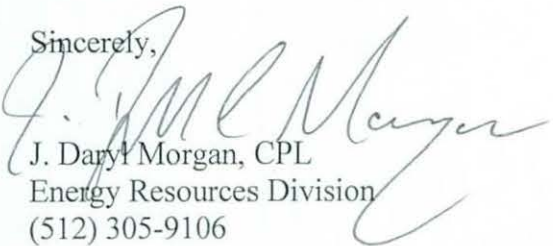
Enclosed herewith are duplicate originals of the Pooling Agreement to be executed and acknowledged by a duly authorized representative of BHP Billiton Petroleum Properties (N.A.), LP and any other working interest owners. Additional pages may be added for execution and acknowledgement by the other working interest owners, if any.

Please attach the following to each agreement: a list of all the oil and gas leases included in the unit as Exhibit "A"; a legal description (metes and bounds or a list of tracts in the unit, if they are readily identifiable) of the unit as Exhibit "B"; a legible, accurate plat as Exhibit "C" and a plat showing a 160 acre unit around the first unit well (as per Paragraph 9) as Exhibit "D".

After proper execution and acknowledgment, please return the duplicate originals of the Agreement for execution by the Commissioner. The Board requires that execution be complete within ninety (90) days of approval by the Board. An executed original of the Agreement will then be returned to you.

Thank you for your assistance, if you have any questions, please contact me at the number listed.

Sincerely,


J. Daryl Morgan, CPL
Energy Resources Division
(512) 305-9106

10

File No. M-112986

County

Ltr. to BHP

Date Filed: 1/22/16

George P. Bush, Commissioner

By [Signature]



North America Shale Production Division

February 1, 2016

Via FedEx (Trkg #7755 4173 9125)

Texas General Land Office
Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701-1495

Attention: J. Daryl Morgan, CPL, Energy Resources Division

Re: Pooling Agreement, BHP Billiton Petroleum Properties (N.A.), LP,
State Placer 57-T2-44 1H Unit, GLO Unit No. 7779,
Reeves County, Texas

Dear Mr. Morgan:

Enclosed you will find two (2) originals of Pooling Agreement, BHP Billiton Petroleum Properties (N.A.) LP, State Placer 57-T2-44 1H Unit, GLO Unit No. 7779, Reeves County, Texas for your further handling. Please return a fully executed agreement to BHP Billiton at your earliest. A FedEx return envelope is included for your convenience.

Should you need any additional information, please feel free to contact Melanie Vargas, Landman, telephone 713-297-2078 or email melanie.vargas@bhpbilliton.com.
Sincerely,

Lynn Latiolais, CPLTA
Land Technical Analyst

/ll
Enclosures

315 5

(11)

File No. M-112986

Ltr. From PSH County

Date Filed: 2/2/16

George P. Bush, Commissioner

By [Signature]

Sec #16 For Corrected
Unit Memo
Aug 2/16

DO NOT DESTROY



Texas General Land Office UNIT AGREEMENT MEMO

UPA159028

Unit Number 7779
Operator Name Bhp Billiton Petroleum Properties (N.A.), LP Effective Date 01/05/2016
Customer ID C000079756 Unitized For Oil And Gas
Unit Name State Placer 57-T2-44 1H Unit Term
County 1 Reeves RRC District 1 08 Old Unit Number Inactive Status Date
County 2 RRC District 2
County 3 RRC District 3
County 4 RRC District 4
Unit type Permanent
State Net Revenue Interest Oil 0.18750000
State Part in Unit 1.00000000
Unit Depth Specified Depths Well
From Depth Surface Formation Base of Wolfcamp
To Depth 10878 TVD Participation Basis Surface Acreage
If Exclusions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF116326	1	160.000000	320.000000	0.50000000	O/G	0.12500000	0.06250000	
MF112986	2	160.000000	320.000000	0.50000000	O/G	0.25000000	0.12500000	No

API Number
4238935097

Remarks:

Prepared By:

GLO Base Updated By:

RAM Approval By:

GIS By:

Well Inventory By:

Prepared Date:

GLO Base Date:

RAM Approval Date:

GIS Date:

WI Date:

01/05/2016

01/05/2016

1/27/2016

4-19-16

01/05/2016

Pooling Committee Report

To: School Land Board

UPA159028

Date of Board Meeting: 01/05/2016

Unit Number: 7779

Effective Date: 01/05/2016

Unit Expiration Date:

Applicant: BHP Billiton Petroleum Properties (N.A.), LP

Attorney Rep:

Operator: BHP Billiton Petroleum (TXLA Operating) Company,

Unit Name: State Placer 57-T2-44 1H

Field Name: PHANTOM (WOLFCAMP)

County: Reeves

<u>Lease Type</u>	<u>Lease Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres In Unit</u>	<u>Royalty Participation</u>
RAL	MF116326	0.12500000	01/23/2019	5 years	160.000000	160.000000	0.06250000
U Fee	MF112986	0.25000000	07/19/2016	5 years	160.000000	160.000000	0.12500000

Private Acres:	0.000000
State Acres:	320.000000
Total Unit Acres:	320.000000

<u>Participation Basis:</u>	Surface Acreage
Surface Acreage	
<u>State Acreage:</u>	100.00%
<u>State Net Revenue Interest:</u>	18.75%

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

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Yes	704 acres for a 4,500 foot lateral (FTP to LTP).

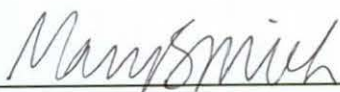
Working File Number: **UPA159028**

REMARKS:

- BHP Billiton Petroleum Properties (N.A.), LP is requesting permanent oil and gas pooling from the Surface to 10,878 feet TVD as seen on the Dela State 58-T2-48 # 1P well log (API 472-389-32978) in order to test the Wolfcamp formation.
- The applicant plans to spud the unit well on January 11, 2016 with a proposed TD of 14,650 feet. A 4,500 foot lateral is expected to be drilled.
- With approval of the unit the State's unit royalty participation will be 18.75%.
- The State will participate on a unitized basis from the date of first production.
- The applicant agrees to commence actual drilling operations on a second unit well on or before July 19, 2019 or the unit will decrease in size to 160 acres.

POOLING COMMITTEE RECOMMENDATION:

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

12-15-15

Date



Robert Hatter - General Land Office

12/15/15

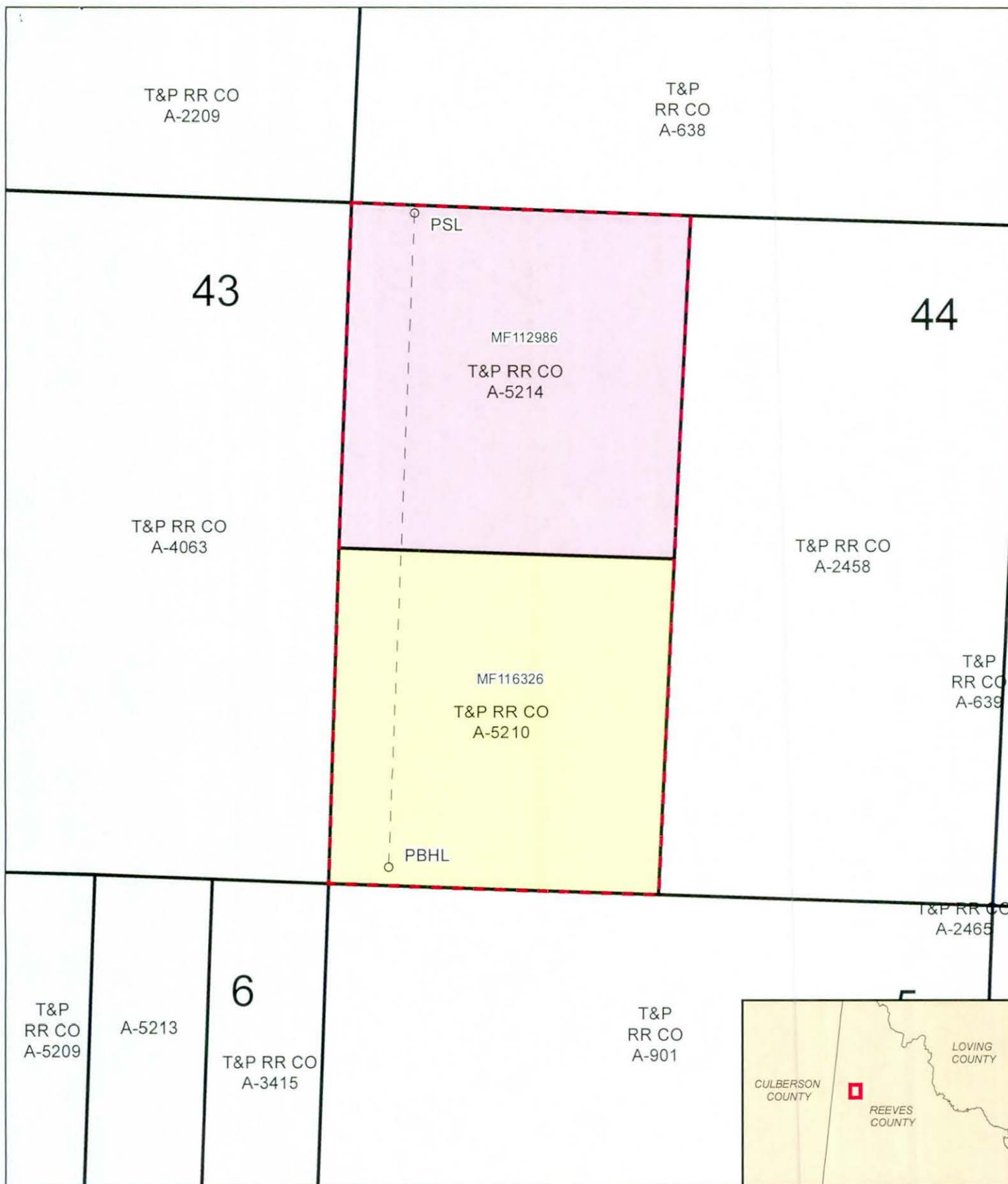
Date



Diane Morris - Office of the Governor

12-15-2015

Date



Unit #7779
BHP Billiton Petroleum (TX LA Operating) Co.
State Placer 57-T2-44 1H Unit
Phantom (Wolfcamp) Field
Reeves County, Texas

1,000 500 0 1,000 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:
Mark Conway
IS/BAS/GIS
January 2016

POOLING AGREEMENT
BHP BILLITON PETROLEUM PROPERTIES (N.A.), LP
STATE PLACER 57-T2-44 1H UNIT
GLO UNIT NO. 7779
REEVES COUNTY, 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 BHP Billiton Petroleum Properties (N.A.), LP, 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". The unit description is subject to the provisions of Paragraph 9(1).

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 from the surface to the subsurface depth of 10,878 feet TVD, such depth being 100 feet below the stratigraphic equivalent of the base of the Wolfcamp Formation, as seen on the Compensated Neutron 3 Detector Litho-Density log of the Dela State 58-T2-48 1P Well, API No. 42-389-32978 ("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. In the event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional or horizontal well drilled under the unitized area from a surface location on adjacent or adjoining lands not included within the boundaries of the unitized area, such operations shall be considered to have been commenced on the unitized area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the unitized area and production of oil or gas from the unitized area through any directional well surfaced on adjacent or adjoining land or drilling or reworking of any such directional well shall be considered production or drilling or reworking operations, as the case may be, on the unitized area for all purposes under this Agreement. Nothing in this Agreement is intended or shall be construed as granting to Lessee any leasehold interest, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, easements, or other rights which the lessee, operator or other interest owner in the unitized area may have lawfully acquired from the state or others.
- (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 the number of acres included in the pooled unit, 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.

EFFECTIVE DATE:

7.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of January 5, 2016.

TERM:

8.

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.

SPECIAL TERMS AND CONDITIONS:

9.

(1) Notwithstanding anything contained herein to the contrary, if a second unit well is not spud on or before July 19, 2019, effective on that date, the pooled unit will be reduced in size from 320 acres to 160 acres around the first unit well as shown on the plat attached as Exhibit "D".

(2) Notwithstanding anything contained herein to the contrary or in the State Leases listed on exhibit "A", it is hereby agreed that if Lessee makes the payment of one-half the bonus to extend the deeper depths as provided in

said State Leases, the deeper depths as to the acreage included in the pooled unit shall be considered to be all depths 100 feet below the base of the Wolfcamp Formation rather than all depths below 100 feet below the total depth drilled.

If Lessee makes said payment to extend the deeper depths as defined herein for the additional period of two years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths and at the end of said additional two years there is no production from the depths below 100 feet below the base of the Wolfcamp Formation, then the State Lease or Leases shall terminate as to those depths below 100 feet below the base of the Wolfcamp Formation.

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 Reeves County, 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 have executed this Agreement upon the respective dates indicated below.

Date Executed 4/1/16

STATE OF TEXAS

Legal
Content
Geology
Executive

[Signature]
[Signature]
[Signature]

By: *[Signature]*
George P. Bush, Commissioner
General Land Office

Date Executed 2/1/16

BHP Billiton Petroleum Properties (N.A.), LP,
formerly known as Petrohawk Properties, LP,
By: BHP Billiton Petroleum Properties (GP), LLC,
its General Partner

By: *[Signature]*
Stephen L. Mahanay, Attorney-in-Fact

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 5th day of January, 2016, 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.

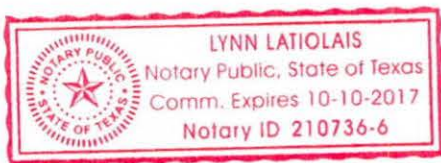
IN TESTIMONY WHEREOF, witness my hand this the 1st day of April, 2016.

Stephanie Crenshaw
Secretary of the School Land Board

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on FEBRUARY 1, 2016, by Stephen L. Mahanay as Attorney-in-Fact of BHP Billiton Petroleum Properties (N.A.), LP formerly known as Petrohawk Properties, LP, by BHP Billiton Petroleum Properties (GP), LLC, its General Partner a Texas limited liability company on behalf of said limited partnership.



Lynn Latiolais
Notary Public in and for the State of Texas

Exhibit "A"

Attached to and made a part of that certain Pooling Agreement,
dated effective January 5, 2016
State Placer 57-T2-44 1H, GLO Unit No. 7779
Reeves County, Texas

Leases in Unit

Lessor:	State of Texas, acting by and through its agent, Mett Oil and Gas, LP
Lessee:	BHP Billiton Petroleum Properties (N.A.), LP – MF116326A
Date:	January 23, 2014
Recording Info:	File No. 14-01540, Vol. 1056 Pg. 0756, Official Public Records of Reeves County, Texas
Royalty:	25%
Description:	All of the Southwest Quarter (SW/4) of Section 44, Block 57, Township 2, A-5210, T&P RR Co. Survey, Reeves County, Texas, containing 160 acres, more or less (BHPB Lease 1045304-001)
Lessor:	State of Texas, acting by and through its agent, Placer, Ltd. – MF116326B
Lessee:	BHP Billiton Petroleum Properties (N.A.), LP
Date:	January 23, 2014
Recording Info:	File No. 14-01539, Vol. 1056 Pg. 0749, Official Public Records of Reeves County, Texas
Royalty:	25%
Description:	All of the Southwest Quarter (SW/4) of Section 44, Block 57, Township 2, A-5210, T&P RR Co. Survey, Reeves County, Texas, containing 160 acres, more or less (BHPB Lease 1045304-002)
Lessor:	Commissioner of General Land Office of the State of Texas – M-112986
Lessee:	T. Verne Dwyer
Date:	July 19, 2011
Recording Info:	File 6712, Book 901 Page 385, Official Public Records of Reeves County, Texas
Royalty:	25%
Description:	Northwest One-Quarter (NW/4) of Section 44, Block 57, Township 2-S, T. & P. Ry. Co. Survey, Reeves County, Texas containing approximately 160 acres, as shown on The Official Map of Reeves County currently on file in the Texas General Land Office, Austin, Texas (BHPB Lease 1045499-001)

Incorporated by reference herein for all purposes shall be any and all instruments that have further adopted, amended, confirmed, extended, ratified and/or revised the leases listed herein and recorded in the Official Public Records of Reeves County, Texas.

Exhibit "B"

Attached to and made a part of that certain Pooling Agreement,
dated effective January 5, 2016
State Placer 57-T2-44 1H, GLO Unit No. 7779
Reeves County, Texas

Description of Lands included in the Pooling Agreement

TRACT 1: 160 acres, more or less, being all of the Northwest Quarter (NW/4) of Section 44, Block 57, Township 2, T&P Rr Co. Survey, A-5214, Reeves County, Texas and being the same property described in that certain Statement from the State of Texas to The Public, dated March 9, 2000 and recorded on March 24, 2000 in Volume 616, Page 10 of the Official Public Records of Reeves County, Texas

TRACT 2: 160 acres, more or less, being all of the Southwest Quarter (SW/4) of Section 44, Block 57, Township 2, T&P Rr Co. Survey A-5210, Reeves County, Texas and being the same property conveyed by that certain Warranty Deed to Mett Oil and Gas, L.P. from Placer Ltd. dated January 1, 2012 and recorded on January 25, 2012 in Volume 921, Page 322 of the Official Public Records of Reeves County, Texas





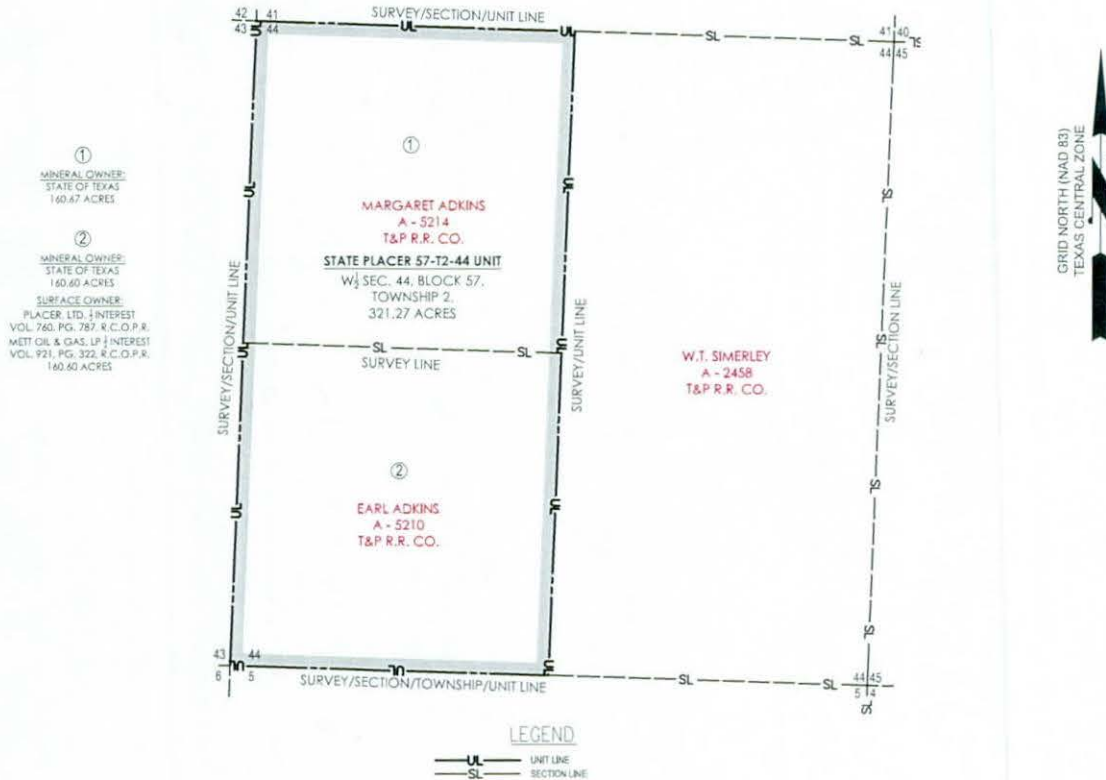
Crafton Tull
surveying

501.328.3316 f 501.328.3325 f
www.craftontull.com

1000 Ledgelaun Dr.
Conway, Arkansas 72034

REEVES COUNTY, TEXAS

EXHIBIT "C"
ATTACHED HERETO AND MADE A PART HEREOF THAT CERTAIN POOLING AGREEMENT
STATE PLACER 57-T2-44 UNIT
REEVES COUNTY, TEXAS



LOCATION	DESCRIPTION	NAD83 (1986)		NAD27	
		STATE PLANE TEXAS CENTRAL (2277)	GEOGRAPHIC (4203)	STATE PLANE TEXAS CENTRAL (32036)	GEOGRAPHIC (4207)
NW CORNER 57-T2-44	5/8" IRON REBAR W/ CAP	N = 10630380.254 E = 1159348.977	LAT: 31.78144721° N LONG: -103.99373964° W	N = 787803.337 E = 862887.618	LAT: 31.78132149° N LONG: -103.99328450° W
NE CORNER OF UNIT	CALC. CORNER	N = 10630797.053 E = 1161988.238	LAT: 31.78145703° N LONG: -103.98524200° W	N = 787720.119 E = 865576.833	LAT: 31.78133123° N LONG: -103.98475719° W
SE CORNER OF UNIT	CALC. CORNER	N = 10624999.173 E = 1161777.416	LAT: 31.76688237° N LONG: -103.98536046° W	N = 783412.408 E = 865315.912	LAT: 31.76675654° N LONG: -103.98488606° W
SW CORNER 57-T2-44	5/8" IRON REBAR W/ CAP	N = 10625082.197 E = 1159140.279	LAT: 31.76687224° N LONG: -103.99384955° W	N = 782505.450 E = 862678.820	LAT: 31.76674650° N LONG: -103.99337522° W

UNIT DESCRIPTION (STATE PLACER 57-T2-44 UNIT): WEST HALF OF SECTION 44, BLOCK 57, TOWNSHIP 2 SOUTH, ABSTRACT 5214 AND ABSTRACT 5210, T & P RR CO. SURVEYS, REEVES COUNTY, TEXAS.

CONTACT INFORMATION:
Shannon D. Ozment
Crafton Tull (10193715)
1000 Ledgelaun Dr.
Conway, AR 72034



Shannon D. Ozment
3/30/2016

GENERAL NOTES

1. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS
OBSERVATION: OAF = 0.9993207 AT NW CORNER OF SECTION
GRID CONVERGENCE: -41.8653478" AT NW CORNER OF SECTION

REVISION		BHP BILLITON PET (TXLA OP) CO	
1	PRELIMINARY PLAT 3/30/16	UNIT PLAT FOR: STATE PLACER 57-T2-44 UNIT LOCATED IN SECTION 44, BLOCK 57, TOWNSHIP 2 SOUTH REEVES COUNTY, TEXAS	
1	FINALIZE PLAT 3/30/16		
SCALE: 1" = 1000'	CHECKED BY: FREY	APPROVED BY: COBB	
PLOT DATE: 03/30/2016	DRAWN BY: SIGMON	SHEET NO. 1 OF 1	



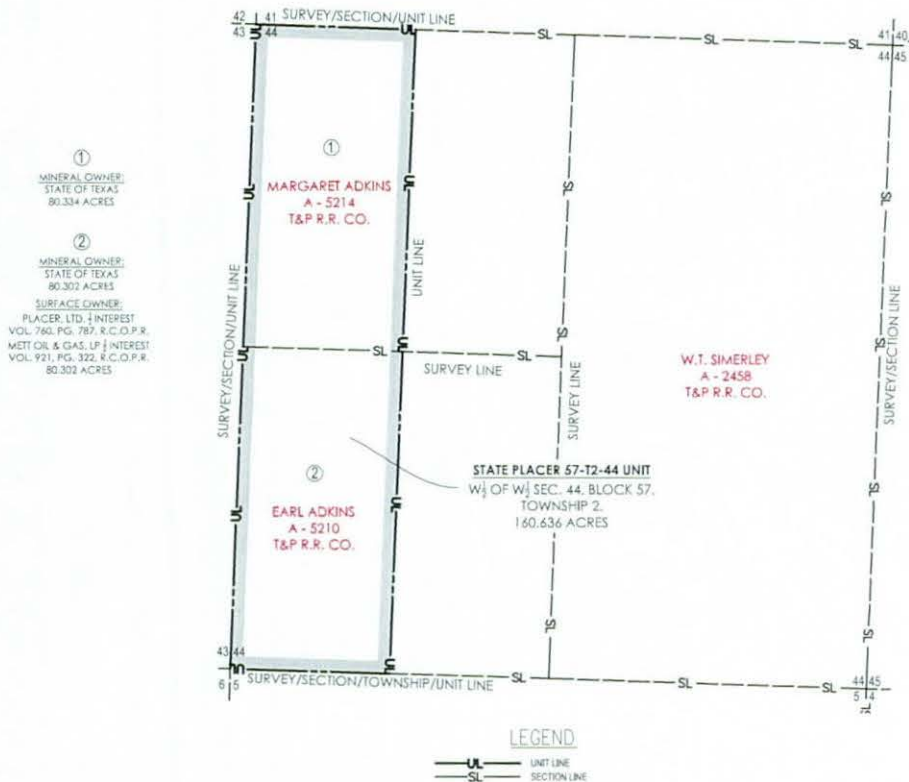
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surveying

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1000 Ledgellawn Dr.
Conway, Arkansas 72034

REEVES COUNTY, TEXAS

EXHIBIT "D"
ATTACHED HERETO AND MADE A PART HEREOF THAT CERTAIN POOLING AGREEMENT
STATE PLACER 57-T2-44 UNIT
REEVES COUNTY, TEXAS



UNIT CORNERS

LOCATION	DESCRIPTION	NAD83 (1986)		NAD27	
		STATE PLANE TEXAS CENTRAL (2277)	GEOGRAPHIC (1095)	STATE PLANE TEXAS CENTRAL (12236)	GEOGRAPHIC (1257)
NW CORNER 57-T2-44	5/8" IRON REBAR W/ CAP	N = 10630380.254 E = 1159348.977	LAT 31.78144721° N LONG -103.99373964° W	N = 787803.337 E = 862867.618	LAT 31.78132149° N LONG -103.99326450° W
NE CORNER OF UNIT	CALC. CORNER	N = 10630338.653 E = 1160668.607	LAT 31.78145219° N LONG -103.98949082° W	N = 787761.728 E = 864207.226	LAT 31.78132643° N LONG -103.98901584° W
SE CORNER OF UNIT	CALC. CORNER	N = 10625040.685 E = 1160458.848	LAT 31.76687737° N LONG -103.98960521° W	N = 782563.929 E = 863997.366	LAT 31.76675159° N LONG -103.98913064° W
SW CORNER 57-T2-44	5/8" IRON REBAR W/ CAP	N = 10625082.197 E = 1159140.379	LAT 31.76687224° N LONG -103.99384995° W	N = 782501.450 E = 862678.820	LAT 31.76674690° N LONG -103.99337522° W

UNIT DESCRIPTION (STATE PLACER 57-T2-44 UNIT): WEST HALF OF WEST HALF SECTION 44,
BLOCK 57, TOWNSHIP 2 SOUTH, ABSTRACT 5214 AND ABSTRACT 5210, T & P R.R. CO. SURVEYS, REEVES
COUNTY, TEXAS.

