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MF113658

State Lease	Control	Base File	County
MF113658	07-106473	143994	REEVES
MF113658	07-106507	91605	REEVES
MF113658	07-106561	144259	REEVES
MF113658	07-106589	144260	REEVES

Survey PUBLIC SCHOOL LAND

Block 71

Block Name

Township

Section/Tract 5, 10, 24, 25

Land Part

Part Description

Acres 1568

Depth Below Depth Above Depth Other

Name PETROHAWK PROPERTIES LP

Lease Date 9/30/2011

Primary Term 5 yrs

Bonus (\$) \$942,368.00

Rental (\$) \$0.00

Lease Royalty 0.1250

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2. Lease	9/30/11
3. Cover Letter, Bonus, and Fees	11/16/11
4. Final Letter	9/6/12
⑤ P-15	12/4/09

Scanned sm 2/20/13

6. Release of lease-eff. 7/24/14 10/18/14

Scanned sm 12/13/2019

RAL REVIEW SHEET

MF113658

Transaction # 7422

Geologist:

Lessor: John Clifton Caldwell et al

Lease Date: 9/16/2011

U: ☐

Lessee: Petrohawk Properties, LP

Gross Acres: 1939.92

Net Acres: 1939.92

LEASE DESCRIPTION

County	PIN#	Base File No	Part	Sec.	Block	Twp	Survey	Abst#
REEVES	07-111145	99122	E/2	10	57	07S	T & P RY CO	2700
REEVES	07-106473	143994	less 71-5	5	71	00	PUBLIC SCHOOL LAND	5025
REEVES	07-106507	91605	S/2	10	71	00	PUBLIC SCHOOL LAND	2110
REEVES	07-106561	144259	N/2, SE/	24	71	00	PUBLIC SCHOOL LAND	5028
REEVES	07-106589	144260	less 71-5	25	71	00	PUBLIC SCHOOL LAND	5029

TERMS OFFERED

Primary Term: 5 years

Bonus/Acre: \$1,200.00

Rental/Acre: \$1.00

Royalty: 1/4

TERMS RECOMMENDED

Primary Term: 5 years

Bonus/Acre: \$1,200.00

Rental/Acre: \$1.00

Royalty: 1/4

* Have Cert.
Need Money
?

COMPARISONS

MF #	Lessee	Date	Term	Bonus/Ac.	Rental/Ac.	Royalty	Distance
MF109899	EnCana Oil & Gas (USA), Inc.	7/25/2008	5 years	\$400.00	\$1.00	1/4	Last Lease
							Adjacent West

→ \$1261.00

Comments: Paid up 2nd & 3rd year rentals (\$1,202/ac). 4th yr rental of \$1,201.00 pays up the 5th year. 71-5 is the proration unit around the Caldwell State 71-5 # 1H well. Globase shows section 10, Block 57-7 under lease (MF087042).

Approved: m 9/19/11

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: 19-Sep-11

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

Applicant:	Petrohawk Properties, LP	County:	REEVES
Prim. Term:	5 years	Bonus/Acre	\$1,200.00
Royalty:	1/4	Rental/Acre	\$1.00

Consideration

Recommended: ML

Date: 9/19/11

Not Recommended: _____

Comments: Paid up 2nd & 3rd year rentals (\$1,202/ac). 4th yr rental of \$1,201.00 pays up the 5th year. 71-5 is the proration unit around the Caldwell State 71-5 # 1H well. Globase shows section 10, Block 57-7 under lease (MF087042)

Lease Form

Recommended: RZH

Date: 9/26/11

Not Recommended: _____

Comments: _____

Louis Renaud, Deputy Commissioner

Date: 10-4-11

Recommended: CLR

Not Recommended: _____

Bill Warnick, General Counsel

Date: 10/6/11

Recommended: WW

Not Recommended: _____

Larry Laine, Chief Clerk

Date: 10/6/11

Approved: LL

Not Approved: _____

Jerry Patterson, Commissioner

Date: 10/11/2011

Approved: Jerry E. Patterson

Not Approved: _____

By GH

MF 113658

General Land Office
Relinquishment Act Lease Form
Revised, September 1997

PAID-UP 2nd & 3rd yr, 4th yr \$1,568.00 per ac,
this is 5th yr
OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 30th day of September, 2011 between the State of Texas, acting by and through its agent, the undersigned Lessors, of P.O. Box 87, Abilene, TX 79604-0087, said agent herein referred to as the owner of the soils (whether one or more), and Petrohawk Properties, LP, a Texas Limited Partnership of 6100 S. Yale, 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:

Reeves County

Block 71:

Section 5 - All, less the portion that is encompassed by the Caldwell-State 71-5 Unit (API #389-32494)

Section 10 - S/2

Section 24 - N/2, SE/4, & N/2 of SW/4

Section 25 - All, less the portion that is encompassed by the Caldwell-State 71-5 Unit (API #389-32494)

Containing 1,568.00 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Nine Hundred Forty Two Thousand Three Hundred Sixty Eight & 00/100--Dollars
(\$942,368.00)

To the owner of the soil: Nine Hundred Forty Two Thousand Three Hundred Sixty Eight & 00/100--Dollars
(\$942,368.00)

Total bonus consideration: One Million Eight hundred Eighty Four Thousand Seven Hundred Thirty Six &
00/100--Dollars (\$1,884,736.00)

The total bonus consideration paid represents a bonus of One Thousand Two Hundred Two and No/100 -----
Dollars (\$1,202.00) per acre on 1,568.00 net acres.

