

MF113640

#7828 Held 100' below Wolfcamp Lease A
 #7871 Held 100' below Wolfcamp Lease A
 DRR Lease A - good to 10/11/2020

Control	Basefile	County
07-109489	106922	REEVES
07-109498	106687	REEVES
Survey	T & P Ry Co	
Block	57	
Block Name		
Township	3-S	
Section/Tract	44, 46	
Land Part		
Acres	Net: 83.320000 Gross: 180.000000	
Depth Below	Depth Above Depth Other	
Name	PETROHAWK PROPERTIES LP	
Lease Date	10/11/2011	
Primary Term	5 years	
Bonus	\$83,333.33	
Lease Royalty	0.12500000	
Paid Up	No	

Leasing: deMaps: JKGIS: MC

Scanlab: _____



CAUTION

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

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

Thank you for your assistance.

Archives and Records Staff

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Contents of Mineral File Number: 113640

1. RAL Review	04/27/11	scanned PJ	5-15-2019
2. Ltr, bonus, fees	05/03/11	see MF112680 #23	Division Order
3. Lease A	11/07/11	scanned PJ	9-12-2019
4. Lease B	11/07/11	20. DRR Form	9/28/20
5. Act of Correction A	04/05/12	scanned PJ	10-6-2020
6. Act of Correction B	04/26/12	21. Letter accepting DRR Form	6/11/21
7. Rentals - 4 th & 5 th yrs.	09/04/14	Scanned W	10-20-2021
8. Final Ltr	09/11/14	22. Recon Billing	12/27/2021
9. Rentals - Lease A - 4 th & 5 th years	09/25/2014	23. Recon Billing	12/27/2021
Scanned sm	1/2/15	Scanned W	12-28-2021
10. LEASE PLAT	1/14/2015	see MF113637 #28	Division Order
scanned PJ	3-31-16	scanned sm	05/04/2022
See #6 in M-112680 For the		(see MF112680 #26 for	
State Blk 57-T3-46 Unit # 7829		Partial Release - Depths	
See #13 in M-113637 for the State		Scanned sm	09/12/2024
Whiteacre 57-T3-44 Unit # 7871			
scanned PJ	9-2-16		
11. Division Order	12-12-16		
12. Division Order	12-12-16		
13. Recon Billing	10/3/17		
scanned PJ	10-9-2017		
14. Recon Billing	8/10/18		
15. Recon Billing	8/10/18		
scanned PJ	8-30-2018		
16. DRR bonus - Lease A	12/5/18		
17. DRR Form	12/6/18		
18. Email Re: Overpayment of DRR Bonus	2/27/19		
19. Refund Request	2/27/19		

RAL REVIEW SHEET

Transaction # 7266

Geologist: R. Widmayer

Lessor: Pollan, Rondald C., Individually and as Trustee of the Polla

Lease Date: 4/20/2011

UE ☐

Lessee: Petrohawk Properties, LP

Gross Acres: 925

Net Acres: 33.958

LEASE DESCRIPTION

County	PN#	Base File No	Part	Sec.	Block	Twp	Survey	Abst#
REEVES	[REDACTED]	106687		46	57	03S	T & P RY CO	3035
"	[REDACTED]	106922		44	"	"	"	3036

TERMS OFFERED

Primary Term: 5 years

Bonus/Acre: \$2,000.00

Rental/Acre: \$1.00

Royalty: 1/4

TERMS RECOMMENDED

Primary Term: 5 years

Bonus/Acre: \$2,000.00

Rental/Acre: \$1.00

Royalty: 1/4

COMPARISONS

MF #	Lessee	Date	Term	Bonus/Ac.	Rental/Ac.	Royalty	Distance
MF106884	Anadarko Petroleum Corporation	6/20/2006	5 years	\$280.00	\$20.00	1/4	Last Lease
Pending	Petrohawk Properties	2-24-11	5yrs	\$1500.00	\$1.00	1/4	2 Miles NE

* See 44 + 46 are Broken Down into 5ac + 10ac lots

* Will have 6 min. file #'s

Comments: Rentals paid for years 2 & 3. 4 to pay 5 at \$2000.00.

Approved: TH 4/27/11

RELINQUISHMENT ACT LEASE APPLICATION

Texas General Land Office

Jerry Patterson, Commissioner

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

DATE: 27-Apr-11

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

Applicant:	Petrohawk Properties, LP	County:	REEVES
Prim. Term:	5 years	Bonus/Acre	\$2,000.00
Royalty:	1/4	Rental/Acre	\$1.00

Consideration

Recommended: [Signature] Date: 4/27/11

Not Recommended: _____

Comments: Rentals paid for years 2 & 3. 4 to pay 5 at \$2000.00.

✓ Lease Form

Recommended: [Signature] Date: 4/27/11

Not Recommended: _____

Comments:

Louis Renaud, Deputy Commissioner Date: 5-2-11

Recommended: [Signature]

Not Recommended: _____

Bill Warnick, General Counsel Date: 5/4/11

Recommended: [Signature]

Not Recommended: _____

Larry Laine, Chief Clerk Date: 5/4/11

Approved: [Signature]

Not Approved: _____

Jerry Patterson, Commissioner Date: 5/6/11

Approved: [Signature]

Not Approved: _____

1.
File No. 113640

RAL Review

1. Date Filed: 04/27/11
Jerry E. Patterson, Commissioner

By 

EXPLORATION LAND SERVICES, L.L.C.

Commissioner of the General Land Office

7828

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
5/2/2011	Bill		2,568,528.22	2,568,528.22		2,568,528.22
				Check Amount		2,568,528.22

121709924

IberiaBank

2,568,528.22

Re: Oil, Gas and Mineral Leases
Reeves County, Texas

Dear Drew:

Enclosed herewith, please find one (1) check, made payable to the Commissioner of the General Land Office including a copy of said check. Also enclosed is a report prepared for you containing a calculated breakdown of the interests and properties the check covers.

<u>Date</u>	<u>Check No.</u>	<u>Amount</u>
05/02/2011	7828	\$2,568,528.22

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

\$83,333.32
m-113640

NOVEMBER 28, 2011 REQUEST

SECTION 44, BLOCK 57, Township 3, T & P RR Co. Survey, Reeves County, Texas

Lessor	Gross Ac	Net Ac.	Bonus Per Acre	Bonus to Lessor	Bonus to State	Lease Bonus
Mary Ann Wilkerson	640	22.08333334	\$2,000.00	\$22,083.33	\$22,083.33	\$44,166.67
Garland Allan Tyler	640	11.04166660	\$2,000.00	\$11,041.67	\$11,041.67	\$22,083.33
The Baptist Foundation of Oklahoma	640	28.15625000	\$2,000.00	\$28,156.25	\$28,156.25	\$56,312.50
Ronald C. Pollan, Pollan Family Trust	640	22.08333334	\$2,000.00	\$22,083.33	\$22,083.33	\$44,166.67
Pruitt Family Mineral Trust Number One	640	33.12500000	\$2,000.00	\$33,125.00	\$33,125.00	\$66,250.00
Robert J. Saul, Jr.	640	11.04166666	\$2,000.00	\$11,041.67	\$11,041.67	\$22,083.33
Matthew M. Whiteacre	640	49.01273148	\$2,000.00	\$49,012.73	\$49,012.73	\$98,025.46
Tyler Revocable Trust	640	5.52083334	\$2,000.00	\$5,520.83	\$5,520.83	\$11,041.67
Cassandra Walker	640	33.12500000	\$2,000.00	\$33,125.00	\$33,125.00	\$66,250.00
Lewis Jones	640	5.00000000	\$2,000.00	\$5,000.00	\$5,000.00	\$10,000.00
Winkler Family Trust	640	8.33333334	\$2,000.00	\$8,333.33	\$8,333.33	\$16,666.67
Morris Winkler By-Pass Trust	640	8.33333334	\$2,000.00	\$8,333.33	\$8,333.33	\$16,666.67
Fredric A. Paquette, et ux	640	7.50000000	\$2,000.00	\$7,500.00	\$7,500.00	\$15,000.00
Charles Knorr, Sr.	640	7.50000000	\$2,000.00	\$7,500.00	\$7,500.00	\$15,000.00
Bill Chancellor, III	640	2.50000000	\$2,000.00	\$2,500.00	\$2,500.00	\$5,000.00
Cynthia Anne Warren Meeks	640	4.86651234	\$2,000.00	\$4,866.51	\$4,866.51	\$9,733.02
Philip B. Fayne	640	5.00000000	\$2,000.00	\$5,000.00	\$5,000.00	\$10,000.00
Charles W. Fayne	640	5.00000000	\$2,000.00	\$5,000.00	\$5,000.00	\$10,000.00
Mary Katherine Nelson Clifford	640	6.62500000	\$2,000.00	\$6,625.00	\$6,625.00	\$13,250.00
Frances Marian Hunter	640	6.62500000	\$2,000.00	\$6,625.00	\$6,625.00	\$13,250.00
TOTALS		282.47299378		\$282,472.99	\$282,472.99	\$564,945.99

out of
CK# 7828

SECTION 46, BLOCK 57, Township 3, T & P RR Co. Survey, Reeves County, Texas

Lessor	Gross Ac	Net Ac.	Bonus Per Acre	Bonus to Lessor	Bonus to State	Lease Bonus
Rita J. Thompson a/k/a Rita H. Thompson	640	30.00000000	\$2,000.00	\$30,000.00	\$30,000.00	\$60,000.00
Mary Ann Wilkison	640	11.66666666	\$2,000.00	\$11,666.67	\$11,666.67	\$23,333.33
Garland Allan Tyler	640	5.83333334	\$2,000.00	\$5,833.33	\$5,833.33	\$11,666.67
The Baptist Foundation of Oklahoma	640	14.87500000	\$2,000.00	\$14,875.00	\$14,875.00	\$29,750.00
Ronald C. Pollan, Pollan Family Trust	640	11.66666666	\$2,000.00	\$11,666.67	\$11,666.67	\$23,333.33
Pruitt Family Mineral Trust Number One	640	17.50000000	\$2,000.00	\$17,500.00	\$17,500.00	\$35,000.00
Robert J. Saul, Jr.	640	5.83333334	\$2,000.00	\$5,833.33	\$5,833.33	\$11,666.67
Matthew M. Whiteacre	640	25.89351852	\$2,000.00	\$25,893.52	\$25,893.52	\$51,787.04
Tyler Revocable Trust	640	2.91666666	\$2,000.00	\$2,916.67	\$2,916.67	\$5,833.33
Cassandra Walker	640	17.50000000	\$2,000.00	\$17,500.00	\$17,500.00	\$35,000.00
Lowry Lewis	640	27.50000000	\$2,000.00	\$27,500.00	\$27,500.00	\$55,000.00
Linda Lewis	640	27.50000000	\$2,000.00	\$27,500.00	\$27,500.00	\$55,000.00
Blake Oil & Gas Corporation	640	126.58333334	\$2,300.00	\$145,570.83	\$145,570.83	\$291,141.67
Winkler Family Trust	640	33.33333334	\$2,000.00	\$33,333.33	\$33,333.33	\$66,666.67
Morris Winkler By-Pass Trust	640	33.33333334	\$2,000.00	\$33,333.33	\$33,333.33	\$66,666.67
Fredric A. Paquette, et ux	640	7.50000000	\$2,000.00	\$7,500.00	\$7,500.00	\$15,000.00
Charles Knorr, Sr.	640	5.00000000	\$2,000.00	\$5,000.00	\$5,000.00	\$10,000.00
Bill Chancellor, III	640	1.66666666	\$2,000.00	\$1,666.67	\$1,666.67	\$3,333.33
Lee Ausburne, et ux	640	5.00000000	\$2,000.00	\$5,000.00	\$5,000.00	\$10,000.00
Cynthia Anne Warren Meeks	640	2.57098766	\$2,000.00	\$2,570.99	\$2,570.99	\$5,141.98
Philip B. Fayne	640	5.00000000	\$2,000.00	\$5,000.00	\$5,000.00	\$10,000.00
Charles W. Fayne	640	5.00000000	\$2,000.00	\$5,000.00	\$5,000.00	\$10,000.00
TOTALS		423.67283952		\$442,660.34	\$442,660.34	\$885,320.68

*Previously paid \$340,829.72 on 5/2/11 by check no. 7828 (total on check is \$2,568,528.22); \$107,941.30 on 6/3/11 by check no. 7937 and \$205,612.40 on 6/3/11 by check no. 7936

Total Amount previously paid by check	\$654,383.42
Total Amount paid by check	\$70,749.92

EXPLORATION LAND SERVICES, LLC

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

November 4, 2011

Via FedEx

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

Re: Oil, Gas and Mineral Leases
Reeves County, Texas

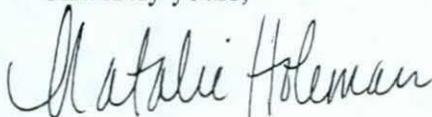
Dear Drew:

Enclosed herewith, please find twelve (12) certified copies of leases, taken in the name of the State of Texas, in favor of Petrohawk Properties, LP, listed as follows:

<u>Lease No.</u>	<u>Date</u>	<u>Lessor</u>
ELS-0032A	09/09/2011	Mary Ann Pollan Wilkirson
ELS-0032D	09/09/2011	Pollan Family Trust
ELS-0032E	09/09/2011	Pruitt Family Mineral Trust Number One
ELS-0032F	09/09/2011	Robert J. Saul
ELS-0032H	09/09/2011	Tyler Revocable Trust
ELS-0033B	09/09/2011	Linda I. Lewis
ELS-0039A	10/11/2011	Winkler Family Trust —
ELS-0039B	09/09/2011	Morris Winkler By-Pass Trust —
ELS-0056J	08/12/2011	Virginia Lee Willis
ELS-0056L	08/12/2011	Robert Louis Rogers
ELS-0057	08/26/2011	Estate of M.G. Baker
ELS-0059	09/09/2011	Fredrick A. Paquette

Also enclosed, please find a check in the amount of \$4,000.00. This amount covers the filing fees for the 12 leases @ \$25/per lease and 37 tracts @ \$100/per tract, which covers all required fees associated with the above listed leases. Please be advised that the filing fees for the tracts under lease ELS-0032A, D, E, F, H & ELS-0033B were previously paid by check number 3090, issued October 25, 2011 and the filing fees for the tracts under leases ELS-0056J & L were previously paid by check number 3052, issued October 10, 2011. 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

PO BOX 52105
LAFAYETTE, LA 70505-2105

IBERIABANK

11/4/2011

PAY TO THE
ORDER OF Commissioner of the General Land Office

\$**4,000.00

Four Thousand and 00/100***** DOLLARS

Commissioner of the General Land Office
of the State of Texas, at Austin, TX

[Signature]
AUTHORIZED SIGNATURE

MEMO

Filing Fee - 12 Leases & Processing Fee - 37 Tracts

⑈003122⑈

EXPLORATION LAND SERVICES, LLC

3122

Commissioner of the General Land Office

Date	Type	Reference	Original Amt.	Balance Due	11/4/2011 Discount	Payment
11/4/2011	Bill	Filing&ProcessingFee	4,000.00	4,000.00		4,000.00
				Check Amount		4,000.00

Handwritten:
250.00
11-113646
121

12703016

Iberia Bank

Filing Fee - 12 Leases & Processing Fee - 37 Tr

X 4,000.00

EXPLORATION LAND SERVICES, LLC

3122

Commissioner of the General Land Office

Date	Type	Reference	Original Amt.	Balance Due	11/4/2011 Discount	Payment
11/4/2011	Bill	Filing&ProcessingFee	4,000.00	4,000.00		4,000.00
				Check Amount		4,000.00

Delaware Basin Leasing

Iberia Bank

Filing Fee - 12 Leases & Processing Fee - 37 Tr

4,000.00

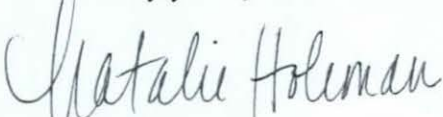
Lastly enclosed, please find two (2) certified copies of act of corrections, listed as follows:

<u>Lease No.</u>	<u>Date</u>	<u>Lessor</u>
ELS-0032G	09/09/2011	Matthew M. Whiteacre
ELS-0039A	10/11/2011	Winkler Family Trust

\$25.00

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

Texas General Land Office

Date	Type	Reference	Original Amt.	Balance Due	4/4/2012 Discount	Payment
4/4/2012	Bill	Filing&ProcessingFee	950.00	950.00		950.00
					Check Amount	950.00

3652

12709721
12/1

Iberia Bank

Filing Fee-18 Leases; Processing Fee-5 Tracts

X 950.00

File No. 113640Ltr, bonus, feesDate Filed: 05/03/11

Jerry E. Patterson, Commissioner

By 

2.

ELS-0039A

Notice of Confidentiality Rights: If you are a natural person, you may remove or strike any of the following information from this instrument before it is filed for record in the public records: your social security number or your driver's license number.

General Land Office
Relinquishment Act Lease Form
Revised, September 1997

The State of Texas



MF113640A

Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 11th day of October, 2011, between the State of Texas, acting by and through its agent, WINKLER FAMILY TRUST, dated March 7, 2003, represented herein by Christine Winkler, Sole Surviving Trustee, of 529 VIA ALMAR, PALOS VERDES ESTATES, CALIFORNIA 90274, said agent herein referred to as the owner of the soil (whether one or more), and PETROHAWK PROPERTIES, LP of 6100 SOUTH YALE AVENUE, SUITE 500, TULSA, OKLAHOMA 74136 hereinafter called Lessee.

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

125.0 acres, more or less, situated in the Subdivision of Section 44, Block 57, Township 3, Abstract 3036, T. & P. Railroad Company Survey, Reeves County, Texas, as depicted on that certain plat dated May 8, 1915, recorded in Volume 1, Page 30, of the Map Records of Reeves County, Texas and being more particularly described in Exhibit "A" attached hereto and made a part hereof,

55.0 acres, more or less, situated in the Subdivision of Section 46, Block 57, Township 3, Abstract 3035, T. & P. Railroad Company Survey, Reeves County, Texas, as depicted on that certain plat dated May 8, 1915, recorded in Volume 1, Page 30, of the Map Records of Reeves County, Texas and being more particularly described in Exhibit "A" attached hereto and made a part hereof,

containing 180.000 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: FORTY ONE THOUSAND SIX HUNDRED SIXTY SIX AND 67/100
Dollars (\$41,666.67)

To the owner of the soil: FORTY ONE THOUSAND SIX HUNDRED SIXTY SIX AND 67/100
Dollars (\$41,666.67)

Total bonus consideration: EIGHTY THREE THOUSAND THREE HUNDRED THIRTY THREE AND 33/100
Dollars (\$83,333.33)

The total bonus consideration paid represents a bonus of TWO THOUSAND AND 00/100 Dollars (\$2,000.00) per acre, on 41.66 net acres.

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

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

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

To the State of Texas: REFER TO ADDENDUM PARAGRAPH 40 (THIS IS A PAID UP LEASE)
Dollars (\$ _____)

Total Delay Rental: _____
Dollars (\$ _____)

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

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



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

owner of the soil:

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

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

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

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

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

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

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

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

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

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

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

(B) PERMITS, DRILLING RECORDS. Written notice of all operations on this lease shall be submitted to the Commissioner of the General



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

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

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

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

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

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

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

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

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

(B) **HORIZONTAL.** In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (hereinafter "deeper depths") in each well located on acreage retained in



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Paragraph 16 (A) above, unless on or before two (2) years after the primary or extended term Lessee pays an amount equal to one-half (1/2) of the bonus originally paid as consideration for this lease (as specified on page 1 hereof). If such amount is paid, this lease shall be in force and effect as to such deeper depths, and said termination shall be delayed for an additional period of two (2) years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths covered by this lease.

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

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

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

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

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

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

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

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

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

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

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

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

27. (A) **ASSIGNMENTS.** Under the conditions contained in this paragraph and Paragraph 29 of this lease, the rights and estates of either party to this lease may be assigned, in whole or in part, and the provisions of this lease shall extend to and be binding upon their heirs, devisees, legal representatives, successors and assigns. However, a change or division in ownership of the land, rentals, or royalties will not enlarge the obligations of Lessee, diminish the rights, privileges and estates of Lessee, impair the effectiveness of any payment made by Lessee or impair the effectiveness of any act performed by Lessee. And no change or division in ownership of the land, rentals, or royalties shall bind Lessee for any purpose until thirty (30) days after the owner of the soil (or his heirs, devisees, legal representatives or assigns) furnishes the Lessee with satisfactory written evidence of the change in ownership, including the original recorded muniments of title (or a certified copy of such original) when the ownership changed because of a conveyance. A total or partial assignment of this lease shall, to the extent of the interest assigned, relieve and discharge Lessee of all subsequent obligations under this lease. If this lease is assigned in its entirety as to only part of the acreage, the right and option to pay rentals shall be apportioned as between the several owners ratably, according to the area of each, and failure by one or more of them to pay his share of the rental shall not affect



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this lease on the part of the land upon which pro rata rentals are timely paid or tendered; however, if the assignor or assignee does not file a certified copy of such assignment in the General Land Office before the next rental paying date, the entire lease shall terminate for failure to pay the entire rental due under Paragraph 3. Every assignee shall succeed to all rights and be subject to all obligations, liabilities, and penalties owed to the State by the original lessee or any prior assignee of the lease, including any liabilities to the State for unpaid royalties.

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

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

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

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

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

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

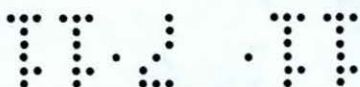
32. FORFEITURE. If Lessee shall fail or refuse to make the payment of any sum within thirty days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well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

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

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

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

36. ENVIRONMENTAL HAZARDS. Lessee shall use the highest degree of care and all reasonable safeguards to prevent contamination or pollution of any environmental medium, including soil, surface waters, groundwater, sediments, and surface or subsurface strata, ambient air or any



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

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

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

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

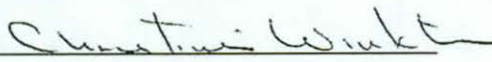
ADDENDUM PROVISIONS - #40 AND 41

40. **DELAY RENTALS.** As stipulated in Paragraph #3 of this lease, the rentals for this lease have been PAID-UP for the second (2nd) and third (3rd) years of the primary term hereof. Lessee or its assigns shall have the right to keep this lease in force and effect for the fourth (4th) and fifth (5th) years of the primary term provided for herein by tendering a payment of Two Thousand dollars (\$2,000.00) per net acre, such payment to be divided equally between the State of Texas and the owner of the soil and made prior to October 11, 2014, as to any acreage covered hereby and not otherwise being maintained by any other provision herein at such time.

41. If, at the expiration of the primary term, this lease is being maintained in force under any provision of the lease, or within 180 days prior to the expiration of the primary term Lessee has completed a well as a dry hole or commenced a well on the leased premises or lands pooled therewith, or Lessee is then engaged in operations on the leased premises or lands pooled therewith, Lessee agrees to begin a continuous drilling program within 180 days after the end of the primary term or within 180 days after completion of such well or the cessation of such operations, whichever is the later date; and thereafter to carry on the continuous drilling program on the leased premises or lands pooled therewith until all proration units have been drilled, allowing not more than 180 days to elapse between the completion of one well and the commencement of the succeeding well. Should Lessee fail to begin the continuous drilling program or subsequently default in the performance thereof, then in either event, this lease shall terminate as to all lands covered hereby, save and except for the proration unit surrounding each well then producing, capable of producing or upon which operations are being conducted, limited, respectively, to those depths from the surface down to the stratigraphic equivalent of the depth 100 feet below the base of the deepest penetrated formation. As used in this paragraph: i) the term "commission" means the Railroad Commission of the State of Texas or any successor agency, ii) the term "proration unit" means any acreage designated as a drilling unit or production unit in accordance with the rules of the commission (or any other governmental authority having jurisdiction) or any unit formed by pooling as provided in this lease or otherwise, iii) the terms "commenced" and "commencement" mean the date when a well is spudded, and iv) the terms "completed" and "completion" mean the date the initial potential test report is filed with the commission, if a productive well, or the date the plugging report is filed with the commission, if a dry hole, in either event no later than 60 days after the drilling rig has been released. Notwithstanding the partial termination of this lease, Lessee shall continue to have the rights of ingress and egress across all of the leased premises to and from lands that remain subject to this lease, or lands pooled therewith, for the purposes described in paragraph 1 hereof, together with easements and rights of way for roads, pipelines, flowlines and other facilities on or across all of the leased premises for the exploration, development, production, gathering or transportation of oil, gas and other products from the lands still subject to this lease or lands pooled therewith. The sole liability or penalty for the failure of Lessee to drill any well or wells required or permitted by this lease shall be the termination or partial termination of Lessee's rights under the lease as provided above.

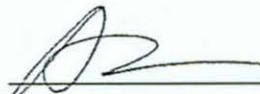
IN WITNESS WHEREOF, this instrument is executed on the date first above written.