CONTACT INFORMATION:

Shannon D. Ozment
Crafton Tull (10193715)
1000 Ledgellawn Dr.
Conway, AR 72034



Shannon D. Ozment
3/30/2016

GENERAL NOTES

1. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83 U.S. FEET AS DETERMINED BY GPS
OBSERVATION, GAF = 3.9995207' AT NW CORNER OF SECTION.
GRID CONVERGENCE -01.8653478' AT NW CORNER OF SECTION.

REVISION		BHP BILLITON PET (TXLA OP) CO	
1	PRELIMINARY PLAT 3/30/16	UNIT PLAT FOR: STATE PLACER 57-T2-44 UNIT LOCATED IN SECTION 44, BLOCK 57, TOWNSHIP 2 SOUTH REEVES COUNTY, TEXAS	
2	FINALIZE PLAT 3/30/16		
SCALE: 1" = 1000'		CHECKED BY: FREY	APPROVED BY: COBB
PLOT DATE: 03/30/2016		DRAWN BY: SIGMON	SHEET NO.: 1 OF 1

(12)

File No. M-112986
Pooling Agreement Packet # 7779
State Placer 57-72-44 1st Unit County
Date Filed: 4/5/16
George P. Bush, Commissioner
By [Signature]



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

April 5, 2016

Ms. Lynn Latiolais, CPLTA
BHP Billiton Petroleum Properties (N.A.), LP
1360 Post Oak Blvd., Suite 2107A
Houston, Texas 77056-3020

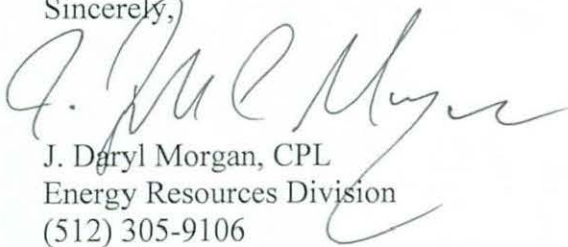
Re: Pooling Agreement
State Placer 57-T2-44 1H Unit
GLO Unit No. 7779
Reeves County, Texas

Dear Ms. Latiolais:

Enclosed is a duplicate original of the above referenced Pooling Agreement that has been executed by George P. Bush, Commissioner of the Texas General Land Office. We have retained the other original of the Pooling Agreement for our files. Please refer to the referenced GLO Unit No. when filing Royalty Reports with the GLO.

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

(13)

File No. M-112986

_____County

Ltr. to BHP,

Date Filed: 4/5/16

George P. Bush, Commissioner

By _____

North America Shale Production Division

May 31, 2016

Via FedEx (Trkg #7764 0353 8630)

Texas General Land Office
Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701-1495

Attention: J. Daryl Morgan, CPL, Energy Resources Division

Re: Pooling Agreement – *M-112986*
State Placer 57-T2-44 1H Unit, GLO Unit No. 7779
Reeves County, Texas

Dear Mr. Morgan:

Enclosed you will find a certified copy of the original Pooling Agreement, State Placer 57-T2-44 1H Unit, GLO Unit No. 7076, Reeves County, Texas, recorded under File 16-04484, Vol. 1260, Pg. 0060, Reeves County, Texas for your records.

Should you need any additional information, please feel free to contact Broderick Browne, Landman, telephone 713-871-2233 or email broderick.browne@bhpbilliton.com.

Sincerely,



Lynn Latiolais, CPLTA
Land Technical Analyst

/ll
Enclosure

File No. M-112986

_____ County

Ltr. From BITP,

Date Filed: 6/2/16

George P. Bush, Commissioner

By _____

After recording, please return to:
BHP Billiton
ATTN: L. Latolais - Permian Land 21WT
1360 Post Oak, Suite 150
Houston, TX 77056

16-04484
FILED FOR RECORD
REEVES COUNTY, TEXAS
Apr 13, 2016 at 03:56:00 PM

POOLING AGREEMENT
BHP BILLITON PETROLEUM PROPERTIES (N.A.), LP
STATE PLACER 57-T2-44 1H UNIT
GLO UNIT NO. 7779
REEVES COUNTY, 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 BHP Billiton Petroleum Properties (N.A.), LP, 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". The unit description is subject to the provisions of Paragraph 9(1).

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 from the surface to the subsurface depth of 10,878 feet TVD, such depth being 100 feet below the stratigraphic equivalent of the base of the Wolfcamp Formation, as seen on the Compensated Neutron 3 Detector Litho-Density log of the Dela State 58-T2-48 1P Well, API No. 42-389-32978 ("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. In the event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional or horizontal well drilled under the unitized area from a surface location on adjacent or adjoining lands not included within the boundaries of the unitized area, such operations shall be considered to have been commenced on the unitized area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the unitized area and production of oil or gas from the unitized area through any directional well surfaced on adjacent or adjoining land or drilling or reworking of any such directional well shall be considered production or drilling or reworking operations, as the case may be, on the unitized area for all purposes under this Agreement. Nothing in this Agreement is intended or shall be construed as granting to Lessee any leasehold interest, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, easements, or other rights which the lessee, operator or other interest owner in the unitized area may have lawfully acquired from the state or others.
- (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



TRUE & CORRECT
COPY OF
ORIGINAL FILED IN
REEVES COUNTY
CLERKS OFFICE

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 the number of acres included in the pooled unit, 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.

EFFECTIVE DATE:

7.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of January 5, 2016.

TERM:

8.

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.

SPECIAL TERMS AND CONDITIONS:

9.

(1) Notwithstanding anything contained herein to the contrary, if a second unit well is not spud on or before July 19, 2019, effective on that date, the pooled unit will be reduced in size from 320 acres to 160 acres around the first unit well as shown on the plat attached as Exhibit "D".

(2) Notwithstanding anything contained herein to the contrary or in the State Leases listed on exhibit "A", it is hereby agreed that if Lessee makes the payment of one-half the bonus to extend the deeper depths as provided in



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said State Leases, the deeper depths as to the acreage included in the pooled unit shall be considered to be all depths 100 feet below the base of the Wolfcamp Formation rather than all depths below 100 feet below the total depth drilled.

If Lessee makes said payment to extend the deeper depths as defined herein for the additional period of two years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths and at the end of said additional two years there is no production from the depths below 100 feet below the base of the Wolfcamp Formation, then the State Lease or Leases shall terminate as to those depths below 100 feet below the base of the Wolfcamp Formation.

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 Reeves County, 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 have executed this Agreement upon the respective dates indicated below.

Date Executed

4/1/16

STATE OF TEXAS

By:

George P. Bush, Commissioner
General Land Office

Legal
Content
Geology
Executive

[Signature]
[Signature]
[Signature]

Date Executed

4/1/16

BHP Billiton Petroleum Properties (N.A.), LP,
formerly known as Petrohawk Properties, LP,
By: BHP Billiton Petroleum Properties (GP), LLC,
its General Partner

By:

Stephen L. Mahanay, Attorney-in-Fact

[Signature]
[Signature]



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CLERKS OFFICE

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 5th day of January, 2016, 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.

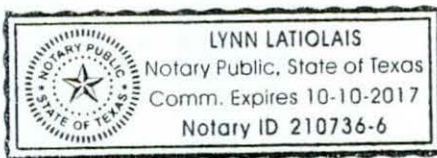
IN TESTIMONY WHEREOF, witness my hand this the 1st day of April, 2016.

Stephanie Crenshaw
Secretary of the School Land Board

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on FEBRUARY 1, 2016, by Stephen L. Mahanay as Attorney-in-Fact of BHP Billiton Petroleum Properties (N.A.), LP formerly known as Petrohawk Properties, LP, by BHP Billiton Petroleum Properties (GP), LLC, its General Partner a Texas limited liability company on behalf of said limited partnership.



Lynn Latolaïs
Notary Public in and for the State of Texas



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Exhibit "A"

Exhibit "A"

Attached to and made a part of that certain Pooling Agreement,
dated effective January 5, 2016
State Placer 57-T2-44 1H, GLO Unit No. 7779
Reeves County, Texas

Leases in Unit

Lessor:	State of Texas, acting by and through its agent, Mett Oil and Gas, LP
Lessee:	BHP Billiton Petroleum Properties (N.A.), LP – MF116326A
Date:	January 23, 2014
Recording Info:	File No. 14-01540, Vol. 1056 Pg. 0756, Official Public Records of Reeves County, Texas
Royalty:	25%
Description:	All of the Southwest Quarter (SW/4) of Section 44, Block 57, Township 2, A-5210, T&P RR Co. Survey, Reeves County, Texas, containing 160 acres, more or less (BHPB Lease 1045304-001)
Lessor:	State of Texas, acting by and through its agent, Placer, Ltd. – MF116326B
Lessee:	BHP Billiton Petroleum Properties (N.A.), LP
Date:	January 23, 2014
Recording Info:	File No. 14-01539, Vol. 1056 Pg. 0749, Official Public Records of Reeves County, Texas
Royalty:	25%
Description:	All of the Southwest Quarter (SW/4) of Section 44, Block 57, Township 2, A-5210, T&P RR Co. Survey, Reeves County, Texas, containing 160 acres, more or less (BHPB Lease 1045304-002)
Lessor:	Commissioner of General Land Office of the State of Texas – M-112986
Lessee:	T. Verne Dwyer
Date:	July 19, 2011
Recording Info:	File 6712, Book 901 Page 385, Official Public Records of Reeves County, Texas
Royalty:	25%
Description:	Northwest One-Quarter (NW/4) of Section 44, Block 57, Township 2-S, T. & P. Ry. Co. Survey, Reeves County, Texas containing approximately 160 acres, as shown on The Official Map of Reeves County currently on file in the Texas General Land Office, Austin, Texas (BHPB Lease 1045499-001)

Incorporated by reference herein for all purposes shall be any and all instruments that have further adopted, amended, confirmed, extended, ratified and/or revised the leases listed herein and recorded in the Official Public Records of Reeves County, Texas.



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Exhibit "B"

Attached to and made a part of that certain Pooling Agreement,
dated effective January 5, 2016
State Placer 57-T2-44 1H, GLO Unit No. 7779
Reeves County, Texas

Description of Lands included in the Pooling Agreement

TRACT 1: 160 acres, more or less, being all of the Northwest Quarter (NW/4) of Section 44,
Block 57, Township 2, T&P Rr Co. Survey, A-5214, Reeves County, Texas and being the same
property described in that certain Statement from the State of Texas to The Public, dated March
9, 2000 and recorded on March 24, 2000 in Volume 616, Page 10 of the Official Public Records
of Reeves County, Texas

TRACT 2: 160 acres, more or less, being all of the Southwest Quarter (SW/4) of Section 44,
Block 57, Township 2, T&P Rr Co. Survey A-5210, Reeves County, Texas and being the same
property conveyed by that certain Warranty Deed to Mett Oil and Gas, L.P. from Placer Ltd.
dated January 1, 2012 and recorded on January 25, 2012 in Volume 921, Page 322 of the Official
Public Records of Reeves County, Texas

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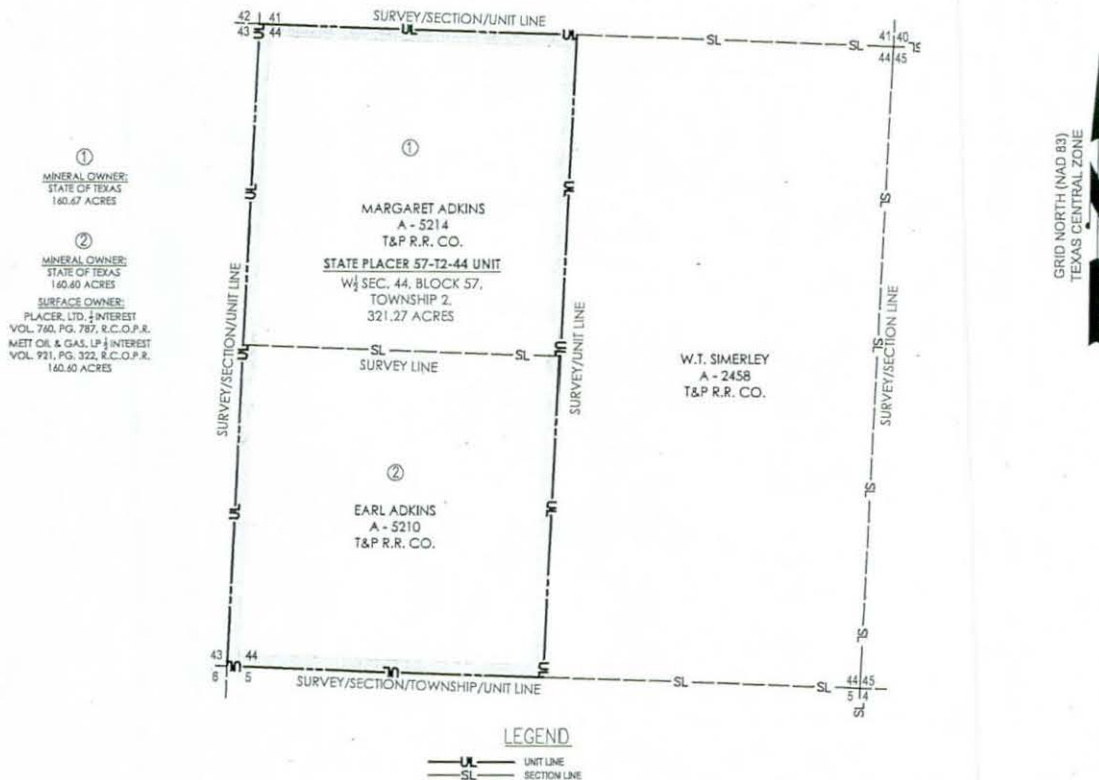
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EXHIBIT "C"
ATTACHED HERETO AND MADE A PART HEREOF THAT CERTAIN POOLING AGREEMENT
STATE PLACER 57-T2-44 UNIT
REEVES COUNTY, TEXAS



LOCATION	DESCRIPTION	NAD83 (1986)		NAD27	
		STATE PLANE TEXAS CENTRAL (2277)	GEOGRAPHIC (4289)	STATE PLANE TEXAS CENTRAL (32038)	GEOGRAPHIC (4387)
NW CORNER 57-T2-44	5/8" IRON REBAR W/ CAP	N = 10630180.254 E = 1159348.577	LAT: 31.78144721° N LONG: -103.99373964° W	N = 787803.337 E = 862887.618	LAT: 31.78132149° N LONG: -103.99326450° W
NE CORNER OF UNIT	CALC. CORNER	N = 10630297.053 E = 1161988.238	LAT: 31.78145703° N LONG: -103.98524200° W	N = 787720.119 E = 865526.833	LAT: 31.78133123° N LONG: -103.98475719° W
SE CORNER OF UNIT	CALC. CORNER	N = 10624999.173 E = 1161777.416	LAT: 31.76688237° N LONG: -103.98536048° W	N = 781422.408 E = 865315.912	LAT: 31.76575554° N LONG: -103.98488609° W
SW CORNER 57-T2-44	5/8" IRON REBAR W/ CAP	N = 10625082.197 E = 1159140.379	LAT: 31.76687224° N LONG: -103.99384995° W	N = 782505.450 E = 862678.820	LAT: 31.76574650° N LONG: -103.99337522° W

UNIT DESCRIPTION (STATE PLACER 57-T2-44 UNIT): WEST HALF OF SECTION 44, BLOCK 57, TOWNSHIP 2 SOUTH, ABSTRACT 5214 AND ABSTRACT 5210, T & P R.R. CO. SURVEYS, REEVES COUNTY, TEXAS.

CONTACT INFORMATION:
Shannon D. Ozment
Crafton Tull (10193715)
1000 Ledgeview Dr.
Conway, AR 72034



Shannon D. Ozment
3/30/2016

GENERAL NOTES

1. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS OBSERVATION, CAP = 0.00000027 AT NW CORNER OF SECTION.
GRID CONVERGENCE -41.8832478" AT NW CORNER OF SECTION.

G:\852-7 (WELL PADS)\8527SV0521_STATE PLACER 57-T2-44_1H\STATE PLACER 57-T2-44 1H WPP PLATS.DWG 3/30/2016 2:01:45 PM TSS44

REVISION		BHP BILLITON PET (TXLA OP) CO	
1	PRELIMINARY PLAT 3/30/16	UNIT PLAT FOR: STATE PLACER 57-T2-44 UNIT LOCATED IN SECTION 44, BLOCK 57, TOWNSHIP 2 SOUTH REEVES COUNTY, TEXAS	
1	FINALIZE PLAT 3/30/16		
SCALE: 1" = 100'		CHECKED BY: FREY	APPROVED BY: COB8
PLOT DATE: 03/30/2016		DRAWN BY: SIGMON	SHEET NO.: 1 OF 1

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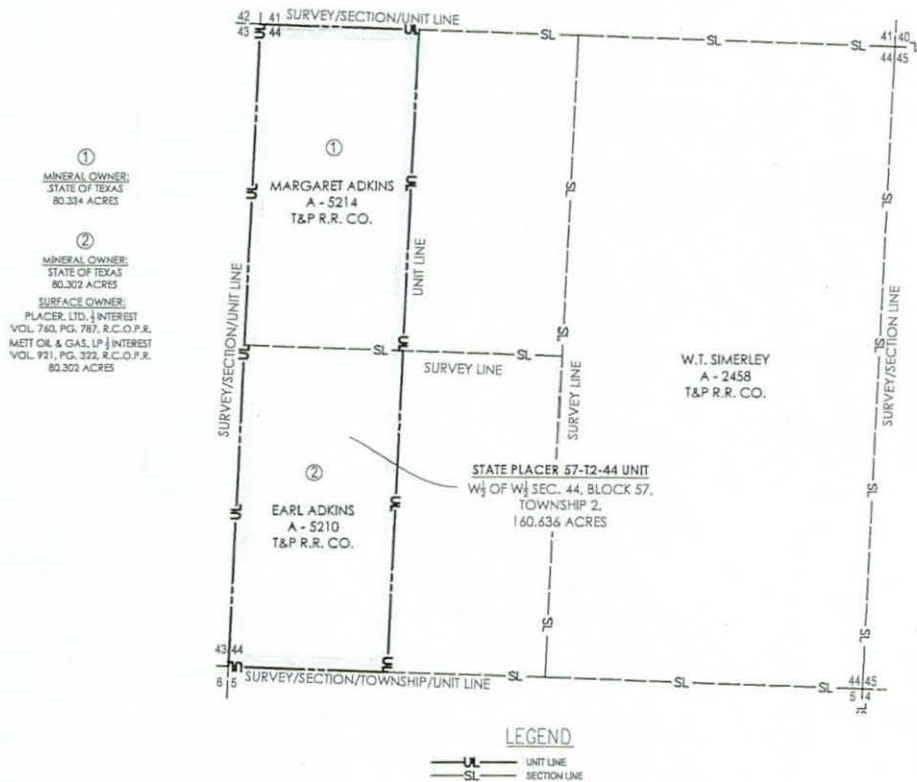
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EXHIBIT "D"
ATTACHED HERETO AND MADE A PART HEREOF THAT CERTAIN POOLING AGREEMENT
STATE PLACER 57-T2-44 UNIT
REEVES COUNTY, TEXAS



UNIT CORNERS

LOCATION	DESCRIPTION	NAD83 (1986)		NAD27	
		STATE PLANE TEXAS CENTRAL (2277)	GEOGRAPHIC (4269)	STATE PLANE TEXAS CENTRAL (2277)	GEOGRAPHIC (4269)
NW CORNER 57-T2-44	5/8" IRON REBAR W/ CAP	N = 10630380.254 E = 1159348.577	LAT: 31.78144721° N LONG: -103.99373964° W	N = 787803.337 E = 862887.618	LAT: 31.78132149° N LONG: -103.99326450° W
NE CORNER OF UNIT	CALC. CORNER	N = 10630338.653 E = 1160668.607	LAT: 31.78145219° N LONG: -103.98949082° W	N = 787761.728 E = 864207.226	LAT: 31.78132843° N LONG: -103.98901584° W
SE CORNER OF UNIT	CALC. CORNER	N = 10625040.685 E = 1160458.848	LAT: 31.76687737° N LONG: -103.98960521° W	N = 782563.929 E = 863997.366	LAT: 31.76675159° N LONG: -103.98913064° W
SW CORNER 57-T2-44	5/8" IRON REBAR W/ CAP	N = 10625082.197 E = 1159140.279	LAT: 31.76687224° N LONG: -103.99384965° W	N = 782505.450 E = 862678.820	LAT: 31.76674650° N LONG: -103.99337522° W

UNIT DESCRIPTION (STATE PLACER 57-T2-44 UNIT): WEST HALF OF WEST HALF SECTION 44,
BLOCK 57, TOWNSHIP 2 SOUTH, ABSTRACT 5214 AND ABSTRACT 5210, T & P RR CO. SURVEYS, REEVES
COUNTY, TEXAS.

CONTACT INFORMATION:
Shannon D. Ozment
Crafton Tull (10193715)
1000 Ledgeland Dr.
Conway, AR 72034



3/30/2016

GENERAL NOTES

1. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS
OBSERVATION, CAP = 0.00000007 AT NW CORNER OF SECTION.
GRID CONVERGENCE -41.8832478" AT NW CORNER OF SECTION.

REVISION	
1	PRELIMINARY PLAT 3/30/16
2	FINALIZE PLAT 3/30/16

BHP BILLITON PET (TXLA OP) CO

UNIT PLAT FOR:
STATE PLACER 57-T2-44 UNIT
LOCATED IN SECTION 44, BLOCK 57, TOWNSHIP 2 SOUTH
REEVES COUNTY, TEXAS

SCALE: 1" = 1000'
PLOT DATE: 03/30/2016
CHECKED BY: FREY
DRAWN BY: SIGMON
APPROVED BY: COBB
SHEET NO.: 1 OF 1

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Inst No. 16-04484
DIANNE O. FLOREZ
COUNTY CLERK

2016 Apr 13 at 03:56 PM

REEVES COUNTY, TEXAS

By: BA *Brittany* DEPUTY

File No. M-112986

Recorded State Place Unit County

Date Filed: 6/2/16

By George P. Bush, Commissioner

313 3

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

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office, found in VOL. 126C PAGE 60 THRU 68

I hereby certify on 24 May 2016



DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS
BY Ariana Arcevalo DEPUTY

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

UPA169028

Unit Number 7779
Operator Name Bhp Billiton Petroleum Properties (N.A.), LP Effective Date 01/05/2016
Customer ID C000079756 Unitized For Oil And Gas
Unit Name State Placer 57-T2-44 1H Unit Term
County 1 Reeves RRC District 1 08 Old Unit Number Inactive Status Date
County 2 RRC District 2
County 3 RRC District 3
County 4 RRC District 4
Unit type Permanent
State Net Revenue Interest Oil 0.18751362
State Part in Unit 1.00000000
Unit Depth Specified Depths Well
From Depth Surface Formation Base of Wolfcamp
To Depth 10878 TVD Participation Basis Surface Acreage
If Exclusions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF116326	1	160.600000	321.270000	0.49989106	O/G	0.12500000	0.06248638	
MF112986	2	160.670000	321.270000	0.50010894	O/G	0.25000000	0.12502724	No

API Number
4238935097

Remarks:

Prepared By:

GLO Base Updated By:

RAM Approval By:

GIS By:

Well Inventory By:

Prepared Date:

GLO Base Date:

RAM Approval Date:

GIS Date:

WI Date:

Pooling Committee Report

To: School Land Board

UPA169028

Date of Board Meeting: 01/05/2016

Unit Number: 7779

Effective Date: 01/05/2016

Unit Expiration Date:

Applicant: BHP Billiton Petroleum Properties (N.A.), LP

Attorney Rep:

Operator: BHP Billiton Petroleum (TXLA Operating) Company,

Unit Name: State Placer 57-T2-44 1H

Field Name: PHANTOM (WOLFCAMP)

County: Reeves

<u>Lease Type</u>	<u>Lease Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres In Unit</u>	<u>Royalty Participation</u>
RAL	MF116326	0.12500000	01/23/2019	5 years	160.000000	160.600000	0.06248638
U Fee	MF112986	0.25000000	07/19/2016	5 years	160.000000	160.670000	0.12502724

Private Acres:	0.000000
State Acres:	320.000000
Total Unit Acres:	321.270000

<u>Participation Basis:</u>	Surface Acreage
Surface Acreage	
<u>State Acreage:</u>	100.00%
<u>State Net Revenue Interest:</u>	18.75%

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

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Yes	704 acres for a 4,500 foot lateral (FTP to LTP).