2. TERM. Subject to the other provisions in this lease, this lease shall be for a term of Five (5) Years from this date (herein called primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land. As used in this lease, the term "produced in paying quantities" means that the receipts from the sale or other authorized commercial use of the substance(s) covered exceed out of pocket operational expenses for the six months last past. See Paragraph 16 of the Addendum, attached hereto, for the amended Delay Rental Provision. .

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

To the owner of the soil: see Paragraph 16 of the attached Addendum for amended Delay Rental Provision
Dollars (\$ _____)

To the State of Texas: see Paragraph 16 of the attached Addendum for amended Delay Rental Provision
Dollars (\$ _____)

Total Rental: see Paragraph 16 of the attached Addendum for amended Delay Rental Provision
Dollars (\$ _____)



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

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

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

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

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

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

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

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

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 accruing when the royalty is sixty (60) days overdue. Affidavits and supporting documents which are not filed when due shall incur a penalty in an amount set by the General Land Office administrative rule which is effective on the date when the affidavits or supporting documents were due. The Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law nor act to postpone the date on which royalties were originally due. The above penalty provisions shall not apply in cases of title dispute as to the State's portion of the royalty or to that portion of the royalty in dispute as to fair market value.

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

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



premises and shall transmit a true copy of the log of each survey on each well to the General Land Office within fifteen (15) days after the making of said survey.

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

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

12. DRILLING AND REWORKING AT EXPIRATION OF PRIMARY TERM. If, at the expiration of the primary term, neither oil nor gas is being produced on said land, but Lessee is then engaged in drilling or reworking operations thereon, this lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well 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. All drilling or reworking operations conducted off the leased premises that are intended to result in the completion of, or restoration of production from, a producing interval on the leased premises or lands pooled or unitized therewith shall be considered operations conducted on the leased premises for purposes of extending and/or maintaining this lease in effect under any other paragraph or provision hereof.

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. Any oil or gas well that has been drilled and cased and which is awaiting fracture-stimulation shall, for purposes of shut-in royalty only, be deemed capable of producing in paying quantities and 'shut-in' until



the expiration of one hundred eighty (180) days after the drilling rig is released from the drill site, and and the provisions of this Paragraph 3(f) for maintaining this lease through payment of shut-in royalty shall apply during said 180-day period, regardless of whether the well is an oil well or a gas well.

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 in an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period. 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 52.151-52.153, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction. 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 right-of-ways 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. (See Paragraphs 2 and 3 of the Addendum, attached hereto.)

(B) — **HORIZONTAL.** In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (hereinafter "deeper depths") in each well located on acreage retained in Paragraph 16(A) above, unless on or before two (2) years after the primary or extended term Lessee pays an amount equal to one-half (1/2) of the bonus originally paid as consideration for this lease (as specified on page 1 hereof). If such amount is paid, this lease shall be in force and effect as to such deeper depths, and said termination shall be delayed for an additional period of two (2) years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths covered by this lease. (See Paragraphs 2 and 3 of the Addendum, attached hereto.)

(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. (See Paragraphs 2 and 3 of the Addendum, attached hereto.)

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. (See Paragraph 13 of the Addendum, attached hereto.)~~

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

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

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

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



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

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

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

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

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

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

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

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

32. **FORFEITURE.** If Lessee shall fail or refuse to make the payment of any sum within thirty days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with



rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or if Lessee should refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if Lessee shall knowingly violate any of the material provisions of this lease, or if this lease is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under this lease shall be subject to forfeiture by the Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease under the terms of the Relinquishment Act. However, nothing herein shall be construed as waiving the automatic termination of this lease by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto.

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

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 52.151-52.153. 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. (See Paragraph 5 of the Addendum, attached hereto.)

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

36. ENVIRONMENTAL HAZARDS. Lessee shall use the highest degree of care and all reasonable safeguards to prevent contamination or pollution of any environmental medium, including soil, surface waters, groundwater, sediments, and surface or subsurface strata, ambient air or any other environmental medium in, on, or under the leased premises, by any waste, pollutant, or contaminant. Lessee shall not bring or permit to remain on the leased premises any asbestos containing materials, explosives, toxic materials, or substances regulated as hazardous wastes, hazardous materials, hazardous substances (as the term "Hazardous Substance" is defined in the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 U.S.C. Sections 9601, et seq.), or toxic substances under any federal, state, or local law or regulation ("Hazardous Materials"), except ordinary products commonly used in connection with oil and gas exploration and development operations and stored in the usual manner and quantities. **LESSEE'S VIOLATION OF THE FOREGOING PROHIBITION SHALL CONSTITUTE A MATERIAL BREACH AND DEFAULT HEREUNDER AND LESSEE SHALL INDEMNIFY, HOLD HARMLESS AND**