STATE OF TEXAS
WINKLER FAMILY TRUST, dated March 7, 2003

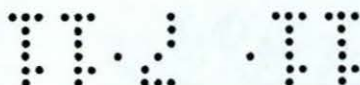

BY: CHRISTINE WINKLER, Sole Surviving Trustee
and as Agent for the State of Texas

Date: 10-14-11

LESSEE: PETROHAWK PROPERTIES, LP
By: P-H Energy, LLC, Its General Partner


BY: D.R. Deffenbaugh
Title: Vice President - Land

Date: 10-20-11



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copy of
Original filed in
Reeves County
Clerks Office

STATE OF OKLAHOMA

COUNTY OF TULSA

BEFORE ME, the undersigned authority, on this day personally appeared D.R. Deffenbaugh known to me to be the person whose name is subscribed to the foregoing instruments as Vice President - Land of P-H Energy, LLC, general partner of Petrohawk Properties, LP, a Texas limited partnership 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 20th day of October, 2011.



Rita Kay Walker
Notary Public in and for Oklahoma

STATE OF CALIFORNIA

COUNTY OF Los Angeles

BEFORE ME, the undersigned authority, on this day personally appeared Christine Winkler known to me to be the person whose name is subscribed to the foregoing instruments as Sole Surviving Trustee of the WINKLER FAMILY TRUST, dated March 7, 2003, and acknowledged to me that she executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said trust.

Given under my hand and seal of office this the 14th day of October, 2011.



Ana Straser
Notary Public in and for state of California



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Reeves County
Clerks Office

11.2.11

EXHIBIT "A"

Attached to and made a part of that certain Oil, Gas and Mineral Lease dated October 11, 2011 from the WINKLER FAMILY TRUST, dated March 7, 2003, agent for the State of Texas, as Lessor, in favor of PETROHAWK PROPERTIES, LP, as Lessee.

125.0 acres, more or less, situated in the Subdivision of Section 46, Block 57, Township 3, Abstract 3035, T. & P. Railroad Company Survey, Reeves County, Texas, as depicted on that certain plat dated May 8, 1915, recorded in Volume 1, Page 30, of the Map Records of Reeves County, Texas and being more particularly described below,

TRACT 1: 10.0 acres, more or less, being all of Lots 2 and 8, Block 1;
TRACT 2: 10.0 acres, more or less, being all of Lots 1 and 6, Block 2;
TRACT 3: 10.0 acres, more or less, being all of Lots 1 and 6, Block 3;
TRACT 4: 5.0 acres, more or less, being all of Lot 2, Block 5;
TRACT 5: 5.0 acres, more or less, being all of Lot 1, Block 6;
TRACT 6: 10.0 acres, more or less, being all of Lots 1 and 2, Block 7;
TRACT 7: 5.0 acres, more or less, being all of Lot 2, Block 8;
TRACT 8: 5.0 acres, more or less, being all of Lot 1, Block 9;
TRACT 9: 15.0 acres, more or less, being all of Lots 1, 4 and 5, Block 11;
TRACT 10: 35.0 acres, more or less, being all of Lots 2, 3, 4, 5, 6, 7 and 8, Block 15;
TRACT 11: 15.0 acres, more or less, being all of Lots 1, 2 and 5, Block 16.

55.0 acres, more or less, situated in the Subdivision of Section 44, Block 57, Township 3, Abstract 3036, T. & P. Railroad Company Survey, Reeves County, Texas, as depicted on that certain plat dated May 8, 1915, recorded in Volume 1, Page 30, of the Map Records of Reeves County, Texas and being more particularly described below,

TRACT 1: 15.0 acres, more or less, being all of Lots 3, 4 and 7, Block 11;
TRACT 2: 10.0 acres, more or less, being all of Lots 1 and 2, Block 12;
TRACT 3: 5.0 acres, more or less, being all of Lot 8, Block 13;
TRACT 4: 25.0 acres, more or less, being all of Lots 4, 5, 6, 7 and 8, Block 14.

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 Oil & Gas Lease dated Oct 11, 2011, filed for record in my office this 3rd day of Nov, 2011 at 2:56 P.M., under Clerk's File No. OPP 7876, to be recorded in the

Records of Reeves County, Texas.

TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas this 3rd day of November, 2011.

By [Signature] Deputy.

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



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

11.2.11

3.

File No. 113640

Lease A

Date Filed: 11/07/11
Jerry E. Patterson, Commissioner

By _____

3.

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 9th day of September, 2011, between the State of Texas, acting by and through its agent, MORRIS WINKLER BY-PASS TRUST, represented herein by Richard Mandelsohn and Jaime Winkler, Co-Trustees, of 6111 BEDFORD AVENUE, LOS ANGELES, CALIFORNIA 90056-2014, said agent herein referred to as the owner of the soil (whether one or more), and PETROHAWK PROPERTIES, LP of 6100 SOUTH YALE AVENUE, SUITE 500, TULSA, OKLAHOMA 74136 hereinafter called Lessee.

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

125.0 acres, more or less, situated in the Subdivision of Section 44, Block 57, Township 3, Abstract 3036, T. & P. Railroad Company Survey, Reeves County, Texas, as depicted on that certain plat dated May 8, 1915, recorded in Volume 1, Page 30, of the Map Records of Reeves County, Texas and being more particularly described in Exhibit "A" attached hereto and made a part hereof,

55.0 acres, more or less, situated in the Subdivision of Section 46, Block 57, Township 3, Abstract 3035, T. & P. Railroad Company Survey, Reeves County, Texas, as depicted on that certain plat dated May 8, 1915, recorded in Volume 1, Page 30, of the Map Records of Reeves County, Texas and being more particularly described in Exhibit "A" attached hereto and made a part hereof,

containing 180.000 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: FORTY ONE THOUSAND SIX HUNDRED SIXTY SIX AND 67/100
Dollars (\$41,666.67)

To the owner of the soil: FORTY ONE THOUSAND SIX HUNDRED SIXTY SIX AND 67/100
Dollars (\$41,666.67)

Total bonus consideration: EIGHTY THREE THOUSAND THREE HUNDRED THIRTY THREE AND 33/100
Dollars (\$83,333.33)

The total bonus consideration paid represents a bonus of TWO THOUSAND AND 00/100 Dollars (\$2,000.00) per acre, on 41.66 net acres.

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

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

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

To the State of Texas: REFER TO ADDENDUM PARAGRAPH 40 (THIS IS A PAID UP LEASE)
Dollars (\$ _____)

Total Delay Rental: _____
Dollars (\$ _____)

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

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



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owner of the soil:

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

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

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

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

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

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

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

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

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

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

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

(B) PERMITS, DRILLING RECORDS. Written notice of all operations on this lease shall be submitted to the Commissioner of the General



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

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

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

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

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

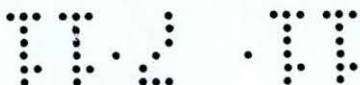
14. SHUT-IN ROYALTIES. For purposes of this paragraph, "well" means any well that has been assigned a well number by the state agency having jurisdiction over the production of oil and gas. If, at any time after the expiration of the primary term of a lease that, until being shut in, was being maintained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

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

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

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

(B) **HORIZONTAL.** In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (hereinafter "deeper depths") in each well located on acreage retained in



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Paragraph 16 (A) above, unless on or before two (2) years after the primary or extended term Lessee pays an amount equal to one-half (1/2) of the bonus originally paid as consideration for this lease (as specified on page 1 hereof). If such amount is paid, this lease shall be in force and effect as to such deeper depths, and said termination shall be delayed for an additional period of two (2) years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths covered by this lease.

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

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

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

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

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

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

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

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

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

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

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

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

27. (A) ASSIGNMENTS. Under the conditions contained in this paragraph and Paragraph 29 of this lease, the rights and estates of either party to this lease may be assigned, in whole or in part, and the provisions of this lease shall extend to and be binding upon their heirs, devisees, legal representatives, successors and assigns. However, a change or division in ownership of the land, rentals, or royalties will not enlarge the obligations of Lessee, diminish the rights, privileges and estates of Lessee, impair the effectiveness of any payment made by Lessee or impair the effectiveness of any act performed by Lessee. And no change or division in ownership of the land, rentals, or royalties shall bind Lessee for any purpose until thirty (30) days after the owner of the soil (or his heirs, devisees, legal representatives or assigns) furnishes the Lessee with satisfactory written evidence of the change in ownership, including the original recorded muniments of title (or a certified copy of such original) when the ownership changed because of a conveyance. A total or partial assignment of this lease shall, to the extent of the interest assigned, relieve and discharge Lessee of all subsequent obligations under this lease. If this lease is assigned in its entirety as to only part of the acreage, the right and option to pay rentals shall be apportioned as between the several owners ratably, according to the area of each, and failure by one or more of them to pay his share of the rental shall not affect

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this lease on the part of the land upon which pro rata rentals are timely paid or tendered; however, if the assignor or assignee does not file a certified copy of such assignment in the General Land Office before the next rental paying date, the entire lease shall terminate for failure to pay the entire rental due under Paragraph 3. Every assignee shall succeed to all rights and be subject to all obligations, liabilities, and penalties owed to the State by the original lessee or any prior assignee of the lease, including any liabilities to the State for unpaid royalties.

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

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

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

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

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

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

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

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

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

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

36. ENVIRONMENTAL HAZARDS. Lessee shall use the highest degree of care and all reasonable safeguards to prevent contamination or pollution of any environmental medium, including soil, surface waters, groundwater, sediments, and surface or subsurface strata, ambient air or any



copy of
Original filed in
Reeves County
Clerks Office

11.2.11

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

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

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

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

ADDENDUM PROVISIONS - #40 AND 41

40. **DELAY RENTALS.** As stipulated in Paragraph #3 of this lease, the rentals for this lease have been PAID-UP for the second (2nd) and third (3rd) years of the primary term hereof. Lessee or its assigns shall have the right to keep this lease in force and effect for the fourth (4th) and fifth (5th) years of the primary term provided for herein by tendering a payment of Two Thousand dollars (\$2,000.00) per net acre, such payment to be divided equally between the State of Texas and the owner of the soil and made prior to September 9, 2014, as to any acreage covered hereby and not otherwise being maintained by any other provision herein at such time.

41. If, at the expiration of the primary term, this lease is being maintained in force under any provision of the lease, or within 180 days prior to the expiration of the primary term Lessee has completed a well as a dry hole or commenced a well on the leased premises or lands pooled therewith, or Lessee is then engaged in operations on the leased premises or lands pooled therewith, Lessee agrees to begin a continuous drilling program within 180 days after the end of the primary term or within 180 days after completion of such well or the cessation of such operations, whichever is the later date; and thereafter to carry on the continuous drilling program on the leased premises or lands pooled therewith until all proration units have been drilled, allowing not more than 180 days to elapse between the completion of one well and the commencement of the succeeding well. Should Lessee fail to begin the continuous drilling program or subsequently default in the performance thereof, then in either event, this lease shall terminate as to all lands covered hereby, save and except for the proration unit surrounding each well then producing, capable of producing or upon which operations are being conducted, limited, respectively, to those depths from the surface down to the stratigraphic equivalent of the depth 100 feet below the base of the deepest penetrated formation. As used in this paragraph: i) the term "commission" means the Railroad Commission of the State of Texas or any successor agency, ii) the term "proration unit" means any acreage designated as a drilling unit or production unit in accordance with the rules of the commission (or any other governmental authority having jurisdiction) or any unit formed by pooling as provided in this lease or otherwise, iii) the terms "commenced" and "commencement" mean the date when a well is spudded, and iv) the terms "completed" and "completion" mean the date the initial potential test report is filed with the commission, if a productive well, or the date the plugging report is filed with the commission, if a dry hole, in either event no later than 60 days after the drilling rig has been released. Notwithstanding the partial termination of this lease, Lessee shall continue to have the rights of ingress and egress across all of the leased premises to and from lands that remain subject to this lease, or lands pooled therewith, for the purposes described in paragraph 1 hereof, together with easements and rights of way for roads, pipelines, flowlines and other facilities on or across all of the leased premises for the exploration, development, production, gathering or transportation of oil, gas and other products from the lands still subject to this lease or lands pooled therewith. The sole liability or penalty for the failure of Lessee to drill any well or wells required or permitted by this lease shall be the termination or partial termination of Lessee's rights under the lease as provided above.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

STATE OF TEXAS

MORRIS WINKLER BY-PASS TRUST



BY: JAIME WINKLER
As Co-Trustee and as Agent for the State of Texas

Date: 10.11.2011

STATE OF TEXAS

MORRIS WINKLER BY-PASS TRUST



BY: RICHARD MANDELSON
As Co-Trustee and as Agent for the State of Texas

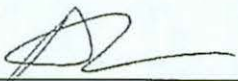
Date: 10/11/11



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

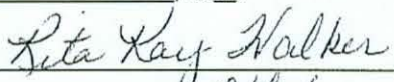
11.11.11

LESSEE: PETROHAWK PROPERTIES, LP
By: P-H Energy, LLC, Its General Partner


BY: D.R. Deffenbaugh
Title: Vice President - Land
Date: 10-20-11

STATE OF OKLAHOMA
COUNTY OF TULSA

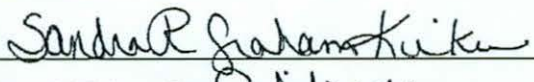
BEFORE ME, the undersigned authority, on this day personally appeared D.R. Deffenbaugh known to me to be the person whose name is subscribed to the foregoing instruments as Vice President - Land of P-H Energy, LLC, general partner of Petrohawk Properties, LP, a Texas limited partnership and acknowledged 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 20th day of October, 2011.

Notary Public in and for Oklahoma



STATE OF California
COUNTY OF Los Angeles

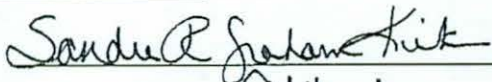
BEFORE ME, the undersigned authority, on this day personally appeared JAMIE WINKLER known to me to be the person whose name is subscribed to the foregoing instruments as Co-Trustee of the MORRIS WINKLER BY-PASS TRUST and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said trust.

Given under my hand and seal of office this the 11th day of October, 2011.

Notary Public in and for California



STATE OF California
COUNTY OF Los Angeles

BEFORE ME, the undersigned authority, on this day personally appeared RICHARD MANDELSON known to me to be the person whose name is subscribed to the foregoing instruments as Co-Trustee of the MORRIS WINKLER BY-PASS TRUST 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 trust.

Given under my hand and seal of office this the 11th day of October, 2011.

Notary Public in and for California



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

11 11

EXHIBIT "A"

Attached to and made a part of that certain Oil, Gas and Mineral Lease dated September 9, 2011 from the MORRIS WINKLER BY-PASS TRUST, dated March 7, 2003, agent for the State of Texas, as Lessor, in favor of PETROHAWK PROPERTIES, LP, as Lessee.

125.0 acres, more or less, situated in the Subdivision of Section 46, Block 57, Township 3, Abstract 3035, T. & P. Railroad Company Survey, Reeves County, Texas, as depicted on that certain plat dated May 8, 1915, recorded in Volume 1, Page 30, of the Map Records of Reeves County, Texas and being more particularly described below,

TRACT 1: 10.0 acres, more or less, being all of Lots 2 and 8, Block 1;
TRACT 2: 10.0 acres, more or less, being all of Lots 1 and 6, Block 2;
TRACT 3: 10.0 acres, more or less, being all of Lots 1 and 6, Block 3;
TRACT 4: 5.0 acres, more or less, being all of Lot 2, Block 5;
TRACT 5: 5.0 acres, more or less, being all of Lot 1, Block 6;
TRACT 6: 10.0 acres, more or less, being all of Lots 1 and 2, Block 7;
TRACT 7: 5.0 acres, more or less, being all of Lot 2, Block 8;
TRACT 8: 5.0 acres, more or less, being all of Lot 1, Block 9;
TRACT 9: 15.0 acres, more or less, being all of Lots 1, 4 and 5, Block 11;
TRACT 10: 35.0 acres, more or less, being all of Lots 2, 3, 4, 5, 6, 7 and 8, Block 15;
TRACT 11: 15.0 acres, more or less, being all of Lots 1, 2 and 5, Block 16.

55.0 acres, more or less, situated in the Subdivision of Section 44, Block 57, Township 3, Abstract 3036, T. & P. Railroad Company Survey, Reeves County, Texas, as depicted on that certain plat dated May 8, 1915, recorded in Volume 1, Page 30, of the Map Records of Reeves County, Texas and being more particularly described below,

TRACT 1: 15.0 acres, more or less, being all of Lots 3, 4 and 7, Block 11;
TRACT 2: 10.0 acres, more or less, being all of Lots 1 and 2, Block 12;
TRACT 3: 5.0 acres, more or less, being all of Lot 8, Block 13;
TRACT 4: 25.0 acres, more or less, being all of Lots 4, 5, 6, 7 and 8, Block 14.

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
Oil & Gas Lease dated Sept. 9, 2011
Filed for record in my office this 3rd day of Nov 2011 at 2:56 P.M., under Clerk's File No. 09PR7877, to be recorded in the

Records of Reeves County, Texas.

TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas
this 3rd day of November, 2011

Dianne O. Florez
Dianne O. Florez, County Clerk
REEVES COUNTY, TEXAS



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

File No. 113640

Lease B

4. Date Filed: 11/07/11
Jerry E. Patterson, Commissioner

By [Signature]

11/07/11

THE STATE OF TEXAS
COUNTY OF []
I, [] of the County of [], State of Texas, do hereby certify that the within and foregoing is a true and correct copy of the original as the same appears in the records of the County Clerk of said County.
GIVEN UNDER MY HAND AND SEAL OF OFFICE this [] day of [] 2011.
[Signature]
County Clerk

Notice of Confidentiality Rights: If you are a natural person, you may remove or strike any of the following information from this instrument before it is filed for record in the public records: your social security number or your driver's license number.

STATE OF TEXAS

COUNTY OF REEVES

MF113640A

ACT OF CORRECTION

Reference is hereby made for all purposes to that certain Oil and Gas Lease dated October 11, 2011, by and between the **WINKLER FAMILY TRUST, dated March 7, 2003**, whose mailing address is 529 Via Almar, Palos Verdes Estates, California 90274, as Lessor, and **PETROHAWK PROPERTIES, LP**, as Lessee, whose mailing address is 6100 South Yale Avenue, Suite 500, Tulsa, Oklahoma 74136, which said Oil and Gas Lease is recorded in Vol. 908, at Page 258, under File No. 7876 in the Official Public Records of Reeves County, State of Texas, hereinafter simply referred to as "Said Agreement."

WHEREAS, since the execution of Said Agreement it has been discovered that through error or inadvertence, the property description contained and listed in Said Agreement does not perfectly and adequately describe the property intended to be covered thereby, and it is the desire of Lessor and Lessee to amend and correct the property description so as to correctly show the land intended to be covered thereby.

NOW, THEREFORE, for good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, and of the considerations, covenants and agreements contained in Said Agreement, the undersigned does hereby acknowledge and agree that there shall be deleted from Said Agreement, the property description as follows:

125.0 acres, more or less, situated in the Subdivision of Section 44, Block 57, Township 3, Abstract 3036, T. & P. Railroad Company Survey, Reeves County, Texas, as depicted on that certain plat dated May 8, 1915, recorded in Volume 1, Page 30, of the Map Records of Reeves County, Texas and being more particularly described in Exhibit "A" attached hereto and made a part hereof,

55.0 acres, more or less, situated in the Subdivision of Section 46, Block 57, Township 3, Abstract 3035, T. & P. Railroad Company Survey, Reeves County, Texas, as depicted on that certain plat dated May 8, 1915, recorded in Volume 1, Page 30, of the Map Records of Reeves County, Texas and being more particularly described in Exhibit "A" attached hereto and made a part hereof,

and substituted in its place, the property description as follows:

125.0 acres, more or less, situated in the Subdivision of Section 46, Block 57, Township 3, Abstract 3035, T. & P. Railroad Company Survey, Reeves County, Texas, as depicted on that certain plat dated May 8, 1915, recorded in Volume 1, Page 30, of the Map Records of Reeves County, Texas and being more particularly described in Exhibit "A" attached hereto and made a part hereof,

55.0 acres, more or less, situated in the Subdivision of Section 44, Block 57, Township 3, Abstract 3036, T. & P. Railroad Company Survey, Reeves County, Texas, as depicted on that certain plat dated May 8, 1915, recorded in Volume 1, Page 30, of the Map Records of Reeves County, Texas and being more particularly described in Exhibit "A" attached hereto and made a part hereof,

Said Agreement is hereinabove amended and corrected, by the undersigned, in order to show the true agreement of the parties. This Act of Correction shall be retroactively effective as of the effective date of Said Agreement and the undersigned hereby recognize, ratify, adopt and confirm Said Agreement as hereinabove amended. The parties hereto request that the Reeves County Clerk of Court and Recorder of the Official Public Records make a marginal notation on Said Agreement making reference to this Act of Correction.

IN WITNESS WHEREOF, this instrument is executed this 12 day of March, 2012, but made effective as of the date of Said Agreement.

WINKLER FAMILY TRUST, dated March 7, 2003



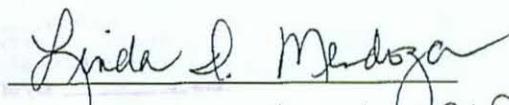
CHRISTINE WINKLER, Sole Surviving Trustee

STATE OF CALIFORNIA

COUNTY OF Los Angeles

BEFORE ME, the undersigned authority, on this day personally appeared Christine Winkler known to me to be the person whose name is subscribed to the foregoing instrument as Sole Surviving Trustee of the WINKLER FAMILY TRUST, dated March 7, 2003, and acknowledged to me that she executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said trust.

Given under my hand and seal of office this the 12th day of March, 2012.



Notary Public in and for the state of California

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

File No. 113640

Act of Correction A

5. Date Filed: 04/05/12
Jerry E. Patterson, Commissioner

[Signature]

STATE OF TEXAS
COUNTY CLERK
I, Dianne O. Flores, Clerk of the County Court in and for Pecos County and State do hereby certify that the foregoing is a true and correct copy of the record as the same is on file in my office this 30th day of March, 2012.
Filed for record in my office this 30th day of March, 2012.
Munder Licht's File No. 18-03381, to be recorded in the
Records of Reeves County, Texas.
Witness my hand and official seal at Pecos, Texas
this 30th day of March, 2012.
By [Signature] Deputy
DIANNE O. FLORES, COUNTY CLERK
REEVES COUNTY, TEXAS

4. 2. 3. 5.

Notice of Confidentiality Rights: If you are a natural person, you may remove or strike any of the following information from this instrument before it is filed for record in the public records: your social security number or your driver's license number.

STATE OF TEXAS

COUNTY OF REEVES

12-02566
FILED FOR RECORD
REEVES COUNTY, TEXAS
Apr 05, 2012 at 09:08:00 AM

ACT OF CORRECTION

MF 113640B

Reference is hereby made for all purposes to that certain Oil and Gas Lease dated September 9, 2011, by and between the **MORRIS WINKLER BY-PASS TRUST**, whose mailing address is 6111 Bedford Avenue, Los Angeles, California 90056, as Lessor, and **PETROHAWK PROPERTIES, LP**, as Lessee, whose mailing address is 6100 South Yale Avenue, Suite 500, Tulsa, Oklahoma 74136, which said Oil and Gas Lease is recorded in Vol. 908, at Page 266, under File No. 7877 in the Official Public Records of Reeves County, State of Texas, hereinafter simply referred to as "Said Agreement."

WHEREAS, since the execution of Said Agreement it has been discovered that through error or inadvertence, the property description contained and listed in Said Agreement does not perfectly and adequately describe the property intended to be covered thereby, and it is the desire of Lessor and Lessee to amend and correct the property description so as to correctly show the land intended to be covered thereby.

NOW, THEREFORE, for good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, and of the considerations, covenants and agreements contained in Said Agreement, the undersigned does hereby acknowledge and agree that there shall be deleted from Said Agreement, the property description as follows:

125.0 acres, more or less, situated in the Subdivision of Section **44, Block 57, Township 3, Abstract 3036**, T. & P. Railroad Company Survey, Reeves County, Texas, as depicted on that certain plat dated May 8, 1915, recorded in Volume 1, Page 30, of the Map Records of Reeves County, Texas and being more particularly described in Exhibit "A" attached hereto and made a part hereof,

55.0 acres, more or less, situated in the Subdivision of Section **46, Block 57, Township 3, Abstract 3035**, T. & P. Railroad Company Survey, Reeves County, Texas, as depicted on that certain plat dated May 8, 1915, recorded in Volume 1, Page 30, of the Map Records of Reeves County, Texas and being more particularly described in Exhibit "A" attached hereto and made a part hereof,

and substituted in its place, the property description as follows:

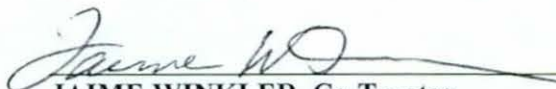
125.0 acres, more or less, situated in the Subdivision of Section **46, Block 57, Township 3, Abstract 3035**, T. & P. Railroad Company Survey, Reeves County, Texas, as depicted on that certain plat dated May 8, 1915, recorded in Volume 1, Page 30, of the Map Records of Reeves County, Texas and being more particularly described in Exhibit "A" attached hereto and made a part hereof,

55.0 acres, more or less, situated in the Subdivision of Section **44, Block 57, Township 3, Abstract 3036**, T. & P. Railroad Company Survey, Reeves County, Texas, as depicted on that certain plat dated May 8, 1915, recorded in Volume 1, Page 30, of the Map Records of Reeves County, Texas and being more particularly described in Exhibit "A" attached hereto and made a part hereof,

Said Agreement is hereinabove amended and corrected, by the undersigned, in order to show the true agreement of the parties. This Act of Correction shall be retroactively effective as of the effective date of Said Agreement and the undersigned hereby recognize, ratify, adopt and confirm Said Agreement as hereinabove amended. The parties hereto request that the Reeves County Clerk of Court and Recorder of the Official Public Records make a marginal notation on Said Agreement making reference to this Act of Correction.