File No. M-112986
Updated Unit Memo For County
State Place Unit # 7777
Date Filed: 6/2/16
George P. Bush, Commissioner
By [Signature]

mf 1129864
mf 116326

DIVISION ORDER



Date: 4/12/2016

To: BHP Billiton Petroleum
Land Administration
P O Box 22719
Houston, TX 77227-9927
(877) 311- 1443

Issue Date: 4/12/2016
Property Name: STATE PLACER 57-T2-44 1H
Property #: P1M774/00501
Production: ALL PRODUCTS **API 389-35097**
Operator: BHP BILLITON PETROLEUM (TXLA OPERATING)
Legal Description: T&P RR CO ABST/ID# 5214 Grantee STATE Twsp T2 Blk 57 Sec 44 REEVES
COUNTY/PARISH, TEXAS (321.27 ACRES); T&P RR CO ABST/ID# 5210 Grantee E.
ADKINS Twsp T2 Blk 57 Sec 44 REEVES COUNTY/PARISH, TEXAS (160.60 ACRES)

CREDIT TO

Owner # 80113945
STATE OF TEXAS GLO
1700 N CONGRESS AVE NO 640
AUSTIN TX 78701-1495

Decimal	Type	Status	Reason	Start Date
0.12502724	RI	PAY		3/1/2016
0.03124319	RI	PAY		3/1/2016
0.03124319	RI	PAY		3/1/2016

47.574



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

June 3, 2016

Broderick Brown
Division Order Analyst
BHP Billiton Petroleum
P O BOX 22719
Houston, TX 77227-9927

Re: State Lease Nos. MF111961 Zgabay A 7H;
MF111864 State Al Olson 57-T1-43x6 SA 1H;
MF116153 State Pacific 55-T2-8x17 1H; and
✓MF112986/MF116326 State Placer 57-T2-44 1H

Dear Mr. Brown:

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

File No. mf 112986Division Order ~~County~~Date Filed: 6-3-16

George P. Bush, Commissioner

By UH

**RAILROAD COMMISSION OF TEXAS****Form G-1**

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

Status: Submitted
Date: 11/04/2016
Tracking No.: 164558

GAS WELL BACK PRESSURE TEST, COMPLETION OR RECOMPLETION REPORT, AND LOG

OPERATOR INFORMATION	
Operator Name: BHP BILLITON PET(TXLA OP) CO	Operator No.: 068596
Operator Address: 1360 POST OAK BLVD STE 150 HOUSTON, TX 77056-0000	

WELL INFORMATION	
API No.: 42-389-35097	County: REEVES
Well No.: 1H	RRC District No.: 08
Lease Name: STATE PLACER 57-T2-44	Field Name: PHANTOM (WOLFCAMP)
RRC Gas ID No.:	Field No.: 71052900
Location: Section: 44, Block: 57 T2, Survey: T&P RR CO / ADKINS, E, Abstract: 5210	
Latitude: 31.76853	Longitude: -103.99240
This well is located 6.29 miles in a SW direction from ORLA, 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: 03/10/2016	
Type of Permit	Date	Permit No.
Permit to Drill, Plug Back, or Deepen	12/16/2015	811911
Rule 37 Exception		
Fluid Injection Permit		
O&G Waste Disposal Permit		
Other:		

COMPLETION INFORMATION			
Spud date: 01/23/2016	Date of first production after rig released: 03/10/2016		
Date plug back, deepening, recompletion, or drilling operation commenced: 01/23/2016	Date plug back, deepening, recompletion, or drilling operation ended: 02/15/2016		
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: 642.53	Elevation (ft.): 3051 GL		
Total depth TVD (ft.): 9789	Total depth MD (ft.): 14912		
Plug back depth TVD (ft.): 9789	Plug back depth MD (ft.): 14802		
Was directional survey made other than inclination (Form W-12)? Yes	Rotation time within surface casing (hours): 126.0		
Recompletion or reclass? No	Is Cementing Affidavit (Form W-15) attached? Yes		
Type(s) of electric or other log(s) run: Gamma Ray (MWD)	Multiple completion? No		
Electric Log Other Description:			
Location of well, relative to nearest lease boundaries of lease on which this well is located:			Off Lease: No
603.0 Feet from the South Line and			
330.0 Feet from the West Line of the			
STATE PLACER 57-T2-44 Lease.			
FORMER FIELD (WITH RESERVOIR) & GAS ID OR OIL LEASE NO.			
Field & Reservoir	Gas ID or Oil Lease No.	Well No.	Prior Service Type

G1: N/A
 PACKET: N/A

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

GAU Groundwater Protection Determination Depth (ft.): 900.0 Date: 11/13/2015
 SWR 13 Exception Depth (ft.):

GAS MEASUREMENT DATA

Date of test: 04/20/2016 Gas measurement method(s):
 Gas production during test (MCF): 14781 Orifice Meter, Flange Taps
 Was the well preflowed for 48 hours? Yes

Run No.	Line size	Orif. or Choke Size (in.)	24 hr. Coeff. Orif. Or Choke (in.)	Static Pm or Choke (in.)	Diff (hw)	Flow Temp (°F)	Temp. (Ftf)	Gravity (Fg)	Compress (Fpv)	Volume (MCF/day)
1	2.900	0.875	4841.71	989.0	109.1	115.9	0.9503	0.9120	1.075	4792.0

FIELD DATA AND PRESSURE CALCULATIONS

Gravity (dry gas): 0.721 Gravity (liquid hydrocarbons) (Deg. API): 49.9
 Gas-Liquid Hydro Ratio (CF/Bbl): 3631 Gravity (mixture): Gmix= 1.304
 Avg. shut in temp. (°F): 118.0 Bottom hole temp. and depth: 170.0 °F@ 9958.0 FT

Run No.	Time of Run (Min.)	Choke Size (in.)	Wellhead Pressure (PSIA)	Wellhead Flow Temp (°F)
SHUT-IN	1440	48/64	3500	66.0
1	4320	48/64	2660	116.0

CASING RECORD

Row	Type of Casing	Casing Size (in.)	Hole Size (in.)	Setting Depth (ft.)	Multi - Stage Tool Depth (ft.)	Multi - Stage Shoe Cement Class	Cement Amount (sacks)	Slurry Volume (cu. ft.)	Top of Cement (ft.)	TOC Determined By
2	Intermediate	9 5/8	10 5/8	4305		C	489	1168.2	205	Calculation
3	Intermediate	7 5/8	8 3/4	9681		LITE; H	461	991.4	3103	Calculation
1	Surface	11 3/4	14 3/4	1000		C	1237	1645.2	SURF	Circulated to Surface
4	Tapered Production	5 1/2	6 1/8	14889		H	951	1017.6	8969	Calculation
5	Tapered Production	4 1/2	6 1/8	14889		H	951	1017.6	8969	Calculation

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	9560	9542 / BRANTON BT3-XW

PRODUCING/INJECTION/DISPOSAL INTERVAL

Row	Open hole?	From (ft.)	To (ft.)
1	No	L1 9958	14717

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

Was hydraulic fracturing treatment performed?

Yes

Is well equipped with a downhole actuation sleeve? Yes

If yes, actuation pressure (PSIG): 10400.0

Production casing test pressure (PSIG) prior to hydraulic fracturing treatment: 12500

Actual maximum pressure (PSIG) during hydraulic fracturing: 10350

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	15 STAGES: 5,956,398# PROPPANT; 6,021,558 GALLONS FLUID	9958.0 14717.0

FORMATION RECORD

Formations	Encountered	Depth TVD (ft.)	Depth MD (ft.)	Is formation isolated?	Remarks
FORD-DELAWARE	Yes	2500.0	2500.0	Yes	ESTIMATE
CASTILLE	Yes	2800.0	2800.0	Yes	ESTIMATE
LAMAR LM.	Yes	3552.0	3554.0	Yes	ESTIMATE
BELL CANYON	Yes	3580.0	3581.0	Yes	ESTIMATE
DELAWARE	Yes	5700.0	5700.0	Yes	ESTIMATE
DELAWARE CONSOLIDATED GAS	Yes	6500.0	6500.0	Yes	ESTIMATE
MID AVALON LM.	Yes	7005.0	7025.0	Yes	ESTIMATE
BASE AVALON SHALE	Yes	7463.0	7489.0	Yes	ESTIMATE
2ND BONE SPRING	Yes	8101.0	8137.0	Yes	ESTIMATE
3RD BONE SPRING	Yes	9138.0	9187.0	Yes	ESTIMATE
C SAND	Yes	9454.0	9508.0	Yes	
CHERRY CANYON	Yes	3790.0	3792.0	Yes	ESTIMATE
BRUSHY CANYON	Yes	4941.0	4943.0	Yes	ESTIMATE
BONE SPRINGS	Yes	6486.0	6499.0	Yes	ESTIMATE
PERMIAN	No			No	NOT DEEP ENOUGH, NOT ENCOUNTERED
WOLFCAMP	Yes	9506.0	9560.0	Yes	TARGET ZONE
PENNSYLVANIAN	No			No	NOT DEEP ENOUGH, NOT ENCOUNTERED
MISSISSIPPIAN	No			No	NOT DEEP ENOUGH, NOT ENCOUNTERED
DEVONIAN	No			No	NOT DEEP ENOUGH, NOT ENCOUNTERED
FUSSELMAN	No			No	NOT DEEP ENOUGH, NOT ENCOUNTERED
ELLENBURGER	No			No	NOT DEEP ENOUGH, NOT ENCOUNTERED

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

INITIAL POTENTIAL G-1. KOP AT 9627'. CROSSOVER AT 9645'. NO OTHER LOGS RAN.

RRC REMARKS**PUBLIC COMMENTS:****CASING RECORD :****TUBING RECORD:****PRODUCING//INJECTION/DISPOSAL INTERVAL :****ACID, FRACTURE, CEMENT SQUEEZE, CAST IRON BRIDGE PLUG, RETAINER, ETC. :****GAS MEASUREMENT DATE REMARK:****OPERATOR'S CERTIFICATION****Printed Name:** Diann Flowers**Title:** Regulatory Supervisor**Telephone No.:** (713) 983-2508**Date Certified:** 11/04/2016

GROUNDWATER PROTECTION DETERMINATION

Form GW-2



Groundwater Advisory Unit

Date Issued: 13 November 2015**GAU Number:** 18652**Attention:** BHP BILLITON PET(TXLA OP)
1360 POST OAK BLVD STE 150
HOUSTON, TX 77056**Operator No.:** 068596**API Number:**
County: REEVES
Lease Name: STATE PLACER 57-T2-44
Lease Number:
Well Number: 1H
Total Vertical Depth: 13000
Latitude: 31.768403
Longitude: -103.992300
Datum: NAD27**Purpose:** New Drill**Location:** Survey-T&P RR CO ; Abstract-5210; Block-57; Township-2; Section-44

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

The interval from the land surface to the base of the Rustler, which is estimated to occur at a depth of 900 feet, must be protected.

This recommendation is applicable to all wells within a radius of 200 feet of this location.

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

This determination is based on information provided when the application was submitted on 11/12/2015. If the location information has changed, you must contact the Groundwater Advisory Unit, and submit a new application if necessary. If you have questions, please contact us at 512-463-2741 or gau@rrc.texas.gov.

Groundwater Advisory Unit, Oil and Gas Division

Form GW-2 P.O. Box 12967 Austin, Texas 78771-2967 512-463-2741 Internet address: www.rrc.texas.gov
Rev. 02/2014



RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

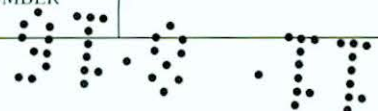
GAS WELL
CLASSIFICATION REPORT

Form G-5

Tracking No.: 164558

This facsimile G-5 was generated electronically from data submitted to the RRC.

1. OPERATOR NAME (Exactly as shown on Form P5 Organization Report) BHP BILLITON PET(TXLA OP) CO		3. RRC DISTRICT NO. 08	4. OIL LEASE NO OR GAS WELL ID NO.														
2. MAILING ADDRESS 1360 POST OAK BLVD STE 150 HOUSTON, TX 77056		5. WELL NO. 1H	6. API NO. 42- 389-35097														
		7. COUNTY OF WELL SITE REEVES															
8. FIELD NAME (as per RRC Records) PHANTOM (WOLFCAMP)		9. LEASE NAME STATE PLACER 57-T2-44															
10. LOCATION (Section, Block and Survey) 44 , 57 T2 , T&P RR CO / ADKINS, E , A-5210		11. PIPELINE CONNECTION OR USE OF GAS BHP BILLITON PETROLEUM (TX GATH)															
PRODUCTION TEST AT RATE ELECTED BY OPERATOR (data on 24-hour basis)		A.S.T.M. DISTILLATION OF LIQUID SAMPLE. Distillation test is required for gas wells ONLY if the producing gas-liquid hydrocarbon ratio is less than 100,000 CF/barrel.															
A. Date of Test <u>04/20/2016</u> B. Gas Volume <u>4792.0</u> (Mcf) C. Oil or Condensate Volume <u>910.46</u> (Bbl) D. Water Volume <u>2276.34</u> (Bbl) E. Gas/Liquid Hydrocarbon Ratio <u>3631</u> (Cf/Bbl) F. Flowing Tubing Pressure <u>2660</u> (psia) G. Choke Size <u>48/64</u> (in.) H. Casing Pressure <u>44.0</u> (psia) I. Shut-in Wellhead Pressure-- Tubing <u>3500</u> (psia) J. Separator Operating Pressure <u>990.0</u> (psia) K. Color of Stock Tank Liquid <u>Pale Yellow</u> L. Gravity of Separator Liquid <u>49.9</u> °API M. Gravity of Stock Tank Liquid <u>49.9</u> °API N. Specific Gravity of the Gas (Air = 1) <u>0.721</u>		Date Liquid Sample Obtained <u>04/20/2016</u> Where Obtained: ☒ Separator ☐ Stock Tank <table style="width:100%;"> <tr> <td style="width:50%;">% Over Temp. (deg. F)</td> <td style="width:50%;">% Over Temp. (deg. F)</td> </tr> <tr> <td>Initial Boiling Temp. <u>113.0</u></td> <td>60 <u>475.0</u></td> </tr> <tr> <td>10 <u>205.0</u></td> <td>70 <u>553.0</u></td> </tr> <tr> <td>20 <u>246.0</u></td> <td>80 <u>648.0</u></td> </tr> <tr> <td>30 <u>284.0</u></td> <td>90 <u>705.0</u></td> </tr> <tr> <td>40 <u>335.0</u></td> <td>95 <u>708.0</u></td> </tr> <tr> <td>50 <u>403.0</u></td> <td>End Point <u>708.0</u></td> </tr> </table> Total Recovery <u>91.3</u> percent Residue <u>7.9</u> percent Loss <u>0.8</u> percent		% Over Temp. (deg. F)	% Over Temp. (deg. F)	Initial Boiling Temp. <u>113.0</u>	60 <u>475.0</u>	10 <u>205.0</u>	70 <u>553.0</u>	20 <u>246.0</u>	80 <u>648.0</u>	30 <u>284.0</u>	90 <u>705.0</u>	40 <u>335.0</u>	95 <u>708.0</u>	50 <u>403.0</u>	End Point <u>708.0</u>
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40 <u>335.0</u>	95 <u>708.0</u>																
50 <u>403.0</u>	End Point <u>708.0</u>																
I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete to the best of my knowledge. <u>11/04/2016</u> DATE		RRC USE ONLY															
		NAME (Type or Print) <u>Diann Flowers</u>															
		SIGNATURE <u>Regulatory Supervisor</u>															
		TITLE 															
CONTACT PERSON 		PHONE NUMBER <u>(713) 983-2508</u>															



Tracking No.: 164558

OPERATOR NAME AND ADDRESS including city, state and zip

BHP BILLITON PET(TXLA OP) CO

1360 POST OAK BLVD STE 150
HOUSTON, TX 77056**GAS WELL
STATUS REPORT**RAILROAD COMMISSION OF TEXAS
Oil and Gas Division
P.O. Box 12967
Austin, Texas 78711-2967*This facsimile G-10 was generated electronically
from data submitted to the RRC.*

Reason for Filing



Survey



Retest



Initial Test



Correction

Operator P-5 Organization No.

068596

RRC Dist. No.

08

G-10

Test Period:

Due Date:

Effective Date:

FIELD NAME

* LEASE NAME

RRC IDENT NO.

DATE TESTED
MO/DAY/YRGAS PRODUCED
MCF/DAY **CONDENSATE
PRODUCEDWATER PROD
BBL/DAY***SIWH
PRESSURE PSIA

WELL NO.

MARK X FOR
SHUT-IN WELLGAS SPEC.
GRAVITYCONDENSATE
GRAVITY (API)X BOTTOMHOLE
PRESSURE PSIA***FLOWING
PRESSURE PSIA

PHANTOM (WOLFCAMP)

STATE PLACER 57-T2-44

1H

04/20/2016

4792

MCF

910.46

BBL

2276.34

BBL

3500

0.721

49.9

2660

MCF

BBL

BBL

MCF

BBL

BBL

MCF

BBL

BBL

MCF

BBL

BBL

MCF

BBL

BBL

MCF

BBL

BBL

MCF

BBL

BBL

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

Signature: Diann Flowers

Title: Regulatory Supervisor

Phone: (713) 983-2508

Date: 11/04/2016

* AN ASTERISK PREPRINTED ON A SURVEY IDENTIFIES WELL SUBJECT TO COMMINGLING TEST REQUIREMENT

** GAS PRODUCTION RATE, IN MCF, IS TO BE REPORTED FULL-Well STREAM, INCLUDING
CONDENSATE *** PRESSURE FOR THE TEXAS HUGOTON FIELD IS REPORTED IN PSIG

X AN 'X' PREPRINTED ON A SURVEY IN THE BOTTOMHOLE PRESSURE BOX INDICATES A BOTTOMHOLE PRESSURE MUST BE REPORTED FOR THE WELL



FESCO, Ltd.
Petroleum Engineers

CORPORATE HEADQUARTERS: 1000 FESCO AVE. • ALICE, TEXAS 78332-7318 • (361) 661-7000
ALICE LABORATORY: (361) 661-7015 • FAX (361) 661-7019

ALICE.....(361) 664-3479	CORPUS CHRISTI.....	KILGORE.....(903) 984-4814	ODESSA.....(432) 332-3211
ALICE HYDRAULICS (361) 661-1538	PROD. TEST (361) 882-4124	LAFAYETTE, LA.....(337) 896-3838	OZONA.....(325) 392-3773
BEAUMONT.....(409) 842-3000	WIRELINE (361) 452-1631	LAREDO.....(956) 724-7501	PECOS.....(432) 445-1993
BRIDGEPORT, WV.....(304) 592-3366	EDINBURG.....(956) 383-8378	LIBERAL, KS.....(580) 778-3384	REFUGIO.....(361) 526-4644
BRYAN.....(979) 775-1825	EL CAMPO.....(979) 543-9451	LUFKIN.....(936) 632-7036	VICTORIA.....(361) 575-7533
CANADIAN.....(806) 323-5050	HOUSTON SALES (281) 565-1115	MANSFIELD, LA.....(318) 872-0734	WOODWARD, OK.....(580) 256-0848

April 28, 2016

Ms. Veronica Clanton
BHP Billiton - Petroleum (TXLA OP) Co.
1360 Post Oak Blvd., Suite 150
Houston, Texas 77056

Re: Well: State Placer 57-T2-44 1H
Field: Phantom (Wolfcamp)
Location: Reeves County, Texas
Formation: Wolfcamp
Lateral: 9958 - 14717 ft
Test Type: Mathematically Recombined C₇₊ Wellstream Analysis

Dear Ms. Clanton:

As instructed, FESCO collected gas and hydrocarbon (HC) liquid samples from the first-stage lease separator on April 20, 2016 then sent the samples to its laboratory in Alice, Texas for C₇₊ compositional analysis. FESCO then determined the corresponding wellstream fluid composition by mathematically recombining the separator gas and separator HC liquid compositions at the producing GOR of 3631 Scf/Sep Bbl (4753 Scf/STB). The attached report contains the separator gas, separator liquid and wellstream fluid compositions through C₇₊. The operator provided the GOR value used to determine the wellstream composition. The resulting molar volume of the C₇₊ wellstream pseudo-component was 8.403 mole percent.

Thank you for this opportunity to serve BHP Billiton - Petroleum (TXLA OP) Co. Please call me if you have any questions or concerns regarding this report.

Sincerely,

FESCO, Ltd.