DEFEND THE STATE OF TEXAS AND THE OWNER OF THE SOIL FROM AND AGAINST ANY CLAIMS, DAMAGES, JUDGMENTS, PENALTIES, LIABILITIES, AND COSTS (INCLUDING REASONABLE ATTORNEYS' FEES AND COURT COSTS) CAUSED BY OR ARISING OUT OF (I) A VIOLATION OF THE FOREGOING PROHIBITION OR (II) THE PRESENCE, RELEASE, OR DISPOSAL OF ANY HAZARDOUS MATERIALS ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OR CONTROL OF THE LEASED PREMISES. LESSEE SHALL CLEAN UP, REMOVE, REMEDY AND REPAIR ANY SOIL OR GROUND WATER CONTAMINATION AND DAMAGE CAUSED BY THE PRESENCE OR RELEASE OF ANY HAZARDOUS MATERIALS IN, ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OF THE LEASED PREMISES IN CONFORMANCE WITH THE REQUIREMENTS OF APPLICABLE LAW. THIS INDEMNIFICATION AND ASSUMPTION SHALL APPLY, BUT IS NOT LIMITED TO, LIABILITY FOR RESPONSE ACTIONS UNDERTAKEN PURSUANT TO CERCLA OR ANY OTHER ENVIRONMENTAL LAW OR REGULATION. LESSEE SHALL IMMEDIATELY GIVE THE STATE OF TEXAS AND THE OWNER OF THE SOIL WRITTEN NOTICE OF ANY BREACH OR SUSPECTED BREACH OF THIS PARAGRAPH, UPON LEARNING OF THE PRESENCE OF ANY HAZARDOUS MATERIALS, OR UPON RECEIVING A NOTICE FROM ANY GOVERNMENTAL AGENCY PERTAINING TO HAZARDOUS MATERIALS WHICH MAY AFFECT THE LEASED PREMISES. THE OBLIGATIONS OF LESSEE HEREUNDER SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION, FOR ANY REASON, OF THIS AGREEMENT.

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

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

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

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

D.R. Deffenbaugh
Vice President – Mid-Continent Land
DATE: _____

STATE OF OKLAHOMA

COUNTY OF TULSA

On this _____ day of _____, 2011, before me, the undersigned Notary Public in and for the State of Oklahoma, personally appeared **D. R. Deffenbaugh**, to me personally known, who being by me duly sworn did say that he is the Vice President-Mid-Continent Land of P-H Energy, LLC, General Partner of Petrohawk Properties, LP, a Texas limited partnership, and that the instrument was signed on behalf of the Partnership and that he acknowledged the instrument to be the free act and deed of said Partnership.

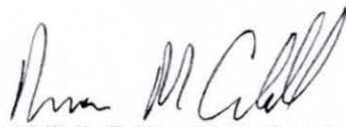
Notary Public in and for the State of Oklahoma
My Commission Expires: _____



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

LESSOR:

STATE OF TEXAS

By: 

ANDREW M. CALDWELL,
individually and as Agent for the State
of Texas

STATE OF TENNESSEE §
§
COUNTY OF Davidson §

BEFORE ME, the undersigned authority, on this day personally appeared **ANDREW M. CALDWELL, individually and as Agent for the State of Texas**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed. Given under my hand and seal of office this 12 day of September, 2011.



My Commission Expires 3/10/2012



Notary Public, State of Tennessee

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copy of
Original filed in
Reeves County
Clerks Office

LESSOR:

STATE OF TEXAS

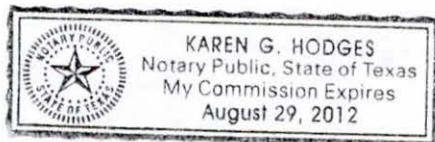
By: *Clifton M Caldwell II*

CLIFTON M. CALDWELL II, individually
and as Agent for the State of Texas

STATE OF TEXAS §

COUNTY OF *Sterling* §

BEFORE ME, the undersigned authority, on this day personally appeared CLIFTON M. CALDWELL II, individually and as Agent for the State of Texas, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed. Given under my hand and seal of office this *14th* day of September, 2011.



Karen G. Hodges
Notary Public, State of Texas

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

LESSOR:

STATE OF TEXAS

By:

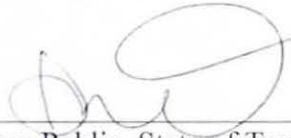
GEOFFREY CLINE, individually and as
Agent for the State of Texas

STATE OF TEXAS §

COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared **GEOFFREY CLINE, individually and as Agent for the State of Texas**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed. Given under my hand and seal of office this 15th day of September, 2011.