IN WITNESS WHEREOF, this instrument is executed this 21 day of March, 2012, but made effective as of the date of Said Agreement.

MORRIS WINKLER BY-PASS TRUST


JAIME WINKLER, Co-Trustee


RICHARD MANDELSON, Co-Trustee



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

STATE OF CALIFORNIA

COUNTY OF Los Angeles

BEFORE ME, the undersigned authority, on this day personally appeared Jaime Winkler known to me to be the person whose name is subscribed to the foregoing instrument as Co-Trustee of the MORRIS WINKLER BY-PASS TRUST, 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 trust.

Given under my hand and seal of office this the 21st day of March, 2012.



Sandra R. Graham-Kirker
Notary Public in and for California

STATE OF CALIFORNIA

COUNTY OF Los Angeles

BEFORE ME, the undersigned authority, on this day personally appeared Richard Mandelsohn known to me to be the person whose name is subscribed to the foregoing instrument as Co-Trustee of the MORRIS WINKLER BY-PASS TRUST, 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 trust.

Given under my hand and seal of office this the 21st day of March, 2012.



Sandra R. Graham-Kirker
Notary Public in and for California

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 instrument recorded in my office this 21st day of March, 2012.
Dianne O. Florez
COUNTY CLERK
2012 Apr 03 at 09:08 AM
REEVES COUNTY, TEXAS
By: Elinor Florez DEPUTY
True and Correct copy of
Original filed in
Reeves County
Clerks Office

4.

File No. 113640

Act of Correction B

Date Filed: 04/26/12
Jerry E. Patterson, Commissioner

By [Signature]

4.

45875

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
a corrected record of March 1, 2012.

Filed for record in my office this 9th day of April at
Reeves, under Clerk's File No. 2506 to be recorded in the
Records of Reeves County, Texas.

TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas
this 9th day of April, 2012.

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

Check No.: 203486

Payment Type: DELAY RENTAL

Period Covered: 09/09/2014-09/09/2016

Payment Amount: \$41,666.67

Lease Number: 1044424/001 LSE

Original Lessor: MORRIS WINKLER BY PASS TRUST

Lease Effective Date: 09/09/2011

Recording Information: Book # 908 Page # 266, 7877



State: TX

County: REEVES

Check Remarks:

DELAY RENTAL FOR YRS 4, 5

125.0 ACRES, MORE OR LESS, SEC 46, BLK 57, TWN 3, A- 3035, T. & P. RAILROAD COMPANY SURVEY, REEVES CO, TX

55.0 ACRES, MORE OR LESS, SEC 44, BLK 57, TWN 3, A-3036, T. & P. RAILROAD COMPANY SURVEY, REEVES CO, TX

MF113640B
RENTAL PAYMENT

4th & 5th yrs.

①

For the Credit of:

Owner: COMMISSIONER OF THE TEXAS GENERAL
LAND OFFICE ATN MINERAL LEASING

(BA#):80104210

Payment Amount: \$41,666.67

Address: 1700 N CONGRESS AVE
AUSTIN, TX 78701

121

Check No.: 203486
Payment Type: DELAY RENTAL

Period Covered: 09/09/2014-09/09/2016
Payment Amount: \$41,666.67

Lease Number: 1044424/001 LSE

Original Lessor: MORRIS WINKLER BY PASS TRUST

Lease Effective Date: 09/09/2011

Recording Information: Book # 908 Page # 266, 7877

State: TX

County: REEVES

Check Remarks:

DELAY RENTAL FOR YRS 4, 5

125.0 ACRES, MORE OR LESS, SEC 46, BLK 57, TWN 3, A- 3035, T. & P. RAILROAD COMPANY SURVEY, REEVES CO, TX

55.0 ACRES, MORE OR LESS, SEC 44, BLK 57, TWN 3, A-3036, T. & P. RAILROAD COMPANY SURVEY, REEVES CO, TX

For the Credit of:

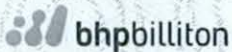
Owner: COMMISSIONER OF THE TEXAS GENERAL
LAND OFFICE ATN MINERAL LEASING
Address: 1700 N CONGRESS AVE
AUSTIN, TX 78701

(BA#):80104210

Payment Amount: \$41,666.67

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

15700205
DATE 08/14/2014 CHECK NO. 203486

PAY *****41666*DOLLARS AND* 67*CENTS

AMOUNT *****\$41,666.67

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

W. L. Sullivan
FACSIMILE SIGNATURE

File No. ME113640

Rentals- lease B- 4th & 5th yr.

Date Filed: 09/04/2014

Jerry E. Patterson, Commissioner

By JP

2. 1. 1. 1.

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

September 11, 2014

Micah Strother
BHP Billiton Petroleum
Post Office Box 22719
Houston, Texas 77027

Re: **State Lease MF 113640**

Two RAL leases covering 180 ac., Sec. 44, 46,
Blk. 57, T-3, T&P Ry. Co. Survey, Reeves Co,
TX

Dear Mr. Strother:

The certified copies of the Relinquishment Act leases covering the referenced tract have been approved and filed in our records under Mineral File numbers as set out on Page 2. **Please refer to these numbers when making payments to the State and in all future correspondence concerning the leases. Failure to include the mineral file numbers may delay processing of any payments towards the leases.**

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

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

Your remittances are set out on Page 2 and have been applied to the State's portion of the cash bonus. In addition, we are in receipt of your processing and filing fees.

Sincerely yours,

Deborah A. Cantu
Mineral Leasing, Energy Resources
(512) 305-8598
deborah.cantu@glo.texas.gov

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

<u>State Lease No.</u>	<u>Lessor as agent for State of TX</u>	<u>Dated</u>	<u>Recorded Vol/Page</u>	<u>Bonus Amount</u>
MF113640A	Winkler Family Trust	10/11/11	7876	\$41,666.67
MF113640B	Morris Winkler By Pass Trust	09/09/11	7877	\$41,666.67

File No. 113640

Final Htr

6. Date Filed: 09/11/14
Jerry E. Patterson, Commissioner

By [Signature]

Check No.: 203706
Payment Type: DELAY RENTAL

Period Covered: 10/11/2014-10/11/2016
Payment Amount: \$41,666.67

15701415

Lease Number: 1044424/003 LSE

Original Lessor: WINKLER FAMILY TRUST



Lease Effective Date: 10/11/2011

Recording Information: Book # 908 Page # 258, 7876

State: TX

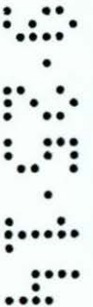
County: REEVES

Check Remarks:

DELAY RENTAL FOR YRS 4 & 5

SEC 44, BLK 57, TWN 3, A-3036, & SEC 46, BLK 57, TWN 3, A-3035 T&P RR CO SURVEY, REEVES CO, TX

MF113640A
RENTAL PAYMENT
4th & 5th yr.
(P)



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: \$41,666.67

121

Check No.: 203706
Payment Type: DELAY RENTAL

Period Covered: 10/11/2014-10/11/2016
Payment Amount: \$41,666.67

15701415

Lease Number: 1044424/003 LSE

Original Lessor: WINKLER FAMILY TRUST

Lease Effective Date: 10/11/2011

Recording Information: Book # 908 Page # 258, 7876

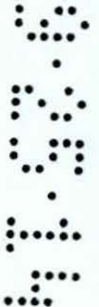
State: TX

County: REEVES

Check Remarks:

DELAY RENTAL FOR YRS 4 & 5

SEC 44, BLK 57, TWN 3, A-3036, & SEC 46, BLK 57, TWN 3, A-3035 T&P RR CO SURVEY, REEVES CO, TX



For the Credit of:

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

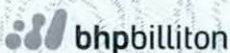
(BA#):80104210

Payment Amount: \$41,666.67

121

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

DATE 09/10/2014

CHECK NO. 203706

PAY *****41666*DOLLARS AND* 67*CENTS

AMOUNT *****\$41,666.67

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

Jeffrey L. Salling
FACSIMILE SIGNATURE

⑈000203706⑈

File No. MF113640

(9)

#1202

Rentals. Lease A - 4th & 5th yrs.

Date Filed: 09/25/2014

Jerry E. Patterson, Commissioner

By JEP

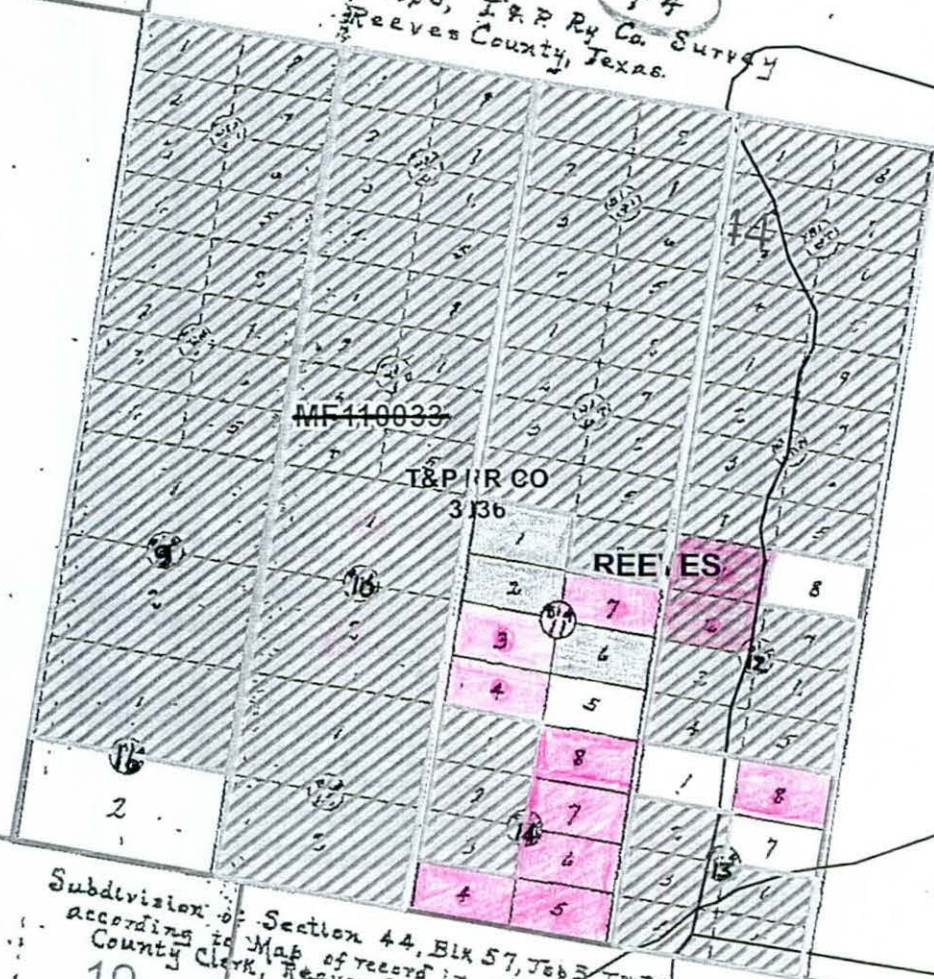
FILE COPY

1/30

T&P
RR CO
919

Block 57, Section 44, T&P Ry Co. Survey
Reeves County, Texas.

43



T&P
RR CO
921

Subdivision of Section 44, Blk 57, T&P Ry Co.
according to Map of record in office of the
County Clerk, Reeves County, Texas.

19

PSL
5748

16

PSL
5471

Section 46

Block 57, Tsp 3, T. & P. Ry Co. Survey
Reeves County, Texas.

1	2	1	2	1	2	1	2
3	4	2	3	2	7	3	7
3	4	3	4	3	4	3	6
1	2	1	2	1	5	1	5
1	8	1	2	1	2	1	2
2	7	2	3	2	7	2	3
3	6	3	6	3	6	3	4
4	5	4	5	4	5	4	5
1	2	1	2	1	8	1	2
1	7	1	7	2	7	1	2
3	6	3	6	3	4	3	4
4	5	4	5	4	5	4	5
1	2	1	2	1	2	1	8
1	2	1	2	1	2	1	7
3	4	3	4	3	6	3	4
1	2	1	2	1	5	1	5

Subdivision of Section 46, Blk 57, Tsp 3, T. & P. Ry Co.,
according to Map of record in office of the
County Clerk, Reeves County, Texas.

10

File No. M-113640
REEVES County
LEASE PLAT
Date Filed: 1/14/2015
George P. Bush, Commissioner
By _____

MF 117986
MF 113640

DIVISION ORDER



bhpbilliton
resourcing the future

Date: 10/31/2016

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

Issue Date: 10/31/2016
Property Name: STATE BLAKE 57-T3-46 1H
Property #: P1M595/00501
Production: ALL PRODUCTS
Operator: BHP BILLITON PETROLEUM (TXLA OPERATING)
Legal Description: T&P RR CO ABST/ID# 3035 Grantee J.S. OWENS Twsp T3 Blk 57 Sec 46 REEVES
COUNTY/PARISH, TEXAS (638.91 ACRES)

389-35151

CREDIT TO

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

Decimal	Type	Status	Reason	Start Date
0.00585372	RI	PAY		4/1/2016
0.00056966	RI	PAY		4/1/2016
0.00145262	RI	PAY		4/1/2016
0.00056966	RI	PAY		4/1/2016
0.00030786	RI	PAY		4/1/2016
0.00030786	RI	PAY		4/1/2016
0.00455724	RI	PAY		4/1/2016
0.00042724	RI	PAY		4/1/2016
0.00097823	RI	PAY		4/1/2016
0.00011633	RI	PAY		4/1/2016
0.00097823	RI	PAY		4/1/2016
0.00097823	RI	PAY		4/1/2016
0.00341793	RI	PAY		4/1/2016
0.00227862	RI	PAY		4/1/2016
0.00050214	RI	PAY		4/1/2016
0.00017090	RI	PAY		4/1/2016
0.00145262	RI	PAY		4/1/2016
0.00017090	RI	PAY		4/1/2016
0.00010681	RI	PAY		4/1/2016
0.00030786	RI	PAY		4/1/2016
0.00042144	RI	PAY		4/1/2016
0.00650848	RI	PAY		4/1/2016
0.00097431	RI	PAY		4/1/2016

0.00097725	RI	PAY	4/1/2016
0.00008545	RI	PAY	4/1/2016
0.00032575	RI	PAY	4/1/2016
0.00058234	RI	PAY	4/1/2016
0.00218958	RI	PAY	4/1/2016
0.00781140	RI	PAY	4/1/2016
0.00077288	RI	PAY	4/1/2016
0.00077288	RI	PAY	4/1/2016
0.00536950	RI	PAY	4/1/2016
0.00113931	RI	PAY	4/1/2016
0.00113931	RI	PAY	4/1/2016
0.00017090	RI	PAY	4/1/2016
0.00145262	RI	PAY	4/1/2016
0.00650848	RI	PAY	4/1/2016
0.00032575	RI	PAY	4/1/2016
0.00034828	RI	PAY	4/1/2016
0.00536950	RI	PAY	4/1/2016
0.00092358	RI	PAY	4/1/2016
0.00010681	RI	PAY	4/1/2016
0.00032575	RI	PAY	4/1/2016
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0.00011633	RI	PAY	4/1/2016
0.00244459	RI	PAY	4/1/2016
0.00227862	RI	PAY	4/1/2016
0.00145262	RI	PAY	4/1/2016
0.00146734	RI	PAY	4/1/2016
0.00023265	RI	PAY	4/1/2016
0.00341793	RI	PAY	4/1/2016
0.00290524	RI	PAY	4/1/2016
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0.00757064	RI	PAY	4/1/2016
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0.00010681	RI	PAY	4/1/2016
0.00010681	RI	PAY	4/1/2016
0.00097823	RI	PAY	4/1/2016
0.00076903	RI	PAY	4/1/2016
0.00077288	RI	PAY	4/1/2016
0.00244459	RI	PAY	4/1/2016



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

December 12, 2016

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

Re: State Lease Nos. MF112680, MF113637, MF113639, MF113640, MF113642, MF113888, MF114211, MF114212, MF115610, MF116741, MF116742, MF116743, MF116744, MF116745, MF116746, MF116747, MF116748, MF116749, MF116989, MF117473, MF117985 and MF117986
STATE BLAKE 57-T3-46 1H

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 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 113640
Division Order

Date Filed: 12-12-16

George P. Bush, Commissioner

By V.H.

MF 113637, 113638

✓ MF 113640

MF 113642

MF 113887

MF 113888

MF 116740

MF 116989

MF 117022

MF 117473

MF 117985

MF 117986

DIVISION ORDER

MF 118009



bhpbilliton

resourcing the future

Date: 10/31/2016

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

Issue Date: 10/31/2016
Property Name: STATE WHITEACRE 57-T3-44 1H
Property #: P1M599/00501 389-35158
Production: ALL PRODUCTS
Operator: BHP BILLITON PETROLEUM (TXLA OPERATING)
Legal Description: T&P RR CO ABST/ID# 3036 Grantee J.S. OWENS Twsp T3 Blk 57 Sec 44 REEVES
COUNTY/PARISH, TEXAS (642.77 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
0.00431361	RI	PAY		5/1/2016
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0.00431361	RI	PAY		5/1/2016
0.00107840	RI	PAY		5/1/2016
0.00095059	RI	PAY		5/1/2016
0.00549985	RI	PAY		5/1/2016
0.00032352	RI	PAY		5/1/2016
0.00032352	RI	PAY		5/1/2016
0.00097624	RI	PAY		5/1/2016
0.00146437	RI	PAY		5/1/2016
0.00065083	RI	PAY		5/1/2016
0.03280145	RI	PAY		5/1/2016
0.00174841	RI	PAY		5/1/2016
0.00274992	RI	PAY		5/1/2016
0.00020220	RI	PAY		5/1/2016
0.00080880	RI	PAY		5/1/2016
0.00129408	RI	PAY		5/1/2016
0.00647041	RI	PAY		5/1/2016
0.00129408	RI	PAY		5/1/2016
0.00097581	RI	PAY		5/1/2016
0.00097581	RI	PAY		5/1/2016
0.00070511	RI	PAY		5/1/2016
0.00006809	RI	PAY		5/1/2016

0.00549985	RI	PAY	5/1/2016
0.00129408	RI	PAY	5/1/2016
0.00862721	RI	PAY	5/1/2016
0.00097581	RI	PAY	5/1/2016
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0.00025627	RI	PAY	5/1/2016
0.00274992	RI	PAY	5/1/2016
0.00058280	RI	PAY	5/1/2016
0.00020220	RI	PAY	5/1/2016
0.00274992	RI	PAY	5/1/2016
0.00020220	RI	PAY	5/1/2016
0.00058280	RI	PAY	5/1/2016
0.00162664	RI	PAY	5/1/2016
0.00097581	RI	PAY	5/1/2016
0.00048812	RI	PAY	5/1/2016
0.00016176	RI	PAY	5/1/2016
0.00070511	RI	PAY	5/1/2016
0.00597269	RI	PAY	5/1/2016
0.00009959	RI	PAY	5/1/2016
0.01436071	RI	PAY	5/1/2016
0.00107840	RI	PAY	5/1/2016
0.00145584	RI	PAY	5/1/2016
0.00008298	RI	PAY	5/1/2016
0.00215680	RI	PAY	5/1/2016
0.00274992	RI	PAY	5/1/2016
0.00058280	RI	PAY	5/1/2016
0.00020220	RI	PAY	5/1/2016
0.00146372	RI	PAY	5/1/2016
0.00162664	RI	PAY	5/1/2016
0.00048812	RI	PAY	5/1/2016
0.00070511	RI	PAY	5/1/2016
0.00647041	RI	PAY	5/1/2016
0.00032352	RI	PAY	5/1/2016
0.00079782	RI	PAY	5/1/2016
0.00048812	RI	PAY	5/1/2016
0.00002904	RI	PAY	5/1/2016



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

December 12, 2016

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

Re: State Lease Nos. MF113637, MF113638, MF113640, MF113642, MF113887, MF113888, MF116740, MF116989, MF117022, MF117473, MF117985, MF117986 and MF118009 **STATE WHITEACRE 57-T3-44 1H**

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 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 113640Division OrderDate Filed: 12-12-16George P. Bush, Commissioner
By V.H.

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

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

OFFICIAL USE

Certified Mail Fee

\$

Extra Services & Fees (check box, add fee as appropriate)

- ☐ Return Receipt (hardcopy) \$ _____
☐ Return Receipt (electronic) \$ _____
☐ Certified Mail Restricted Delivery \$ _____
☐ Adult Signature Required \$ _____
☐ Adult Signature Restricted Delivery \$ _____

Postage

\$

Total Postage and Fees

\$

Sent To

BHP Billiton Petroleum (TX LAD) Operating Company

Street and Apt. No., or PO Box No.

1360 Post Oak Blvd STE 150

City, State, ZIP+4®

Houston, TX 77056-3030

Postmark
Here

MF
113640

ATTN: Holly Dutton

See Reverse for Instructions



Texas General Land Office

Reconciliation Billing

George P. Bush, Commissioner

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

BHP Billiton Petroleum (TXLA Operating) Company
Attn: Holly Dutton
1360 Post Oak Blvd Ste 150
Houston, TX 77056-3030

Billing Date: 10/3/2017
Billing Due Date: 11/2/2017
Customer Number: C000046383

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
18I00040	MF112680	\$1,429.64	\$0.00	\$218.41	\$86.79	\$1,734.84
18I00042	MF113637	\$5,877.29	\$0.00	\$678.69	\$295.71	\$6,851.69
18I00043	MF113640	\$4,097.74	\$0.00	\$593.43	\$236.91	\$4,928.08
18I00044	MF113642	\$30,609.97	\$0.00	\$3,317.00	\$1,588.20	\$35,515.17
18I00047	MF114211	\$6,075.26	\$0.00	\$785.79	\$368.34	\$7,229.39
18I00048	MF116740	\$9,066.68	\$0.00	\$906.67	\$433.18	\$10,406.53
Total Due		\$57,156.58	\$0.00	\$6,499.99	\$3,009.13	\$66,665.70

Penalty and interest have been calculated thru 10/31/2017. Payment remitted after 10/31/2017 will result in additional penalty and interest charges.

Contact Info: Sabrina Garcia (512) 475-1510 or Sabrina.Garcia@GLO.TEXAS.GOV

NOTICE

- Please update GLO1 and GLO2 production reports to correct volumes.
- Please do not update GLO3 report to include billed royalty, penalty or interest. This receivable has already been recorded.
- For other royalty reporting questions, visit <http://www.glo.texas.gov>, call (512) 463-6850 or email us at glo123@glo.texas.gov.