Conan Pierce
Corporate Engineer
Alice, Texas
Phone: 361-661-7000 Ext. 125
Email: Conan.Pierce@FescoInc.com

361-661-7000

April 28, 2016

FESCO, Ltd.
1100 FESCO Avenue - Alice, Texas 78332

For: BHP Billiton - Petroleum (TXLA OP) Co.
1360 Post Oak Blvd., Suite 150
Houston, Texas 77056

**COMPOSITIONAL ANALYSIS OF THE SEPARATOR GAS, HC LIQUID,
AND MATHEMATICALLY RECOMBINED WELLSTREAM THROUGH C₇₊**

Well Information For Sample Date of : 04/20/16

Well Name:	State Placer 57-T2-44 1H	Formation:	Wolfcamp
Field:	Phantom (Wolfcamp)	Lateral:	9958 - 14717 ft
County:	Reeves, Texas	FWHP:	2660 psig

Separator Effluents at: 990 psig & 108°F

Production Data Furnished by: Operator

Stock Tank GOR:	4753	SCF / STB	Separator Gas Rate:	4772	MCF/Day
Separator GOR:	3631	SCF / Sep Bbl	Separator HC Liquid Rate:	1314.4	Bbls/Day
Stock Tank HC SG:	49.9	*API @ 60 °F	Stock Tank HC Liquid Rate:	1004.0	Bbls/Day
Stock Tank HC Color:	Pale Yellow		Water Rate:	2276.0	Bbls/Day
			Sep HC Liquid Recovery Factor:	76.384	%

Component	GAS		HC LIQUID		WELLSTREAM	
	Mole%	GPM	Mole %	Liquid Volume %	Mole %	GPM
Hydrogen Sulfide**	< 0.001		-----	-----	< 0.001	
Nitrogen	0.664		0.123	0.031	0.550	
Carbon Dioxide	0.107		0.033	0.013	0.092	
Methane	80.462		22.727	8.817	68.344	
Ethane	10.980	2.930	10.598	6.489	10.900	2.898
Propane	4.459	1.226	10.064	6.348	5.636	1.544
Iso-butane	0.568	0.185	2.209	1.655	0.912	0.297
N-butane	1.256	0.395	6.239	4.503	2.302	0.722
2-2 Dimethylpropane	0.000	0.000	0.075	0.066	0.016	0.006
Iso-pentane	0.284	0.104	2.419	2.025	0.732	0.266
N-pentane	0.325	0.118	3.480	2.888	0.987	0.356
Hexanes	0.247	0.101	4.439	4.179	1.127	0.461
Heptanes Plus	0.648	0.315	37.594	62.986	8.403	5.990
TOTALS	100.000	5.374	100.000	100.000	100.000	12.539

HEPTANES PLUS (C₇₊) FRACTION CHARACTERISTICS

	GAS	HC LIQUID	WELLSTREAM
Molecular Weight	107.2 lb/lb-mol	185.4 lb/lb-mol	180.6 lb/lb-mol
Specific Gravity	3.7147 (Air=1)	0.8028 (Water=1)	0.7985 (Water=1)
Vapor Volume	20.663 Scf/Gal	13.744 Scf/Gal	14.029 Scf/Gal

TOTAL SAMPLE CHARACTERISTICS

	GAS	HC LIQUID	WELLSTREAM
Molecular Weight	20.8 lb/lb-mol	94.1 lb/lb-mol	36.2 lb/lb-mol
Specific Gravity	0.7213 (Air=1)	0.6824 (Water=1)	1.2541 (Air=1)
Vapor Volume	186.076 Scf/Gal	23.025 Scf/Gal	79.749 Scf/Gal
Gross Heating Value	Dry BTU/Scf	Sat BTU/Scf	
	1254	1233	

**Hydrogen Sulfide tested on location by: Stained Tube Method (GPA 2377)
<0.013 Gr/100 CF, <0.2 PPMV or <0.001 Mol %

Base Conditions: 14.650 psia and 60 °F

Certified: FESCO, Ltd. - Alice, Texas

Job No.62015

Conan Pierce
Conan Pierce 361-661-7015



RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

ELECTRIC LOG
STATUS REPORT

FORM L-1

Tracking No.: 164558

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

Instructions

When to File Form L-1:

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

When is Form L-1 NOT required:

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

Where to File Form L-1:

- with the appropriate Commission district office

Filling out Form L-1:

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

Type of log required:

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

SECTION I. IDENTIFICATION

Operator Name: BHP BILLITON PET(TXLA OP) CO	District No. 08	Completion Date: 03/10/2016
Field Name PHANTOM (WOLFCAMP)	Drilling Permit No. 811911	
Lease Name STATE PLACER 57-T2-44	Lease/ID No.	Well No. 1H
County REEVES	API No. 42- 389-35097	

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

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

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

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

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

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

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

Lease or ID No(s). _____

Well No(s). _____

Diann Flowers

Signature

Name (print)

Regulatory Supervisor

Title

(713) 983-2508

Phone

11/04/2016

Date

-FOR RAILROAD COMMISSION USE ONLY-



SlimPulse Gamma Ray 5in/100ft Measured Depth

Recorded Mode, Composite Log

Schlumberger

Company: BHP Billiton PET (TXLA OP) CO

Well: State Placer 57-T2-44 1H

Field: Phantom (Wolfcamp)

County: Reeves

State: Texas

Country: United States of America

Latitude: 31° 46' 6.27" N

APIN: 42-389-35097

Longitude: 103° 59' 30.956" W

Rig Name: H&P 602

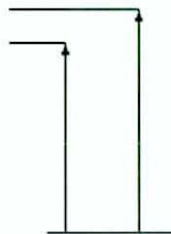
Rig Type: Land - Top drive

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

FL1: Northing: 783094.90ft US

FL2: Easting: 863146.90ft US

Log Measured From: - Drill Floor: 3076.78 ft
Ground Level: 3051.78 ft



Acquisition Dates: 07-Feb-2016 – 13-Feb-2016

Other Services:

Log Interval: 10255.00(ft) to 14655.00(ft)

Directional Drilling

Index Types: Measured Depth

Direction and Inclination (Surveys)

Index Scales: 1:240 5" / 100'

InterACT

Depth Source: Driller's Depth

Depth Sensor: 3rd Party Depth

Print Type: Final

Spud Date: 22-Jan-2016



Disclaimer

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

Contents

1. Header
2. Disclaimer
3. Contents
4. Borehole Size/Casing/Tubing Record
5. Borehole Fluids
6. Remarks and Equipment Summary
7. Operational Run Summary
8. UDCComposite4
 - 8.1 Integration Summary
 - 8.2 Software Version
 - 8.3 Composite Summary
 - 8.4 Log (5in MD RM)
 - 8.5 Parameter Listing
9. Calibration Report
10. Tail



CERTIFICATE OF COMPLIANCE
AND TRANSPORTATION AUTHORITY

P-4

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

Tracking No.: 164558

1. Field name exactly as shown on proration schedule PHANTOM (WOLFCAMP)		2. Lease name as shown on proration schedule STATE PLACER 57-T2-44					
3. Current operator name exactly as shown on P-5 Organization Report BHP BILLITON PET(TXLA OP) CO		4. Operator P-5 no. 068596	5. Oil Lse/Gas ID no	6. County REEVES	7. RRC district 08		
8. Operator address including city, state, and zip code 1360 POST OAK BLVD STE 150 HOUSTON, TX 77056		9. Well no(s) (see instruction E) 1H					
		10. Classification ☐ Oil ☒ Gas ☐ Other (see instruction A)			11. Effective Date 03/10/2016		
12. Purpose of Filing. (Complete section a or b below.) (See instructions B and G) a. Change of: ☐ operator ☐ oil or condensate gatherer ☐ gas gatherer ☐ gas purchaser ☐ gas purchaser system code ☐ field name from _____ ☐ lease name from _____ OR b. New RRC Number for: ☐ oil lease ☒ gas well Due to: ☒ new completion or recompletion ☐ reclass oil to gas ☐ reclass gas to oil ☐ other well (specify) _____ ☐ 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 (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		BHP BILLITON PET (TX GATH), LLC(068595)				100.0	
	X	ENERGY TRANSFER COMPANY(252017)			0001	50.0	
	X	TENASKA MARKETING VENTURES(841396)			0001	50.0	
14. Authorized 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)						Percent of Take	
SHELL TRADING (US) COMPANY(774715)						90.0	
PLAINS MARKETING, L.P.(667883)						10.0	
RRC USE ONLY: 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.							
Name of Previous Operator _____ Name (print) _____ Title _____				Signature ☐ Authorized Employee of previous operator ☐ Authorized agent of previous operator (see instruction G) _____ 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) Regulatory Supervisor Title diann.flowers@bhpbilliton.com E-mail Address (optional)				Signature ☒ Authorized Employee of current operator ☐ Authorized agent of current operator (see instruction G) Diann Flowers _____ Date 11/04/2016 Phone with area code (713) 983-2508			



STATEMENT OF PRODUCTIVITY OF ACREAGE
ASSIGNED TO PRORATION UNITS

Form P-15

Tracking No.: 164558

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 BHP BILLITON PET(TXLA OP) CO ,

STATE PLACER 57-T2-44 , No. 1H ; that such well is
LEASE OPERATOR WELL

completed in the PHANTOM (WOLFCAMP) Field, REEVES County,

Texas and that the acreage claimed, and assigned to such well for proration purposes as authorized by special rule and as shown on the attached certified plat embraces _____

642.53 acres which can reasonably be considered to be productive of hydrocarbons.

- CERTIFICATE -

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

Date 11/04/2016 Signature Diann Flowers

Telephone (713) 983-2508 Title Regulatory Supervisor
AREA CODE

910 11

P-15 STATEMENT OF PRODUCTIVITY OF ACREAGE

OPERATOR: BHP BILLITON PET (TXLA OP) CO (068596)

COUNTY: REEVES – DISTRICT 08

FIELD NAME: PHANTOM (WOLFCAMP)

LEASE NAME: STATE PLACER 57-T2-44

LEASE ACRES: 642.53

<u>LEASE ID</u>	<u>DRILLING PERMIT #</u>	<u>WELL NO.</u>	<u>DEDICATED ACRES</u>
PENDING	811911	1H	642.53

TOTAL ALLOCATED: 642.53

TOTAL AVAILABLE: 0

97.9 .77

RAILROAD COMMISSION OF TEXAS

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

Form P-16

Page 1

Rev. 01/2016

Acreage Designation

SECTION I. OPERATOR INFORMATION

Operator Name: BHP BILLITON PET(TXLA OP) CO	Operator P-5 No.: 068596
Operator Address: 1360 POST OAK BLVD., SUITE 150 HOUSTON, TX 77056	

SECTION II. WELL INFORMATION

District No.: 08	County: REEVES	Purpose of Filing: ☐ Drilling Permit Application (Form W-1) ☒ Completion Report (Form G-1/W-2)
Well No.: 1H	API No.: 42-389-35097	
Total Lease Acres: 642.53	Drilling Permit No.: 811911	
Lease Name: STATE PLACER 57-T2-44	Lease No.:	
Field Name: PHANTOM (WOLFCAMP)	Field No.: 71052900	

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. For all leases operated by other entities, the number of assigned acres shown are reflected on current Commission records or the filer has been authorized by the current operator to change the assigned acreage of that operator as shown below.

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

[illegible]

Total Well Count >	1	642.53	< A. Total Assigned Horiz. Acreage	642.53	< C. Total Assigned Acreage
		0	< Total Remaining Horiz. Acreage	0	< Total Remaining Acreage
		0	< B. Total Assigned Vert./Dir. Acreage		
		0	< Total Remaining Vert./Dir. Acreage		

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

Initial completion.

Attach Additional Pages As Needed. ☐ No additional pages ☒ Additional Pages: 1 (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	Diann Flowers, Regulatory Supervisor			diann.flowers@bhpbilliton.com		
	Name and title (type or print)			Email (include email address <i>only</i> if you affirmatively consent to its public release)		
1360 Post Oak Blvd, Ste 150	Houston	TX	77056	(713) 983-2508		5/15/2016
Address	City,	State,	Zip Code	Tel: Area Code	Number	Date: mo. day yr.

Area Code: 918 Number: 717 Date: mo

RAILROAD COMMISSION OF TEXAS

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

Form P-16

Page 2

Rev. 01/2016

Acreage Designation

Filer is the owner or lessee of all or an undivided portion of the minerals under each tract listed below and has the legal right to drill on each tract traversed by the well that will have perforations or other take points open in the interval of the applied-for field(s). All tracts listed will actually be traversed by the wellbore or the filer has pooling authority or other contractual authority, such as a production sharing agreement, authorizing inclusion of the non-drillsite tract in the acreage assigned to the well.

SECTION V. LISTING OF ALL TRACTS CONTRIBUTING ACREAGE TO AN RRC DESIGNATED DRILLSITE DEVELOPMENTAL UNIT THAT IS NOT A SINGLE LEASE, POOLED UNIT, OR GROUP OF TRACTS UNITIZED BY CONTRACT FOR PURPOSES OF SECONDARY RECOVERY

RRC ID No. or Lease No.	Lease Name	Beginning Lease Acreage	Allocated Lease Acreage	Ending Lease Acreage	Operator Name and Operator No. (if different from filing operator)
	STATE PLACER 57-T2-44	642.53	642.53	0	
Total Allocated Acreage >			642.53	0	< Total Lease Acreage

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. For all leases operated by other entities, the number of assigned acres shown are reflected on current Commission records or the filer has been authorized by the current operator to change the assigned acreage of that operator as shown below.

SECTION VI. LISTING OF ALL WELLS IN THE APPLIED FOR FIELD ON THE SAME ACREAGE AS THE LEASE OR POOLED UNIT DESIGNATED FOR THE TRACTS LISTED IN SECTION V BY FILER

[illegible]

SECTION VII. REMARKS





RAILROAD COMMISSION OF TEXAS

1701 N. Congress

P.O. Box 12967

Austin, Texas 78701-2967

CEMENTING REPORT

Form W-15

Rev. 08/2014

Cementer: Fill in shaded areas.

Operator: Fill in other items.

OPERATOR INFORMATION	
Operator Name: BHP Billiton PET (TXLA OP) Co - (068596)	Operator P-5 No.: 068596
Cementer Name: Schlumberger	Cementer P-5 No.: 754900

WELL INFORMATION	
District No.: 08	County: Reeves
Well No.: 1H	API No.: 42-389-35099 Drilling Permit No.: 811911
Lease Name: State Placer 57-T2-44	Lease No.:
Field Name: Phantom (WOLFcamp)	Field No.: 71052900

I. CASING CEMENTING DATA			
Type of casing: ☐ Conductor ☒ Surface ☐ Intermediate ☐ Liner ☐ Production			
Drilled hole size (in.): 14 3/4	Depth of drilled hole (ft.): 1000	Est. % wash-out or hole enlargement:	
Size of casing in O.D. (in.): 11 3/4	Casing weight (lbs/ft) and grade: 47 J-55	No. of centralizers used: 6	
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.): 1000	Top of liner (ft.):	
		Setting depth liner (ft.):	
Hrs. waiting on cement before drill-out: 19	Calculated top of cement (ft.): Surface	Cementing date: 24-Jan-16	

SLURRY					
Slurry No.	No. of Sacks	Class	Additives	Volume (cu.ft.)	Height (ft.)
1	1237	C	Remarks	1645.2	3794
2					
3					
Total	1237			1645.2	3794

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:
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					

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:
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					

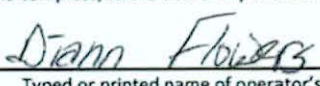
CEMENTING TO SQUEEZE, PLUG BACK OR PLUG AND ABANDON							
	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7
Cementing Date							
Size of hole or pipe (in.)							
Depth to bottom of tubing or drill pipe (ft.)							
Cement retainer setting depth (ft.)							
CIBP setting depth (ft.)							
Amount 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
#1: 94pps D903 + 0.400% D079 + 0.02gps D177
#2:
#3:
#4: Circulated 117.5bbls/496sks 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.

Ashley Barard, FE				Schlumberger			
Name and title of cementer's representative				Cementing Company		Signature	
32 E. Industrial Loop	Midland	TX	79701	(432) 683-1887		January 24, 2016	
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.

				Regulatory Supervisor			
Typed or printed name of operator's representative				Title		Signature	
9360 Port Oak Blvd.	Houston	Tx	77056	(713) 983-2588		3-4-2016	
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.



RAILROAD COMMISSION OF TEXAS

1701 N. Congress

P.O. Box 12967

Austin, Texas 78701-2967

CEMENTING REPORT

Form W-15

Rev. 08/2014

Cementor: Fill in shaded areas.

Operator: Fill in other items.

OPERATOR INFORMATION

Operator Name: BHP Billiton	Operator P-5 No.: 068596
Cementor Name: Schlumberger	Cementor P-5 No.: 754900

WELL INFORMATION

District No.: DB	County: Reeves
Well No.: 1H	API No.: 42-389-35077 Drilling Permit No.: 811911
Lease Name: State Placer 57-T2-44	Lease No.:
Field Name: Phampton (Wolfcamp)	Field No.: 71032900

I. CASING CEMENTING DATA

Type of casing: ☐ Conductor ☐ Surface ☒ Intermediate ☐ Liner ☐ Production	
Drilled hole size (in.): 10 5/8	Depth of drilled hole (ft.): 4315
Size of casing in O.D. (in.): 9 5/8	Casing weight (lbs/ft) and grade: 40 335
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ Yes ☒ No	Setting depth shoe (ft.): 4305
	Top of liner (ft.):
	Setting depth liner (ft.):
Hrs. waiting on cement before drill-out: 11	Calculated top of cement (ft.): 4305
	Cementing date: 28-Jan-16

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu.ft.)	Height (ft.)
1	333	C + Adds	Remarks	912.4	8261
2	156	Class C + Adds	Remarks	255.8	2316
3					
Total	489			1168.2	10577

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.):
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:
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
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.): Surface
	Cementing date: 24-Sep-15

SLURRY

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

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.):
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:
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
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					

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							
#1: C + 5% D020 + 5% D154 + 0.02 gps D047 + 2 % S001							
#2: C + 1.5 % D020 + 0.02 gps D047 + 0.1% D013 + 0.1% D065 + 0.1 gps D177							

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.

David Cecelski, FS
Name and title of cementer's representative

Schlumberger
Cementing Company


Signature

32 E. Industrial Loop Midland TX 79701
Address City State Zip Code

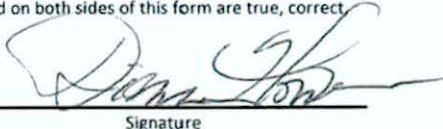
(432) 683-1887
Tel: Area Code Number

January 28, 2016
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.

Diana Flores
Typed or printed name of operator's representative

Regulatory Supervisor
Title


Signature

1360 Post Oak Blvd Houston TX 77056
Address City State Zip Code

(713) 983-2508
Tel: Area Code Number

3-4-2016
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.

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- 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.
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RAILROAD COMMISSION OF TEXAS

1701 N. Congress

P.O. Box 12967

Austin, Texas 78701-2967

CEMENTING REPORT

Form W-15

Rev. 08/2014

Cementer: Fill in shaded areas.

Operator: Fill in other items.

OPERATOR INFORMATION

Operator Name: BHP Billiton	Operator P-5 No.: 068596
Cementer Name: Schlumberger	Cementer P-5 No.: 754900

WELL INFORMATION

District No.: 08	County: Reeves	
Well No.: 1H	API No.: 42-389-35097	Drilling Permit No.: 811911
Lease Name: State Placer 57-T2-44	Lease No.:	
Field Name: Phantom (Wolfcamp)	Field No.: 71052900	

I. CASING CEMENTING DATA

Type of casing: ☐ Conductor ☐ Surface ☒ Intermediate #2 ☐ Liner ☐ Production		
Drilled hole size (in.): 8 3/4	Depth of drilled hole (ft.): 9690	Est. % wash-out or hole enlargement:
Size of casing in O.D. (in.): 7 5/8	Casing weight (lbs/ft) and grade: 29.7 P-110	No. of centralizers used: 0
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.): 9604 9681	Top of liner (ft.):
		Setting depth liner (ft.):
Hrs. waiting on cement before drill-out: 18+	Calculated top of cement (ft.): 3103	Cementing date: 5-Feb-16

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu.ft.)	Height (ft.)
1	332	LiteCRETE	Remarks	790.2	7864
2	129	Class H	Remarks	201.2	2003
3					
Total	461			991.4	9867

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 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					

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					

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
#1: D209 23lb/sk+D049 54lb/sk+D163 23lb/sk+D177 .04gal/sk+D202 .1%+D167 .25%+D201 .3+D206 .02gal/sk+D208 .02%
#2: D903 94lb/sk+D201 .25%+D047 .02gal/sk+D112 1.2%+D065 .15%+M117 3%
#3:
#4:

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.

<u>Mark Askey, FS1</u>				<u>Schlumberger</u>		<u>Mark Askey</u>	
Name and title of cementer's representative				Cementing Company		Signature	
<u>32 E. Industrial Loop</u>	<u>Midland</u>	<u>TX</u>	<u>79701</u>	<u>(432) 683-1887</u>		<u>February 5, 2016</u>	
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.

<u>Diana Flowers</u>				<u>Regulatory Supervisor</u>		<u>Diana Flowers</u>	
Typed or printed name of operator's representative				Title		Signature	
<u>1360 Post Oak Blvd</u>	<u>Houston</u>	<u>TX</u>	<u>77058</u>	<u>(713) 483-2588</u>		<u>3-4-2016</u>	
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.
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RAILROAD COMMISSION OF TEXAS

1701 N. Congress

P.O. Box 12967

Austin, Texas 78701-2967

CEMENTING REPORT

Form W-15

Rev. 08/2014

Cementer: Fill in shaded areas.

Operator: Fill in other items.

OPERATOR INFORMATION

Operator Name:	BHP Billiton	Operator P-5 No.:	068596
Cementer Name:	Schlumberger	Cementer P-5 No.:	754900

WELL INFORMATION

District No.:	DB	County:	Reeves
Well No.:	1H	API No.:	42-389-35097
Lease Name:	State Placer 57.T2-44	Drilling Permit No.:	811911
Field Name:	Phantom(wolfcamp)	Lease No.:	
		Field No.:	91052700

I. CASING CEMENTING DATA

Type of casing:	☐ Conductor	☐ Surface	☒ Intermediate	☐ Liner	☐ Production
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:	
Was cement circulated to ground surface (or bottom of cellar) outside casing?			☐ Yes ☒ No	Setting depth shoe (ft.):	Top of liner (ft.):
					Setting depth liner (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					

II. CASING CEMENTING DATA

Type of casing:	☐ Surface	☐ Intermediate	☒ Production	☐ Tapered production	☐ Multi-stage cement shoe	☐ Multiple parallel strings
Drilled hole size (in.):	6 1/8	Depth of drilled hole (ft.):	14912	Est. % wash-out or hole enlargement:		
Size of casing in O.D. (in.):	4.5, 5.5	Casing weight (lbs/ft) and grade:	30.04 13.5 P-110	No. of centralizers used: 149		
Tapered string drilled hole size (in.)		Tapered string depth of drilled hole (ft.)				
Upper: 6 1/8 Lower: 6 1/8		Upper: 9645 Lower: 14889				
Tapered string size of casing in O.D. (in.)		Tapered string casing weight (lbs/ft) and grade		Tapered string no. of centralizers used		
Upper: 5.5 Lower: 4 1/2		Upper: 20 P-110 Lower: 13.5 P-110		Upper: 22 Lower: 127		
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.): 8969		Cementing date: 17-Feb-16		

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu.ft.)	Height (ft.)
1	951	H+Add	Remarks	1017.6	25678
2					
3					
Total	951			1017.6	25678

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:		

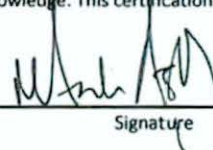
SLURRY

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

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)							

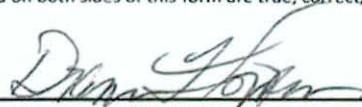
REMARKS
#1: H/94lb+D167 .5%+D065 .5%+D047 .02gal/sk+D800 .15%
#2:
#3:
#4:

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<u>Mark Askey, FS1</u>	<u>Schlumberger</u>	
Name and title of cementer's representative	Cementing Company	Signature

<u>32 E. Industrial Loop</u>	<u>Midland</u>	<u>TX</u>	<u>79701</u>	<u>(432) 683-1887</u>	<u>February 17, 2016</u>
Address	City,	State,	Zip Code	Tel: Area Code Number	Date: mo. day yr.

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<u>Diann Froules</u>	<u>Registry Supervisor</u>	
Typed or printed name of operator's representative	Title	Signature
<u>1360 Rte 241 Blvd Houston TX 77056</u>	<u>(713) 983-2508</u>	<u>3/4/2016</u>
Address	Tel: Area Code Number	Date: mo. day yr.

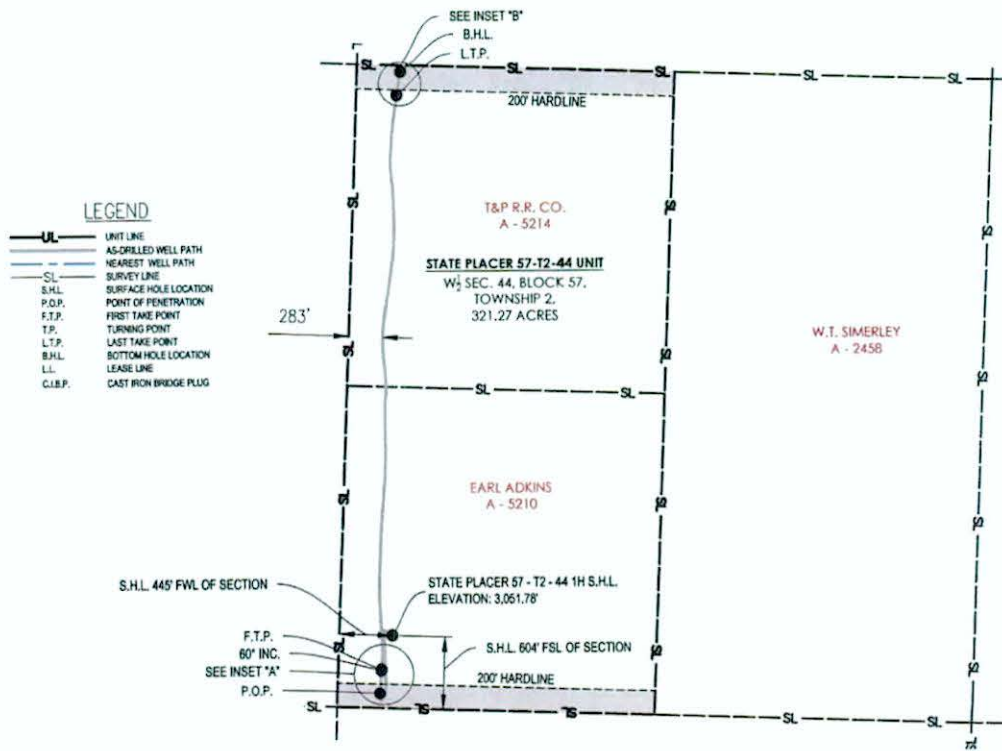
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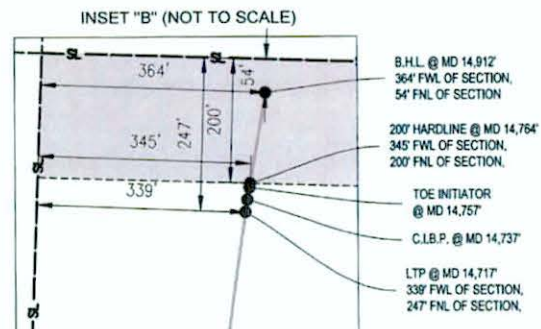
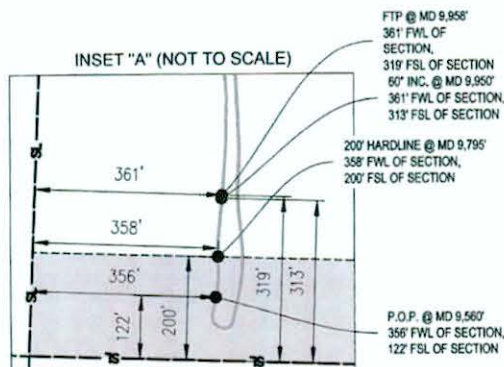
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S.H.L. ELEVATION	
WELL NAME	ELEVATION
STATE PLACER 57-T2-44 1H	3,051.78'

NOTE: S.H.L. APPROXIMATE LOCATION IS S 53°30'56" W.
6.29 MILES FROM ORLA, TEXAS.
S.H.L. AND B.H.L. LOCATED IN SECTION 44, BLOCK 57, TOWNSHIP 2.