Notary Public, State of Texas

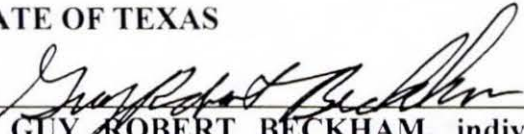
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True and Correct
copy of
Original filed in
Reeves County
Clerks Office

LESSOR:

STATE OF TEXAS

By: 
GUY ROBERT BECKHAM, individually
and as Agent for the State of Texas

STATE OF TEXAS §
 §
COUNTY OF TAYLOR §

BEFORE ME, the undersigned authority, on this day personally appeared **GUY ROBERT BECKHAM, individually and as Agent for the State of Texas**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed. Given under my hand and seal of office this 26th day of September, 2011.




Notary Public, State of Texas

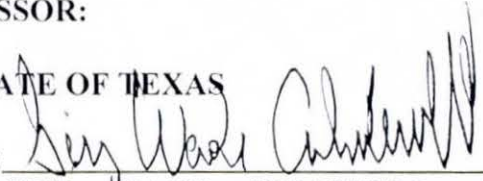
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True and Correct
copy of
Original filed in
Reeves County
Clerks Office

LESSOR:

STATE OF TEXAS

By: 

GUY WADE CALDWELL aka GUY CALDWELL aka WADE CALDWELL, individually and for MARILYN ANN CALDWELL, THOMAS ALLEN CALDWELL aka TOM CALDWELL, HOWARD RAY CALDWELL aka RAY CALDWELL, and JOHN RALPH CALDWELL aka JOHN CALDWELL, individually and as Agent for the State of Texas

STATE OF TEXAS

§

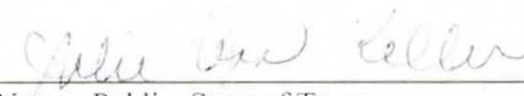
COUNTY OF Bexar

§

§

BEFORE ME, the undersigned authority, on this day personally appeared GUY WADE CALDWELL aka GUY CALDWELL aka WADE CALDWELL, individually and for MARILYN ANN CALDWELL, THOMAS ALLEN CALDWELL aka TOM CALDWELL, HOWARD RAY CALDWELL aka RAY CALDWELL, and JOHN RALPH CALDWELL aka JOHN CALDWELL, individually and as Agent for the State of Texas, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed. Given under my hand and seal of office this 9th day of September, 2011.




Notary Public, State of Texas

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

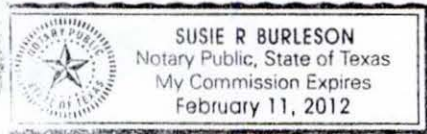
LESSOR:

STATE OF TEXAS

By: Henry Lee Caldwell
HENRY LEE CALDWELL aka LEE
CALDWELL, individually and as Agent for
the State of Texas

STATE OF TEXAS §
 §
COUNTY OF TAYLOR §

BEFORE ME, the undersigned authority, on this day personally appeared **HENRY LEE CALDWELL aka LEE CALDWELL, individually and as Agent for the State of Texas**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed. Given under my hand and seal of office this 19th day of September, 2011.



Susie R Burleson
Notary Public, State of Texas

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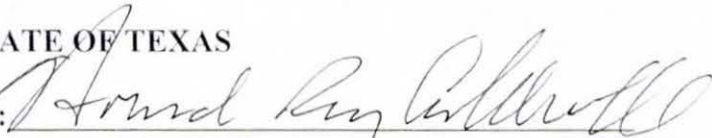


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LESSOR:

STATE OF TEXAS

By:


HOWARD RAY CALDWELL aka RAY
CALDWELL, individually and as Agent for
the State of Texas

STATE OF TEXAS

COUNTY OF

Taylor

§
§
§

BEFORE ME, the undersigned authority, on this day personally appeared **HOWARD RAY CALDWELL aka RAY CALDWELL, individually and as Agent for the State of Texas**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed. Given under my hand and seal of office this 14th day of September, 2011.




Notary Public, State of Texas

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LESSOR:

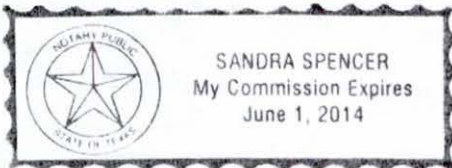
STATE OF TEXAS

By: James Robert Beckham

JAMES ROBERT BECKHAM aka ROB
BECKHAM, individually and as Agent for
the State of Texas

STATE OF TEXAS §
 §
COUNTY OF TAYLOR §

BEFORE ME, the undersigned authority, on this day personally appeared **JAMES ROBERT BECKHAM aka ROB BECKHAM, individually and as Agent for the State of Texas**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed. Given under my hand and seal of office this 19th day of September, 2011.



Sandra Spencer
Notary Public, State of Texas

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LESSOR:

STATE OF TEXAS

By: Jeannette Cline Black
JEANNETTE CLINE BLACK aka
JEANNETTE CLINE, individually and as
Agent for the State of Texas

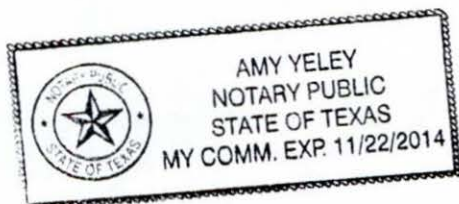
STATE OF TEXAS

§

§

COUNTY OF NACOGDOCHES §

BEFORE ME, the undersigned authority, on this day personally appeared JEANNETTE CLINE BLACK aka JEANNETTE CLINE, individually and as Agent for the State of Texas, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed. Given under my hand and seal of office this 12 day of September, 2011.