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

Detach and return with payment

Reconciliation Billing

BHP Billiton Petroleum (TXLA Operating) Company

Billing Date: 10/3/2017

Billing Due Date: 11/2/2017

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
18I00040	MF112680	\$1,429.64	\$0.00	\$218.41	\$86.79	\$1,734.84
18I00042	MF113637	\$5,877.29	\$0.00	\$678.69	\$295.71	\$6,851.69
18I00043	MF113640	\$4,097.74	\$0.00	\$593.43	\$236.91	\$4,928.08
18I00044	MF113642	\$30,609.97	\$0.00	\$3,317.00	\$1,588.20	\$35,515.17
18I00047	MF114211	\$6,075.26	\$0.00	\$785.79	\$368.34	\$7,229.39



Texas General Land Office

George P. Bush, Commissioner

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

18I00048	MF116740	\$9,066.68	\$0.00	\$906.67	\$433.18	\$10,406.53
Total Due		\$57,156.58	\$0.00	\$6,499.99	\$3,009.13	\$66,665.70
Amt. Paid						

Customer ID: C000046383
 Invoice Number: 18100043
 GLO Lease: MF113640
 GLO Review: BHP Billinton Petroleum (TXLA OP) Co
 Review Period: September 2015 Through August 2016

Category: Gas
 Auditor/AE: Sgarcia
 Billing Date: 9/19/2017
 P&I Calculation Date: 10/31/2017
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Particip	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Ro	Number of Da	Interest Rate For	Penalty Rate From	Interest Rate From	Revenue Due
May-16	08-282003	0	1.00000000	\$0.00	\$0.00	\$0.00	\$0.00	-\$1,441.15	\$1,441.15	473	4.50%	\$144.12	\$73.55	\$1,658.83
May-16	08-282003	0	1.00000000	\$0.00	\$0.00	\$0.00	\$0.00	-\$103.79	\$103.79	473	4.50%	\$25.00	\$5.30	\$134.09
May-16	08-282003	0	1.00000000	\$0.00	\$0.00	\$0.00	\$0.00	\$725.30	-\$725.30	473	4.50%	\$0.00	\$0.00	-\$725.30
Apr-16	08-282003	47	1.00000000	\$1.870000	\$1.000000	\$87.89	\$10.99	\$0.00	\$10.99	503	4.50%	\$25.00	\$0.60	\$36.59
May-16	08-282003	4,173	1.00000000	\$1.940000	\$1.000000	\$8,095.62	\$1,011.95	\$0.00	\$1,011.95	473	4.50%	\$101.20	\$51.65	\$1,164.80
Jun-16	08-282003	2,949	1.00000000	\$3.500471	\$1.000000	\$10,322.89	\$1,290.36	\$0.00	\$1,290.36	442	4.50%	\$129.04	\$60.93	\$1,480.33
Jul-16	08-282003	650	1.00000000	\$1.568137	\$1.01879	\$1,038.44	\$129.80	\$0.00	\$129.80	411	4.50%	\$25.00	\$5.63	\$160.43
Aug-16	08-282003	198	1.00000000	\$1.605449	\$1.02717	\$326.51	\$40.81	\$0.00	\$40.81	381	4.50%	\$25.00	\$1.62	\$67.43
May-16	08-281881	322	1.00000000	\$1.940000	\$1.000000	\$624.68	\$78.09	\$0.00	\$78.09	473	4.50%	\$25.00	\$3.99	\$107.08
Jun-16	08-281881	1,580	1.00000000	\$3.497429	\$1.000000	\$5,525.94	\$690.74	\$0.00	\$690.74	442	4.50%	\$69.07	\$32.62	\$792.43
Aug-16	08-281881	58	1.00000000	\$3.498485	\$1.000000	\$202.91	\$25.36	\$0.00	\$25.36	381	4.50%	\$25.00	\$1.01	\$51.37
TOTALS		9,977				\$26,224.88	\$3,278.10	-\$819.64	\$4,097.74			\$593.43	\$236.91	\$4,928.08

ATTN: Holly Dutton
 CERTIFIED MAIL: 7016 2070 0000 7391 4856

COMMENTS: MAY 2016: BILLING FOR APPLYING A PAYMENT & CREDITS TO A MONTH WITH MISSING ROYALTY REPORT AND NO ROYALTY DUE, RESULTING IN THE AMOUNT DUE OF \$819.64.
 BILLING ON DIFFERENCE FROM VOLUMES REPORTED TO GLO COMPARED TO THE VOLUMES REPORTED TO RRC.

COLUMN (3) VOLUME - REPRESENTS UNDER REPORTED SALES VOLUMES TO THE GLO FROM RRC WELL ID 08-282003, 08-281881.
 COLUMN (5), (6) PRICE & BTU - TAKEN FROM HOUSTON SHIP CHANNEL MARKET PRICE AND PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE.
 COLUMNS (12), (13), (14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy-business/oil-gas/rrac/forms/penalty-interest-assessment-rules.pdf>

NOTE 1: PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS. THE PREFERRED METHOD OF PAYMENT IS BY CHECK ACCOMPANIED WITH THE BOTTOM HALF OF THE ATTACHED INVOICE. IF PAYMENT IS MADE THROUGH ACH DEBIT, NOTIFY THE AUDITOR AS TO THE REMITTANCE DATE SO THE INVOICE CAN BE PROPERLY CREDITED.

(13)

File No. MF 113640

County

Recon Billing

Date Filed: 10/3/17

George P. Bush, Commissioner

By AT

7016 0600 0000 6595 6629

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Domestic Mail Only

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Certified Mail Fee

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Extra Services & Fees (check box, add fee as appropriate)

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☐ Return Receipt (electronic) \$

☐ Certified Mail Restricted Delivery \$

☐ Adult Signature Required \$

☐ Adult Signature Restricted Delivery \$

Postage

\$

Total Postage and Fees

\$

Sent To

BHP Billiton Petroleum (TXLA Operating) Co.

Street and Apt. No., or PO Box No.

1360 Post Oak Blvd Ste 150

City, State, ZIP+4®

Houston, TX 77056-3030

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

MF 111133

MF 111134

MF 113640

MF 113596

MF 113602

MF 116740

ATTN: Holly Dutton



Texas General Land Office

Reconciliation Billing

George P. Bush, Commissioner

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

BHP Billiton Petroleum (TXLA Operating) Company
Attn: Holly Dutton
1360 Post Oak Blvd Ste 150
Houston, TX 77056-3030

Billing Date: 8/6/2018
Billing Due Date: 9/5/2018
Customer Number: C000046383

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
18I00624	MF111133	\$569.28	\$0.00	\$68.60	\$24.75	\$662.63
18I00625	MF111133	\$0.00	\$307.29	\$30.73	\$12.04	\$350.06
18I00626	MF111134	\$977.18	\$0.00	\$99.72	\$42.51	\$1,119.41
18I00627	MF111134	\$0.00	\$597.82	\$59.78	\$23.42	\$681.02
18I00628	MF113596	\$1,087.24	\$0.00	\$108.72	\$67.21	\$1,263.17
18I00629	MF113602	\$4,600.16	\$0.00	\$460.02	\$199.53	\$5,259.71
18I00630	MF113602	\$0.00	\$2,695.17	\$269.52	\$105.57	\$3,070.26
18I00631	MF113640	\$10,188.11	\$0.00	\$1,018.81	\$582.60	\$11,789.52
18I00632	MF116740	\$5,238.97	\$0.00	\$635.85	\$351.94	\$6,226.76
Total Due		\$22,660.94	\$3,600.28	\$2,751.75	\$1,409.57	\$30,422.54

Penalty and interest have been calculated thru 8/31/2018. Payment remitted after 8/31/2018 will result in additional penalty and interest charges.

Contact Info: Jasminda Alapag (512) 475-1447 or jasminda.alapag@glo.texas.gov

NOTICE

- Please update GLO1 and GLO2 production reports to correct volumes.
- Please do not update GLO3 report to include billed royalty, penalty or interest. This receivable has already been recorded.
- For other royalty reporting questions, visit <http://www.glo.texas.gov>, call (512) 463-6850 or email us at glo123@glo.texas.gov.

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

Detach and return with payment

Reconciliation Billing

BHP Billiton Petroleum (TXLA Operating) Company

Billing Date: 8/6/2018

Billing Due Date: 9/5/2018

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
18I00624	MF111133	\$569.28	\$0.00	\$68.60	\$24.75	\$662.63
18I00625	MF111133	\$0.00	\$307.29	\$30.73	\$12.04	\$350.06



Texas General Land Office

George P. Bush, Commissioner

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

18I00626	MF111134	\$977.18	\$0.00	\$99.72	\$42.51	\$1,119.41
18I00627	MF111134	\$0.00	\$597.82	\$59.78	\$23.42	\$681.02
18I00628	MF113596	\$1,087.24	\$0.00	\$108.72	\$67.21	\$1,263.17
18I00629	MF113602	\$4,600.16	\$0.00	\$460.02	\$199.53	\$5,259.71
18I00630	MF113602	\$0.00	\$2,695.17	\$269.52	\$105.57	\$3,070.26
18I00631	MF113640	\$10,188.11	\$0.00	\$1,018.81	\$582.60	\$11,789.52
18I00632	MF116740	\$5,238.97	\$0.00	\$635.85	\$351.94	\$6,226.76
Total Due		\$22,660.94	\$3,600.28	\$2,751.75	\$1,409.57	\$30,422.54
Amt. Paid						

Customer ID: C000046383
 Invoice Number: MF113640
 GLO Lease: BHP BILLITON PET (TXLA OP) CO
 GLO Review: 201609-201708
 Review Period:

Category: Gas
 Auditor/AE: Jalapaq
 Billing Date: 8/1/2018
 P&I Calculation Date: 8/31/2018
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Partici	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Ro	Number of Da	Interest Rate For	Penalty Rate For	Interest Rate For	Revenue Due
Sep-16	08-281881	3,072	1.00000000	2.567545	1.038100	\$8,188.01	\$1,023.50	\$0.00	\$1,023.50	654	4.50%	\$102.35	\$75.08	\$1,200.93
Oct-16	08-281881	2,828	1.00000000	2.694560	1.038100	\$7,910.55	\$988.82	\$0.00	\$988.82	624	4.50%	\$98.88	\$68.88	\$1,156.58
Nov-16	08-281881	3,299	1.00000000	2.237174	1.023800	\$7,556.09	\$944.51	\$0.00	\$944.51	593	4.75%	\$94.45	\$65.64	\$1,104.60
Dec-16	08-281881	2,515	1.00000000	3.380346	1.023300	\$8,699.66	\$1,087.46	\$0.00	\$1,087.46	562	4.75%	\$108.75	\$71.18	\$1,267.39
Jan-17	08-281881	1,272	1.00000000	3.102408	1.023700	\$4,039.79	\$504.97	\$0.00	\$504.97	534	4.75%	\$50.50	\$31.21	\$586.88
Feb-17	08-281881	3,182	1.00000000	2.569775	1.023700	\$8,370.82	\$1,046.35	\$0.00	\$1,046.35	503	4.75%	\$104.64	\$60.46	\$1,211.45
Mar-17	08-281881	2,751	1.00000000	2.574804	1.008750	\$7,145.26	\$893.16	\$0.00	\$893.16	473	4.75%	\$89.32	\$48.12	\$1,030.60
Apr-17	08-281881	3,337	1.00000000	2.723670	1.027300	\$9,337.01	\$1,167.13	\$0.00	\$1,167.13	442	4.75%	\$116.71	\$58.17	\$1,342.01
May-17	08-281881	2,409	1.00000000	2.774590	1.030200	\$6,885.84	\$860.73	\$0.00	\$860.73	412	4.75%	\$86.07	\$39.54	\$986.34
Jun-17	08-281881	2,051	1.00000000	2.623028	1.027600	\$5,528.31	\$691.04	\$0.00	\$691.04	381	4.75%	\$69.10	\$28.96	\$789.10
Jul-17	08-281881	1,457	1.00000000	2.820951	1.026604	\$4,219.47	\$527.43	\$0.00	\$527.43	350	4.75%	\$52.74	\$19.97	\$600.14
Aug-17	08-281881	1,342	1.00000000	2.625184	1.028700	\$3,624.11	\$453.01	\$0.00	\$453.01	320	4.75%	\$45.30	\$15.39	\$513.70
TOTALS		29,515				\$81,504.93	\$10,188.11	\$0.00	\$10,188.11			\$1,018.81	\$582.60	\$11,789.52

ATTN: Holly Dutton
 CERTIFIED MAIL: 7016 0600 0000 6595 6629

COMMENTS: SALES VOLUMES REPORTED TO THE GLO WERE COMPARED TO VOLUMES REPORTED TO THE RRC.
 IT HAS BEEN DETERMINED THAT THE SALES VOLUMES HAVE BEEN UNDER PAID.

COLUMN (3) RRC VOLUME - REPRESENTS UNDER REPORTED SALES VOLUMES TO THE GLO FROM RRC WELL ID# 08-281881

COLUMN (5) PRICE - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE

COLUMN (6) BTU - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE

COLUMN (13)(14)(15) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:

<http://www.glo.texas.gov/energy-business/oil-gas/rac/forms/penalty-interest-assessment-rules.pdf>

NOTE 1: PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS. THE PREFERRED METHOD OF PAYMENT IS BY CHECK ACCOMPANIED WITH THE BOTTOM HALF OF THE ATTACHED INVOICE. IF PAYMENT IS MADE THROUGH ACH DEBIT, NOTIFY THE AUDITOR AS TO THE REMITTANCE DATE SO THE INVOICE CAN BE PROPERLY CREDITED.

Energy Financial Management
SMAR Activity / Invoicing Approval

Auditor/Account Examiner: Jasmin Alapag
Company Name: BHP Billiton Pet (TxLA OP) Co
Customer Number: C000046383
Mineral File #: MF113640
Transaction Type:
Other / Invoice #:

Previous Amount	Current Amount	Date	AE / Reviewer's Notes	Reviewer's Signature	AR Notes
	\$11,789.52	08/01/18		MM 7/30/2018	

All original invoices must be approved.

All reductions in billing of more than \$1000 must be approved.

File No. MF 113640

(14)

County

Recon Billings

Date Filed: 8/10/18

George P. Bush, Commissioner

By AT

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Certified Mail Fee

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Extra Services & Fees (check box, add fee as appropriate)

- ☐ Return Receipt (hardcopy) \$ _____
☐ Return Receipt (electronic) \$ _____
☐ Certified Mail Restricted Delivery \$ _____
☐ Adult Signature Required \$ _____
☐ Adult Signature Restricted Delivery \$ _____

Postage

\$

Total Postage and Fees

\$

Sent To

ATTN: Holly Dutton
BHP Petroleum Billiton (TXLA Operating) Co.

Street and Apt. No., or PO Box No.

1360 Post Oak Blvd ste 150

City, State, ZIP+4®

Houston, TX 77056-3030

MF 113640

MF 116740

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Here

2799 5659 0000 9102 7016 0600 0000 6595 6612

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- A unique identifier for your mailpiece.
- Electronic verification of delivery or attempted delivery.
- A record of delivery (including the recipient's signature) that is retained by the Postal Service™ for a specified period.

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- Insurance coverage is *not* available for purchase with Certified Mail service. However, the purchase of Certified Mail service does not change the insurance coverage automatically included with certain Priority Mail items.
- For an additional fee, and with a proper endorsement on the mailpiece, you may request the following services:
 - Return receipt service, which provides a record of delivery (including the recipient's signature). You can request a hardcopy return receipt or an electronic version. For a hardcopy return receipt, complete PS Form 3811, *Domestic Return Receipt*; attach PS Form 3811 to your mailpiece; for an electronic return receipt, see a retail associate for assistance. To receive a duplicate return receipt for no additional fee, present this USPS®-postmarked Certified Mail receipt to the retail associate.
 - Restricted delivery service, which provides delivery to the addressee specified by name, or to the addressee's authorized agent.
 - Adult signature service, which requires the signee to be at least 21 years of age (not available at retail).
 - Adult signature restricted delivery service, which requires the signee to be at least 21 years of age and provides delivery to the addressee specified by name, or to the addressee's authorized agent (not available at retail).
- To ensure that your Certified Mail receipt is accepted as legal proof of mailing, it should bear a USPS postmark. If you would like a postmark on this Certified Mail receipt, please present your Certified Mail item at a Post Office™ for postmarking. If you don't need a postmark on this Certified Mail receipt, detach the barcoded portion of this label, affix it to the mailpiece, apply appropriate postage, and deposit the mailpiece.

IMPORTANT: Save this receipt for your records.

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

BHP Billiton Petroleum (TXLA Operations)
Co.
ATTN: Holly Dutton
1360 Post Oak Blvd Ste 150
Houston, TX 77056-3030



9590 9402 1749 6074 7578 23

7016 0600 0000 6595 6612

COMPLETE THIS SECTION ON DELIVERY

A. Signature

[Signature: Lisa Power]

☐ Agent

☐ Addressee

B. Received by (Printed Name)

ELISA POWER

C. Date of Delivery

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery

☐ Priority Mail Express®

☐ Registered Mail™

☐ Registered Mail Restricted Delivery

☐ Return Receipt for Merchandise

☐ Signature Confirmation™

☐ Signature Confirmation Restricted Delivery

Delivery Restricted Delivery

ail

ail Restricted Delivery

(over \$500)

USPS TRACKING#
114773



9590 9402 1749 6074 7578 23

United States
Postal Service



Texas General Land Office

George P. Bush, Commissioner

P.O. Box 12873

Austin, Texas 78711-2873

ATTN: Aurora Jordan 7th Energy
MF113640

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





Texas General Land Office

Reconciliation Billing

George P. Bush, Commissioner

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

BHP Billiton Petroleum (TXLA Operating) Company
Attn: Holly Dutton
1360 Post Oak Blvd Ste 150
Houston, TX 77056-3030

Billing Date: 8/9/2018
Billing Due Date: 9/8/2018
Customer Number: C000046383

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
18I00639	MF113640	\$0.00	\$41,173.33	\$4,117.35	\$2,477.77	\$47,768.45
18I00642	MF116740	\$0.00	\$47,135.09	\$4,713.52	\$2,830.43	\$54,679.04
Total Due		\$0.00	\$88,308.42	\$8,830.87	\$5,308.20	\$102,447.49

Penalty and interest have been calculated thru 8/31/2018. Payment remitted after 8/31/2018 will result in additional penalty and interest charges.

Contact Info: Jasmina Alapag (512) 475-1447 or jasmina.alapag@glo.texas.gov

NOTICE

- Please update GLO1 and GLO2 production reports to correct volumes.
- Please do not update GLO3 report to include billed royalty, penalty or interest. This receivable has already been recorded.
- For other royalty reporting questions, visit <http://www.glo.texas.gov>, call (512) 463-6850 or email us at glo123@glo.texas.gov.

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

Detach and return with payment

Reconciliation Billing

BHP Billiton Petroleum (TXLA Operating) Company

Billing Date: 8/9/2018

Billing Due Date: 9/8/2018

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
18I00639	MF113640	\$0.00	\$41,173.33	\$4,117.35	\$2,477.77	\$47,768.45
18I00642	MF116740	\$0.00	\$47,135.09	\$4,713.52	\$2,830.43	\$54,679.04
Total Due		\$0.00	\$88,308.42	\$8,830.87	\$5,308.20	\$102,447.49
Amt. Paid						

Customer ID: C000046383
 Invoice Number: MF113640
 GLO Lease: BHP Billiton Pet (TxLA OP) Co
 GLO Review: SEPT 2016 Through AUG 2017
 Review Period:

Category: Oil
 Auditor/AE: Jalapag
 Billing Date: 8/1/2018
 P&I Calculation Date: 8/31/2018
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Particip	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Ro	Number of Da	Interest Rate For	Penalty Rate For	Interest Rate For	Revenue Due
Sep-16	08-281881	1,058	1.00000000	41.766015	1.000000	\$44,188.44	\$5,523.56	\$0.00	\$5,523.56	664	4.50%	\$552.36	\$412.00	\$6,487.92
Oct-16	08-281881	716	1.00000000	43.273662	1.000000	\$30,983.94	\$3,872.99	\$0.00	\$3,872.99	634	4.50%	\$387.30	\$274.56	\$4,534.85
Nov-16	08-281881	783	1.00000000	45.036124	1.000000	\$35,263.29	\$4,407.91	\$0.00	\$4,407.91	603	4.75%	\$440.79	\$312.06	\$5,160.76
Dec-16	08-281881	700	1.00000000	44.634018	1.000000	\$31,243.81	\$3,905.48	\$0.00	\$3,905.48	572	4.75%	\$390.55	\$260.73	\$4,556.76
Jan-17	08-281881	335	1.00000000	49.104520	1.000000	\$16,450.01	\$2,056.25	\$0.00	\$2,056.25	544	4.75%	\$205.63	\$129.78	\$2,391.66
Feb-17	08-281881	815	1.00000000	50.051563	1.000000	\$40,792.02	\$5,099.00	\$0.00	\$5,099.00	513	4.75%	\$509.90	\$301.26	\$5,910.16
Mar-17	08-281881	583	1.00000000	49.579434	1.000000	\$28,904.81	\$3,613.10	\$0.00	\$3,613.10	483	4.75%	\$361.31	\$199.36	\$4,173.77
Apr-17	08-281881	831	1.00000000	47.063237	1.000000	\$39,109.55	\$4,888.69	\$0.00	\$4,888.69	452	4.75%	\$488.87	\$250.03	\$5,627.59
May-17	08-281881	523	1.00000000	46.482964	1.000000	\$24,310.59	\$3,038.82	\$0.00	\$3,038.82	422	4.75%	\$303.88	\$143.55	\$3,486.25
Jun-17	08-281881	485	1.00000000	44.004215	1.000000	\$21,342.04	\$2,667.76	\$0.00	\$2,667.76	391	4.75%	\$266.78	\$115.26	\$3,049.80
Jul-17	08-281881	244	1.00000000	43.048942	1.000000	\$10,503.94	\$1,312.99	\$0.00	\$1,312.99	360	4.75%	\$131.30	\$51.43	\$1,495.72
Aug-17	08-281881	143	1.00000000	44.015587	1.000000	\$6,294.23	\$786.78	\$0.00	\$786.78	330	4.75%	\$78.68	\$27.75	\$893.21
TOTALS		7,216				\$329,386.69	\$41,173.33	\$0.00	\$41,173.33			\$4,117.35	\$2,477.77	\$47,768.45

ATTENTION: Holly Dutton
 CERTIFIED MAIL : 7016 0600 0000 6595 6612

COMMENTS: SALES VOLUMES REPORTED TO THE GLO WERE COMPARED TO VOLUMES REPORTED TO THE RRC.
 IT HAS BEEN DETERMINED THAT THE SALES VOLUMES HAVE BEEN UNDER PAID.

COLUMN (3) RRC VOLUME - REPRESENTS UNDER REPORTED SALES VOLUMES TO THE GLO FROM RRC WELL ID# 08-281881
 COLUMN (5) PRICE - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE
 COLUMN (13)(14)(15) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy-business/oil-gas/rac/forms/penalty-interest-assessment-rules.pdf>

NOTE 1: PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS. THE PREFERRED METHOD OF PAYMENT IS BY CHECK ACCOMPANIED WITH THE BOTTOM HALF OF THE ATTACHED INVOICE. IF PAYMENT IS MADE THROUGH ACH DEBIT, NOTIFY THE AUDITOR AS TO THE REMITTANCE DATE SO THE INVOICE CAN BE PROPERLY CREDITED.

File No. MF 113640

Recon Billing County

Date Filed: 8/10/18

George P. Bush, Commissioner

By AA

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

19701742 19621

10/03/2018

PAY TO THE
ORDER OF

COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE ATN MINERAL
LEASING

\$41,666.67

Forty-one Thousand Six Hundred Sixty-six and 67/100 DOLLARS

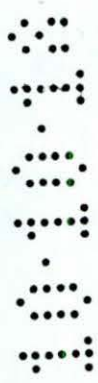
Void if not cashed within six months of issue
Non Transferable
Owner Relations 1-877-311-1443

MEMO MF113640A/1044424-003/DEEP RIGHTS RETENTION

Gray R. Howard
AUTHORIZED SIGNATURE

⑈00019621⑈

19621



19621

19701742

121



October 8, 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
[petroleumownerrelations
request@bhpbilliton.com](mailto:petroleumownerrelationsrequest@bhpbilliton.com)

RE: MF-113640A / Deep Rights Retention

Susan,

Attached is check #19621 for State Lease **MF-113640A** in the amount of \$41,666.67. BHP is tendering this payment for the Deep Rights Retention for **MF-113640A**. We will send the Deep Rights Retention form via email.

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 77056

File No. MF113640
DRR bonus-lease A County

Date Filed: 12/5/18
George P. Bush, Commissioner
By SBD



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 113640A		County REEVES	Gross Acres 180	Net Acres 41.66	Tract Part (Ex. NW/4) ALL
Section: 44, 46	Block: 57	Survey: T. & P RAILROAD COMPANY SURVEY		Township: 3	Abstract: 3036, 3035
Agent for State (Lessor) WINKLER FAMILY TRUST			Operator BHP BILLITON PET (TXLA OP) CO		

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	10/8/2018
Contact	Date
LEASE ANALYST	BHP
Title	Company
713-297-6814	1500 POST OAK BLVD
Telephone Number	Mailing Address
MONIQUE.CRUMP@BHP.COM	HOUSTON, TEXAS 77056
E-Mail Address	City, State, Zip

<u>Deep Rights Retention Bonus Work-Up</u>	
Type of State Lease: (RAL, Fee, Free Royalty)	RAL
Total Eligible Acres:	41.66
Total Amount Due:	\$41,666.67
Check #	19621
If there are undivided interests; there may be multiple checks	

1/2 to St. \$20,833.67
1/2 to surface
Refund
\$20,833.00

For General Land Office Use Only: Received: _____		Payment Register No.: _____	
Amount: \$	41,666.67	Lease Type:	RAL
	Refund \$20,833.00	Unit No.:	_____

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
MF113640A	WINKLER FAMILY TRUST	\$83,333.34	\$41,666.67	41.66
Deep Rights Retention Bonus Due to State TOTAL:			\$41,666.67	
Undivided Interest Net Acres TOTAL:				41.66

Copy and Complete Additional Sheets as Necessary

WELL INFORMATION

Copy and Complete Additional Sheets as Necessary

<u>WELL NAME & NO.</u> STATE WHITEACRE 57-T3-44 1H		<u>API</u> 38935158	<u>DISTRICT</u> 8	<u>RRC ID</u>	<u>SPUD DATE</u> 3/31/2016	<u>COMPLETION DATE</u> 4/19/2016
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>ALL</u> Section: <u>44</u> Block: <u>57</u> Township: <u>3</u> Survey: <u>T. & P. RAILROAD COMPANY SURVEY</u> Abstract: <u>3036</u>			OIL ☐ VERTICAL ☐ GAS ☒ HORIZONTAL ☒ FIELD NAME & NUMBER: <u>PHANTOM (WOLFCAMP) 71052900</u>			
<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> MARCH/2018	<u>VOLUME</u> 26,551	<u>MONTH/YEAR</u> APRIL/2018	<u>VOLUME</u> 17,903	<u>MONTH/YEAR</u> MAY/2018	<u>VOLUME</u> 21,117

<u>WELL NAME & NO.</u> STATE BLAKE 57-T3-46 1H		<u>API</u> 38935151	<u>DISTRICT</u> 8	<u>RRC ID</u>	<u>SPUD DATE</u> 3/12/2016	<u>COMPLETION DATE</u> 4/1/2016
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>ALL</u> Section: <u>46</u> Block: <u>57</u> Township: <u>3</u> Survey: <u>T. & P. RAILROAD COMPANY SURVEY</u> Abstract: <u>3035</u>			OIL ☐ VERTICAL ☐ GAS ☒ HORIZONTAL ☒ FIELD NAME & NUMBER: <u>PHANTOM (WOLFCAMP) 71052900</u>			
<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> MARCH/2018	<u>VOLUME</u> 24,611	<u>MONTH/YEAR</u> APRIL/2018	<u>VOLUME</u> 25,592	<u>MONTH/YEAR</u> MAY/2018	<u>VOLUME</u> 26,118

<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>

17.