GRID NORTH (NAD 83)
TEXAS CENTRAL ZONE
GRID CONVERGENCE = 1.88463842 @ S.H.L.



WELL BORE POSITIONS									
REFERENCE	LAT. (NAD 83)	LONG. (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LAT. (NAD 27)	LONG. (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)	
S.H.L.	31.76853412° N	-103.99240707° W	10625671.67	1159608.35	31.76840836° N	-103.99193234° W	31° 46' 06.270" N	-103° 59' 30.956" W	783094.90
P.O.P.	31.76720830° N	-103.99270039° W	10625192.63	1159501.38	31.76708254° N	-103.99222568° W	31° 46' 01.497" N	-103° 59' 32.012" W	782615.87
F.T.P.	31.76775087° N	-103.99268030° W	10625389.69	1159514.11	31.76762512° N	-103.99220558° W	31° 46' 03.450" N	-103° 59' 31.940" W	782812.93
L.T.P.	31.78077042° N	-103.99265462° W	10630123.09	1159677.86	31.78064468° N	-103.99217953° W	31° 46' 50.321" N	-103° 59' 31.846" W	787546.18
B.H.L.	31.78130071° N	-103.99256861° W	10630315.02	1159710.92	31.78117498° N	-103.99209351° W	31° 46' 52.230" N	-103° 59' 31.537" W	787738.10

I do hereby certify that the well location is true and correct to the best of my knowledge and belief.

Diana Hester



GENERAL NOTES
1. THE LOCATIONS OF UNDERGROUND UTILITIES AS SHOWN HEREON ARE BASED ON REASONABLE VISUAL OBSERVATION. LOCATIONS OF UNDERGROUND UTILITIES/STRUCTURES MAY VARY FROM LOCATIONS SHOWN HEREIN. ADDITIONAL BURIED UTILITIES/STRUCTURES MAY BE ENCOUNTERED. NO EXCAVATIONS WERE MADE DURING THE PROGRESS OF THIS SURVEY TO LOCATE BURIED UTILITIES/STRUCTURES. BEFORE EXCAVATIONS ARE BEGUN, THE OFFICES OF THE VARIOUS UTILITIES SERVICING THIS AREA SHOULD BE CONTACTED FOR THEIR UTILITY LOCATION.

2. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS OBSERVATION. CAP = 0.0000241.

REVISION		BHP BILLITON PET (TXLA OP) CO	
1	PRELIMINARY PLAT 2/17/16	STATE PLACER 57-T2-44 1H (MWN 835564)	
		S.H.L. AND B.H.L. LOCATED IN SECTION 44, BLOCK 57, TOWNSHIP 2.	
		REEVES COUNTY, TEXAS	
		AS-DRILLED PLAT	
SCALE: 1" = 1000'		CHECKED BY: SIGMON	APPROVED BY: J. PARKER
PLOT DATE: 02/17/2016		DRAWN BY: GREEN	SHEET NO.: 1 OF 1



File No. MF112986
Reese County

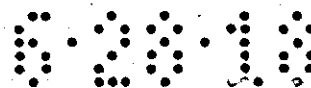
Completion Report API 389-35097 Unit 7779

Date Filed: 11/29/2016

By George P. Bush, Commissioner



Texas General Land Office
George P. Bush, Commissioner
1700 North Congress Avenue
Austin, Texas 78701-1495



DEEP RIGHTS RETENTION PAYMENT FORM

Complete a separate form for each State Mineral File (MF). Multiple undivided interest leases, in the common mineral file, for which retention is being requested, may be listed together.

Mail or Deliver with Attention to: Energy Resources

STATE LEASE # MF 112986		County REEVES	Gross Acres 160	Net Acres 160	Tract Part (Ex. NW/4) NW/4
Section: 44	Block: 57	Survey: T&P RR CO		Township: 2	Abstract: 5214
Agent for State (Lessor) COMMISSIONER OF GLO			Operator BHP BILLITON PETROLEUM (TXLA OPERATING) COMPANY		

FOR EACH WELL, PROVIDE THE FOLLOWING:

- "As-Drilled" Plat (horizontal wells must have lateral length set out on the plat)
- P-15 as submitted to RRC where required by RRC Field Rules

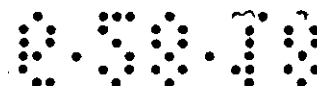
MONIQUE CRUMP	06/21/2018
Contact	Date
LEASE ANALYST	BHP
Title	Company
713-297-6814	1500 POST OAK BLVD
Telephone Number	Mailing Address
MONIQUE.CRUMP@BHP.COM	HOUSTON, TX, 77056
E-Mail Address	City, State, Zip

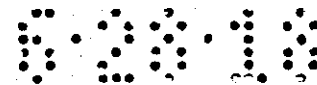
Deep Rights Retention Bonus Work-Up
Type of State Lease: Fee (RAL, Fee, Free Royalty)
Total Eligible Acres: 160
Total Amount Due: \$88,888.00
Check # 210100 <i>need add'l 80¢</i>
<i>If there are undivided interests; there may be multiple checks</i>

For General Land Office Use Only:	Received: 6/28/18	Payment Register No.: _____
Amount: \$ 88,888.00	Lease Type: Fee	Unit No.: 7779

AGENT FOR STATE (LESSOR) (if multiple undivided interests are included; list below)				
Lease MF# & Undivided Interest Alpha #	Name of Agent for State of Texas	Original Bonus to State in \$	Bonus Amount Due One half (½) of Original (based on acres being retained)	Undivided Interest Net Acres
M-112986	STATE OF TEXAS	\$177,777. ⁶⁰ ₀₀	\$88,888. ⁸⁰ ₀₀	160
Deep Rights Retention Bonus Due to State TOTAL:			\$88,888.00	
Undivided Interest Net Acres TOTAL:				160

Copy and Complete Additional Sheets as Necessary



**WELL INFORMATION***Copy and Complete Additional Sheets as Necessary*

<u>WELL NAME & NO.</u> STATE PLACER 57-T2-44 1H		<u>API</u> 389-35097	<u>DISTRICT</u> 08	<u>RRC ID</u> 281240	<u>SPUD DATE</u> 1/23/2016	<u>COMPLETION DATE</u> 3/10/2016
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>NW/4</u> Section: <u>44</u> Block: <u>57</u> Township: <u>2</u> Survey: <u>t&p rr co</u> Abstract: <u>5210</u>			OIL ☐ VERTICAL ☐ GAS ☒ HORIZONTAL ☒ FIELD NAME & NUMBER: <u>PHANTOM (WOLFCAMP) 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 321.27	<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 321.27	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 321.27		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 9881'		
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u> 4759'	<u>LENGTH OF LATERAL ON STATE LAND</u> 4759'		<u>LENGTH OF LATERAL ON PRIVATE LAND</u> 4759'		
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> 2/18	<u>VOLUME</u> 17,229mcf, 3,352bbl	<u>MONTH/YEAR</u> 1/18	<u>VOLUME</u> 18,444mcf, 3,622bbl	<u>MONTH/YEAR</u> 12/17	<u>VOLUME</u> 28,429mcf, 4,602bbl

<u>WELL NAME & NO.</u>		<u>API</u>	<u>DISTRICT</u>	<u>RRC ID</u>	<u>SPUD DATE</u>	<u>COMPLETION DATE</u>
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): _____ Section: _____ Block: _____ Township: _____ Survey: _____ Abstract: _____			OIL ☐ VERTICAL ☐ GAS ☐ HORIZONTAL ☐ FIELD NAME & NUMBER: _____			
<u>TOTAL ALLOWABLE WELL ACRES</u>	<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u>	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u>		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u>		
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u>	<u>LENGTH OF LATERAL ON STATE LAND</u>		<u>LENGTH OF LATERAL ON PRIVATE LAND</u>		
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>

<u>WELL NAME & NO.</u>		<u>API</u>	<u>DISTRICT</u>	<u>RRC ID</u>	<u>SPUD DATE</u>	<u>COMPLETION DATE</u>
<u>WELL LOCATION: Land Part (Ex. NW/4):</u> _____ Section: _____ Block: _____ Township: _____ Survey: _____ Abstract: _____			OIL ☐ VERTICAL ☐ GAS ☐ HORIZONTAL ☐ FIELD NAME & NUMBER: _____			
<u>TOTAL ALLOWABLE WELL ACRES</u>		<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u>		<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u>		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u>
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u>		<u>LENGTH OF LATERAL ON STATE LAND</u>		<u>LENGTH OF LATERAL ON PRIVATE LAND</u>	
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>

<u>WELL NAME & NO.</u>		<u>API</u>	<u>DISTRICT</u>	<u>RRC ID</u>	<u>SPUD DATE</u>	<u>COMPLETION DATE</u>
<u>WELL LOCATION: Land Part (Ex. NW/4):</u> _____ Section: _____ Block: _____ Township: _____ Survey: _____ Abstract: _____			OIL ☐ VERTICAL ☐ GAS ☐ HORIZONTAL ☐ FIELD NAME & NUMBER: _____			
<u>TOTAL ALLOWABLE WELL ACRES</u>		<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u>		<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u>		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u>
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u>		<u>LENGTH OF LATERAL ON STATE LAND</u>		<u>LENGTH OF LATERAL ON PRIVATE LAND</u>	
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>

SECTION VII. REMARKS



Crafton Tull
surveying

501.328.3316 f 501.328.3325 f
www.craftontull.com

1000 Ledgetown Dr.
Conway, Arkansas 72034

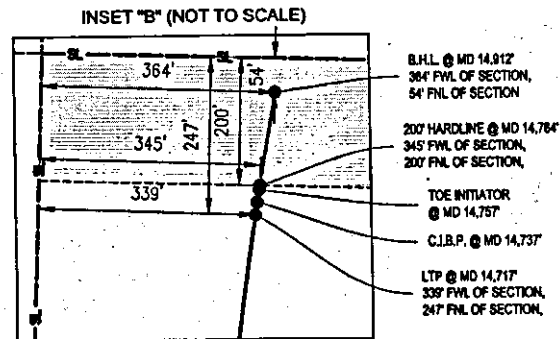
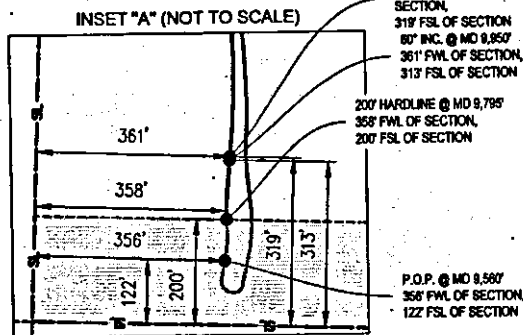
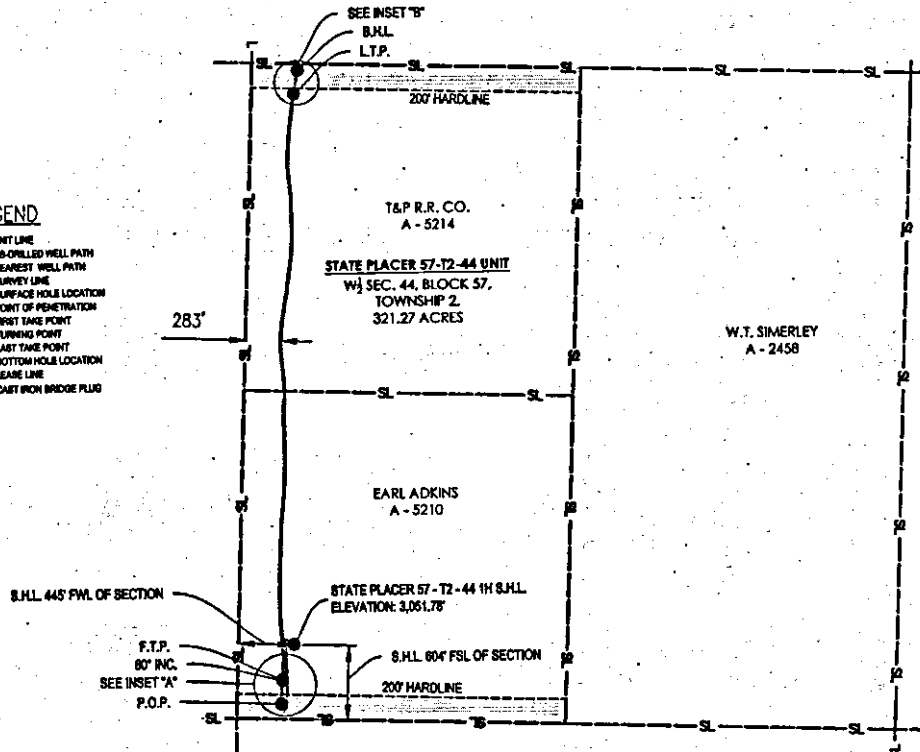
REEVES COUNTY, TEXAS

S.H.L. ELEVATION

WELL NAME	ELEVATION
STATE PLACER 57-T2-44 1H	3,051.78'

NOTE: S.H.L. APPROXIMATE LOCATION IS S 53°30'56" W.
4.29 MILES FROM ORLA, TEXAS.
S.H.L. AND B.H.L. LOCATED IN SECTION 44, BLOCK 57, TOWNSHIP 2.

- LEGEND**
- U.L. — UNIT LINE
 - AD-DRILLED WELL PATH —
 - NEAREST WELL PATH —
 - SURVEY LINE —
 - S.H.L. — SURFACE HOLE LOCATION
 - P.O.P. — POINT OF PENETRATION
 - F.T.P. — FIRST TAKE POINT
 - T.P. — TURNING POINT
 - L.T.P. — LAST TAKE POINT
 - B.H.L. — BOTTOM HOLE LOCATION
 - L.L. — LEASE LINE
 - C.I.B.P. — CART IRON BRIDGE PLUG



WELL BORE POSITIONS

REFERENCE	LAT. (NAD 83)	LONG. (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LAT. (NAD 27)	LONG. (NAD 27)	LAT. (NAD 27)	LONG. (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)
S.H.L.	31.76853412° N	-103.99240707° W	10625671.87	1159608.35	31.76840836° N	-103.98193234° W	31° 46' 06.270" N	-103° 59' 30.956" W	783094.90	863148.90
P.O.P.	31.76720830° N	-103.99270038° W	10625182.63	1158501.38	31.76708254° N	-103.99222568° W	31° 46' 01.497" N	-103° 59' 32.012" W	782615.87	863039.92
F.T.P.	31.76775087° N	-103.99268030° W	10625389.69	1159514.11	31.76762512° N	-103.99220558° W	31° 46' 03.450" N	-103° 59' 31.940" W	782812.93	863052.65
L.T.P.	31.76777042° N	-103.99255462° W	10630123.09	1159677.88	31.78064468° N	-103.99217953° W	31° 46' 50.321" N	-103° 59' 31.846" W	787546.18	863216.49
B.H.L.	31.78130071° N	-103.99256861° W	10630315.02	1159710.92	31.78117498° N	-103.99209351° W	31° 46' 52.230" N	-103° 59' 31.537" W	787738.10	863249.55

I do hereby certify that the well location is true and correct to the best of my knowledge and belief.

Signature

GRAPHIC SCALE IN FEET



GENERAL NOTES

1. THE LOCATIONS OF UNDERGROUND UTILITIES ARE SHOWN HEREON ARE BASED ON REASONABLE VISUAL OBSERVATION. LOCATIONS OF UNDERGROUND UTILITIES MAY VARY FROM LOCATIONS SHOWN HEREON. ADDITIONAL BURIED UTILITIES MAY BE ENCOUNTERED. NO EXCAVATIONS WERE MADE DURING THE PROGRESS OF THIS SURVEY TO LOCATE BURIED UTILITIES. BEFORE EXCAVATIONS ARE BEGUN, THE OFFICES OF THE VARIOUS UTILITIES SERVICING THIS AREA SHOULD BE CONTACTED FOR THEIR UTILITY LOCATION.

2. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS OBSERVATION, GRS = 8.88802541.

REVISION	DATE	BY	DESCRIPTION
1	PRELIMINARY PLAT 2/17/16		
BHP BILLITON PET (TXLA OP) CO			
STATE PLACER 57-T2-44 1H (MWN 835544)			
S.H.L. AND B.H.L. LOCATED IN SECTION 44, BLOCK 57, TOWNSHIP 2, REEVES COUNTY, TEXAS			
AS-DRILLED PLAT			
SCALE: 1" = 100'	CHECKED BY: SIGMON	APPROVED BY: J. PARKER	
PLOT DATE: 02/17/2016	DRAWN BY: GREEN	SHEET NO.: 1 OF 1	

Check No.: 210100
Payment Type: DEPTH EXTENSION PMT

Period Covered: 07/19/2018-07/19/2018
Payment Amount: \$88,888.00

18713461

Lease Number: 1045499/001 LSE

Original Lessor: THE STATE OF TEXAS M-112986

Lease Effective Date: 07/19/2011

Recording Information: Book # 901 Page # 385, 6712

State: TX

County: REEVES

Check Remarks:
DEPTH EXTENSION PMT M-112986

BLK 57, TWN 2, SECTION 44

For the Credit of:

Owner: COMMISSIONER OF THE TEXAS GENERAL
LAND OFFICE ATN MINERAL LEASING
Address: 1700 N CONGRESS AVE
AUSTIN, TX 78701

(BA#):80104210

Payment Amount: \$88,888.00

121

VERIFY THE AUTHENTICITY OF THIS MULTI-TONE SECURITY DOCUMENT.

CHECK BACKGROUND AREA CHANGES COLOR GRADUALLY FROM TOP TO BOTTOM.

BHP

PETROHAWK ENERGY CORPORATION
ATTN LAND ADMINISTRATION
P.O. BOX 22719
HOUSTON, TX 77027-9998

Bank of America, 1455 Market St, 4th Fl
San Francisco, CA 94103

32
1110 GL

DATE 06/15/2018

CHECK NO. 210100

PAY *****88888*DOLLARS AND* 00*CENTS

AMOUNT *****\$88,888.00

VOID IF NOT CASHED WITHIN
SIX MONTHS OF ISSUE

NON TRANSFERABLE

Owner Call Center: 1-877-311-1443

PAY
TO
THE
ORDER
OF

COMMISSIONER OF THE TEXAS GENERAL
LAND OFFICE ATN MINERAL LEASING
1700 N CONGRESS AVE
AUSTIN, TX 78701

FACSIMILE SIGNATURE

FACSIMILE SIGNATURE

⑈000210100⑈

Susan Draughn

From: Crump, Monique <Monique.Crump@bhpbilliton.com>
Sent: Thursday, July 12, 2018 8:12 AM
To: Susan Draughn
Subject: RE: State Lease MF112986

Hi Susan,

My apologies for this oversight. I am going to cut a check for the eighty cents and overnight that to you today. Will that be sufficient? I also left off the eighty cents on the depth retention form. May I email that corrected form to you or would you rather I place it in the overnight package?

Thank you so much for pointing this out to me and letting me know with enough time to follow through.

BHP

Monique Crump
PPU Lease Analyst
Monique.Crump@bhpbilliton.com
T - 713.297.6814
1500 Post Oak Blvd
Houston, Texas 77464

bhpbilliton.com

From: Susan Draughn [mailto:Susan.Draughn@GLO.TEXAS.GOV]
Sent: Thursday, July 12, 2018 8:03 AM
To: Crump, Monique <Monique.Crump@bhpbilliton.com>
Subject: State Lease MF112986

Monique,

I am reviewing the referenced file and the deep rights retention payment received from BHP. The check is short by \$0.80 (80 cents). That amount must be submitted in order to retain the depths. It is statutory that we receive the full half of the bonus to retain. The period to extend expires July 19.

Please contact me to discuss and tell me what you wish to do.

Susan Draughn, Landman
Energy Resources/Mineral Leasing|Texas General Land Office
Direct: 512.463.6521|Email: susan.draughn@glo.texas.gov
GLO Website: www.glo.texas.gov



July 12, 2018

Commissioner of the Texas General Land Office
ATTN: Mineral Leasing
1700 N Congress Ave
Austin, TX 78701

BHP Billiton Petroleum
Land Administration
P.O. Box 22719
Houston, TX 77227-9927
(877) 311-1443
petroleumownerrelationsrequest@bhpbilliton.com

RE: MF-112986 / Deep Rights Retention

Susan,

Attached is the supplemental check #20333 in the amount of \$.80. Please add this amount to the original check #210100. BHP is tendering this payment for the Deep Rights Retention for MF-112986.

If you have any questions, please do not hesitate to contact me.

Kindest regards,

Monique Crump
PPU Lease Analyst
Monique.Crump@bhpbilliton.com
T - 713.297.6814
1500 Post Oak Blvd
Houston, Texas 77464

20333

BHP

PETROHAWK ENERGY CORPORATION
CONTROLLED DISBURSEMENT
P.O. BOX 22719
HOUSTON, TX 77227-9927

AMEGY BANK N.A.
P.O. BOX 27459
HOUSTON, TEXAS 77227-7459

07/12/2018

18714225

PAY TO THE
ORDER OF

COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE ATN MINERAL
LEASING

\$0.80

Zero and 80/100 DOLLARS

Void if not cashed within six months of issue
Non Transferable
Owner Relations 1-877-311-1443

MEMO MF#112986

BL

AUTHORIZED SIGNATURE

⑈00020333⑈

20333

\$0.80

X 12218714225

20333



19.

File No. MF112986
DRR Form + Bonus County

Date Filed: 7/20/18
George P. Bush, Commissioner
By SSD



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

July 20, 2018

Ms. Monique Crump
BHP Billiton Petroleum Company
1500 Post Oak Blvd.
Houston, TX 77056

RE: MF112986 – State Fee
Deep Rights Retention, Reeves County, Texas
160.00 acres, NW/4, Section 44, Block 57, T2, T&P RR Co. Survey, A-5214
Well: State Placer 57-T2-44 1H, API 42-389-35097, RRC 08-281240

Dear Ms. Crump,

The Deep Rights Retention checks in the total amount of \$88,888.80 have been accepted and will retain the deep rights until July 19, 2020 for State Lease MF112986. Enclosed is a copy of the checks received on June 28, 2018 and July 13, 2018.

If you have any questions, please feel free to contact me.

Best regards,

Susan S. Draughn, Landman
Energy Resources/Mineral Leasing
Direct: 512.463.6521
Email: susan.draughn@glo.texas.gov

Enclosure

File No. MF112986
Letter accepting DRR County

Date Filed: 7/20/18
George P. Bush, Commissioner
By SSD

unit 7779
MF 112986
MF 116326

BHP

BHP
Land Administration
P.O. Box 22719
Houston, TX 77227-9927
T (877) 311-1443
F (888) 484-3189
PetroleumOwnerRelations
Request@bhpbilliton.com

STATE OF TEXAS GLO
1700 N CONGRESS AVE NO 640
AUSTIN TX 78701-1495

Division Order Instruction Sheet

We are pleased to deliver this Division Order which sets forth your share of production proceeds from the well indicated thereon and the name and address to which payments will be made. Please return one fully executed copy and retain the other copy for your records. Your Division Order contains information that will aid in your communication with BHP. When contacting us about any questions regarding your interest or Division Order, please have the Division Order in hand as it contains identifying information that will assist us in answering your questions.

WE ARE NOT ABLE TO ACCEPT ANY ALTERATIONS TO THIS DIVISION ORDER FORM.

SIGNATURES:

- Sign exactly as shown on the Division Order. If your signature is different, please enclose legal documentation authorizing the name change with your returned Division Order.
- Signatures by Agents, Attorneys-in-Fact, Guardians, or Trustees must be verified by attaching a copy of the recorded legal evidence of the rights vested in the signing party.
- In the event of multiple trustees/executors, all signatures are required unless documentation is provided evidencing authority to sign on behalf of all parties.
- An authorized official, with the name and title of the signing party printed beneath the signature, must execute for companies, corporations, or partnerships.
- All signatures must be witnessed. Notary is not required.

TAXPAYER IDENTIFICATION NUMBER OR SOCIAL SECURITY NUMBER:

Include your Tax ID or Social Security Number in the space provided on your Division Order. Failure to furnish this number will result in 24% tax withholding in accordance with Section 3406 of the Internal Revenue Service Code, and any tax withheld will not be refundable by BHP.