Amy Yeley
Notary Public, State of Texas

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Clerks Office

LESSOR:

STATE OF TEXAS

By: John Beckham

JOHN BECKHAM, individually and for
NANCY CAPRA aka NANCY BECKHAM
CAPRA and ROB BECKHAM aka JAMES
ROBERT BECKHAM aka ROB
BECKHAM, individually and as Agent for
the State of Texas

STATE OF TEXAS

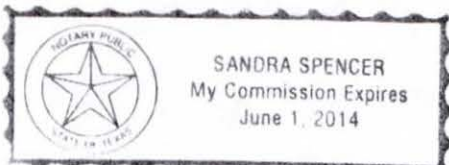
§

§

COUNTY OF TAYLOR

§

BEFORE ME, the undersigned authority, on this day personally appeared **JOHN BECKHAM, individually and for NANCY CAPRA aka NANCY BECKHAM CAPRA and ROB BECKHAM aka JAMES ROBERT BECKHAM aka ROB BECKHAM, individually and as Agent for the State of Texas**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated. Given under my hand and seal of office this 20th day of September, 2011.



Sandra Spencer
Notary Public, State of Texas

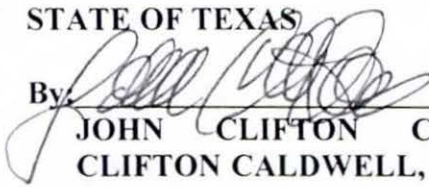
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LESSOR:

STATE OF TEXAS

By: 

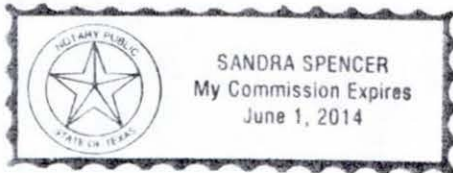

JOHN CLIFTON CALDWELL aka
CLIFTON CALDWELL, individually and as
Agent for the State of Texas

STATE OF TEXAS

COUNTY OF Taylor

§
§
§

BEFORE ME, the undersigned authority, on this day personally appeared **JOHN CLIFTON CALDWELL aka CLIFTON CALDWELL, individually and as Agent for the State of Texas**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed. Given under my hand and seal of office this 20th day of September, 2011.




Notary Public, State of Texas

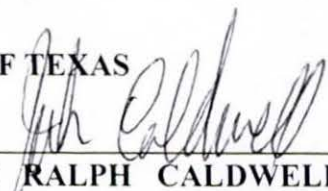
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LESSOR:

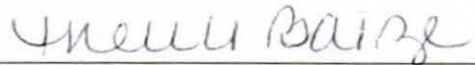
STATE OF TEXAS

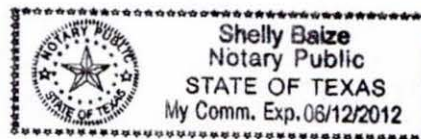
By: 

JOHN RALPH CALDWELL aka JOHN CALDWELL, individually and as Agent for the State of Texas

STATE OF TEXAS §
 §
COUNTY OF SHACKELFORD§

BEFORE ME, the undersigned authority, on this day personally appeared **JOHN RALPH CALDWELL aka JOHN CALDWELL, individually and as Agent for the State of Texas**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed. Given under my hand and seal of office this 20TH day of September, 2011.


Notary Public, State of Texas



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Clerks Office

LESSOR:

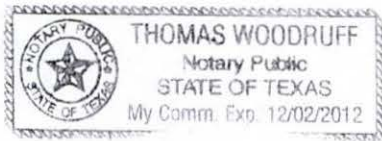
STATE OF TEXAS

By: Karen Beckham Spence

**KAREN BECKHAM SPENCE aka
MILDRED KAREN BECKHAM
FULLINGHAM aka KAREN
BECKHAM, individually and as
Agent for the State of Texas**

STATE OF TEXAS §
 §
COUNTY OF JOHNSON §

BEFORE ME, the undersigned authority, on this day personally appeared **KAREN BECKHAM SPENCE aka MILDRED KAREN BECKHAM FULLINGHAM aka KAREN BECKHAM, individually and as Agent for the State of Texas**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed. Given under my hand and seal of office this 12 day of September, 2011.



Thomas Woodruff
Notary Public, State of Texas

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LESSOR:

STATE OF TEXAS

By: Lynn Beckham Marderosian
LYNN BECKHAM MARDEROSIAN aka
LYNN BECKHAM aka LYNN
MARDEROSIAN, individually and as Agent
for the State of Texas

STATE OF TEXAS §
§
COUNTY OF TAYLOR §

BEFORE ME, the undersigned authority, on this day personally appeared **LYNN BECKHAM MARDEROSIAN aka LYNN BECKHAM aka LYNN MARDEROSIAN, individually and as Agent for the State of Texas**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed and in the capacity therein stated. Given under my hand and seal of office this 29th day of September, 2011.