File No. MF 113640 A
DRR Form _____ County

Date Filed: 12/6/18
George P. Bush, Commissioner
By SSD

Susan Draughn

From: Susan Draughn
Sent: Friday, October 12, 2018 2:30 PM
To: 'Crump, Monique'
Subject: RE: BHP

Monique,

It was me. I wanted to check with you regarding the deep rights payments made for MF115565 and MF113640. Please verify the following:

MF115565:

- The check is for lease D. The payment is \$120,000.00, but the ½ bonus due to the state is \$60,000. The other half goes to the surface owner.
- Leases A, B, & C did not receive payment to hold the deeper depths. ½ bonus for these leases was due by 6/18/2018.
- Leases A, B, & C will sever at 100' below the deepest depth drilled on 6/18/2018.
- Addendum B of the unit agreement for the State Roy Kimsey 56-T2-46 Unit will only apply to Lease D based on payment of the deep rights bonus.

MF113640:

- The check is for Lease A. The payment is \$41,666.67, but the ½ bonus due to the state is \$20,833.34. The other half goes to the surface owner.
- Lease B did not receive payment to hold the deeper depths. ½ bonus for this lease was due by 9/11/2018.
- Lease B will sever 100' below deepest depth drilled on 9/11/2018.
- Addendum A of Unit agreements for State Whiteacre and State Blake will apply to Lease A only.

BHP may request a refund for sums overpaid for the retentions of these two leases.

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

From: Crump, Monique <Monique.Crump@bhpbilliton.com>
Sent: Friday, October 12, 2018 12:14 PM
To: Susan Draughn <Susan.Draughn@GLO.TEXAS.GOV>
Subject: BHP

Hi Susan,

I saw I had a missed call from the Austin and unfortunately my voicemail is not working so I'm just taking a shot in the dark that it might have been you. If not please disregard and enjoy your weekend.

Thank you!

BHP

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

bhpbilliton.com

This message and any attached files may contain information that is confidential and/or subject of legal privilege intended only for use by the intended recipient. If you are not the intended recipient or the person responsible for delivering the message to the intended recipient, be advised that you have received this message in error and that any dissemination, copying or use of this message or attachment is strictly forbidden, as is the disclosure of the information therein. If you have received this message in error please notify the sender immediately and delete the message.

18.

File No. MF113640
Email Re: overpayment County
of DRR Bonus
Date Filed: 2/27/19
George P. Bush, Commissioner
By SSD



REFUND REQUEST FORM

TEXAS GENERAL LAND OFFICE
TEXAS VETERANS LAND BOARD

P.O. BOX 12873

Austin, Texas 78711-2873

Requester Info:

Date: 12/6/2018

Requested By: Monique Crump

Phone Number: 713-297-6814

Refund to:

Comptroller Payee #: [REDACTED]

Name: BHP

Address: Petrohawk Energy Corporation

PO Box 22719

Houston, TX 77227-9927

REGISTER NUMBER	DATE RECEIVED	FILE NUMBER	REFUND AMOUNT	REASON FOR REFUND	WARRANT NUMBER
19701742	10/10/2018	MF113640 A	\$20,833.00	Overpayment of Deep Rights Bonus	
19701490	10/4/2018	MF115565 D	\$60,000.00	Overpayment of Deep Rights Bonus	
TOTAL REFUND			\$80,833.00		

Program Area Energy Resources

Date refund completed _____

Requested by Susan Draughn SSD

Date warrant mailed _____

Supervisor approval [Signature]

Printed Name Daryl Morgan

Deputy Director approval* [Signature] 2/26/19

Printed Name Robert Hatter

*Refunds requested for \$1,000.00 or more must have Deputy Director approval.

Chief Clerk approval** _____

**Refunds requested for \$100,000.00 or more must have Chief Clerk approval.

CC Chief Clerk on refund requests between \$10,000.00 - \$99,999.99



November 26, 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
[petroleumownerrelations
request@bhpbilliton.com](mailto:petroleumownerrelationsrequest@bhpbilliton.com)

RE: MF-115565D / Deep Rights Retention Overpayment
MF-113640A / Deep Rights Retention Overpayment

Susan,

We are requesting refunds for overpayments for State Lease MF115565D and State Lease MF113640A. Please refund \$60,000.000 for State Lease MF115565D and \$20,833.00 for State Lease MF113640A.

TAX ID: 860876964

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

BHP

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

19701742

19621

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

10/03/2018

PAY TO THE
ORDER OF

COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE ATN MINERAL
LEASING

\$41,666.67

Forty-one Thousand Six Hundred Sixty-six and 67/100 DOLLARS

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

MEMO MF113640A/1044424-003/DEEP RIGHTS RETENTION

Greg R. Howell
AUTHORIZED SIGNATURE

⑈00019621⑈

19621

19621

19701742

12

File No. MF113640
Refund request County

Date Filed: 2/27/19
George P. Bush, Commissioner
By SSD



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 113640A	County REEVES	Gross Acres 180	Net Acres 41.66	Tract Part (Ex. NW/4) 125 AC. IN SEC. 44, 55 AC. IN SEC. 46
Section: 44, 46	Block: 57	Survey: T&P RR CO.	Township: T3	Abstract: 3035, 3036
Agent for State (Lessor) WINKLER FAMILY TRUST		Operator BPX 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

ALLIE HUIZENGA	9/10/2020
Contact	Date
LAND NEGOTIATOR	BPX ENERGY INC.
Title	Company
720-682-0308	1700 PLATTE STREET, SUITE 150
Telephone Number	Mailing Address
ALLIE.HUIZENGA@BPX.COM	DENVER, CO 80202
E-Mail Address	City, State, Zip

Deep Rights Retention Bonus Work-Up
Type of State Lease: (RAL, Fee, Free Royalty) RAL
Total Eligible Acres: 41.66
Total Amount Due: \$20,833.34
Check # 19621
<i>If there are undivided interests; there may be multiple checks</i>

For General Land Office Use Only:	Received: _____	Payment Register No.: _____
Amount: \$ _____	Lease Type: _____	Unit No.: _____



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
Deep Rights Retention Bonus Due to State TOTAL:				
Undivided Interest Net Acres TOTAL:				

Copy and Complete Additional Sheets as Necessary



WELL INFORMATION

Copy and Complete Additional Sheets as Necessary

<u>WELL NAME & NO.</u> STATE WHITEACRE 57-T3-44 1H		<u>API</u> 38935158	<u>DISTRICT</u> 08	<u>RRC ID</u> 281881	<u>SPUD DATE</u> 3/31/2016	<u>COMPLETION DATE</u> 5/23/2016
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>ALL SEC. 44</u> Section: <u>41</u> Block: <u>57</u> Township: <u>T3S</u> Survey: <u>T&P RR CO.</u> Abstract: <u>919</u>			OIL ☐ VERTICAL ☐ GAS ☐ HORIZONTAL ☐ FIELD NAME & NUMBER: <u>PHANTOM (WOLFCAMP); 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 160.710	<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 160.710	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 0	<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 9,825.54'			
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u> 4,718'	<u>LENGTH OF LATERAL ON STATE LAND</u> 4,718'	<u>LENGTH OF LATERAL ON PRIVATE LAND</u> 0			
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> 06/2020	<u>VOLUME</u> 7309 MCF, 956 BBL	<u>MONTH/YEAR</u> 05/2020	<u>VOLUME</u> 3048 MCF, 0 BBL	<u>MONTH/YEAR</u> 04/2020	<u>VOLUME</u> 1257 MCF, 302 BBL

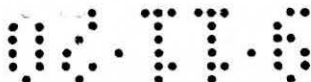
<u>WELL NAME & NO.</u> STATE BLAKE 57-T3-46 1H		<u>API</u> 38935151	<u>DISTRICT</u> 08	<u>RRC ID</u> 282003	<u>SPUD DATE</u> 3/12/2016	<u>COMPLETION DATE</u> 3/30/2016
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>ALL</u> Section: <u>46</u> Block: <u>57</u> Township: <u>T3S</u> Survey: <u>T&P RR CO.</u> Abstract: <u>3035</u>			OIL ☐ VERTICAL ☐ GAS ☐ HORIZONTAL ☐ FIELD NAME & NUMBER: <u>PHANTOM (WOLFCAMP); 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 97.48	<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 97.48	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 0	<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 10,039.37'			
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u> 4,648'	<u>LENGTH OF LATERAL ON STATE LAND</u> 4,648'	<u>LENGTH OF LATERAL ON PRIVATE LAND</u> 0			
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> 06/2020	<u>VOLUME</u> 12313 MCF, 434 BBL	<u>MONTH/YEAR</u> 05/2020	<u>VOLUME</u> 13356 MCF, 952 BBL	<u>MONTH/YEAR</u> 04/2020	<u>VOLUME</u> 17363 MCF, 1413 BBL

<u>WELL NAME & NO.</u> STATE BLAKE 57-T3-46 W104H		<u>API</u> 38937369	<u>DISTRICT</u> 08	<u>RRC ID</u> 288268	<u>SPUD DATE</u> 12/23/2018	<u>COMPLETION DATE</u> 4/22/2019
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>ALL</u> Section: <u>46</u> Block: <u>57</u> Township: <u>T3</u> Survey: <u>T&P RR CO.</u> Abstract: <u>3035</u>			OIL ☐ VERTICAL ☐ GAS ☐ HORIZONTAL ☐ FIELD NAME & NUMBER: <u>PHANTOM (WOLFCAMP); 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 97.48		<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 97.48	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 0		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 10,064.22'	
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u> 4,388'	<u>LENGTH OF LATERAL ON STATE LAND</u> 4,388'		<u>LENGTH OF LATERAL ON PRIVATE LAND</u> 0		
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> 06/2020	<u>VOLUME</u> 0 MCF, 0 BBL	<u>MONTH/YEAR</u> 05/2020	<u>VOLUME</u> 0 MCF, 0 BBL	<u>MONTH/YEAR</u> 04/2020	<u>VOLUME</u> 0 MCF, 0 BBL

<u>WELL NAME & NO.</u> STATE BLAKE 57-T3-46 W102H		<u>API</u> 38937367	<u>DISTRICT</u> 08	<u>RRC ID</u> 288526	<u>SPUD DATE</u> 12/14/2018	<u>COMPLETION DATE</u> 4/22/2019
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>ALL</u> Section: <u>46</u> Block: <u>57</u> Township: <u>T3</u> Survey: <u>T&P RR CO.</u> Abstract: <u>3035</u>			OIL ☐ VERTICAL ☐ GAS ☒ HORIZONTAL ☒ FIELD NAME & NUMBER: <u>PHANTOM (WOLFCAMP); 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 97.48		<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 97.48	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 0		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 10,036.39'	
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u> 4,399'	<u>LENGTH OF LATERAL ON STATE LAND</u> 4,399'		<u>LENGTH OF LATERAL ON PRIVATE LAND</u> 0		
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> 06/2020	<u>VOLUME</u> 0 MCF, 0 BBL	<u>MONTH/YEAR</u> 05/2020	<u>VOLUME</u> 0 MCF, 0 BBL	<u>MONTH/YEAR</u> 04/2020	<u>VOLUME</u> 0 MCF, 0 BBL

<u>WELL NAME & NO.</u> STATE BLAKE 57-T3-46 W103H		<u>API</u> 38937368	<u>DISTRICT</u> 08	<u>RRC ID</u> 288599	<u>SPUD DATE</u> 12/19/2018	<u>COMPLETION DATE</u> 4/22/2019
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>ALL</u> Section: <u>46</u> Block: <u>57</u> Township: <u>T3</u> Survey: <u>T&P RR CO.</u> Abstract: <u>3035</u>			OIL ☐ VERTICAL ☐ GAS ☒ HORIZONTAL ☒ FIELD NAME & NUMBER: <u>PHANTOM (WOLFCAMP); 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 97.48		<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 97.48	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 0		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 10,055.71'	
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u> 4,388'	<u>LENGTH OF LATERAL ON STATE LAND</u> 4,388'		<u>LENGTH OF LATERAL ON PRIVATE LAND</u> 0		
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> 06/2020	<u>VOLUME</u> 0 MCF, 0 BBL	<u>MONTH/YEAR</u> 05/2020	<u>VOLUME</u> 0 MCF, 0 BBL	<u>MONTH/YEAR</u> 04/2020	<u>VOLUME</u> 0 MCF, 0 BBL

<u>WELL NAME & NO.</u> STATE WHITEACRE 57-T3-44 W109H		<u>API</u> 38938274	<u>DISTRICT</u> 08	<u>RRC ID</u> 289014	<u>SPUDDATE</u> 06/28/2019	<u>COMPLETION DATE</u> 10/30/2019
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>ALL</u> Section: <u>44</u> Block: <u>57</u> Township: <u>T3</u> Survey: <u>T&P RR CO.</u> Abstract: <u>3035</u>			OIL ☐ VERTICAL ☐ GAS ☒ HORIZONTAL ☒ FIELD NAME & NUMBER: <u>PHANTOM (WOLFCAMP); 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 160.710		<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 160.710	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 0		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 9,762.62'	
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u> 4,123'	<u>LENGTH OF LATERAL ON STATE LAND</u> 4,123'		<u>LENGTH OF LATERAL ON PRIVATE LAND</u> 0		
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> 06/2020	<u>VOLUME</u> 677 MCF, 0BBL	<u>MONTH/YEAR</u> 05/2020	<u>VOLUME</u> 0 MCF, 63 BBL	<u>MONTH/YEAR</u> 04/2020	<u>VOLUME</u> 2428 MCF, 1154BBL

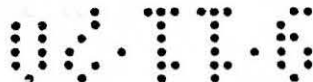


WELL INFORMATION

Copy and Complete Additional Sheets as Necessary

<u>WELL NAME & NO.</u> STATE WHITEACRE 57-T3-44 W107H		<u>API</u> 38938273	<u>DISTRICT</u> 08	<u>RRC ID</u> 289015	<u>SPUD DATE</u> 07/03/2019	<u>COMPLETION DATE</u> 10/30/2019
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>ALL SEC. 44</u> Section: <u>44</u> Block: <u>57</u> Township: <u>T3</u> Survey: <u>T&P RR CO.</u> Abstract: <u>3036</u>			OIL ☐ VERTICAL ☐ GAS ☒ HORIZONTAL ☒ FIELD NAME & NUMBER: <u>PHANTOM (WOLFCAMP); 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 160.710	<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 160.710	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 0	<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 9,909.54'			
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u> 3,944'	<u>LENGTH OF LATERAL ON STATE LAND</u> 3,044'	<u>LENGTH OF LATERAL ON PRIVATE LAND</u> 0			
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> 06/2020	<u>VOLUME</u> 818 MCF, 0 BBL	<u>MONTH/YEAR</u> 05/2020	<u>VOLUME</u> 12707 MCF, 106 BBL	<u>MONTH/YEAR</u> 04/2020	<u>VOLUME</u> 27157 MCF, 477 BBL

<u>WELL NAME & NO.</u> STATE WHITEACRE 57-T3-44 108H		<u>API</u> 38938275	<u>DISTRICT</u> 08	<u>RRC ID</u> 289016	<u>SPUD DATE</u> 07/05/2019	<u>COMPLETION DATE</u> 10/30/2019
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>ALL</u> Section: <u>44</u> Block: <u>57</u> Township: <u>T3</u> Survey: <u>T&P RR CO.</u> Abstract: <u>3036</u>			OIL ☐ VERTICAL ☐ GAS ☒ HORIZONTAL ☒ FIELD NAME & NUMBER: <u>PHANTOM (WOLFCAMP); 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 160.710	<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 160.710	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 0	<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 9,924.56'			
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u> 4,123'	<u>LENGTH OF LATERAL ON STATE LAND</u> 4,123'	<u>LENGTH OF LATERAL ON PRIVATE LAND</u> 0			
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> 06/2020	<u>VOLUME</u> 6230 MCF, 0 BBL	<u>MONTH/YEAR</u> 05/2020	<u>VOLUME</u> 17645 MCF, 1676 BBL	<u>MONTH/YEAR</u> 04/2020	<u>VOLUME</u> 32469 MCF, 2328 BBL



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 STE 150 HOUSTON, TX77056	

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.: 389-35151	
Total Lease Acres: 638.91	Drilling Permit No.: 813480	
Lease Name: State Blake 57-T3-46	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	638.91	< A. Total Assigned Horiz. Acreage	638.91	< 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)

Attach Additional Pages As Needed. ☒ No additional pages ☐ Additional Pages: _____ (No. of additional pages)

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

Digitally signed by Denton, Veronica
DN: cn=Denton, Veronica, o=BNP Billco Group Operations Pty Ltd, ou=M.A.T.,
ALIGNED
Reason: I am the author of the document

Clanton, Veronica

Veronica Clanton Reg. Specialist

veronica.clanton@bhpbilliton.com

Signature

Name and title (type or print)

Email (include email address *only* if you affirmatively consent to its public release)

1360 Post Oak Dr.

Houston Texas 77056

713

296.4759

01/20/2017

Address

City, State, Zip Code

Tel: Area Code

Number

Date: mo. day yr.



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)

Total Allocated Acreage > 0 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

RRC ID No. or Lease No.	Well No.	Acres Assigned	SWR 38 Except. (Y/N)	H-Horizontal D-Directional V-Vertical	RRC ID No. or Lease No.	Well No.	Acres Assigned	SWR 38 Except. (Y/N)	H-Horizontal D-Directional V-Vertical

A. Total Wells & Acreage > 0 0
B. Total Assigned Horiz. Acreage >
C. Total Assigned Vert./Dir. Acreage >

A. Total Wells & Acreage > 0 0
B. Total Assigned Horiz. Acreage >
C. Total Assigned Vert./Dir. Acreage >

SECTION VII. REMARKS

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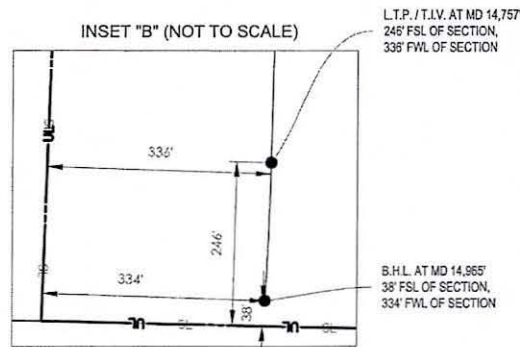
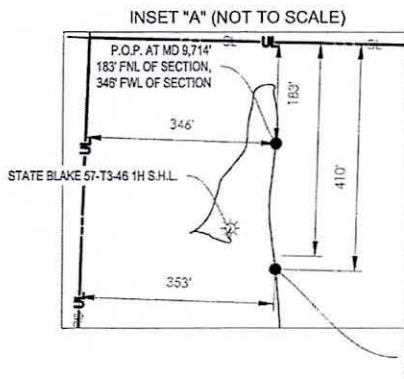
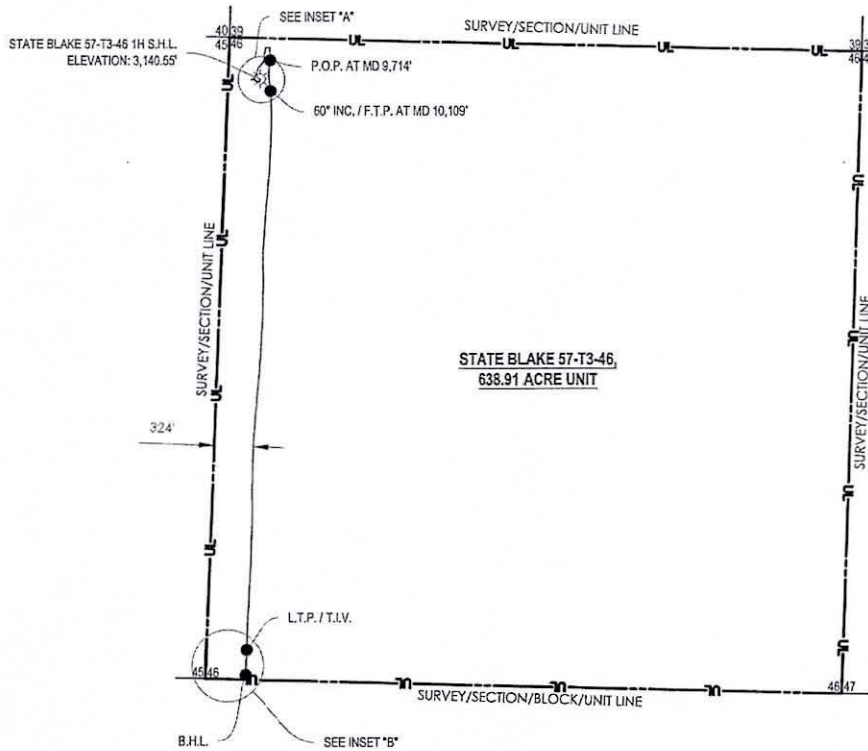
1/31/2017

CONTACT INFORMATION:
Shannon D. Ozment
Crafton Tull (501)93715
1000 Ledgelawn Dr.
Conway, AR 72034

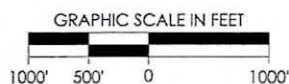
REEVES COUNTY, TEXAS

NOTE: S.H.L. APPROXIMATE LOCATION IS S 16°56'25" W,
11.48 MILES FROM ORLA, TEXAS.
S.H.L. AND B.H.L. LOCATED IN THE T.&P. R.R. CO. SURVEY A - 3035.

GRID NORTH (NAD 83)
TEXAS CENTRAL ZONE
GRID CONVERGENCE = -1.86726445" @ SHL



WELL BORE POSITIONS										(Y)	(X)
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.	31.66376998° N	-103.95887504° W	10587238.663	1168844.310	31.66364258° N	-103.95820311° W	31° 39' 49.113" N	-103° 57' 29.531" W	744662.614	872382.405	
P.O.P.	31.66419799° N	-103.95842390° W	10587391.787	1168925.642	31.66407058° N	-103.95795788° W	31° 39' 50.654" N	-103° 57' 28.848" W	744815.734	872463.737	
F.T.P.	31.66357216° N	-103.95840666° W	10587164.020	1168925.420	31.66344475° N	-103.95793475° W	31° 39' 48.401" N	-103° 57' 28.565" W	744587.972	872463.513	
L.T.P.	31.65082612° N	-103.95848867° W	10582531.513	1168748.873	31.65070052° N	-103.95801689° W	31° 39' 02.522" N	-103° 57' 28.861" W	739955.551	872286.945	
B.H.L.	31.65025782° N	-103.95849559° W	10582324.240	1168739.960	31.65013022° N	-103.95802382° W	31° 39' 00.469" N	-103° 57' 28.886" W	739748.282	872278.031	



LEGEND	
UL	UNIT LINE
AS-DRILLED WELL PATH	
SL	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
LL	LEASE LINE

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, CAF = 0.99971820 @ SHL.