ADDRESS & TITLE CHANGES:

- Please note any change of address directly on your Division Order
- Subsequent address changes must be submitted in writing either by mail, fax or email (a change of address form can be found at <http://www.bhpbilliton.com/investor-centre/owner-relations>).
- If a change in title occurs, please furnish us with a copy of the recorded deed or document transferring the title.

PAYMENTS: Royalty check payments are mailed on or before the 30th of each month. Our policy is to remit checks monthly when your account reaches \$100, or once a year, whichever occurs first. We can reduce the minimum hold on your account from \$100 to \$25 upon written request.

PRIVACY: BHP respects the privacy of our owners. Please remember we are unable to release information to third parties on any ownership account without prior written authorization from the owner unless legally required. In order for us to discuss your lease, agreement, and/or royalty information with your appointed representative, we must be furnished with your written authorization.

CONTACT US: The following information will assist us in serving you: (1) name & owner number (2) county and state where well is located (3) well name and property number (4) telephone number with area code (5) nature of your inquiry

Owner Relations Call Center

Phone Number: 1-877-311-1443

Fax: 1-888-484-3189

E-mail: petroleumownerrelationsrequest@bhpbilliton.com

BHP

Land Administration

P O Box 22719

Houston, TX 77227-9927



SEE EXHIBIT A FOR LIST OF PROPERTY(IES) AND DECIMAL INTEREST(S) COVERED

The undersigned severally and not jointly certifies that it is the legal owner of the interest set out herein of all products produced from the property described herein:

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 OR GAS.

The following provisions apply to each interest owner ("owner") who executes this agreement and may not be altered as to its terms:

TERMS OF SALE: The undersigned will be paid in accordance with the division of interest 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. Purchaser shall compute quantity and make corrections for gravity and temperature and make deductions for impurities.

PAYMENT: From the effective date, payment is to be made monthly by payor's check or electronic funds transfer, based on this division of interest, for products run during the preceding calendar month from the property listed herein, 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 of 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 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 and payor may have certain statutory rights under the laws of this State.

5410

EXHIBIT A

BHP

Date: 7/19/2019

CREDIT TO

Owner # 80113945
STATE OF TEXAS GLO
1700 N CONGRESS AVE NO 640
AUSTIN TX 78701-1495

BHP
Land Administration
P.O. Box 22719
Houston, TX 77227-9927
T (877) 311-1443
F (888) 484-3189
PetroleumOwnerRelations
Request@bhpbilliton.com

Special Clauses/Comments:

Issue Date: 7/19/2019
Property Name: STATE PLACER 57-T2-44 W102H
Property #: P1N061/00501
Production: ALL PRODUCTS
Operator: BHP BILLITON PETROLEUM (TXLA OPERATING)
Legal Description: T&P RR CO ABST/ID# 5214 Grantee STATE Twsp T2 Blk 57 Sec 44 REEVES
COUNTY/PARISH, TEXAS (1.000 ACRES); T&P RR CO ABST/ID# 5210 Grantee E.
ADKINS Twsp T2 Blk 57 Sec 44 REEVES COUNTY/PARISH, TEXAS (1.000 ACRES)

Decimal	Type	Status	Reason	Start Date
0.03124319	RI	PAY		6/1/2019
0.12502724	RI	PAY		6/1/2019
0.03124319	RI	PAY		6/1/2019

PLEASE KEEP THIS COPY FOR YOUR RECORDS

HANNS - 51872(P1N061_NotAmended)

01424

DIVISION ORDER

Date: 7/19/2019

Special Clauses/Comments:

Owner Number: 80113945

Owner Name: STATE OF TEXAS GLO

Owners Signatures: _____

Owner Tax I.D. Number: XXXXXX - 0108 (TIN)

Day Time Phone Number: 800-998-4456

E-Mail Address: _____

Owners Mailing Address: 1700 N CONGRESS AVE NO 640
AUSTIN TX 78701-1495

Witness: _____

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in 24% tax withholding and will not be refundable by Payor.



DIVO 51872 80113945

PLEASE SIGN AND RETURN THIS COPY

HANNS - 51872(P1N061_NotAmended)

81434

AUTHORIZATION FOR ELECTRONIC FUNDS TRANSFER PAYMENT

The undersigned, hereinafter called "Owner", is representing that he / she is the owner of an oil, gas and / or mineral interest that is currently paid by BHP Billiton Petroleum (Fayetteville) LLC (BHPB) / Petrohawk Energy Corporation (PEC). Owner is now authorizing BHPB / PEC to make direct deposit (EFT) payments for his / her owned interest to the financial institution and owner account as designated below.

Owner agrees that electing to participate in EFT payments will not amend any lease agreements between BHPB / PEC and Owner. This agreement simply allows for EFT payments in lieu of paper royalty check payments.

Owner acknowledges they will no longer receive physical Check Stub Details via the United States Postal Service (USPS). Check Stub Details are available online to all owners via the PDS Energy website (<https://secure.pds-austin.com/bhp/login.asp>). Please visit this site and click on "Register Now" to create your User Name and Password for login purposes.

Owner agrees to give at least sixty (60) days advance written notice of any change in the payment instructions shown below. Owner agrees that any changes to their mailing address will continue to be submitted in writing.

Owner agrees that BHPB and/or PEC will not be held liable for any interest or other claim arising as the result of Owner's failure to provide written notice of any payment instruction changes. Owner also releases and agrees to indemnify and hold BHPB / PEC harmless for any loss, claim, damage, or interest incurred as the result of Owner's depository institution's failure to properly or promptly post any EFT payment and / or as a result of any error or omission in the payment instructions provided by or on behalf of Owner.

Name of Owner:	STATE OF TEXAS GLO
Owner Number on BHPB / PEC Issued Check:	80113945
Street Address or P.O. Box:	
City, State, & Zip Code:	
Daytime Phone Number (Including Area Code):	
Email Address:	
Depository Institution:	
Depository Institution Routing Number (9 Digits):	
Name on Account:	
Account Number:	
Account Type (circle one):	☐ CHECKING ☐ SAVINGS
Signature of Owner(s) or Authorized Representatives:	
TIN or SSN (Last 4 Digits):	XXXXXX - 0108 (TIN)
Date:	

Please initial below if you would like the address on your account to be updated to the address reflected above. Please note this is where all future correspondence sent by BHPB & PEC will be sent unless otherwise noted.

Owner Initials: _____

Owner understands and agrees that BHPB and/or PEC will have up to sixty (60) days after receipt of the authorization form to process the EFT request and payments will be deferred until accruals reach \$100 or annually, whichever comes first. **Owner Initials:** _____

Owner acknowledges they will no longer receive physical Check Stub Details via the USPS. Check Stub Details are available online to all owners via the PDS Energy website. **Owner Initials:** _____

PLEASE ENCLOSE A BLANK VOIDED CHECK FOR THE ACCOUNT TO WHICH PAYMENTS WILL BE DEPOSITED.



EFT 51872 80113945

61434



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

October 18, 2019

Broderick Brown
Division Order Analyst
BHP Billiton Petroleum
P O BOX 22719
Houston, TX 77227-9927

Re: State Lease Nos. MF112986 and MF116326 State Placer 57-T2-44 W102H Unit 7779

Dear Mr. Brown:

The Texas General Land Office (GLO) has received your Division Order for the referenced unit. This Division Order has been filed in the appropriate mineral file(s).

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

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

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

Thank you,

Vivian Zamora
Landman, Energy Resources
512-475-0428
512-475-1404 (fax)
vivian.zamora@glo.texas.gov

File No. MF112986

Reeves County

Division Order

Date Filed: 10-21-19

George P. Bush, Commissioner

By VR

BHP BILLITON PETROLEUM (TX GATHERING) LLC

MF 112986
MF 116326

2134



BHP BILLITON PETROLEUM (TX GATHERING) LLC



2134

16706215

161

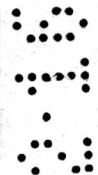


BHP BILLITON PETROLEUM (TX GATHERING) LLC

2127

16706216

161



BHP BILLITON PETROLEUM (TX GATHERING) LLC

2129

16706217

161

North America Shale - Permian Production Unit



BHP Billiton Petroleum
3800 E. 42nd Street
Suite 105
Odessa, Texas 79762
bhpbilliton.com

General Land Office State Of Texas
1700 N Congress Ave
Austin, TX 78701

RE: **Surface Damage Payment**
State Placer 57-T2-44 1H (Sec. 44, Blk. 57-T2)
Reeves County, Texas

Dear Sir or Madam,

In regard to the above referenced well and in accordance with the terms of your lease with BHP Billiton Petroleum Properties (N.A.), enclosed herein, please find a check in the amount of \$4,684.48, which is made payable to the addressee above for surface damages resulting from drilling operations for the subject well.

Please note that the surface owner negotiated the price per linear foot, which was used to calculate your payment. Enclosed is a breakdown of the payments being made to all surface owners along with copies of the certified plats used to determine your payment.

The enclosed check covers damages for the pipeline. By cashing Check No. 2134 in the amount of \$4,684.48, you agree this payment is the full and final settlement for the damages listed above.

Should you have any questions regarding this matter, please do not hesitate to contact me at the telephone number listed below.

Respectfully,

John Wildt
Independent Contractor
(812) 319-5692 mobile
(432) 447-5716 office
jmwildt@gmail.com

North America Shale - Permian Production Unit



BHP Billiton Petroleum
3800 E. 42nd Street
Suite 105
Odessa, Texas 79762
bhpbilliton.com

General Land Office State Of Texas
1700 N Congress Ave
Austin, TX 78701

RE: **Surface Damage Payment**
State Blankenship 56-T2-14X11 Flow Lines and Sales Line (Sec. 14, Blk. 56-T2)
Reeves County, Texas

Dear Sir or Madam,

In regard to the above referenced well and in accordance with the terms of your lease with BHP Billiton Petroleum Properties (N.A.), enclosed herein, please find a checks in the amounts of \$2,074.29 and \$8,220.06, which are made payable to the addressee above for surface damages resulting from drilling operations for the subject well.

Please note that the surface owner negotiated the price per linear foot, which was used to calculate your payment. Enclosed is a breakdown of the payments being made to all surface owners along with copies of the certified plats used to determine your payment.

The enclosed check covers damages for the pipeline. By cashing Check No. 2127 in the amount of \$2,074.29 and Check No. 2129 in the amount of \$8,220.06, you agree this payment is the full and final settlement for the damages listed above.

Should you have any questions regarding this matter, please do not hesitate to contact me at the telephone number listed below.

Respectfully,

John Wildt
Independent Contractor
(812) 319-5692 mobile
(432) 447-5716 office
jmwildt@gmail.com

State Blankenship 56-T2-14X11 1H Flowline

John D. Camp, Jeff Lindsay, lessee (Sec 14, Blk 56-T2)

2,740.02LF at \$6.00 per LF= \$16,440.12 (50%= \$8,220.06 to surface owner and TX GLO)

State Blankenship 56-T2-14X11 1H Sales line

John D. Camp, Jeff Lindsay, lessee (Sec 14, Blk 56-T2)

691.43LF at \$6.00 per LF= \$4,148.58 (50%= \$2,074.29 to surface owner and TX GLO)

Plats and checks are enclosed

EXHIBIT "A", PAGE 1 OF 3
CENTERLINE DESCRIPTION FOR A 40' WIDE EASEMENT

JOHN DUNSON CAMP

"STATE BLANKENSHIP 56-T2-14X11 1H FLOWLINE"

A CENTERLINE DESCRIPTION OF A PROPOSED PIPELINE IN, OVER, ACROSS, AND THROUGH A 640 ACRE TRACT RECORDED IN VOLUME 368, PAGE 507, REEVES COUNTY, TEXAS DEED RECORDS, BEING OUT OF ABSTRACT NUMBER 2748, B. STONE, ORIGINAL GRANTEE, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A 3/8 INCH IRON REBAR, BEING THE SOUTHEAST CORNER OF SECTION 14, BLOCK 56-T2, REEVES COUNTY, TEXAS; THENCE N 79°55'00" W A DISTANCE OF 1,106.92 FEET TO THE POINT OF BEGINNING OF A 40 FOOT WIDE EASEMENT BEING 20 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE;

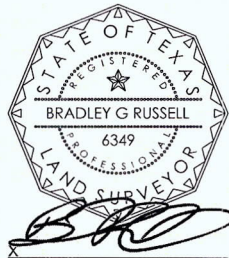
THENCE S 30°29'47" W A DISTANCE OF 120.44 FEET TO A POINT;
THENCE N 61°01'37" W A DISTANCE OF 1,529.86 FEET TO A POINT;
THENCE N 88°09'52" W A DISTANCE OF 1,051.07 FEET TO A POINT;
THENCE S 01°50'37" W A DISTANCE OF 38.65 FEET TO THE POINT OF TERMINATION, SAID POINT BEING N 69°22'55" E A DISTANCE OF 1,861.31 FEET FROM A 1/2 INCH IRON REBAR AT THE SOUTHWEST CORNER OF SECTION 14, BLOCK 56-T2, REEVES COUNTY, TEXAS.

THE ABOVE DESCRIBED CENTERLINE HAS A TOTAL LENGTH OF 2,740.02 FEET OR 166.06 RODS AND CONTAINS 2.52 ACRES OF EASEMENT, MORE OR LESS. LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

BASIS OF BEARINGS: TEXAS STATE PLANE GRID, CENTRAL ZONE, NAD83 AS DETERMINED BY GPS OBSERVATION.

ALL DISTANCES ARE GRID DISTANCES BASED ON U.S. SURVEY FEET

THIS LEGAL DESCRIPTION ACCOMPANIES A SKETCH PREPARED FOR THIS TRACT OF LAND.



CONTACT INFORMATION:

Bradley G. Russell
Crafton Tull (10193715)
1000 LedgeLawn Dr.
Conway, AR 72034

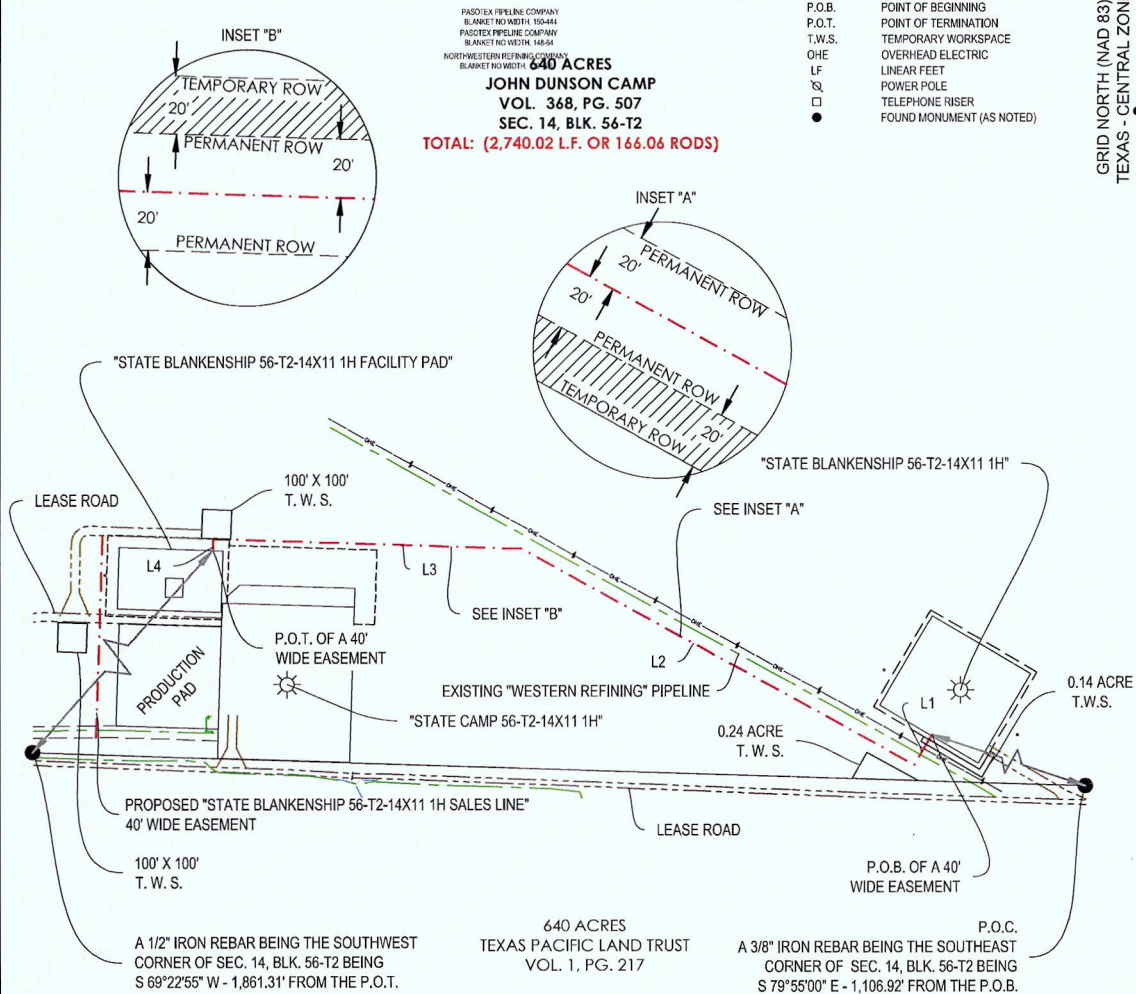


1000 LedgeLawn Dr.
Conway, Arkansas 72034
501.328.3316 f 501.328.3325 f
www.craftontull.com

LEGEND

- CL OF PROPOSED PIPELINE ROUTE
- EXISTING PIPELINE ROUTE
- FENCE
- P.O.C.
- P.O.B.
- P.O.T.
- T.W.S.
- O.H.E.
- L.F.
- ⊗ POWER POLE
- ⊠ TELEPHONE RISER
- FOUND MONUMENT (AS NOTED)

GRID NORTH (NAD 83)
TEXAS - CENTRAL ZONE



BASIS OF BEARINGS : TEXAS STATE PLANE GRID, CENTRAL ZONE, NAD83 AS DETERMINED BY GPS OBSERVATION.

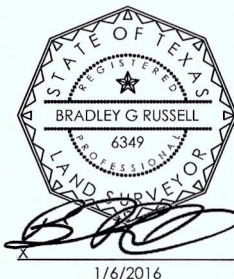
ALL DISTANCES ARE GRID DISTANCES BASED ON U. S. SURVEY FEET.

"STATE BLANKENSHIP 56-T2-14X11 1H FLOWLINE"

NUMBER	BEARING	DISTANCE
L1	S 30°29'47" W	120.44'
L2	N 61°01'37" W	1529.86'
L3	N 88°09'52" W	1051.07'
L4	S 01°50'37" W	38.65'

GENERAL NOTES

- THE LOCATIONS OF UNDERGROUND UTILITIES AS SHOWN HEREON ARE BASED ON REASONABLE VISUAL OBSERVATION. LOCATIONS OF UNDERGROUND UTILITIES/STRUCTURES MAY VARY FROM LOCATIONS SHOWN HEREIN. ADDITIONAL BURIED UTILITIES/STRUCTURES MAY BE ENCOUNTERED. NO EXCAVATIONS WERE MADE DURING THE PROGRESS OF THIS SURVEY TO LOCATE BURIED UTILITIES/STRUCTURES. BEFORE EXCAVATIONS ARE BEGUN, THE OFFICES OF THE VARIOUS UTILITIES SERVICING THIS AREA SHOULD BE CONTACTED FOR THEIR UTILITY LOCATION.
- PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS OBSERVATION.
- COMBINED SCALE FACTOR AT P.O.C. - 0.999857237
- VERTICAL DATUM IS NAVD 83
- AREA DISTANCES AND COORDINATES ARE "GRID"
- THIS PLAT DOES NOT REPRESENT A BOUNDARY SURVEY.



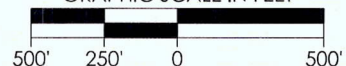
1/6/2016

CONTACT INFORMATION:

Bradley G. Russell
Crafton Tull (10193715)
1000 Ledgeview Dr.
Conway, AR 72034

THIS SKETCH ACCOMPANIES A LEGAL DESCRIPTION
PREPARED FOR THIS TRACT OF LAND.

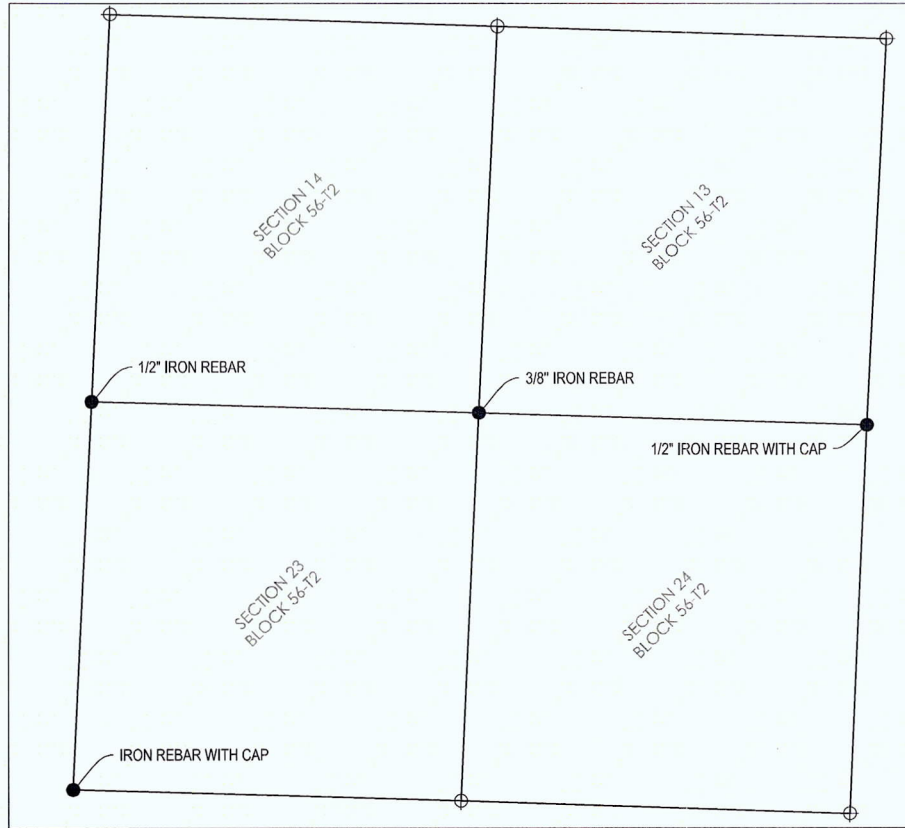
GRAPHIC SCALE IN FEET



REVISION		BHP BILLITON PETROLEUM (TX GATHERING), LLC	
11-23	REROUTE	"STATE BLANKENSHIP 56-T2-14X11 1H FLOWLINE" JOHN DUNSON CAMP SECTION 14, BLOCK 56-T2 REEVES COUNTY, TEXAS TRACT NO. 01	
12-09	REROUTE		
01-05	REROUTE		
		SCALE: 1" = 500'	CHECKED BY: S.O. APPROVED BY: A.L.P.
		PLOT DATE: 01-06-2016	DRAWN BY: C.THATCHER SHEET NO.: 2 OF 3

LEGEND
● FOUND MONUMENT (AS NOTED)
⊕ CALCULATED CORNER

GRID NORTH (NAD 83)
TEXAS - CENTRAL ZONE



REFERENCE CORNERS

LOCATION	DESCRIPTION	NAD83 (1986)		NAD27	
		STATE PLANE TEXAS CENTRAL (2277)	GEOGRAPHIC (4269)	STATE PLANE TEXAS CENTRAL (32039)	GEOGRAPHIC (4267)
SE CORNER 56-T2-13	1/2" IRON REBAR WITH CAP	N = 10649744.74 E = 1218395.56	LAT: 31.83985355 LONG: -103.80575862	N = 807166.95 E = 921933.59	LAT: 31.83972663 LONG: -103.80528929
SW CORNER 56-T2-23	IRON REBAR WITH CAP	N = 10644787.49 E = 1207585.40	LAT: 31.82530145 LONG: -103.84004789	N = 802209.88 E = 911123.52	LAT: 31.82517465 LONG: -103.83957759

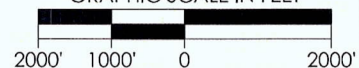
SECTION CORNERS

LOCATION	DESCRIPTION	NAD83 (1986)		NAD27	
		STATE PLANE TEXAS CENTRAL (2277)	GEOGRAPHIC (4269)	STATE PLANE TEXAS CENTRAL (32039)	GEOGRAPHIC (4267)
NE CORNER 56-T2-14	CALCULATED CORNER	N = 10655203.87 E = 1213366.93	LAT: 31.85442005 LONG: -103.82249460	N = 812625.96 E = 916905.14	LAT: 31.85429337 LONG: -103.82202420
SE CORNER 56-T2-14	3/8" IRON REBAR	N = 10649915.51 E = 1213112.14	LAT: 31.83986835 LONG: -103.82278058	N = 807337.74 E = 916650.27	LAT: 31.83974154 LONG: -103.82231057
SW CORNER 56-T2-14	1/2" IRON REBAR	N = 10650086.20 E = 1207828.95	LAT: 31.83988073 LONG: -103.83980180	N = 807508.45 E = 911367.17	LAT: 31.83975404 LONG: -103.83933111
NW CORNER 56-T2-14	CALCULATED CORNER	N = 10655369.00 E = 1208071.79	LAT: 31.85441617 LONG: -103.83955631	N = 812791.11 E = 911610.10	LAT: 31.85428959 LONG: -103.83908524

GENERAL NOTES

- THE LOCATIONS OF UNDERGROUND UTILITIES AS SHOWN HEREON ARE BASED ON REASONABLE VISUAL OBSERVATION. LOCATIONS OF UNDERGROUND UTILITIES/ STRUCTURES MAY VARY FROM LOCATIONS SHOWN HEREIN. ADDITIONAL BURIED UTILITIES/ STRUCTURES MAY BE ENCOUNTERED. NO EXCAVATIONS WERE MADE DURING THE PROGRESS OF THIS SURVEY TO LOCATE BURIED UTILITIES/ STRUCTURES. BEFORE EXCAVATIONS ARE BEGUN, THE OFFICES OF THE VARIOUS UTILITIES SERVICING THIS AREA SHOULD BE CONTACTED FOR THEIR UTILITY LOCATION.
- PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS OBSERVATION.
- COMBINED SCALE FACTOR AT P.O.C. = 0.999957237
- VERTICAL DATUM IS NAVD 88
- AREA, DISTANCES, AND COORDINATES ARE "GRID"
- THIS PLAT DOES NOT REPRESENT A BOUNDARY SURVEY.