Sandra Spencer
Notary Public, State of Texas

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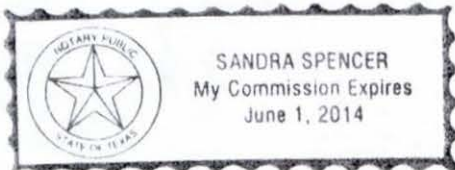
LESSOR:

STATE OF TEXAS

By: John Beckham
JOHN BECKHAM, Trustee for the LYNN
MARDEROSIAN TRUST, individually and
as Agent for the State of Texas

STATE OF TEXAS §
 §
COUNTY OF TAYLOR §

BEFORE ME, the undersigned authority, on this day personally appeared JOHN BECKHAM, as Trustee of the **LYNN MARDEROSIAN TRUST, individually and as Agent for the State of Texas**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed. Given under my hand and seal of office this 25th day of September, 2011.



Sandra Spencer
Notary Public, State of Texas

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Reeves County
Clerks Office

LESSOR:

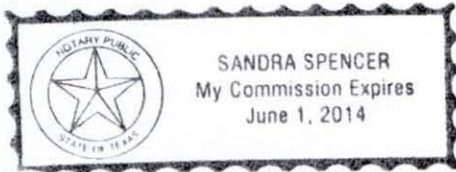
STATE OF TEXAS

By: Marilyn Ann Caldwell
MARILYN ANN CALDWELL, individually
and as Agent for the State of Texas

STATE OF TEXAS §

COUNTY OF Taylor §

BEFORE ME, the undersigned authority, on this day personally appeared **MARILYN ANN CALDWELL, individually and as Agent for the State of Texas**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed. Given under my hand and seal of office this 29th day of September, 2011.



Sandra Spencer
Notary Public, State of Texas

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Original filed in
Reeves County
Clerks Office

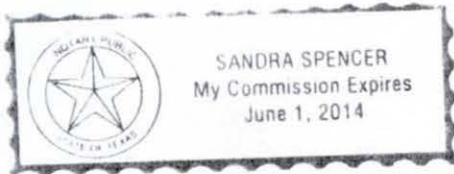
LESSOR:

STATE OF TEXAS

By: Molly C. Cline
MOLLY C. CLINE aka MOLLY
CALDWELL CLINE aka MOLLY BELLE
CALDWELL, individually and as Agent for
the State of Texas

STATE OF TEXAS §
COUNTY OF TAYLOR §

BEFORE ME, the undersigned authority, on this day personally appeared MOLLY C. CLINE aka MOLLY CALDWELL CLINE aka MOLLY BELLE CALDWELL, individually and as Agent for the State of Texas, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed. Given under my hand and seal of office this 15th day of September, 2011.



Sandra Spencer
Notary Public, State of Texas

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Clerks Office

LESSOR:

STATE OF TEXAS

BY: Nancy Capra

NANCY CAPRA aka NANCY BECKHAM
CAPRA, individually and as Agent for the
State of Texas

STATE OF TEXAS

§

COUNTY OF TAYLOR

§

BEFORE ME, the undersigned authority, on this day personally appeared NANCY
CAPRA aka NANCY BECKHAM CAPRA, individually and as Agent for the State of
Texas, known to me to be the person whose name is subscribed to the foregoing instrument, and
acknowledged to me that she executed the same for the purposes and consideration therein
expressed. Given under my hand and seal of office this 9th day of September
2011.



Sandra Spencer
Notary Public, State of Texas

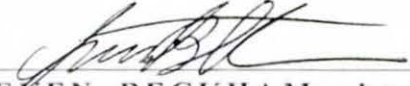
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Reeves County
Clerks Office

LESSOR:

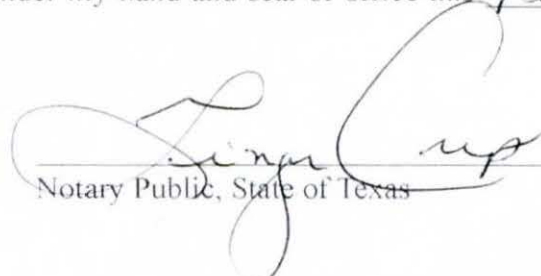
STATE OF TEXAS

By: 
STEVEN BECKHAM aka STEVEN
CALDWELL BECKHAM, individually and
as Agent for the State of Texas

STATE OF TEXAS §
 §
COUNTY OF RANDALL §

BEFORE ME, the undersigned authority, on this day personally appeared STEVEN BECKHAM aka STEVEN CALDWELL BECKHAM, individually and as Agent for the State of Texas, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed. Given under my hand and seal of office this 12th day of September, 2011.