REVISION		bhpbilliton BHP BILLITON PET (TXLA OP) CO	
1	AS-DRILLED PLAT 4/4/16	STATE BLAKE 57-T3-46 1H (MWN 833824) S.H.L. & B.H.L. IN T.&P. R.R. CO. SURVEY A - 3035 REEVES COUNTY, TEXAS FINAL AS-DRILLED PLAT	
2	FINAL PLAT 1/31/17		
SCALE: 1" = 1000'		CHECKED BY: NGUYEN	APPROVED BY: SO
PLOT DATE: 01/31/2017		DRAWN BY: JWB	SHEET NO.: 1 OF 1

Form P-16

Page 1
Rev. 02/2019

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 I. OPERATOR INFORMATION			
Operator Name:	BPX OPERATING COMPANY	Operator P-5 No.:	085408
Operator Address:	1700 PLATTE STREET, DENVER, CO 80202		

SECTION II. WELL INFORMATION			
District No.:	08	API No.:	42-389-37367
Well No.:	W102H	Drilling Permit No.:	842314
Lease Name:	STATE BLAKE 57-T3-46	RRC ID or Lease No.:	
Total Lease Acres:	638.91	Field Name:	PHANTOM (WOLFCAMP)
Proration Acres:	97.48	Field No.:	71052900
Wellbore Profile	Horizontal Well	Is this a UFT field?	Yes
SL Record (Parent) Well Drilling Permit No.:		County:	REEVES

Purpose of Filing:

☐ Drilling Permit Application
(Form W-1)
 ☒ Completion Report
(Form G-1/W-2)

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							
RRC ID No. or Lease No.	Well No.	Profile	Lease Name	API No.	Acrees Assigned	SWR 38 Except. (Y/N)	Operator Name and Operator No. (if different from filing operator)
282003	1H	Horiz.	STATE BLAKE 57-T3-46	389-35151	97.48	N	
	W102H	Horiz.	STATE BLAKE 57-T3-46	389-37367	97.48	N	
	W103H	Horiz.	STATE BLAKE 57-T3-46	389-37368	97.48	N	
	W104H	Horiz.	STATE BLAKE 57-T3-46	379-37369	97.48	N	
A. Total Assigned Horiz. Acreage =		389.91	C. Total Assigned Acreage =		389.91		
Total Remaining Horiz. Acreage =		249.00	Total Remaining Acreage =		887.91		
B. Total Assigned Vert./Dir. Acreage =		0.00					
Total Remaining Vert./Dir. Acreage =		638.91					

SECTION IV. REMARKS - REQUIRED FOR PSA AND CO-DEVELOPMENT (refer to instructions)	
	The W102H, W03H & W104H were successfully completed and acreage is being allocated evenly across the producing wells in the unit.

Attach Additional Pages As Needed.	☒ No additional pages	Additional Pages:	(No. of additional pages)
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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.

shauna.demattee@bpx.co
Digitally signed by shauna.demattee@bpx.com
DN: cn=shauna.demattee@bpx.com
Date: 2019.10.17 13:11:11 -06'00'

Shauna DeMattee, Regulatory Advisor
Name and title (type or print)

shauna.demattee@bpx.com

Email

(include email address *only* if you affirmatively consent to its public release)

1700 Platte Street	Denver	CO	80202
Address	City,	State,	Zip Code

Tel: 720-299-4495

Date: 10/17/19
mo. day yr.



1000 Ledgeview Dr.
Conway, Arkansas 72034

501.328.3316 f 501.328.3325 t
www.craftontull.com

REEVES COUNTY, TEXAS

S.H.L. ELEVATION

WELL NAME	ELEVATION
STATE BLAKE 57-T3-46 W102H	3,140.71'

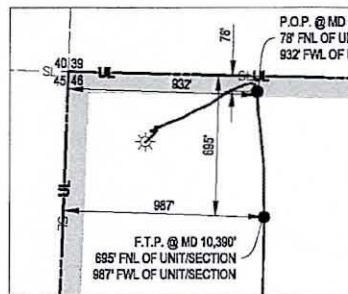
NOTE: S.H.L. APPROXIMATE LOCATION IS S 16°56'25" W.
11.5 MILES FROM ORLA, TEXAS.
S.H.L. AND B.H.L. LOCATED IN THE T.&P. R.R. CO. SURVEY A - 3035.

LEGEND

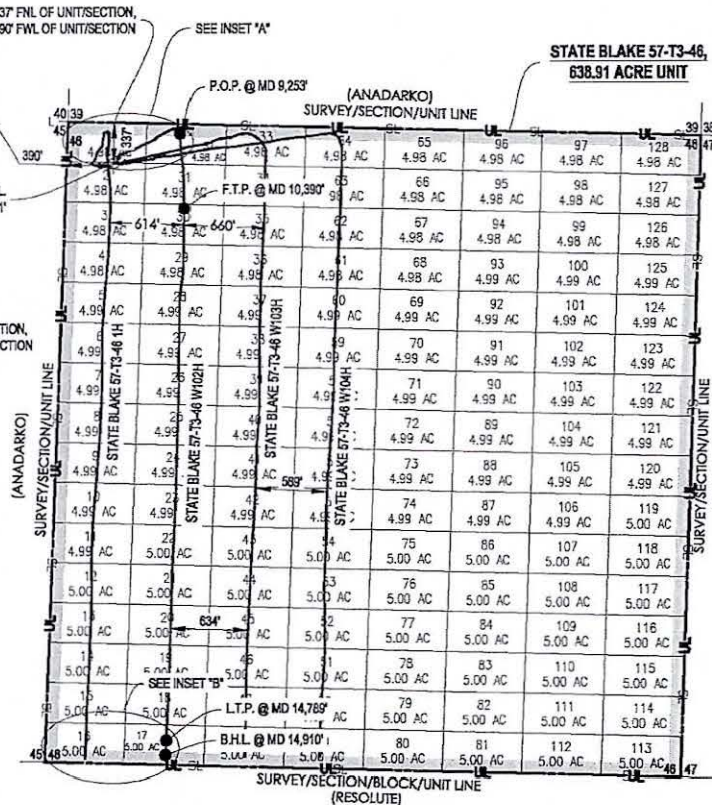
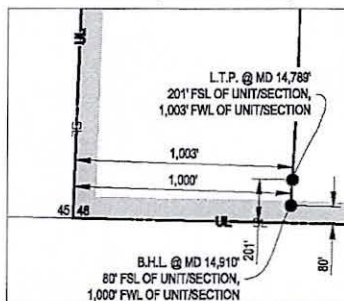
UL	UNIT LINE
AS-DRILLED PATH	AS-DRILLED PATH
NEAREST EXISTING WELL PATH	NEAREST EXISTING WELL PATH
SL	SURVEY / SECTION LINE
S.H.L.	SURFACE HOLE LOCATION
P.O.P.	POINT OF PENETRATION
F.T.P.	FIRST TAKE POINT
T.P.	TURNING POINT
L.T.P.	LAST TAKE POINT
B.H.L.	BOTTOM HOLE LOCATION

Tracts: 1-128
MINERAL OWNER
State of Texas
638.91 Acres

INSET "A" (NOT TO SCALE)



INSET "B" (NOT TO SCALE)



GRID NORTH (NAD 83)
TEXAS CENTRAL ZONE
GRID CONVERGENCE = -01°30'14" @ S.H.L.

UNIT CORNERS

LOCATION	DESCRIPTION	NAD83 (1986)		NAD27	
		STATE PLANE TEXAS CENTRAL (227)	GEOGRAPHIC	STATE PLANE TEXAS CENTRAL (227)	GEOGRAPHIC
NE CORNER 57-T3-46	CALCULATED CORNER	N = 10532458.25 E = 1173830.05	LAT: 31.66482172 LONG: -103.94036165	N = 744883.18 E = 873650.06	LAT: 31.66482172 LONG: -103.94036165
SE CORNER 57-T3-46	CALCULATED CORNER	N = 10532156.42 E = 1173874.33	LAT: 31.63215630 LONG: -103.94036165	N = 738590.43 E = 873222.32	LAT: 31.63215630 LONG: -103.94036165
SW CORNER 57-T3-46	CALCULATED CORNER	N = 10532294.20 E = 1158405.02	LAT: 31.63215630 LONG: -103.95566427	N = 739718.24 E = 871943.09	LAT: 31.63215630 LONG: -103.95566427
NW CORNER 57-T3-46	FOUND 5/8" REBAR	N = 10532582.52 E = 1158365.45	LAT: 31.66482172 LONG: -103.95566427	N = 743006.46 E = 872214.55	LAT: 31.66482172 LONG: -103.95566427

CONTACT INFORMATION:
Bradley G. Russell
Crafton Tull (618)337-1515
1000 Ledgeview Dr.
Conway, AR 72034



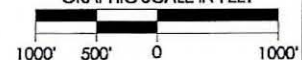
WELL BORE POSITIONS

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.	31.66377521° N	103.95828924° W	10587236.65	1168964.34	31.65364780° N	103.95781733° W	744660.60	872502.43
P.O.P.	31.66450182° N	103.95654331° W	10587483.13	1168951.88	31.65437440° N	103.95607148° W	744907.03	873053.95
F.T.P.	31.66280667° N	103.95636929° W	10586965.06	1168948.90	31.65267923° N	103.95586747° W	744288.02	873087.98
L.T.P.	31.65072037° N	103.95854483° W	10582470.81	1168914.34	31.65059275° N	103.95587314° W	739894.84	872952.40
B.H.L.	31.65038820° N	103.95635289° W	10582349.92	1168940.96	31.65028057° N	103.95588100° W	739773.99	872946.02

WELL PATH DATA

REF.	SECTION LINE CALLS (s)	UNIT LINE CALLS (s)
S.H.L.	337' FNL, 390' FNL	337' FNL, 390' FNL
P.O.P.	78' FNL, 932' FNL	78' FNL, 932' FNL
F.T.P.	695' FNL, 987' FNL	695' FNL, 987' FNL
L.T.P.	201' FNL, 1,003' FNL	201' FNL, 1,003' FNL
B.H.L.	80' FNL, 1,000' FNL	80' FNL, 1,000' FNL

GRAPHIC SCALE IN FEET



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 HEREON. 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 SERVING THIS AREA SHOULD BE CONTACTED FOR THEIR UTILITY LOCATION.
- ALL HORIZONTAL COORDINATES WERE DERIVED USING THE NAD83 COORDINATE MODEL.
- PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS OBSERVATION, DATUM = 0.99971614 @ S.H.L.

REVISION

1	PRELIMINARY PLAT 2/14/19
2	FINAL PLAT 5/14/19
3	CHANGED F.T.P. L.T.P. 9/25/19
4	ADDED TRACTS 10/17/19

BPX OPERATING COMPANY

STATE BLAKE 57-T3-46 W102H
S.H.L. & B.H.L. IN THE T.&P. R.R. CO. SURVEY A - 3035
REEVES COUNTY, TEXAS
FINAL AS-DRILLED PLAT

SCALE: 1" = 100'	DATE: 10/17/2019	CHECKED BY: JWB	APPROVED BY: MF
PLOT DATE: 10/17/2019	DRAWN BY: CDM	SHEET NO.: 1	OF 1

Form P-16

Page 1
Rev. 02/2019

Date: 10/17/19
mo. day yr.



1000 Ledgeview Dr.
Conway, Arkansas 72334

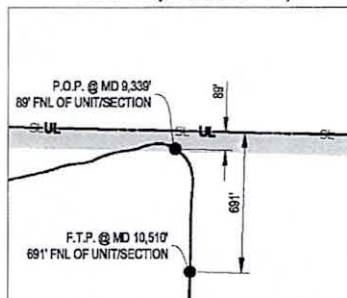
501.328.3316 f 501.328.3325 f
www.craftontull.com

LEGEND

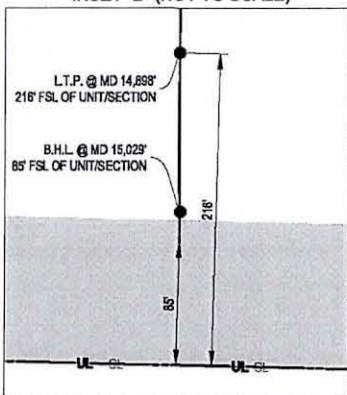
UL	UNIT LINE
AS	AS-DRIED PATH
SL	NEAREST EXISTING WELL PATH
S.L.	SURVEY / SECTION LINE
S.H.L.	SURFACE HOLE LOCATION
P.O.P.	POINT OF PENETRATION
F.T.P.	FIRST TAKE POINT
T.P.	TURNING POINT
L.T.P.	LAST TAKE POINT
B.H.L.	BOTTOM HOLE LOCATION

Tracts: 1-128
MINERAL OWNER
State of Texas
638.91 Acres

INSET "A" (NOT TO SCALE)



INSET "B" (NOT TO SCALE)



UNIT CORNERS

LOCATION	DESCRIPTION	NAD83 (1986)		NAD27	
		STATE PLANE TEXAS CENTRAL (2277)	GEOGRAPHIC (GDS)	STATE PLANE TEXAS CENTRAL (2226)	GEOGRAPHIC (GDS)
NE CORNER 57-73-46	CALCULATED CORNER	N = 10587439.26 E = 1173830.05	LAT: 31.66482172 LONG: -103.94258165	N = 744838.18 E = 877358.06	LAT: 31.56469418 LONG: -103.94221034
SE CORNER 57-73-46	CALCULATED CORNER	N = 10582156.42 E = 1173747.33	LAT: 31.63203520 LONG: -103.94263004	N = 735990.43 E = 877232.32	LAT: 31.55013745 LONG: -103.94215883
SW CORNER 57-73-46	CALCULATED CORNER	N = 10580294.20 E = 1168405.02	LAT: 31.63014527 LONG: -103.95956827	N = 735718.24 E = 871943.09	LAT: 31.63001767 LONG: -103.95956646
NW CORNER 57-73-46	FOUND 5" REBAR	N = 10587582.52 E = 1168385.45	LAT: 31.66483165 LONG: -103.95953943	N = 745006.46 E = 872224.55	LAT: 31.66436428 LONG: -103.95966746

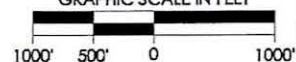
WELL BORE POSITIONS

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.	31.65377593° N	103.95821711° W	10587236.18	1168996.78	31.65354852° N	103.95774520° W	744660.13	872524.87
P.O.P.	31.65448655° N	103.95454043° W	10587457.30	1170138.50	31.65435912° N	103.95406865° W	744881.23	873676.57
F.T.P.	31.66283345° N	103.95423897° W	10586853.22	1170212.67	31.66270589° N	103.95378722° W	744277.17	873750.74
L.T.P.	31.65077567° N	103.95424258° W	10582459.49	1170068.81	31.65064823° N	103.95377093° W	739893.52	873606.88
B.H.L.	31.65041596° N	103.95422678° W	10582338.50	1170068.84	31.65028832° N	103.95375715° W	738762.53	873606.88

WELL PATH DATA

REF.	SECTION LINE CALLS (s)	UNIT LINE CALLS (u)
S.H.L.	337' FNL, 412' FNL	337' FNL, 412' FNL
P.O.P.	88' FNL, 1,555' FNL	88' FNL, 1,555' FNL
F.T.P.	691' FNL, 1,650' FNL	691' FNL, 1,650' FNL
L.T.P.	216' FSL, 1,657' FNL	216' FSL, 1,657' FNL
B.H.L.	85' FSL, 1,661' FNL	85' FSL, 1,661' FNL

GRAPHIC SCALE IN FEET



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 HEREON. 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 SERVING THIS AREA SHOULD BE CONTACTED FOR THEIR UTILITY LOCATION.
- A.L. NAD83 COORDINATES WERE DERIVED USING THE NAD83 CONVERSION MODEL.
- PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS OBSERVATION. GAF = 0.999708198 @ S.H.L.

REVISION	
1	PRELIMINARY PLAT 2/14/19
2	FINAL PLAT 5/1/19
3	CHANGED F.T.P. & L.T.P. 9/25/19
4	ADDED TRACTS 10/17/19

BPX OPERATING COMPANY

STATE BLAKE 57-73-46 W103H
S.H.L. & B.H.L. IN THE T.&P. R.R. CO. SURVEY A - 3035
REEVES COUNTY, TEXAS
FINAL AS-DRIED PLAT

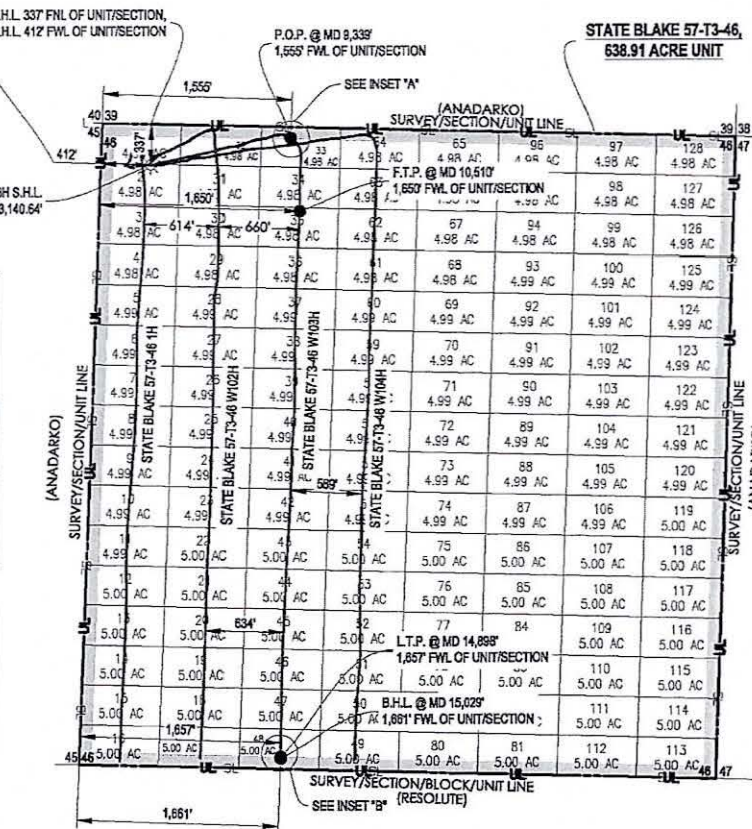
SCALE: 1" = 1000'
PLOT DATE: 10/17/2019
CHECKED BY: JWB
DRAWN BY: CDM
APPROVED BY: MF
SHEET NO.: 1 OF 1

G:\852-7 [WELL PADS]\85275V623.STATE_BLAKE_57-73-46_PAD_A_EXP\STATE_BLAKE 57-73-46 PAD A_WPP_PLATS.DWG 10/17/2019 9:59:04 AM MFI332

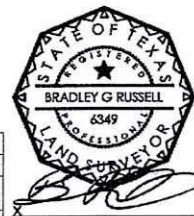
REEVES COUNTY, TEXAS

NOTE: S.H.L. APPROXIMATE LOCATION IS S 16° 56' 25" W,
11.5 MILES FROM ORLA, TEXAS.
S.H.L. AND B.H.L. LOCATED IN THE T.&P. R.R. CO. SURVEY A - 3035.

GRID NORTH (NAD 83)
TEXAS CENTRAL ZONE
GRID CONVERGENCE = -01° 03' 03.76" @ S.H.L.



CONTACT INFORMATION:
Bradley G. Russell
Crafton Tull (10182715)
1000 Ledgeview Dr.
Conway, AR 72334



Form P-16

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Rev. 02/2019

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 I. OPERATOR INFORMATION			
Operator Name:	BPX OPERATING COMPANY	Operator P-5 No.:	085408
Operator Address:	1700 PLATTE STREET, DENVER, CO 80202		

SECTION II. WELL INFORMATION			
District No.:	08	API No.:	42-389-37369
Well No.:	W104H	Drilling Permit No.:	842320
Lease Name:	STATE BLAKE 57-T3-46	RRC ID or Lease No.:	
Total Lease Acres:	638.91	Field Name:	PHANTOM (WOLFCAMP)
Proration Acres:	97.48	Field No.:	71052900
Wellbore Profile	Horizontal Well	Is this a UFT field?	Yes
SL Record (Parent) Well Drilling Permit No.:		County:	REEVES

☐ Drilling Permit Application
(Form W-1)

☒ Completion Report
(Form G-1/W-2)

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							
RRC ID No. or Lease No.	Well No.	Profile	Lease Name	API No.	Acrees Assigned	SWR 38 Except. (Y/N)	Operator Name and Operator No. (if different from filing operator)
282003	1H	Horiz.	STATE BLAKE 57-T3-46	389-35151	97.48	N	
	W102H	Horiz.	STATE BLAKE 57-T3-46	389-37367	97.48	N	
	W103H	Horiz.	STATE BLAKE 57-T3-46	389-37368	97.48	N	
	W104H	Horiz.	STATE BLAKE 57-T3-46	379-37369	97.48	N	
A. Total Assigned Horiz. Acreage =		389.91	C. Total Assigned Acreage =		389.91		
Total Remaining Horiz. Acreage =		249.00	Total Remaining Acreage =		887.91		
B. Total Assigned Vert./Dir. Acreage =		0.00					
Total Remaining Vert./Dir. Acreage =		638.91					

SECTION IV. REMARKS - REQUIRED FOR PSA AND CO-DEVELOPMENT (refer to instructions)	
The W102H, W03H & W104H were successfully completed and acreage is being allocated evenly across the producing wells in the unit.	

Additional Pages: (No. of additional pages)

Email
(include email address only. If you affirmatively consent to its public release)

Date: 10/17/19
mo. day yr.



1000 Ledgeview Dr.
Conway, Arkansas 72034

501.328.3314 | 501.328.3325 |
www.craftontull.com

REEVES COUNTY, TEXAS

S.H.L. ELEVATION

WELL NAME	ELEVATION
STATE BLAKE 57-73-46 W104H	3,140.50'

NOTE: S.H.L. APPROXIMATE LOCATION IS S 16°56'25" W,
11.5 MILES FROM ORLA, TEXAS.
S.H.L. AND B.H.L. LOCATED IN THE T.&P. R.R. CO. SURVEY A - 3035.

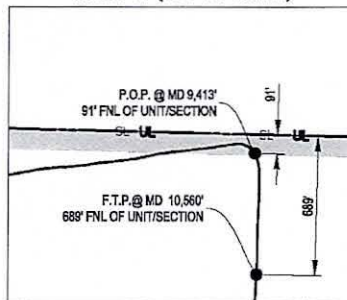
LEGEND

—	UNIT LINE
—	AS-DRILLED PATH
—	NEAREST EXISTING WELL PATH
—	SURVEY / SECTION LINE
—	SURFACE HOLE LOCATION
—	POINT OF PENETRATION
—	FIRST TAKE POINT
—	TURNING POINT
—	LAST TAKE POINT
—	BOTTOM HOLE LOCATION

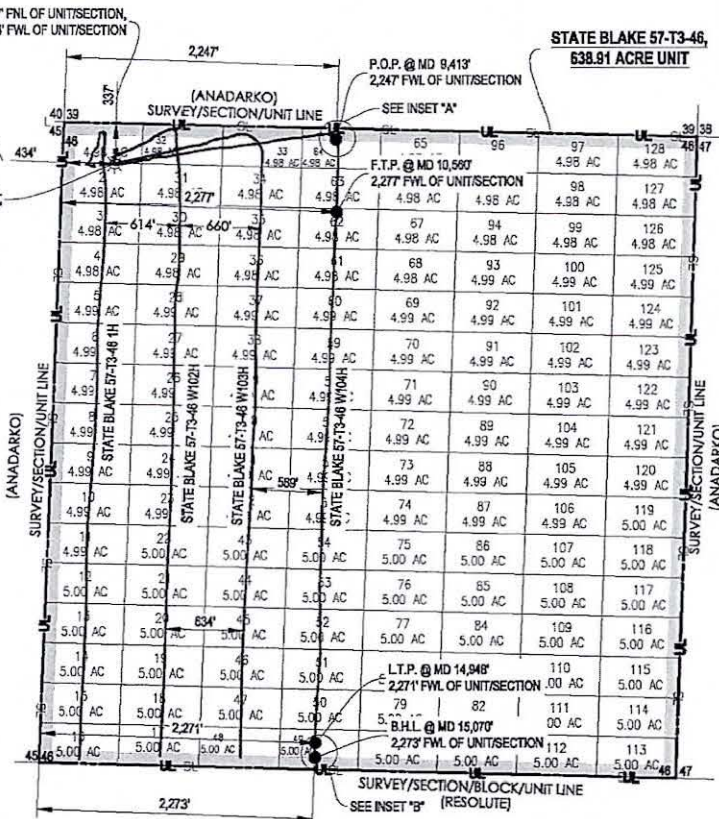
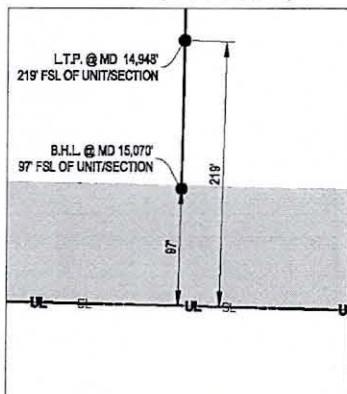
Tracts: 1-128
MINERAL OWNER
State of Texas
638.91 Acres

STATE BLAKE 57-73-46 W104H S.H.L.
ELEVATION: 3,140.50'

INSET "A" (NOT TO SCALE)



INSET "B" (NOT TO SCALE)



GRID NORTH (NAD 83)
TEXAS CENTRAL ZONE
GRID CONVERGENCE = -01°02'03.76" @ S.H.L.