GRAPHIC SCALE IN FEET



REVISION		 BHP BILLITON PETROLEUM PROPERTIES (N.A.), LP "STATE BLANKENSHIP 56-T2-14X11 1H FLOWLINE" JOHN DUNSON CAMP SECTION 14, BLOCK 56-T2 REEVES COUNTY, TEXAS TRACT NO. 01		
11-23	REROUTE			
12-9	REROUTE			
01-05	REROUTE			
		SCALE: 1" = 2000'	CHECKED BY: A. L. P.	APPROVED BY: S. OZMENT
		PLOT DATE: 01-06-2016	DRAWN BY: B. BROWN	SHEET NO.: 3 OF 3

EXHIBIT "A", PAGE 1 OF 3
CENTERLINE DESCRIPTIONS FOR A 40' WIDE EASEMENT

JOHN DUNSON CAMP

"STATE BLANKENSHIP 56-T2-14X11 1H SALES LINE"

A CENTERLINE DESCRIPTION OF TWO PROPOSED PIPELINES IN, OVER, ACROSS, AND THROUGH A 640 ACRE TRACT RECORDED IN VOLUME 368, PAGE 507, REEVES COUNTY, TEXAS DEED RECORDS, BEING OUT OF ABSTRACT NUMBER 2748, B. STONE, ORIGINAL GRANTEE, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A 3/8 INCH IRON REBAR, BEING THE SOUTHEAST CORNER OF SECTION 14, BLOCK 56-T2, REEVES COUNTY, TEXAS; THENCE N 77°23'39" W A DISTANCE OF 4,016.41 FEET TO THE POINT OF BEGINNING OF A 40 FOOT WIDE EASEMENT BEING 20 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE;

THENCE S 01°50'35" W A DISTANCE OF 691.43 FEET TO THE POINT OF TERMINATION, SAID POINT BEING N 89°22'08" E A DISTANCE OF 1,341.44 FEET FROM A 1/2 INCH IRON REBAR AT THE SOUTHWEST CORNER OF SECTION 14, BLOCK 56-T2, REEVES COUNTY, TEXAS.

THE ABOVE DESCRIBED CENTERLINE HAS A TOTAL LENGTH OF 691.43 FEET OR 41.90 RODS AND CONTAINS 0.63 ACRES OF EASEMENT, MORE OR LESS. LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

BASIS OF BEARINGS: TEXAS STATE PLANE GRID, CENTRAL ZONE, NAD83 AS DETERMINED BY GPS OBSERVATION.

ALL DISTANCES ARE GRID DISTANCES BASED ON U.S. SURVEY FEET

THIS LEGAL DESCRIPTION ACCOMPANIES A SKETCH PREPARED FOR THIS TRACT OF LAND.



CONTACT INFORMATION:

Shannon D. Ozment
Crafton Tull (10193715)
1000 LedgeLawn Dr.
Conway, AR 72034

Shannon D. Ozment
12/9/2015

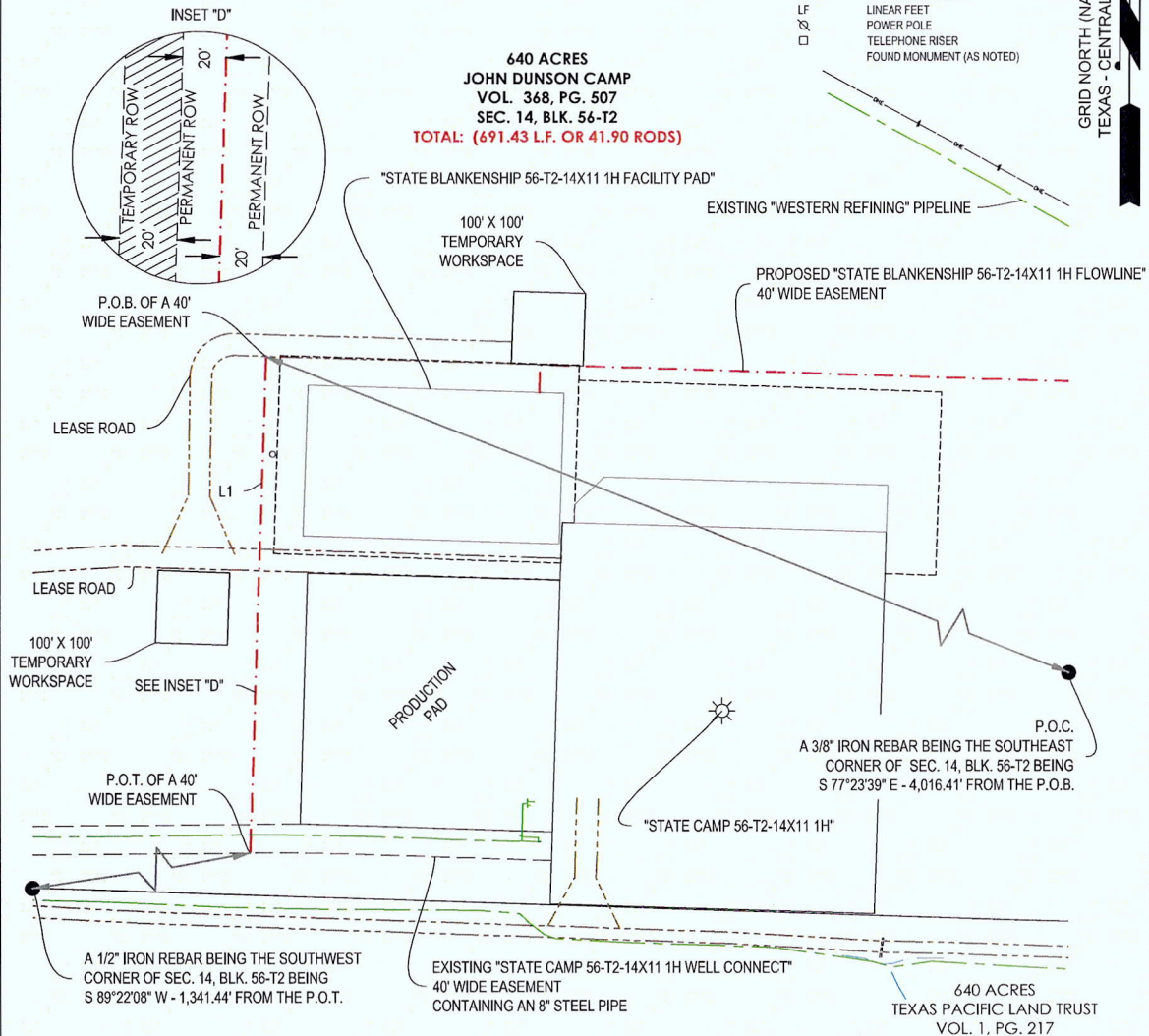
1000 LedgeLawn Dr.
Conway, Arkansas 72034

 **Crafton Tull**
surveying

501.328.3316 f 501.328.3325 f
www.craftontull.com

LEGEND
 --- CL OF PROPOSED PIPELINE ROUTE
 --- EXISTING PIPELINE ROUTE
 --- FENCE
 P.O.C. POINT OF COMMENCEMENT
 P.O.B. POINT OF BEGINNING
 P.O.T. POINT OF TERMINATION
 OHE OVERHEAD ELECTRIC
 LF LINEAR FEET
 ☒ POWER POLE
 ☒ TELEPHONE RISER
 ☒ FOUND MONUMENT (AS NOTED)

GRID NORTH (NAD 83)
TEXAS - CENTRAL ZONE



BASIS OF BEARINGS : TEXAS STATE PLANE GRID, CENTRAL ZONE, NAD83 AS DETERMINED BY GPS OBSERVATION.
 ALL DISTANCES ARE GRID DISTANCES BASED ON U. S. SURVEY FEET.

"STATE BLANKENSHIP 56-T2-14X11 1H SALES LINE"

NUMBER	BEARING	DISTANCE
L1	S 01°50'35" W	691.43'

- GENERAL NOTES**
1. THE LOCATIONS OF UNDERGROUND UTILITIES AS SHOWN HEREON ARE BASED ON REASONABLE VISUAL OBSERVATION. LOCATIONS OF UNDERGROUND UTILITIES/ STRUCTURES MAY VARY FROM LOCATIONS SHOWN HEREIN. ADDITIONAL BURIED UTILITIES/ STRUCTURES MAY BE ENCOUNTERED. NO EXCAVATIONS WERE MADE DURING THE PROGRESS OF THIS SURVEY TO LOCATE BURIED UTILITIES/ STRUCTURES. BEFORE EXCAVATIONS ARE BEGUN, THE OFFICES OF THE VARIOUS UTILITIES SERVICING THIS AREA SHOULD BE CONTACTED FOR THEIR UTILITY LOCATION.
 2. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS OBSERVATION.
 3. COMBINED SCALE FACTOR AT P.O.C. - 0.99985727
 4. VERTICAL DATUM IS NAVD 88
 5. AREA, DISTANCES, AND COORDINATES ARE "GRID"
 6. THIS PLAT DOES NOT REPRESENT A BOUNDARY SURVEY.



Shannon D. Ozment
12/9/2015

CONTACT INFORMATION:

Shannon D. Ozment
Crafton Tull (10193715)
1000 Ledgewood Dr.
Conway, AR 72034

THIS SKETCH ACCOMPANIES A LEGAL DESCRIPTION
PREPARED FOR THIS TRACT OF LAND.

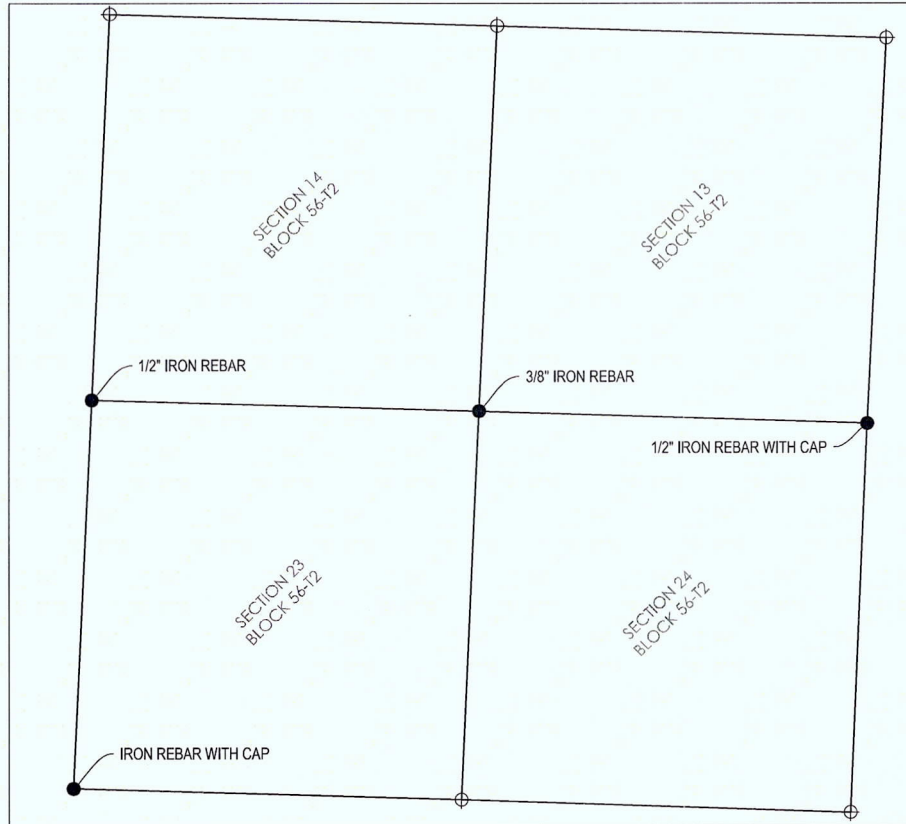


REVISION	BHP BILLITON PETROLEUM (TX GATHERING), LLC			
11-23 REROUTE	"STATE BLANKENSHIP 56-T2-14X11 1H SALES LINE" JOHN DUNSON CAMP SECTION 14, BLOCK 56-T2 REEVES COUNTY, TEXAS TRACT NO. 01			
12-09 REROUTE				
	SCALE: 1" = 200'	CHECKED BY: A. L. P.	APPROVED BY: S. OZMENT	
	PLOT DATE: 12-09-2015	DRAWN BY: B. BROWN	SHEET NO.: 2 OF 3	

LEGEND

● FOUND MONUMENT (AS NOTED)
⊕ CALCULATED CORNER

GRID NORTH (NAD 83)
TEXAS - CENTRAL ZONE



REFERENCE CORNERS

LOCATION	DESCRIPTION	NAD83 (1986)		NAD27	
		STATE PLANE TEXAS CENTRAL (2277)	GEOGRAPHIC (4269)	STATE PLANE TEXAS CENTRAL (32039)	GEOGRAPHIC (4267)
SE CORNER 56-T2-13	1/2" IRON REBAR WITH CAP	N = 10649744.74 E = 1218395.56	LAT: 31.83985355 LONG: -103.80575862	N = 807166.95 E = 921933.59	LAT: 31.83972663 LONG: -103.80528929
SW CORNER 56-T2-23	IRON REBAR WITH CAP	N = 10644787.49 E = 1207585.40	LAT: 31.82530145 LONG: -103.84004789	N = 602209.88 E = 911123.52	LAT: 31.82517465 LONG: -103.83957759

SECTION CORNERS

LOCATION	DESCRIPTION	NAD83 (1986)		NAD27	
		STATE PLANE TEXAS CENTRAL (2277)	GEOGRAPHIC (4269)	STATE PLANE TEXAS CENTRAL (32039)	GEOGRAPHIC (4267)
NE CORNER 56-T2-14	CALCULATED CORNER	N = 10655203.87 E = 1213366.93	LAT: 31.85442005 LONG: -103.82249460	N = 812625.96 E = 916905.14	LAT: 31.85429337 LONG: -103.82202420
SE CORNER 56-T2-14	3/8" IRON REBAR	N = 10649915.51 E = 1213112.14	LAT: 31.83986835 LONG: -103.82278058	N = 807337.74 E = 916650.27	LAT: 31.83974154 LONG: -103.82231057
SW CORNER 56-T2-14	1/2" IRON REBAR	N = 10650086.20 E = 1207828.95	LAT: 31.83988073 LONG: -103.83980180	N = 807508.45 E = 911367.17	LAT: 31.83975404 LONG: -103.83933111
NW CORNER 56-T2-14	CALCULATED CORNER	N = 10655369.00 E = 1208071.79	LAT: 31.85441617 LONG: -103.83955631	N = 812791.11 E = 911610.10	LAT: 31.85428959 LONG: -103.83908524

GENERAL NOTES

1. THE LOCATIONS OF UNDERGROUND UTILITIES AS SHOWN HEREON ARE BASED ON REASONABLE VISUAL OBSERVATION. LOCATIONS OF UNDERGROUND UTILITIES/STRUCTURES MAY VARY FROM LOCATIONS SHOWN HEREIN. ADDITIONAL BURIED UTILITIES/STRUCTURES MAY BE ENCOUNTERED. NO EXCAVATIONS WERE MADE DURING THE PROGRESS OF THIS SURVEY TO LOCATE BURIED UTILITIES/STRUCTURES. BEFORE EXCAVATIONS ARE BEGUN, THE OFFICES OF THE VARIOUS UTILITIES SERVICING THIS AREA SHOULD BE CONTACTED FOR THEIR UTILITY LOCATION.
2. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS OBSERVATION.
3. COMBINED SCALE FACTOR AT P.O.C. - 0.999988613
4. VERTICAL DATUM IS NAVD 83
5. AREA, DISTANCES, AND COORDINATES ARE "GRID"
6. THIS PLAT DOES NOT REPRESENT A BOUNDARY SURVEY.

GRAPHIC SCALE IN FEET



REVISION		 BHP BILLITON PETROLEUM (TX GATHERING), LLC			
12-9	REROUTE				
		"STATE BLANKENSHIP 56-T2-14X11 1H SALES LINE" JOHN DUNSON CAMP SECTION 14, BLOCK 56-T2 REEVES COUNTY, TEXAS TRACT NO. 01			
		SCALE: 1" = 2000'	CHECKED BY:	A. L. P.	APPROVED BY: S. OZMENT
		PLOT DATE: 12-09-2015	DRAWN BY:	B. BROWN	SHEET NO.: 3 OF 3

State Placer 57-T2-44 1H

Placer Ltd. - 50% ownership (Sec 44, Blk 57-T2)

1171.12 LF at \$8.00 per LF= \$4,684.48 (\$2,342.24 to Placer, LTD and \$2,432.24 to GLO)

METT Oil & Gas, LP - 50% ownership (Sec 44, Blk 57-T2)

1171.12LF at \$8.00 per LF= \$4,684.48 (\$2,342.24 to Mett Oil & Gas, LP and \$2,432.24 to GLO)

Total to TX GLO= \$4,684.48

Plat and check is enclosed

EXHIBIT "A", PAGE 1 OF 3
CENTERLINE DESCRIPTION FOR A 40' WIDE EASEMENT

PLACER LTD, ET AL

"STATE PLACER 57-T2-44 1H WELL CONNECT"

A CENTERLINE DESCRIPTION OF A PROPOSED PIPELINE IN, OVER, ACROSS, AND THROUGH A 160 ACRE TRACT RECORDED IN VOLUME 760, PAGE 787, REEVES COUNTY, TEXAS DEED RECORDS, BEING OUT OF ABSTRACT NUMBER 5210, E. ADKINS, ORIGINAL GRANTEE, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A 1/2 INCH REBAR WITH CAP, BEING THE SOUTHWEST CORNER OF SECTION 44, BLOCK 57-T2, REEVES COUNTY, TEXAS; THENCE N 41°31'24" E A DISTANCE OF 982.46 FEET TO THE POINT OF BEGINNING OF A 40 FOOT WIDE EASEMENT BEING 20 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE;

THENCE S 88°42'30" E A DISTANCE OF 240.05 FEET;
THENCE S 01°16'17" W A DISTANCE OF 375.74 FEET;
THENCE S 48°43'42" W A DISTANCE OF 293.65 FEET;
THENCE N 88°13'42" W A DISTANCE OF 261.68 FEET TO THE POINT OF TERMINATION, SAID POINT BEING N 86°04'07" W A DISTANCE OF 4,885.08 FEET FROM A 5/8 INCH REBAR WITH CAP AT THE SOUTHEAST CORNER OF SECTION 44, BLOCK 57-T2, REEVES COUNTY, TEXAS.

THE ABOVE DESCRIBED CENTERLINE HAS A TOTAL LENGTH OF 1,171.12 FEET OR 70.98 RODS AND CONTAINS 1.08 ACRES OF EASEMENT, MORE OR LESS. LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

BASIS OF BEARINGS: TEXAS STATE PLANE GRID, CENTRAL ZONE, NAD83 AS DETERMINED BY GPS OBSERVATION.

ALL DISTANCES ARE GRID DISTANCES BASED ON U.S. SURVEY FEET

THIS LEGAL DESCRIPTION ACCOMPANIES A SKETCH PREPARED FOR THIS TRACT OF LAND.



CONTACT INFORMATION:

Shannon D. Ozment
Crafton Tull (10193715)
1000 Ledgelawn Dr.
Conway, AR 72034

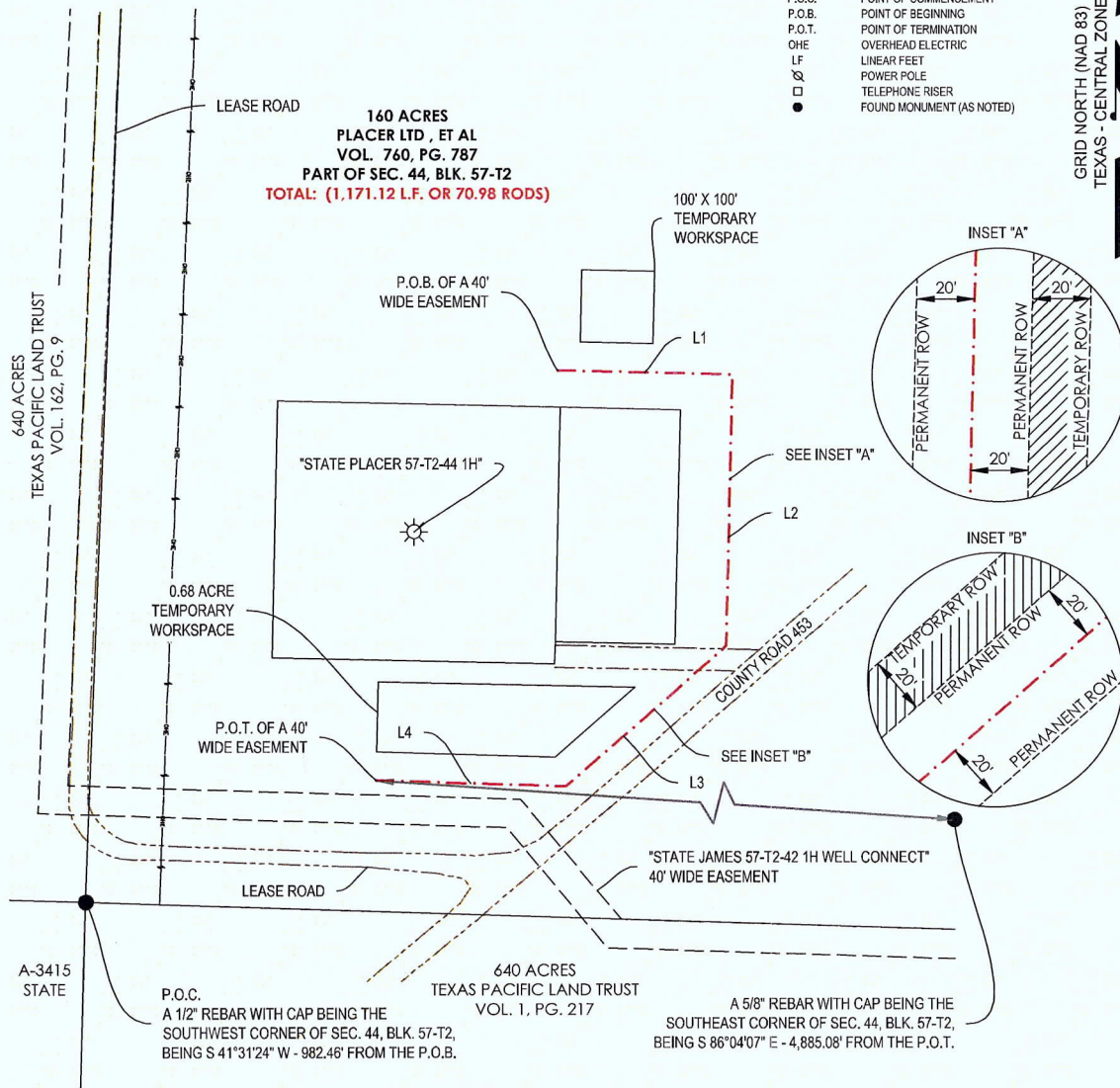


501.328.3316 f 501.328.3325 f
www.craftontull.com

LEGEND

- CL. OF PROPOSED PIPELINE ROUTE
- EXISTING PIPELINE ROUTE
- FENCE
- P.O.C. POINT OF COMMENCEMENT
- P.O.B. POINT OF BEGINNING
- P.O.T. POINT OF TERMINATION
- OHE OVERHEAD ELECTRIC
- LF LINEAR FEET
- PP POWER POLE
- TR TELEPHONE RISER
- FOUND MONUMENT (AS NOTED)

GRID NORTH (NAD 83)
TEXAS - CENTRAL ZONE



BASIS OF BEARINGS : TEXAS STATE PLANE GRID, CENTRAL ZONE, NAD83 AS DETERMINED BY GPS OBSERVATION.