Notary Public, State of Texas

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copy of
Original filed in
Reeves County
Clerks Office

LESSOR:

STATE OF TEXAS

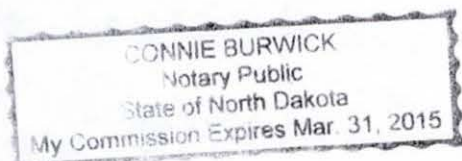
By: Tom Caldwell

THOMAS ALLEN CALDWELL aka TOM CALDWELL, individually and as Agent for the State of Texas

STATE OF NORTH DAKOTA §

COUNTY OF Adams §

BEFORE ME, the undersigned authority, on this day personally appeared **THOMAS ALLEN CALDWELL aka TOM CALDWELL, individually and as Agent for the State of Texas**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed. Given under my hand and seal of office this 12th day of September, 2011.



Dianne Burwick
Notary Public, State of North Dakota

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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

Public Hearing Case 3 dated Sept 30, 2011

filed for record in my office this 5th day of Oct-2011 at

4:54 P M, under Clerk's File No. 7155, to be recorded in the

Official Public

Records of Reeves County, Texas.

this 5th day of October, 2011.

By Dianne O. Florez Deputy, Dianne O. Florez COUNTY CLERK

REEVES COUNTY, TEXAS



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

OIL AND GAS LEASE

Corrected Lease Form: Includes Lessee Signature to accompany original lease recorded in File #7155, Official Public Records, Reeves County, Texas

THIS AGREEMENT is made and entered into this 30th day of September, 2011 between the State of Texas, acting by and through its agent, the undersigned Lessors, of P.O. Box 87, Abilene, TX 79604-0087, said agent herein referred to as the owner of the soils (whether one or more), and Petrohawk Properties, LP, a Texas Limited Partnership of 6100 S. Yale, 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:

Reeves County

Block 71:

Section 5 – All, less the portion that is encompassed by the Caldwell-State 71-5 Unit (API #389-32494)

Section 10 – S/2

Section 24 – N/2, SE/4, & N/2 of SW/4

Section 25 – All, less the portion that is encompassed by the Caldwell-State 71-5 Unit (API #389-32494)

Containing 1,568.00 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Nine Hundred Forty Two Thousand Three Hundred Sixty Eight & 00/100--Dollars
(\$942,368.00)

To the owner of the soil: Nine Hundred Forty Two Thousand Three Hundred Sixty Eight & 00/100--Dollars
(\$942,368.00)

Total bonus consideration: One Million Eight hundred Eighty Four Thousand Seven Hundred Thirty Six &
00/100--Dollars (\$1,884,736.00)

The total bonus consideration paid represents a bonus of One Thousand Two Hundred Two and No/100 -----
Dollars (\$1,202.00) per acre on 1,568.00 net acres.

2. TERM. Subject to the other provisions in this lease, this lease shall be for a term of Five (5) Years from this date (herein called primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land. As used in this lease, the term "produced in paying quantities" means that the receipts from the sale or other authorized commercial use of the substance(s) covered exceed out of pocket operational expenses for the six months last past. See Paragraph 16 of the Addendum, attached hereto, for the amended Delay Rental Provision. .

3. DELAY RENTALS. If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the Bank, at _____

_____, or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:

To the owner of the soil: see Paragraph 16 of the attached Addendum for amended Delay Rental Provision
Dollars (\$ _____)

To the State of Texas: see Paragraph 16 of the attached Addendum for amended Delay Rental Provision
Dollars (\$ _____)

Total Rental: see Paragraph 16 of the attached Addendum for amended Delay Rental Provision
Dollars (\$ _____)



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

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

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

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

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

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

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

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 accruing when the royalty is sixty (60) days overdue. Affidavits and supporting documents which are not filed when due shall incur a penalty in an amount set by the General Land Office administrative rule which is effective on the date when the affidavits or supporting documents were due. The Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law nor act to postpone the date on which royalties were originally due. The above penalty provisions shall not apply in cases of title dispute as to the State's portion of the royalty or to that portion of the royalty in dispute as to fair market value.

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

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



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(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 well 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. All drilling or reworking operations conducted off the leased premises that are intended to result in the completion of, or restoration of production from, a producing interval on the leased premises or lands pooled or unitized therewith shall be considered operations conducted on the leased premises for purposes of extending and/or maintaining this lease in effect under any other paragraph or provision hereof.

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. Any oil or gas well that has been drilled and cased and which is awaiting fracture-stimulation shall, for purposes of shut-in royalty only, be deemed capable of producing in paying quantities and 'shut-in' until the expiration of one hundred eighty (180) days after the drilling rig is released from the drill site, and and the provisions of this



Paragraph 3(f) for maintaining this lease through payment of shut-in royalty shall apply during said 180-day period, regardless of whether the well is an oil well or a gas well.

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 in an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period. 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 52.151-52.153, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction. 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 right-of-ways 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. (See Paragraphs 2 and 3 of the Addendum, attached hereto.)