UNIT CORNERS

LOCATION	DESCRIPTION	NAD83 (1986)		NAD27	
		STATE PLANE TEXAS CENTRAL (2277)	GEOGRAPHIC (NAD83)	STATE PLANE TEXAS CENTRAL (2269)	GEOGRAPHIC (NAD27)
NE CORNER 57-73-46	CALCULATED CORNER	N = 10587459.26 E = 1173550.05	LAT: 31.66462172 LONG: -103.94738165	N = 744653.18 E = 877358.06	LAT: 31.664659418 LONG: -103.94721034
SE CORNER 57-73-46	CALCULATED CORNER	N = 10582166.42 E = 1173674.33	LAT: 31.65025520 LONG: -103.94263504	N = 739590.43 E = 877232.32	LAT: 31.65013745 LONG: -103.94215889
SW CORNER 57-73-46	CALCULATED CORNER	N = 10582294.20 E = 1158405.02	LAT: 31.65014527 LONG: -103.95956827	N = 739718.24 E = 871943.09	LAT: 31.65001767 LONG: -103.95906646
NW CORNER 57-73-46	FOUND 5" REBAR	N = 10587582.52 E = 1158385.45	LAT: 31.66439165 LONG: -103.95953943	N = 745006.46 E = 872214.55	LAT: 31.66456426 LONG: -103.95906746

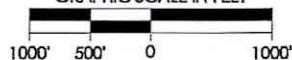
WELL BORE POSITIONS

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.	31.66377708° N	103.95814500° W	10587235.87	1169009.22	31.66364967° N	103.95767309° W	744659.82	872547.31
P.O.P.	31.66449568° N	103.95231721° W	10587438.47	1170829.95	31.66439622° N	103.95184552° W	744362.40	874368.01
F.T.P.	31.66285492° N	103.95222445° W	10586840.54	1170839.37	31.66272744° N	103.95175278° W	744264.58	874377.43
L.T.P.	31.65079949° N	103.95228774° W	10582458.09	1170863.27	31.65067164° N	103.95179520° W	739882.11	874221.31
B.H.L.	31.65046443° N	103.95226205° W	10582336.21	1170681.07	31.65033677° N	103.95179052° W	739760.24	874219.11

WELL PATH DATA

REF.	SECTION LINE CALLS (s)	UNIT LINE CALLS (u)
S.H.L.	337' FNL, 434' FWL	337' FNL, 434' FWL
P.O.P.	91' FNL, 2,247' FWL	91' FNL, 2,247' FWL
F.T.P.	689' FNL, 2,277' FWL	689' FNL, 2,277' FWL
L.T.P.	219' FSL, 2,271' FWL	219' FSL, 2,271' FWL
B.H.L.	97' FSL, 2,273' FWL	97' FSL, 2,273' FWL

GRAPHIC SCALE IN FEET



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 SERVING THIS AREA SHOULD BE CONTACTED FOR THEIR UTILITY LOCATION.
- ALL NAD27 COORDINATES WERE DERIVED USING THE NADCON CONVERSION MODEL.
- PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS OBSERVATION. DAF = 0.99978255 @ S.H.L.

REVISION

1	PRELIMINARY PLAT 2/14/19
2	FINAL PLAT 5/14/19
3	CHANGED F.T.P./L.T.P. 8/25/19
4	ADDED TRACTS 12/17/19

BPX OPERATING COMPANY

STATE BLAKE 57-73-46 W104H
S.H.L. & B.H.L. IN THE T.&P. R.R. CO. SURVEY A - 3035
REEVES COUNTY, TEXAS
FINAL AS-DRILLED PLAT

SCALE: 1" = 1000'
PLOT DATE: 10/17/2019
CHECKED BY: JWB
DRAWN BY: CDM
APPROVED BY: MF
SHEET NO.: 1 OF 1



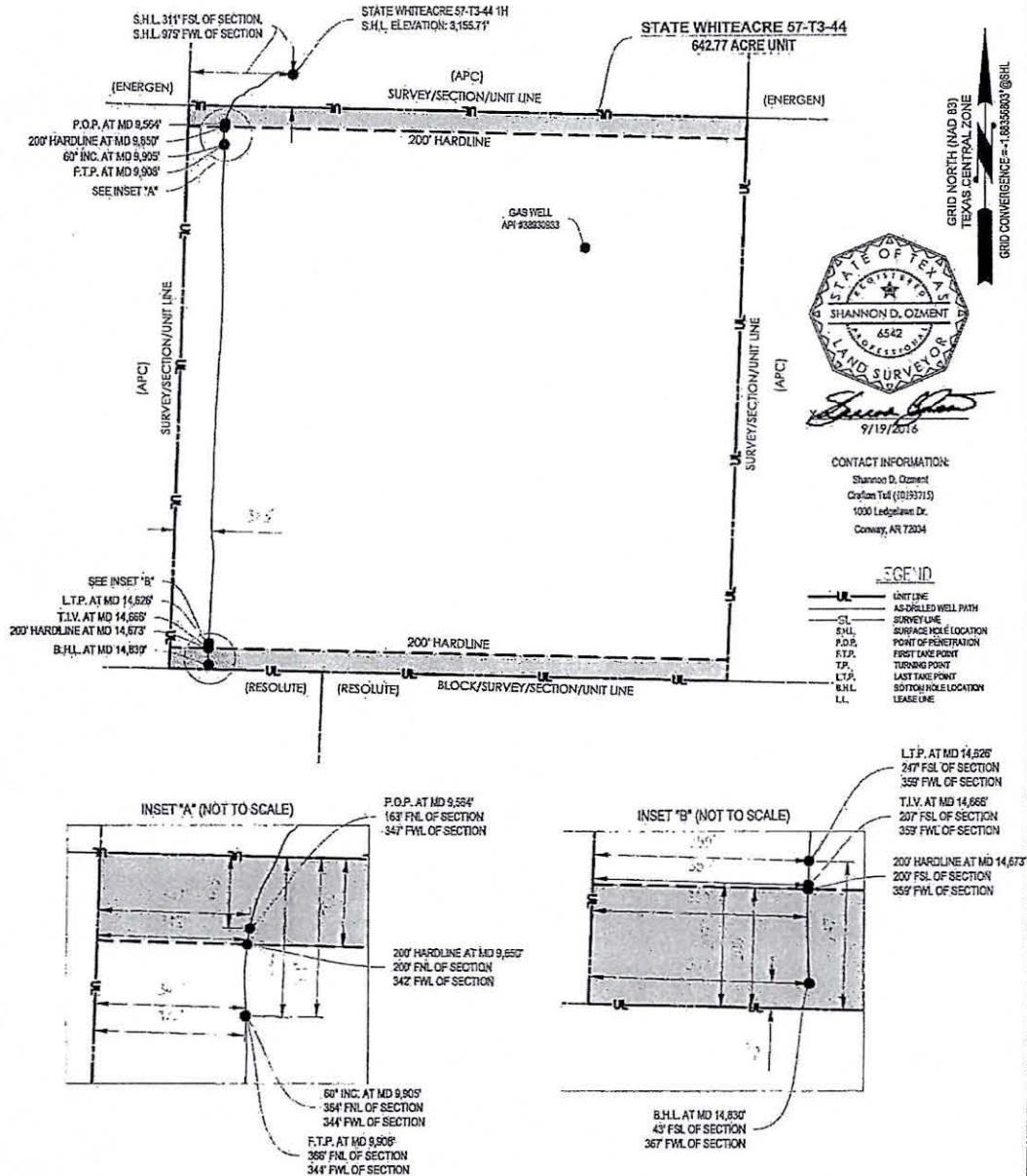
Crafton Tull
surveying

501.328.33141 501.328.3325 f
www.craftontull.com

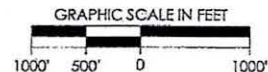
1000 Ledgeland Dr.
Conway, Arkansas 72034

REEVES COUNTY, TEXAS

NOTE: S.H.L. APPROXIMATE LOCATION IS S 23°24'00" W,
12.01 MILES FROM ORLA, TEXAS.
S.H.L. LOCATED IN THE T. & P. R.R. CO. SURVEY, A - 919.
B.H.L. LOCATED IN THE J.S. OWENS SURVEY, A - 3036.



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.	31.66538331° N	-103.99032888° W	10588147.515	1159020.537	31.66525021° N	-103.98985570° W	10588147.515	1159020.537
P.O.P.	31.66406671° N	-103.99024650° W	10587659.461	1159377.400	31.66393361° N	-103.99167327° W	10587659.461	1159377.400
F.T.P.	31.66350968° N	-103.99023520° W	10587497.031	1159368.633	31.66338257° N	-103.99187997° W	10587497.031	1159368.633
L.T.P.	31.65058545° N	-103.99222119° W	10582787.603	1158233.018	31.65045814° N	-103.99181910° W	10582787.603	1158233.018
B.H.L.	31.65002530° N	-103.99226629° W	10582593.690	1158234.370	31.64987799° N	-103.99178321° W	10582593.690	1158234.370



GENERAL NOTES

1. THE LOCATIONS OF UNDERGROUND UTILITIES AS SHOWN HEREON HAVE BEEN BASED ON REASONABLE VISUAL OBSERVATION. LOCATIONS OF UNDERGROUND UTILITIES/STRUCTURES MAY VARY FROM LOCATIONS SHOWN HEREON. 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, DAT = 0.8297872558.

CG, 6/5/27 (WELL PADS) 6/5/27/0514 STATE WHITEACRE 57-T3-44 1H STATE WHITEACRE AS-DRILL PLATS.DWG 9/19/2016 11:29:10 AM MN1377

REVISION	DATE
1. PRELIMINARY PLAT 04/2016	
2. FINAL PLAT 09/19/16	

bhpbilliton

BHP BILLITON PET (TXLA OP) CO

STATE WHITEACRE 57 - T3 - 44 1H (MWN 833830)
STATE WHITEACRE 57-T3-44, 642.77 ACRE UNIT
S.H.L. IN T. & P. R.R. CO. A - 919 & B.H.L. IN J.S. OWENS, A - 3036
REEVES COUNTY, TEXAS
FINAL AS-DRILLED PLAT

SCALE: 1" = 1000'
PLOT DATE: 09/19/2016
CHECKED BY: DUNAWAY
DRAWN BY: NGUYEN
APPROVED BY: BRIDGEMAN
SHEET NO.: 1 OF 1



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

Page 1
Rev. 09/2019

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 I. OPERATOR INFORMATION			
Operator Name:	BPX Operating Company	Operator P-5 No.:	085408
Operator Address:	1700 Platte St Denver, CO 80202		

SECTION II. WELL INFORMATION			
District No.:	08	API No.:	42-389-38273
Well No.:	W107H	Drilling Permit No.:	852043
Lease Name:	STATE WHITEACRE 57-T3-44	RRC ID or Lease No.:	
Total Lease Acres:	642.840	Field Name:	Phantom (Wolfcamp)
Proration Acres:	160.710	Field No.:	71052900
Wellbore Profile	Horizontal Well	Is this a UFT field?	Yes
SL Record (Parent) Well Drilling Permit No.:		County:	Reeves

Purpose of Filing:

☐ Drilling Permit Application (Form W-1)
☒ Completion Report (Form G-1/W-2)

RRC ID No. or Lease No.	Well No.	Profile	Lease Name	API No.	Acre Assigned	SWR 38 Except. (Y/N)	Operator Name and Operator No. (if different from filing operator)
281881	1H	Horiz.	STATE WHITEACRE S7-T3-44	389-35158	160.710	N	
	W107H	Horiz.	STATE WHITEACRE S7-T3-44	389-38273	160.710	N	
	W108H	Horiz.	STATE WHITEACRE S7-T3-44	389-38275	160.710	N	
	W109H	Horiz.	STATE WHITEACRE S7-T3-44	389-38274	160.710	N	
A. Total Assigned Horiz. Acreage =		642.840	C. Total Assigned Acreage =				
Total Remaining Horiz. Acreage =		0.000	Total Remaining Acreage =				
B. Total Assigned Vert./Dir. Acreage =		0.000					
Total Remaining Vert./Dir. Acreage =		642.840					

SECTION IV. REMARKS - REQUIRED FOR PSA AND CO-DEVELOPMENT (refer to instructions)	
	The W107H, W108H and W109H were successfully completed and acreage is being allocated evenly across the producing wells in the unit.

Additional Pages: (No. of additional pages)

Email
(include email address only if you affirmatively consent to its public release)

Date: 04/21/20 mo. day yr.



1000 Ledgewood Dr.
Conway, Arkansas 72034

LEGEND

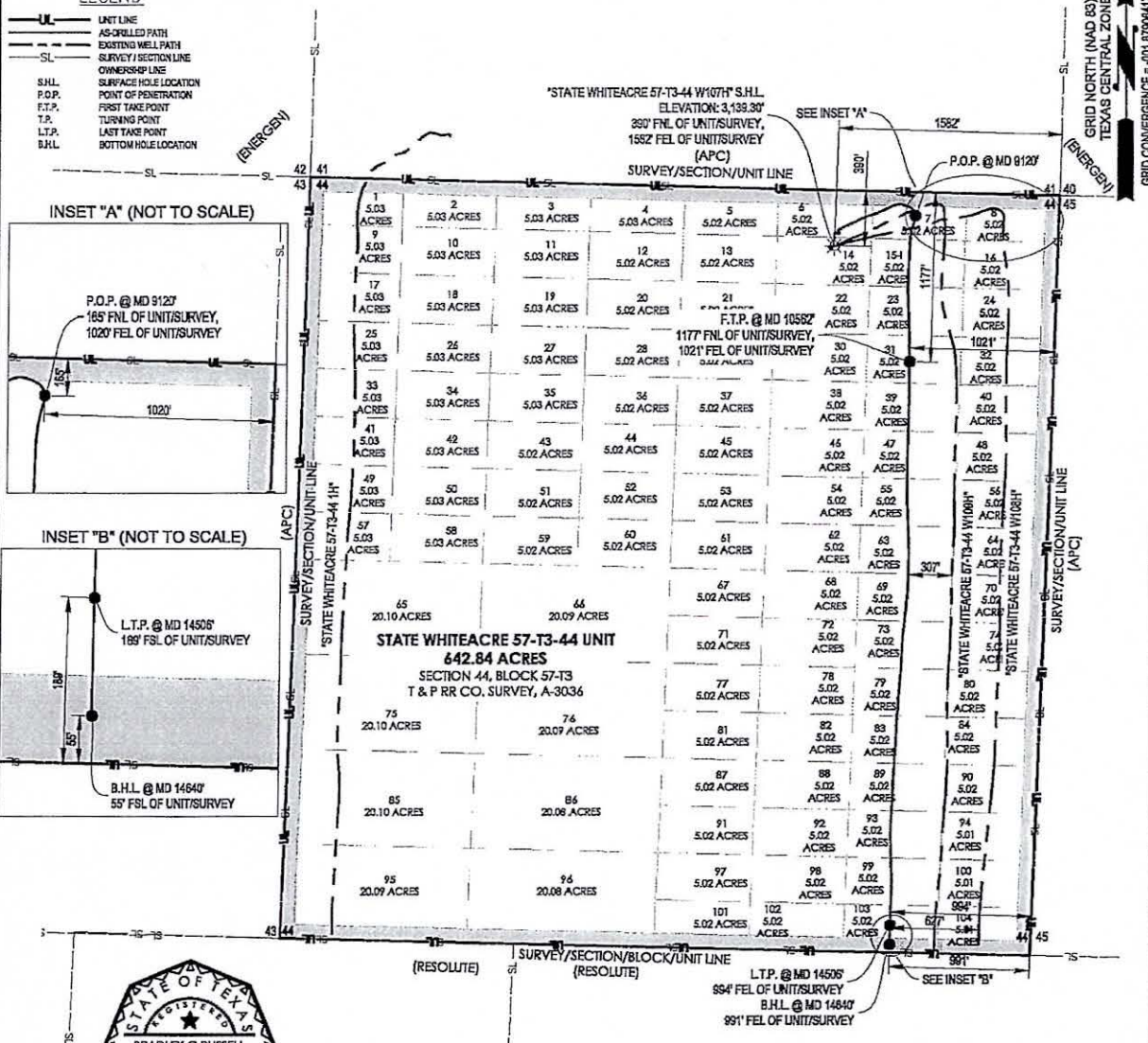
- UL UNIT LINE
- AS-DRILLED PATH
- EXISTING WELL PATH
- SURVEY SECTION LINE
- OWNERSHIP LINE
- S.H.L. SURFACE HOLE LOCATION
- P.O.P. POINT OF PENETRATION
- F.T.P. FIRST TAKE POINT
- T.P. TURNING POINT
- L.T.P. LAST TAKE POINT
- B.H.L. BOTTOM HOLE LOCATION

501.328.3316 / 501.328.3325 f
www.craftontull.com

S.H.L. ELEVATION

WELL NAME	ELEVATION
"STATE WHITEACRE 57-T3-44 W107H"	3,139.30'

NOTE: S.H.L. APPROXIMATE LOCATION IS S 22°51'36" W,
11.94 MILES FROM ORLA, TEXAS.
S.H.L. AND B.H.L. LOCATED IN THE T & P RR CO. SURVEY A - 3036.



CONTACT INFORMATION:
Bradley G. Russell
Crafton Tull (10193715)
1000 Ledgewood Dr.
Conway, AR 72034

SECTION CORNERS

LOCATION	DESCRIPTION	NAD83 (1983)		NAD27	
		STATE PLANE TEXAS CENTRAL (2277)	GEOGRAPHIC (2209)	STATE PLANE TEXAS CENTRAL (2229)	GEOGRAPHIC (2207)
NE CORNER 57-T3-44	CALCULATED CORNER	N = 10587722.29 E = 1163311.33	LAT: 31.66460184° N LONG: 103.97850011° W	N = 745148.27 E = 865849.52	LAT: 31.66447471° N LONG: 103.97802745° W
SE CORNER 57-T3-44	CALCULATED CORNER	N = 40582421.98 E = 1163135.71	LAT: 31.65002313° N LONG: 103.97850645° W	N = 739946.05 E = 868573.87	LAT: 31.64969568° N LONG: 103.9783389° W
SW CORNER 57-T3-44	CALCULATED CORNER	N = 10582548.75 E = 1157866.40	LAT: 31.64898875° N LONG: 103.99344460° W	N = 739973.86 E = 861404.85	LAT: 31.64977148° N LONG: 103.99297148° W
NW CORNER 57-T3-44	5/8" REBAR W/ CAP	N = 10587082.06 E = 1158036.22	LAT: 31.66451002° N LONG: 103.99348078° W	N = 745266.07 E = 861574.49	LAT: 31.66432294° N LONG: 103.99228748° W

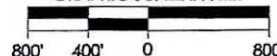
WELL BORE POSITIONS

REFERENCE	LAT. (NAD 83)		LONG. (NAD 83)		NORTHING (NAD 83)		EASTING (NAD 83)	
	(Y)	(X)	(Y)	(X)	(Y)	(X)	(Y)	(X)
S.H.L.	31.66350271° N	103.98158450° W	10587374.46	1161717.20	31.6637550° N	103.9811169° W	744768.47	865255.41
P.O.P.	31.66413012° N	103.97977760° W	10587534.15	1162236.55	31.66400281° N	103.97930484° W	745008.14	865824.76
F.T.P.	31.66134875° N	103.97978171° W	10585572.96	1162252.11	31.66122148° N	103.97930899° W	743998.58	865790.31
L.T.P.	31.65051811° N	103.97970130° W	10582634.50	1162148.00	31.65039089° N	103.97922871° W	740058.57	865686.18
B.H.L.	31.65014962° N	103.97959236° W	10582500.51	1162146.39	31.65002240° N	103.97921977° W	739924.58	865684.57

WELL PATH DATA

REF.	SECTION LINE CALLS (s)	UNIT LINE CALLS (s)
S.H.L.	390' FNL, 1582' FEL	390' FNL, 1582' FEL
P.O.P.	165' FNL, 1020' FEL	165' FNL, 1020' FEL
F.T.P.	1177' FNL, 1021' FEL	1177' FNL, 1021' FEL
L.T.P.	189' FSL, 994' FEL	189' FSL, 994' FEL
B.H.L.	55' FSL, 991' FEL	55' FSL, 991' FEL

GRAPHIC SCALE IN FEET



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 = 0.00716667 @ S.H.L.

REVISION

1	FINAL PLAT 2/26/20
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BPX OPERATING COMPANY

STATE WHITEACRE 57-T3-44 W107H (MWN 837822)
S.H.L. & B.H.L. IN T & P RR CO. SURVEY, A - 3036
REEVES COUNTY, TEXAS
FINAL AS-DRILLED PLAT

SCALE: 1" = 800'
PLOT DATE: 02/24/2020

CHECKED BY: AJP
DRAWN BY: CDM

APPROVED BY: MN
SHEET NO.: 1 OF 1



RAILROAD COMMISSION OF TEXAS

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

Page 1
Rev. 09/2019

Acreage Designation

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 I. OPERATOR INFORMATION			
Operator Name:	BPX Operating Company	Operator P-5 No.:	085408
Operator Address:	1700 Platte St Denver, CO 80202		

SECTION II. WELL INFORMATION				
District No.:	08	API No.:	42-389-38275	Purpose of Filing: ☐ Drilling Permit Application (Form W-1) ☒ Completion Report (Form G-1/W-2)
Well No.:	W108H	Drilling Permit No.:	852047	
Lease Name:	STATE WHITEACRE 57-T3-44	RRC ID or Lease No.:		
Total Lease Acres:	642.840	Field Name:	Phantom (Wolfcamp)	
Proration Acres:	160.710	Field No.:	71052900	
Wellbore Profile	Horizontal Well	Is this a UFT field?	Yes	
SL Record (Parent) Well Drilling Permit No.:		County:	Reeves	

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							
RRC ID No. or Lease No.	Well No.	Profile	Lease Name	API No.	Acres Assigned	SWR 38 Except. (Y/N)	Operator Name and Operator No. (if different from filing operator)
281881	1H	Horiz.	STATE WHITEACRE 57-T3-44	389-35158	160.710	N	
	W107H	Horiz.	STATE WHITEACRE 57-T3-44	389-38273	160.710	N	
	W108H	Horiz.	STATE WHITEACRE 57-T3-44	389-38275	160.710	N	
	W109H	Horiz.	STATE WHITEACRE 57-T3-44	389-38274	160.710	N	
A. Total Assigned Horiz. Acreage =	642.840			C. Total Assigned Acreage =	642.840		
Total Remaining Horiz. Acreage =	0.000			Total Remaining Acreage =	0.000		
B. Total Assigned Vert./Dir. Acreage =	0.000						
Total Remaining Vert./Dir. Acreage =	642.840						

SECTION IV. REMARKS - REQUIRED FOR PSA AND CO-DEVELOPMENT (refer to instructions)	
	The W107H, W108H and W109H were successfully completed and acreage is being allocated evenly across the producing wells in the unit.

Attach Additional Pages As Needed.

 No additional pages

☐ Additional Pages: (No. of additional pages)

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

Tayler.Paredes

Tayler Paredes, Regulatory Analyst
Name and title (type or print)

tayler.paredes@bpx.com

Email
(include email address only if you affirmatively consent to its public release)

1700 Platte St
Address

Denver
City,

CO
State,

80202
Zip Code

720-689-9864		
Tel:	Area Code	Number

Date: 04/21/20 mo. day yr.