ALL DISTANCES ARE GRID DISTANCES BASED ON U. S. SURVEY FEET.

"STATE PLACER 57-T2-44 1H WELL CONNECT"

NUMBER	BEARING	DISTANCE
L1	S 88°42'30" E	240.05'
L2	S 01°16'17" W	375.74'
L3	S 48°43'42" W	293.65'
L4	N 88°13'42" W	261.68'

GENERAL NOTES

- THE LOCATIONS OF UNDERGROUND UTILITIES AS SHOWN HEREON ARE BASED ON REASONABLE VISUAL OBSERVATION. LOCATIONS OF UNDERGROUND UTILITIES/STRUCTURES MAY VARY FROM LOCATIONS SHOWN HEREIN. ADDITIONAL BURIED UTILITIES/STRUCTURES MAY BE ENCOUNTERED. NO EXCAVATIONS WERE MADE DURING THE PROGRESS OF THIS SURVEY TO LOCATE BURIED UTILITIES/STRUCTURES. BEFORE EXCAVATIONS ARE BEGUN, THE OFFICES OF THE VARIOUS UTILITIES SERVICING THIS AREA SHOULD BE CONTACTED FOR THEIR UTILITY LOCATION.
- PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS OBSERVATION.
- COMBINED SCALE FACTOR AT P.O.C. - 0.99982462
- VERTICAL DATUM IS NAVD 83
- AREA, DISTANCES, AND COORDINATES ARE "GRID"
- THIS PLAT DOES NOT REPRESENT A BOUNDARY SURVEY.

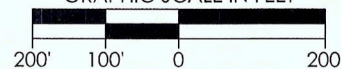


12/18/2015

CONTACT INFORMATION:

Shannon D. Ozment
Crafton Tull (10193715)
1000 Ledgelawn Dr.
Conway, AR 72034

GRAPHIC SCALE IN FEET

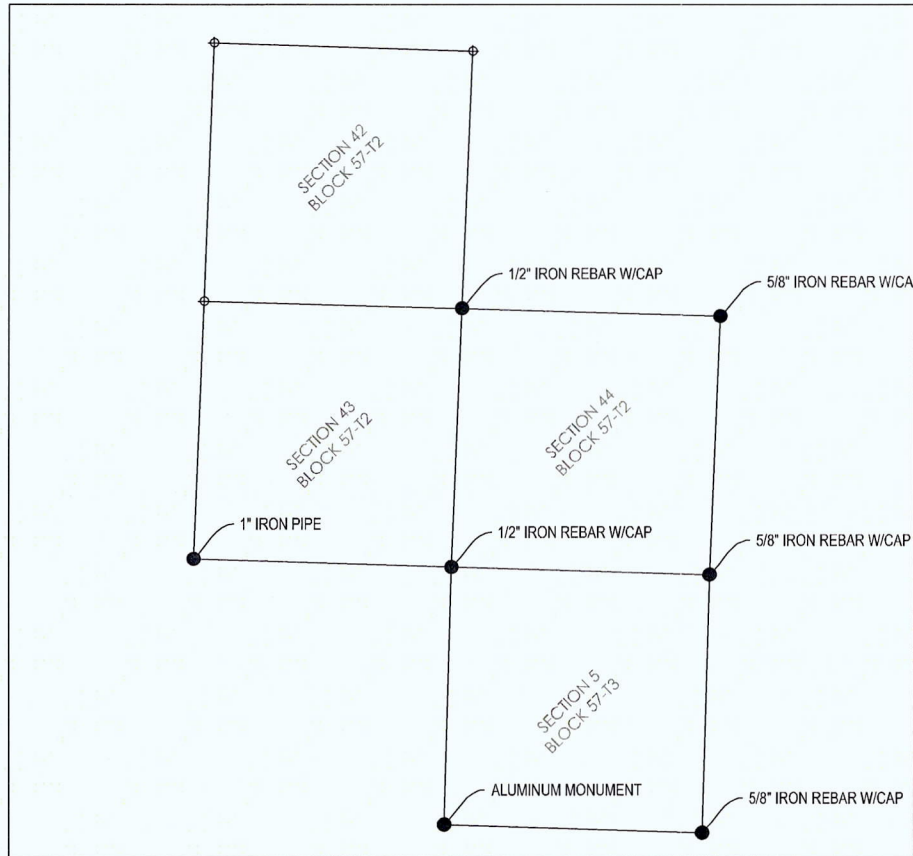


REVISION	BHP BILLITON PETROLEUM (TX GATHERING), LLC			
	"STATE PLACER 57-T2-44 1H WELL CONNECT"			
	PLACER LTD, ET AL			
	PART OF SECTION 44, BLOCK 57-T2			
	REEVES COUNTY, TEXAS			
	TRACT NO. 01			
	SCALE: 1" = 200'	CHECKED BY: JJD	APPROVED BY: SO	
	PLOT DATE: 12-18-2015	DRAWN BY: ALP	SHEET NO.: 2 OF 3	

LEGEND

● FOUND MONUMENT (AS NOTED)
⊕ CALCULATED CORNER

GRID NORTH (NAD 83)
TEXAS - CENTRAL ZONE



CONTROLLING CORNERS

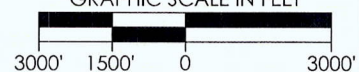
LOCATION	DESCRIPTION	NAD83 (1986)		NAD27	
		STATE PLANE TEXAS CENTRAL (2277)	GEOGRAPHIC (4268)	STATE PLANE TEXAS CENTRAL (32039)	GEOGRAPHIC (4267)
SE CORNER 57-T3-5	5/8" IRON REBAR W/CAP	N = 10619644.50 E = 1164262.65	LAT: 31.752394569 LONG: -103.976804026	N = 777067.88 E = 867801.00	LAT: 31.75226863 LONG: -103.97633037
SW CORNER 57-T2-43	1" IRON PIPE	N = 10625252.12 E = 1153864.75	LAT: 31.76686087 LONG: -104.01083338	N = 782675.40 E = 857403.37	LAT: 31.76673527 LONG: -104.01035802

SECTION CORNERS

LOCATION	DESCRIPTION	NAD83 (1986)		NAD27	
		STATE PLANE TEXAS CENTRAL (2277)	GEOGRAPHIC (4268)	STATE PLANE TEXAS CENTRAL (32039)	GEOGRAPHIC (4267)
NE CORNER 57-T2-44	5/8" IRON REBAR W/CAP	N = 10630213.92 E = 1164627.43	LAT: 31.781466487 LONG: -103.976744574	N = 787636.97 E = 868165.98	LAT: 31.78134061 LONG: -103.97627009
SE CORNER 57-T2-44	5/8" IRON REBAR W/CAP	N = 10624916.15 E = 1164414.55	LAT: 31.766891934 LONG: -103.976870966	N = 782339.37 E = 867953.00	LAT: 31.76676602 LONG: -103.97639689
SW CORNER 57-T2-44	1/2" IRON REBAR W/CAP	N = 10625082.20 E = 1159140.28	LAT: 31.766872244 LONG: -103.993849954	N = 782505.45 E = 862678.82	LAT: 31.76674650 LONG: -103.99337522
NW CORNER 57-T2-44	1/2" IRON REBAR W/CAP	N = 10630380.50 E = 1159349.09	LAT: 31.78144791 LONG: -103.99373930	N = 787803.59 E = 862887.73	LAT: 31.78132218 LONG: -103.99326415

- GENERAL NOTES
1. THE LOCATIONS OF UNDERGROUND UTILITIES AS SHOWN HEREON ARE BASED ON REASONABLE VISUAL OBSERVATION. LOCATIONS OF UNDERGROUND UTILITIES/STRUCTURES MAY VARY FROM LOCATIONS SHOWN HEREIN. ADDITIONAL BURIED UTILITIES/STRUCTURES MAY BE ENCOUNTERED. NO EXCAVATIONS WERE MADE DURING THE PROGRESS OF THIS SURVEY TO LOCATE BURIED UTILITIES/STRUCTURES. BEFORE EXCAVATIONS ARE BEGUN, THE OFFICES OF THE VARIOUS UTILITIES SERVICING THIS AREA SHOULD BE CONTACTED FOR THEIR UTILITY LOCATION.
 2. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83. U.S. FEET AS DETERMINED BY GPS OBSERVATION.
 3. COMBINED SCALE FACTOR AT P.O.C.: 0.99982462
 4. VERTICAL DATUM IS NAVD83
 5. AREA, DISTANCES, AND COORDINATES ARE "GRID"
 6. THIS PLAT DOES NOT REPRESENT A BOUNDARY SURVEY

GRAPHIC SCALE IN FEET



REVISION		 BHP BILLITON PETROLEUM (TX GATHERING), LLC			
		"STATE PLACER 57-T2-44 1H WELL CONNECT" PLACER LTD, ET AL SECTION 44, BLOCK 57-T2 REEVES COUNTY, TEXAS TRACT NO. 01			
		SCALE: 1" = 3000'	CHECKED BY:	JJD	APPROVED BY:
		PLOT DATE: 12-18-2015	DRAWN BY:	ALP	SHEET NO.: 3 OF 3
					SO

File No. MF 112986

Reeves County

Surface Damage Payment

Date Filed: 10/18/2021

George P. Bush, Commissioner

By VR

3 570

✓ MF112986
MF116326



BHP Billiton Petroleum
3800 E. 42nd Street
Suite 105
Odessa, Texas 79762
bhpbilliton.com

February 3, 2016

Texas General Land Office
ATTN: Joy McCauley
1700 N. Congress Ave
Austin, Texas 78701

RE: **Surface Damage Payment**
State Placer 57-T2-44 1H
Reeves County, Texas

Dear Ms. McCauley,

Enclosed herein, please find **Check No. 17547** in the amount of **\$10,867.25** made payable to the addressee above for surface damages resulting from drilling operations for the subject line well.

The enclosed check covers damages for the pad site acreage and road which are outlined below and were calculated using the most recent UT Rate & Damage Schedule. Also enclosed is a final exhibit A depicting the damages.

State Placer 57-T2-44 1H

Pad site Location	- 8.65 acres @ \$2,500/acre	=	\$21,625.00
Road	- 4.38 rods @ \$25/rod	=	\$ 109.50
		=	\$21,734.50

Half paid to Agent of the State	=	\$10,867.25
---------------------------------	---	-------------

Half paid to GLO (mineral classified lands)	=	\$10,867.25
--	---	--------------------

By cashing this check, you agree this payment is the full and final settlement for these damages. Should you have any questions regarding this matter, please do not hesitate to contact me at the telephone number or email address listed below.

Respectfully,

Katie McIntyre
Permian Land Representative
(432) 367-4301
Katie.McIntyre2@bhpbilliton.com

161



16706367

10.867.25



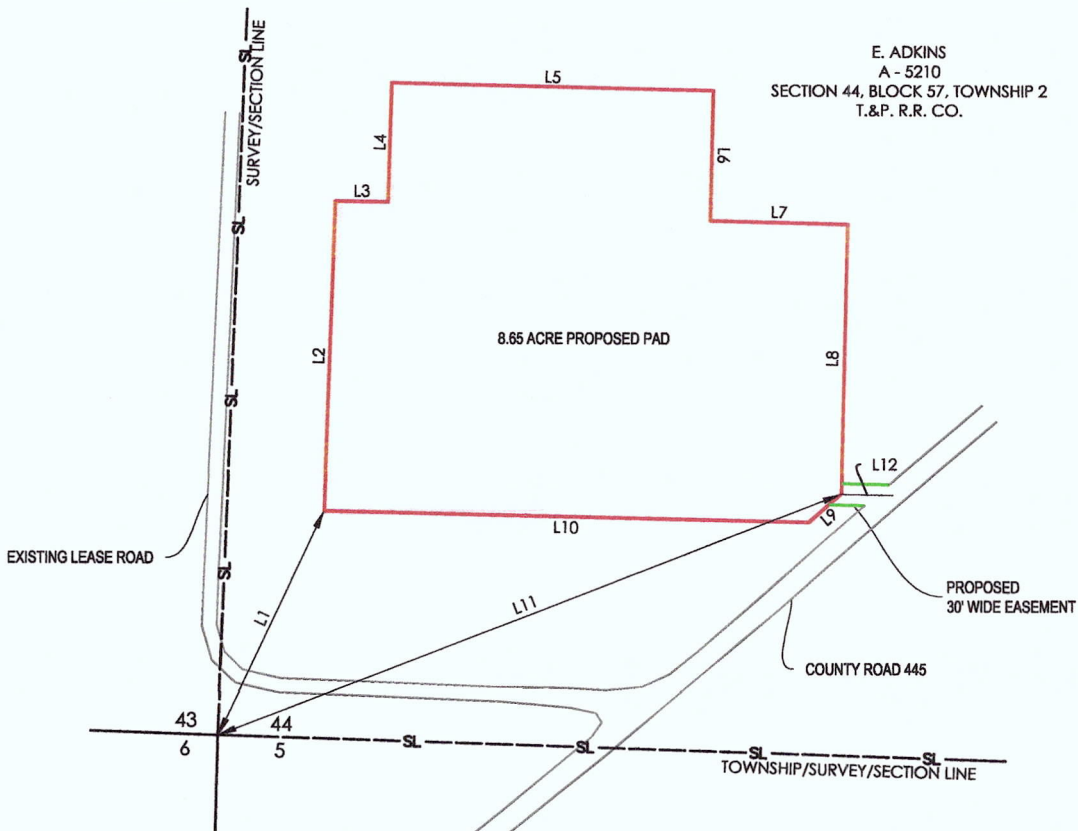
1000 LedgeLawn Dr.
Conway, Arkansas 72034

501.328.3316 t 501.328.3325 f
www.craftontull.com

EXHIBIT "A"

REEVES COUNTY, TEXAS

GRID NORTH (NAD 83)
TEXAS - CENTRAL ZONE



LEGEND

	PROPOSED PAD
	SECTION LINE
	EDGE OF PROPOSED ACCESS EASEMENT
	PROPERTY LINE

LINE TABLE

NUMBER	BEARING	DISTANCE
L1	N 37°12'29" E	425.70'
L2	N 02°00'41" E	430.58'
L3	S 89°03'40" E	72.61'
L4	N 01°45'08" E	166.33'
L5	S 88°44'24" E	445.01'
L6	S 01°16'47" W	181.92'
L7	S 88°42'30" E	190.06'
L8	S 01°16'17" W	374.10'
L9	S 48°43'42" W	60.44'
L10	N 88°45'52" W	670.08'
L11	N 68°42'28" E	924.78'
L12	S 88°44'12" E	72.28'

SURFACE OWNER: PLACER LTD, ET AL
VOL. 760, PG. 787

PROPOSED PAD LOCATION ACREAGE
TOTAL PAD ACREAGE = **8.65 ACRES**

PROPOSED 30' WIDE ACCESS EASEMENT
TOTAL LINEAR FEET: 72.28' = **4.38 RODS**
TOTAL ACCESS EASEMENT ACREAGE = 0.05 ACRES

GENERAL NOTES:

TITLE INFORMATION PROVIDED BY BHP BILLITON PET (TXLA OP) CO

THIS IS NOT A BOUNDARY SURVEY AS DEFINED BY STATE OR LOCAL LAWS. THE BOUNDARY AND DRILLING UNIT LINES SHOWN HEREON ARE ONLY APPROXIMATE BASED ON INFORMATION SUPPLIED TO THE SURVEYOR BY THE CLIENT. ALTHOUGH THEY ARE PLACED AS ACCURATELY AS POSSIBLE BASED ON AVAILABLE INFORMATION, NO FIELD SURVEY WAS CONDUCTED BY THE SURVEYOR TO VERIFY THE ACCURACY OF THE BOUNDARY LINES SHOWN. ONLY THE SURFACE HOLE POSITIONS WERE FIELD LOCATED BY THE SURVEYOR.

NAVD 88 = EPSG 5703
NAD83 TEXAS CENTRAL = EPSG 2277

LOCATION: SOUTHWEST CORNER OF SECTION 44
STATE PLANE COORDINATES (SPC-4203 TXC-NAD 83(2011) (EPOCH: 2010.0000):
NORTHING (Y): 10625082.197 (FT. U.S.)
EASTING (X): 1159140.279 (FT. U.S.)
ELEVATION (Z): 3,056.36 (FT. U.S.)
CAP: 0.99982462
CONVERGENCE: -001.88538160°

BASIS OF BEARINGS: GRID BASED ON TEXAS STATE PLANE COORDINATE SYSTEM, NAD 83 (2011), CENTRAL ZONE.

VERTICAL DATUM: NAVD 88, U.S. SURVEY FEET (BASED ON GPS OBSERVATIONS)

HORIZONTAL DATUM: GRID, U.S. SURVEY FEET

LATITUDE AND LONGITUDE ARE NAD 83 (2011)

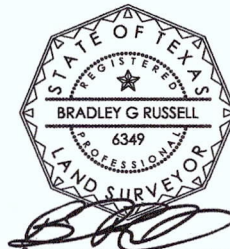
AREA, DISTANCES AND COORDINATES ARE GRID.

ALL UNITS ARE UNITED STATES SURVEY FOOT, UNLESS NOTED OTHERWISE

ALL LEASE AND TRACT INFORMATION SHOWN HERE ON IS DONE SO BY LIMITED DEED RECORD INFORMATION ONLY. ALL ACREAGE SHOWN ARE BY DEED AND LEASE CALL EXCEPT WHERE NOTED. THIS IS NOT IN ANY WAY A "BOUNDARY SURVEY".

ELEVATIONS SHOWN IN LINE TABLES REPRESENT THE ELEVATION AT THE END OF THAT LINE SEGMENT IN THE DIRECTION FROM PREVIOUS POINT.

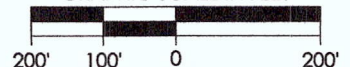
CONTRACTOR SHALL BE RESPONSIBLE FOR LOCATING ALL UNDERGROUND UTILITIES PRIOR TO CONSTRUCTION.



CONTACT INFORMATION:

Brad G. Russell
Crafton Tull
(10193715)
1000 LedgeLawn Dr.
Conway, AR 72034

GRAPHIC SCALE IN FEET



REV.	DATE	REVISION MADE
4	12/10/15	CERTIFY
3	12/08/15	MOVE AND RESIZE PAD
2	11/16/15	FINALIZE PLAT
1	11/10/15	ORIGINAL PLAT
BHP BILLITON PET (TXLA OP) CO		
PLAT OF BHP BILLITON PET (TXLA OP) CO PROPOSED PAD & ACCESS ROW SURVEY STATE PLACER 57-T2-44 PLACER LTD, ET AL LOCATED IN THE T.&P. R.R. CO. SURVEY, ABSTRACT 5210 REEVES COUNTY, TEXAS		
SCALE: 200'		CHECKED BY: BROWN
DATE: 2015/12/10		APPROVED BY: NGUYEN
DRAWN BY: SIGMON		SHEET NO.: 1 OF 1

File No. MF112986Reeves CountySurface Damage PmtDate Filed: 10/18/2021

George P. Bush, Commissioner

By vg



Texas General Land Office

Reconciliation Billing

Commissioner Dawn Buckingham, M.D.

PO Box 12873
Austin, TX 78711-2873
(800) 998-4456
8:00 - 5:00 M-F

BPX Operating Company
Attn: Patty Burg
OFC WM11 6025-1
15377 Memorial Dr
Houston, TX 77079-4101

Billing Date: 5/18/2023
Billing Due Date: 6/17/2023
Customer Number: C000046383

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
23I01075	MF112986	\$130,957.12	\$0.00	\$13,095.72	\$4,852.73	\$148,905.57
Total Due		\$130,957.12	\$0.00	\$13,095.72	\$4,852.73	\$148,905.57

Penalty and interest have been calculated thru 5/31/2023. Payment remitted after 5/31/2023 will result in additional penalty and interest charges.

NOTICE

- Please update GLO1 and GLO2 production reports to correct volumes.
- Please do not update GLO3 report to include billed royalty, penalty or interest. This receivable has already been recorded.

This notice does not constitute an Audit Billing Notice as defined in Section 52.135 of the Texas Natural Resources Code and, consequently, does not preclude the TGLO from conducting further examinations of these leases, time periods or issues.

Detach and return with payment

Reconciliation Billing

BPX Operating Company

Billing Date: 5/18/2023

Billing Due Date: 6/17/2023

Customer Number: C000046383

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
23I01075	MF112986	\$130,957.12	\$0.00	\$13,095.72	\$4,852.73	\$148,905.57
Total Due		\$130,957.12	\$0.00	\$13,095.72	\$4,852.73	\$148,905.57
Amt. Paid						

Customer ID: C000046383
 Invoice Number: MF112886
 GLO Lease: BPX OPERATING COMPANY
 GLO Review: Sept 2021 - Aug 2022
 Review Period:

Category Gas
 Auditor/AE: ECortez
 Billing Date: 5/11/2023
 P&I Calculation Date: 5/31/2023
 Royalty Rate: 25.00%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Sep-21	08-281240	7.747	1	\$4.775	1,271,185	\$47,030.69	\$11,757.67	\$0.00	\$11,757.67	562	4.25%	\$1,175.77	\$688.63	\$13,622.07
Oct-21	08-281240	9.215	1	\$4.992	1,296,166	\$56,624.33	\$14,906.08	\$0.00	\$14,906.08	532	4.25%	\$1,490.61	\$820.96	\$17,217.65
Nov-21	08-281240	3.805	1	\$4.681	1,316,849	\$23,491.47	\$5,872.87	\$0.00	\$5,872.87	501	4.25%	\$587.29	\$302.25	\$6,762.41
Dec-21	08-281240	4.593	1	\$2.862	1,072,392	\$14,095.47	\$3,523.87	\$0.00	\$3,523.87	470	4.25%	\$352.39	\$168.64	\$4,044.90
Jan-22	08-281240	7.635	1	\$3.501	1,307,752	\$34,469.48	\$8,624.87	\$0.00	\$8,624.87	442	4.25%	\$862.49	\$384.63	\$9,871.99
Feb-22	08-281240	5.748	1	\$4.562	1,269,721	\$33,057.37	\$8,264.34	\$0.00	\$8,264.34	411	4.25%	\$826.43	\$338.72	\$9,429.49
Mar-22	08-281240	8.250	1	\$3.388	1,140,194	\$31,867.31	\$7,966.83	\$0.00	\$7,966.83	381	4.25%	\$796.68	\$288.70	\$9,062.21
Apr-22	08-281240	8.445	1	\$5.422	1,113,444	\$50,983.53	\$12,745.88	\$0.00	\$12,745.88	350	4.25%	\$1,274.59	\$431.88	\$14,452.35
May-22	08-281240	5.492	1	\$7.688	1,3625	\$67,535.53	\$14,384.13	\$0.00	\$14,384.13	320	4.25%	\$1,438.41	\$437.14	\$16,259.68
Jun-22	08-281240	6.231	1	\$7.157	1,195,581	\$53,313.90	\$13,328.48	\$0.00	\$13,328.48	289	4.25%	\$1,332.85	\$356.95	\$15,018.28
Jul-22	08-281240	6.625	1	\$8.344	1,147,443	\$48,225.98	\$12,056.50	\$0.00	\$12,056.50	258	4.25%	\$1,205.65	\$279.36	\$13,541.51
Aug-22	08-281240	7.628	1	\$8.210	1,119,26	\$70,102.40	\$17,525.60	\$0.00	\$17,525.60	228	4.25%	\$1,752.56	\$344.87	\$19,623.03
TOTALS		81,315				\$523,628.46	\$130,957.12	\$0.00	\$130,957.12			\$13,095.72	\$4,862.73	\$148,905.57

COMMENTS: BILLING ON UNDER REPORTED GAS VOLUMES TO THE GLO FOR UNIT 7779 (08-281240, 08-288822)

COLUMN (3) UNDER REPORTED VOLUMES. REPORTED RRC VOLUMES MINUS REPORTED GLO2 VOLUMES
 COLUMNS (5) & (6) REPORTED GLO2 PRICES AND BTU FACTORS WERE USED
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENTS
<http://www.glo.texas.gov/energy-business/oil-gas/tract/forms/penalty-interest-assessment-rules.pdf>

FOR QUESTIONS REGARDING THIS INVOICE PLEASE E-MAIL: eric.cortez@glo.texas.gov

NOTE 1: PAYMENT OF THIS INVOICE MAY BE MADE BY CHECK OR ACH DEBIT
 PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS
 WHEN PAYMENT IS REMITTED, PLEASE SEND AN EMAIL TO: account.services@glo.texas.gov and eric.cortez@glo.texas.gov
 NOTING YOUR COMPANY NAME, CUSTOMER ID, INVOICE NUMBER(S) AND AMOUNT OF PAYMENT

ATTN: Patty Burg
 EMAIL: patty.burg@bpx.com TIGLO@bpx.com

24
File No. MF 112986

County

Recon Billing

Date Filed: 6/7/2023

Commissioner Dawn Buckingham, M.D.

By: UD