1000 Ledgeview Dr.
Conway, Arkansas 72034

LEGEND

- UL UNIT LINE
- AS-DRILLED PATH
- EXISTING WELL PATH
- SURVEY / SECTION LINE
- OWNERSHIP LINE
- SURFACE HOLE LOCATION
- S.H.L. 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

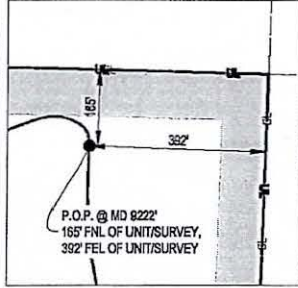
501.328.3316 f 501.328.3325 f
www.craftontull.com

S.H.L. ELEVATION

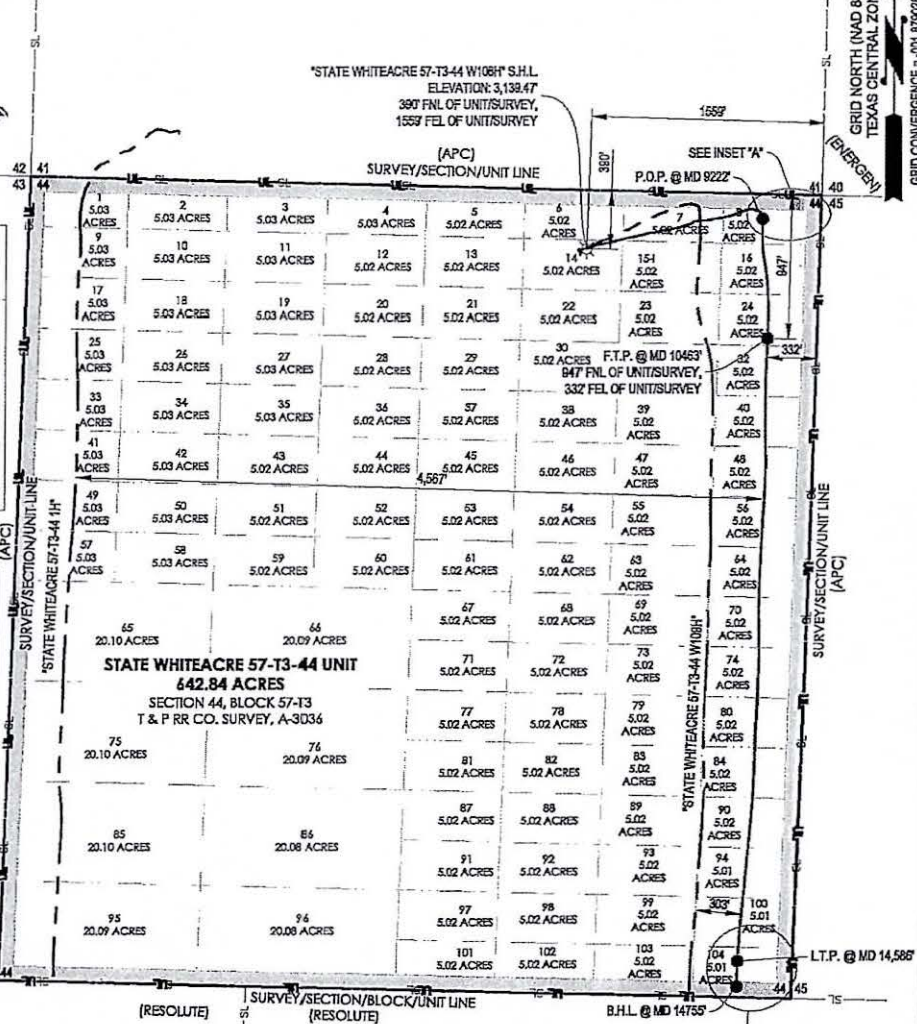
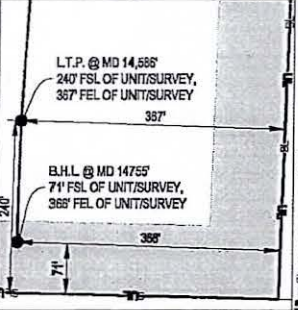
WELL NAME	ELEVATION
"STATE WHITEACRE 57-T3-44 W108H"	3,139.47'

S.H.L. NOTE: APPROXIMATE LOCATION IS S 22°51'36" W,
11.94 MILES FROM ORLA, TEXAS.
S.H.L. AND B.H.L. LOCATED IN THE T & P R R CO. SURVEY A - 3036.

INSET "A" (NOT TO SCALE)



INSET "B" (NOT TO SCALE)



SECTION CORNERS

LOCATION	DESCRIPTION	NAD83 (1986)	NAD27
NE CORNER 57-T3-44	CALCULATED CORNER	N = 10567722.29 E = 1163111.33	N = 745148.27 E = 86849.52
SE CORNER 57-T3-44	CALCULATED CORNER	N = 10582421.38 E = 1163135.71	N = 739948.05 E = 866873.87
SW CORNER 57-T3-44	CALCULATED CORNER	N = 10582549.75 E = 1157866.40	N = 739973.88 E = 861404.65
NW CORNER 57-T3-44	5/8" REBAR W/ CAP	N = 10587862.06 E = 1158038.22	N = 745286.07 E = 861574.43

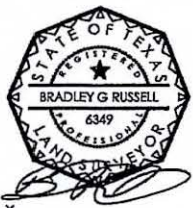
WELL BORE POSITIONS

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.	31.68350282° N	103.98151219° W	10587373.78	1161739.69	31.68337562° N	103.98103938° W	744791.77	866277.90
P.O.P.	31.68414150° N	103.97776136° W	10587587.74	1162913.65	31.68401427° N	103.97728688° W	744991.72	868451.85
F.T.P.	31.68198293° N	103.97756789° W	10586784.64	1162948.18	31.68168572° N	103.97709535° W	744228.63	868486.37
L.T.P.	31.65067325° N	103.97768569° W	10582670.35	1162776.71	31.65054561° N	103.97721316° W	740094.42	868314.68
B.H.L.	31.65020885° N	103.97768104° W	10582501.47	1162772.62	31.65008141° N	103.97720853° W	739925.54	868310.79

WELL PATH DATA

REF.	SECTION LINE CALLS (s)	UNIT LINE CALLS (s)
S.H.L.	390' FNL, 1559' FEL	330' FNL, 1559' FEL
P.O.P.	165' FNL, 392' FEL	165' FNL, 392' FEL
F.T.P.	947' FNL, 332' FEL	947' FNL, 332' FEL
L.T.P.	240' FSL, 367' FEL	240' FSL, 367' FEL
B.H.L.	71' FSL, 368' FEL	71' FSL, 368' FEL

GRAPHIC SCALE IN FEET



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

3/10/2020

GENERAL NOTES

1. THE LOCATIONS OF UNDERGROUND UTILITIES AS SHOWN HEREIN 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 = 0.000798185 @ S.H.L.

REVISION

1	FINAL PLAT 3/10/20
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BPX OPERATING COMPANY

STATE WHITEACRE 57-T3-44 W108H (MWN 837823)
S.H.L. & B.H.L. IN T & P R R CO. SURVEY, A - 3036
REEVES COUNTY, TEXAS
FINAL AS-DRILLED PLAT

SCALE: 1" = 800'
PLOT DATE: 03/10/2020
CHECKED BY: ALP
DRAWN BY: CDM
APPROVED BY: L. Dow
SHEET NO.: 1 OF 1



RAILROAD COMMISSION OF TEXAS

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

Page 1
Rev. 09/2019

Acreage Designation

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 I. OPERATOR INFORMATION			
Operator Name:	BPX Operating Company	Operator P-5 No.:	085408
Operator Address:	1700 Platte St Denver, CO 80202		

SECTION II. WELL INFORMATION			
District No.:	08	API No.:	42-389-38274
Well No.:	W109H	Drilling Permit No.:	852036
Lease Name:	STATE WHITEACRE 57-T3-44	RRC ID or Lease No.:	
Total Lease Acres:	642.840	Field Name:	Phantom (Wolfcamp)
Proration Acres:	160.710	Field No.:	71052900
Wellbore Profile	Horizontal Well	Is this a UFT field?	Yes
SL Record (Parent) Well Drilling Permit No.:		County:	Reeves

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							
RRC ID No. or Lease No.	Well No.	Profile	Lease Name	API No.	Acres Assigned	SWR 38 Except. (Y/N)	Operator Name and Operator No. (if different from filing operator)
281881	1H	Horiz.	STATE WHITEACRE 57-T3-44	389-35158	160.710	N	
	W107H	Horiz.	STATE WHITEACRE 57-T3-44	389-38273	160.710	N	
	W108H	Horiz.	STATE WHITEACRE 57-T3-44	389-38275	160.710	N	
	W109H	Horiz.	STATE WHITEACRE 57-T3-44	389-38274	160.710	N	
A. Total Assigned Horiz. Acreage		=	642.840	C. Total Assigned Acreage		=	642.840
Total Remaining Horiz. Acreage		=	0.000	Total Remaining Acreage		=	0.000
B. Total Assigned Vert./Dir. Acreage		=	0.000				
Total Remaining Vert./Dir. Acreage		=	642.840				

SECTION IV. REMARKS - REQUIRED FOR PSA AND CO-DEVELOPMENT (refer to instructions)

The W107H, W108H and W109H were successfully completed and acreage is being allocated evenly across the producing wells in the unit.

Attach Additional Pages As Needed.

 No additional pages

☐ Additional Pages: _____ (No. of additional pages)

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

Tayler.Paredes · Digitally signed by Tayler.Paredes
DN: cn=Tayler.Paredes, o=Tayler.Paredes@gmail.com
Date: 2020.06.22 14:00:18 -0500

Tayler Paredes, Regulatory Analyst
Name and title (type or print)

tayler.paredes@bpx.com

Email _____
(Include email address only if you affirmatively consent to its public release)

1700 Platte St	Denver	CO	80202
Address	City,	State,	Zip Code

Tel: 720-689-9864

Date: 04/21/20 mo. day yr.



1000 Ledgeview Dr.
Conway, Arkansas 72034

LEGEND

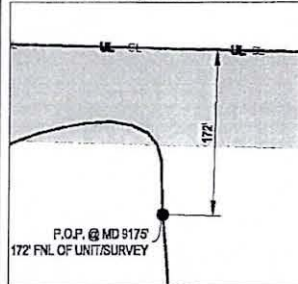
- UL UNIT LINE
- AS-DRIILLED PATH
- EXISTING WELL PATH
- SURVEY/SECTION LINE
- OWNERSHIP LINE
- SURFACE HOLE LOCATION
- S.H.L. SURFACE HOLE LOCATION
- P.O.P. POINT OF PENETRATION
- F.T.P. FIRST TAKE POINT
- T.P. TURNING POINT
- L.T.P. LAST TAKE POINT
- B.H.L. BOTTOM HOLE LOCATION

S.H.L. ELEVATION

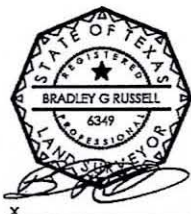
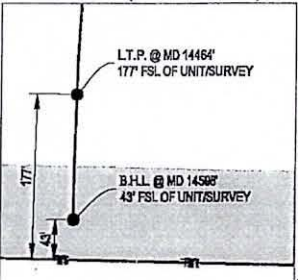
WELL NAME	ELEVATION
"STATE WHITEACRE 57-T3-44 W109H"	3,139.47'

NOTE: S.H.L. APPROXIMATE LOCATION IS S 22°51'36" W,
11.94 MILES FROM ORLA, TEXAS.
S.H.L. AND B.H.L. LOCATED IN THET & P R R CO. SURVEY A - 3036.

INSET "A" (NOT TO SCALE)

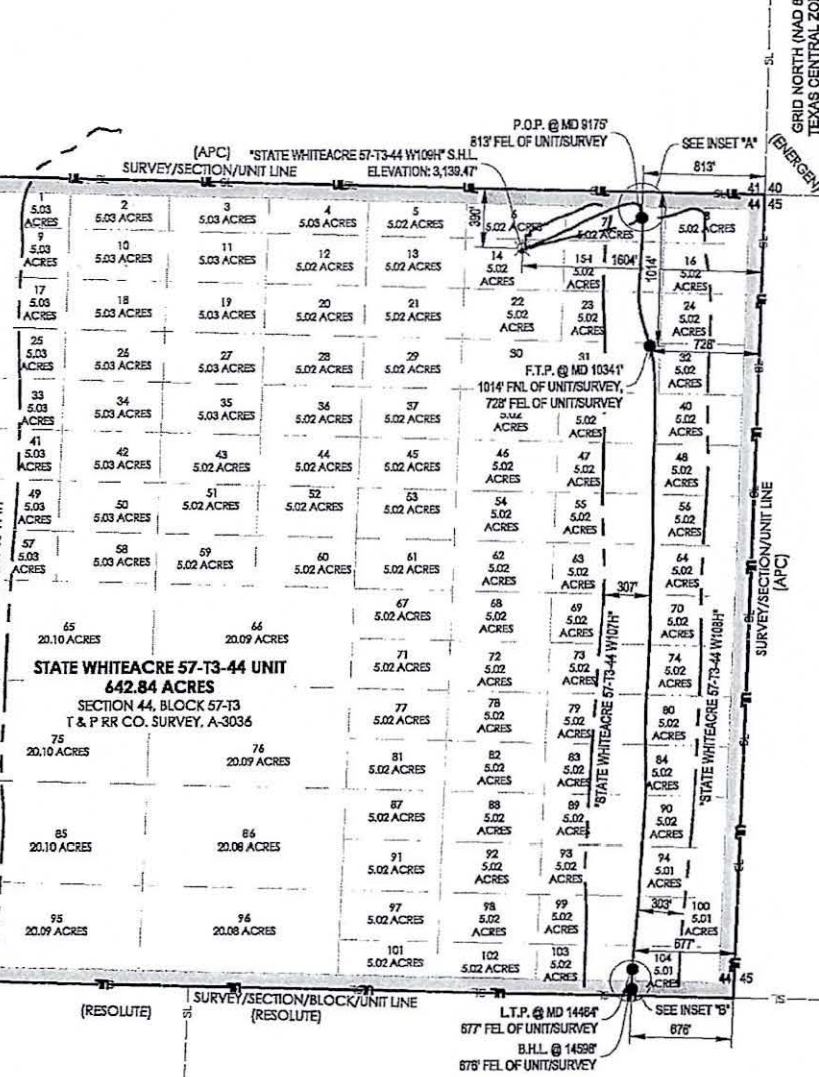


INSET "B" (NOT TO SCALE)



2/26/2020

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



SECTION CORNERS

LOCATION	DESCRIPTION	NAD83 (1986)		NAD27	
		STATE PLANE TEXAS CENTRAL (2011)	GEOGRAPHIC (1986)	STATE PLANE TEXAS CENTRAL (2009)	GEOGRAPHIC (1986)
NE CORNER 57-T3-44	CALCULATED CORNER	N = 10587722.29 E = 1183311.33	LAT: 31.66450194° N LONG: 103.97650011° W	N = 745146.27 E = 866849.52	LAT: 31.66447471° N LONG: 103.97602746° W
SE CORNER 57-T3-44	CALCULATED CORNER	N = 40582421.95 E = 1163135.71	LAT: 31.65002313° N LONG: 103.97650648° W	N = 739946.05 E = 866873.87	LAT: 31.64989568° N LONG: 103.97603399° W
SW CORNER 57-T3-44	CALCULATED CORNER	N = 10582549.75 E = 1157666.40	LAT: 31.64983878° N LONG: 103.99344460° W	N = 739973.86 E = 861404.55	LAT: 31.64977148° N LONG: 103.99297148° W
NW CORNER 57-T3-44	5/8" REBAR W/ CAP	N = 10587862.06 E = 1158036.22	LAT: 31.66451002° N LONG: 103.98346076° W	N = 745286.07 E = 861574.49	LAT: 31.66438294° N LONG: 103.98288748° W

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.	31.66350290° N	103.98165662° W	10587375.17	1181894.71	31.66337539° N	103.98118400° W	744799.17	865232.92
P.O.P.	31.66411534° N	103.97811322° W	10587572.01	1162492.97	31.66398812° N	103.97864049° W	744995.99	866031.17
F.T.P.	31.66180075° N	103.97883997° W	10586727.71	1162559.38	31.66167350° N	103.97836718° W	744151.71	866088.58
L.T.P.	31.66049321° N	103.97888304° W	10582615.06	1162464.38	31.66036578° N	103.97821049° W	740039.14	866002.56
B.H.L.	31.66012522° N	103.97867804° W	10582481.22	1162461.58	31.64999778° N	103.97820548° W	739905.30	865999.73

WELL PATH DATA

REF.	SECTION LINE CALLS (A)	UNIT LINE CALLS (A)
S.H.L.	380' FNL, 1804' FEL	380' FNL, 1804' FEL
P.O.P.	172' FNL, 813' FEL	172' FNL, 813' FEL
F.T.P.	1014' FNL, 728' FEL	1014' FNL, 728' FEL
L.T.P.	177' FNL, 677' FEL	177' FNL, 677' FEL
B.H.L.	43' FSL, 676' FEL	43' FSL, 676' FEL

GRAPHIC SCALE IN FEET



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 SERVING 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, GCS = 0.000776169 @ S.H.L.

REVISION

1	FINAL PLAT 2/26/20
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BPX OPERATING COMPANY

STATE WHITEACRE 57-T3-44 W109H
S.H.L. & B.H.L. INT & P R R CO. SURVEY, A - 3036
REEVES COUNTY, TEXAS
FINAL AS-DRIILLED PLAT

SCALE: 1" = 800' CHECKED BY: ALP APPROVED BY: MN
PLOT DATE: 02/26/2020 DRAWN BY: CDM SHEET NO.: 1 OF 1

09.11.0

20.

File No. MF 113640
DRR Form _____ County

Date Filed: 9/28/20
George P. Bush, Commissioner
By SSD



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

April 27, 2021

Ms. Allie Huizenga
BPX Energy, Inc.
1700 Platte Street, Suite 150
Denver, CO 80202

RE: State Lease MF113640— Relinquishment Act Lease
Deep Rights Retention, Lease A
180 acres out of Sections 44 and 46, Block 57, Township 3, T&P RR Co. Survey,
A-3036 and A-3035, Reeves County, Texas
Wells: State Whiteacre 57-T3-44 1H, API 42-389-35158, RRC 08-281881
State Whiteacre 57-T3-44 W109H, API 42-389-38274, RRC 08-288599
State Whiteacre 57-T3-44 W107H, API 42-389-38273, RRC 08-289015
State Whiteacre 57-T3-44 108H, API 42-389-38275, RRC 08-289016
State Blake 57-T3-46 1H, API 42-389-35151, RRC 08-282003
State Blake 57-T3-46 W104H, API 42-389-37369, RRC 08-288268
State Blake 57-T3-46 W102H, API 42-389-37367, RRC 08-288526
State Blake 57-T3-46 W103H, API 42-389-37368, RRC 08-288599
Units: State Whiteacre 57-T3-44 Unit, State #7871
State Blake 57-T3-46 Unit, State #7828

Dear Ms. Huizenga:

The Deep Rights Retention checks in the total amount of \$20,833.34 for mineral file MF113640, Lease A, has been accepted and will retain the deep rights according to the leases and/or unit agreements.

This letter serves also to acknowledge receipt of the GLO requested Deep Rights Retention form from BPX Energy.

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

21.

File No. MF 113640
Letter accepting DRR Form

Date Filed: 6/11/21
George P. Bush, Commissioner
By SSD



Texas General Land Office

Reconciliation Billing

George P. Bush, Commissioner

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

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

Billing Date: 9/8/2021
Billing Due Date: 10/8/2021
Customer Number: C000046383

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
22I00004	MF113640	\$957.64	\$0.00	\$187.03	\$101.65	\$1,246.32
Total Due		\$957.64	\$0.00	\$187.03	\$101.65	\$1,246.32

Penalty and interest have been calculated thru 9/30/2021. Payment remitted after 9/30/2021 will result in additional penalty and interest charges.

Charlton, Andrea M (512) 463-5190 or Andrea.Charlton@GLO.TEXAS.GOV

NOTICE

- Please update GLO1 and GLO2 production reports to correct volumes.
- Please do not update GLO3 report to include billed royalty, penalty or interest. This receivable has already been recorded.
- For questions regarding this invoice, email us at glo123@glo.texas.gov.

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

Detach and return with payment

Reconciliation Billing

BPX Operating Company

Billing Date: 9/8/2021

Billing Due Date: 10/8/2021

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
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Total Due		\$957.64	\$0.00	\$187.03	\$101.65	\$1,246.32
Amt. Paid						

Customer ID: C000046383
 Invoice Number:
 GLO Lease: MF113640
 GLO Review: BPX OPERATING COMPANY
 Review Period: 201909-202008

Category: Gas
 Auditor/AE: Acharito
 Billing Date: 9/1/2021
 P&I Calculation Date: 9/30/2021
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participa	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Roy	Number of Day	Interest Rate For	Penalty Rate From	Interest Rate From	Revenue Due
Sep-19	08-282003	(138)	1.00000000	1.458771	1.003900	(\$202.10)	(\$25.26)	\$0.00	(\$25.26)	685	6.50%	\$0.00	\$0.00	(\$25.26)
Oct-19	08-282003	(734)	1.00000000	1.117688	1.005300	(\$824.73)	(\$103.09)	\$0.00	(\$103.09)	655	6.50%	\$0.00	\$0.00	(\$103.09)
Nov-19	08-282003	8,374	1.00000000	0.720000	1.000000	\$6,029.28	\$753.66	\$0.00	\$753.66	624	5.75%	\$75.37	\$67.08	\$896.11
Dec-19	08-282003	(553)	1.00000000	1.309713	1.003157	(\$726.56)	(\$90.82)	\$0.00	(\$90.82)	593	5.75%	\$0.00	\$0.00	(\$90.82)
Jan-20	08-282003	8,147	1.00000000	0.290650	1.238616	\$2,932.95	\$366.62	\$0.00	\$366.62	564	5.75%	\$36.66	\$29.17	\$432.45
Feb-20	08-282003	472	1.00000000	0.460023	1.005344	\$218.29	\$27.29	\$0.00	\$27.29	533	5.75%	\$25.00	\$2.04	\$54.33
Mar-20	08-282003	277	1.00000000	0.405453	1.005000	\$112.87	\$14.11	\$0.00	\$14.11	503	5.75%	\$25.00	\$0.99	\$40.10
Jul-20	08-282003	281	1.00000000	1.332812	1.002300	\$375.38	\$46.92	\$0.00	\$46.92	380	5.75%	\$25.00	\$2.37	\$74.29
Aug-20	08-282003	(196)	1.00000000	1.289127	1.006600	(\$254.34)	(\$31.79)	\$0.00	(\$31.79)	350	5.75%	\$0.00	\$0.00	(\$31.79)
TOTALS		15,930				\$7,661.05	\$957.64	\$0.00	\$957.64			\$187.03	\$101.65	\$1,246.32

ATTN: Patty Burg
 E-MAIL: Patty.Burg@bpx.com

COMMENTS: SALES VOLUMES REPORTED TO THE GLO WERE COMPARED TO VOLUMES REPORTED TO THE RRC.
 IT HAS BEEN DETERMINED THAT THE SALES VOLUMES HAVE BEEN UNDER PAID.

COLUMN (3) RRC VOLUME - REPRESENTS UNDER REPORTED SALES VOLUMES TO THE GLO FROM RRC WELL ID# 08-282003 08-288268 08-288526 08-288599

COLUMN (5) PRICE - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE

COLUMN (6) BTU - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE

COLUMN (13)(14)(15) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:

<http://www.glo.texas.gov/energy-business/oil-gas/rrac/forms/penalty-interest-assessment-rules.pdf>

NOTE 1: PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS. THE PREFERRED METHOD OF PAYMENT IS BY CHECK
 ACCOMPANIED WITH THE BOTTOM HALF OF THE ATTACHED INVOICE. IF PAYMENT IS MADE THROUGH ACH DEBIT, SEND AN EMAIL TO account.services@glo.texas.gov
 NOTING YOUR COMPANY NAME, CUSTOMER ID, INVOICE NUMBER, REMITTANCE DATE AND AMOUNT OF PAYMENT.

22
File No. MF 113 640

Recon Billing County

Date Filed: 12/27/2021

George P. Bush, Commissioner
Fy 17



Texas General Land Office

Reconciliation Billing

George P. Bush, Commissioner

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

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

Billing Date: 9/8/2021
Billing Due Date: 10/8/2021
Customer Number: C000046383

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
22I00005	MF113640	\$1,581.13	\$0.00	\$233.01	\$132.92	\$1,947.06
Total Due		\$1,581.13	\$0.00	\$233.01	\$132.92	\$1,947.06

Penalty and interest have been calculated thru 9/30/2021. Payment remitted after 9/30/2021 will result in additional penalty and interest charges.

Charlton, Andrea M (512) 463-5190 or Andrea.Charlton@GLO.TEXAS.GOV

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Reconciliation Billing

BPX Operating Company

Billing Date: 9/8/2021

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Customer ID: C000046383
 Invoice Number:
 GLO Lease: MF113640
 GLO Review: BPX OPERATING COMPANY
 Review Period: 201909-202008

Category: Gas
 Auditor/AE: Acharlto
 Billing Date: 9/1/2021
 P&I Calculation Date: 9/30/2021
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participa	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Roy	Number of Day	Interest Rate For	Penalty Rate From	Interest Rate From	Revenue Due
Nov-19	08-281881	6,656	1.00000000	0.720000	1.000000	\$4,792.32	\$599.04	\$0.00	\$599.04	624	5.75%	\$59.90	\$53.32	\$712.26
Dec-19	08-281881	5,772	1.00000000	0.815100	1.243202	\$5,848.96	\$731.12	\$0.00	\$731.12	593	5.75%	\$73.11	\$61.50	\$865.73
Jan-20	08-281881	1,365	1.00000000	0.290650	1.238616	\$491.40	\$61.43	\$0.00	\$61.43	564	5.75%	\$25.00	\$4.89	\$91.32
Feb-20	08-281881	1,763	1.00000000	0.321859	1.242781	\$705.20	\$88.15	\$0.00	\$88.15	533	5.75%	\$25.00	\$6.58	\$119.73
Mar-20	08-281881	2,347	1.00000000	0.224275	1.248468	\$657.16	\$82.15	\$0.00	\$82.15	503	5.75%	\$25.00	\$5.75	\$112.90
Aug-20	08-281881	95	1.00000000	1.288500	1.257276	\$153.90	\$19.24	\$0.00	\$19.24	350	5.75%	\$25.00	\$0.88	\$45.12
TOTALS		17,998				\$12,648.95	\$1,581.13	\$0.00	\$1,581.13			\$233.01	\$132.92	\$1,947.06

ATTN: Patty Burg
 E-MAIL: Patty.Burg@bpx.com

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COLUMN (3) RRC VOLUME - REPRESENTS UNDER REPORTED SALES VOLUMES TO THE GLO FROM RRC WELL ID# 08-281881 08-289014 08-289015 08-289016

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23

File No. MF 113640

County

Recon Billing

Date Filed: 12/27/2021

George P. Bush, Commissioner

By

VD