(B) — **HORIZONTAL.** In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (hereinafter "deeper depths") in each well located on acreage retained in Paragraph 16(A) above, unless on or before two (2) years after the primary or extended term Lessee pays an amount equal to one-half (1/2) of the bonus originally paid as consideration for this lease (as specified on page 1 hereof). If such amount is paid, this lease shall be in force and effect as to such deeper depths, and said termination shall be delayed for an additional period of two (2) years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths covered by this lease. (See Paragraphs 2 and 3 of the Addendum, attached hereto.)

(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. (See Paragraphs 2 and 3 of the Addendum, attached hereto.)

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. (See Paragraph 13 of the Addendum, attached hereto.)~~

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.



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

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

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

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

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

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

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

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

32. **FORFEITURE.** If Lessee shall fail or refuse to make the payment of any sum within thirty days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with



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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 I, Chapter 9 of the Texas Business and Commerce Code. Lessee agrees that the Commissioner may require Lessee to execute and record such instruments as may be reasonably necessary to acknowledge, attach or perfect this lien. Lessee hereby represents that there are no prior or superior liens arising from and relating to Lessee's activities upon the above-described property or from Lessee's acquisition of this lease. Should the Commissioner at any time determine that this representation is not true, then the Commissioner may declare this lease forfeited as provided herein.

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 52.151-52.153. 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. (See Paragraph 5 of the Addendum, attached hereto.)

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

36. ENVIRONMENTAL HAZARDS. Lessee shall use the highest degree of care and all reasonable safeguards to prevent contamination or pollution of any environmental medium, including soil, surface waters, groundwater, sediments, and surface or subsurface strata, ambient air or any other environmental medium in, on, or under the leased premises, by any waste, pollutant, or contaminant. Lessee shall not bring or permit to remain on the leased premises any asbestos containing materials, explosives, toxic materials, or substances regulated as hazardous wastes, hazardous materials, hazardous substances (as the term "Hazardous Substance" is defined in the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 U.S.C. Sections 9601, et seq.), or toxic substances under any federal, state, or local law or regulation ("Hazardous Materials"), except ordinary products commonly used in connection with oil and gas exploration and development operations and stored in the usual manner and quantities. **LESSEE'S VIOLATION OF THE FOREGOING PROHIBITION SHALL CONSTITUTE A MATERIAL BREACH AND DEFAULT HEREUNDER AND LESSEE SHALL INDEMNIFY, HOLD HARMLESS AND**



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

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 (I) A VIOLATION OF THE FOREGOING PROHIBITION OR (II) 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.

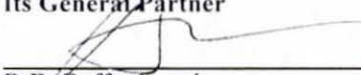
37. APPLICABLE LAW. This lease is issued under the provisions of Texas Natural Resources Code 52.171 through 52.190, commonly known as the Relinquishment Act, and other applicable statutes and amendments thereto, and if any provision in this lease does not conform to these statutes, the statutes will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

THIS LEASE IS HEREBY EXECUTED AS A CORRECTION TO THAT CERTAIN OIL AND GAS LEASE DATED SEPTEMBER 30, 2011, EXECUTED BY ANDREW M. CALDWELL, INDIVIDUALLY AND AS AGENT FOR THE STATE OF TEXAS, ET AL, IN FAVOR OF PETROHAWK PROPERTIES, L.P., RECORDED ON OCTOBER 5, 2011 UNDER FILE NUMBER 7155 IN THE OFFICIAL PUBLIC RECORDS OF REEVES COUNTY, TEXAS. WHEREAS SAID LEASE WAS NOT SIGNED BY LESSEE.

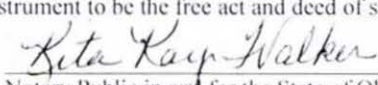
LESSEE:
PETROHAWK PROPERTIES, LP
By: P-H Energy, LLC,
Its General Partner


D. R. Deffenbaugh
Vice President - Mid-Continent Land
DATE: 10-20-11

STATE OF OKLAHOMA

COUNTY OF TULSA

On this 20th day of October, 2011, before me, the undersigned Notary Public in and for the State of Oklahoma, personally appeared D. R. Deffenbaugh, to me personally known, who being by me duly sworn did say that he is the Vice President-Mid-Continent Land of P-H Energy, LLC, General Partner of Petrohawk Properties, L.P., a Texas limited partnership, and that the instrument was signed on behalf of the Partnership and that he acknowledged the instrument to be the free act and deed of said Partnership.


Rita Kay Walker
Notary Public in and for the State of Oklahoma
My Commission Expires: _____



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

ADDENDUM
to Oil and Gas Lease
dated September 30, 2011, by and between
The State of Texas, acting by and through its
agent, John Clifton Caldwell, et al., and
Petrohawk Properties, LP

1. It is distinctly agreed that the owner of the soil does not warrant the title or quiet possession of said land, or oil or gas, or any part thereof, to Lessee against the claim of any person or persons claiming, or attempting to claim the same, or any part thereof, adversely to the owner of the soil or Lessee, and the owner of the soil shall in no event be liable to Lessee because of any lack or failure of title in the owner of the soil to same.

2. Subject to Paragraph 3 of this Addendum, after the expiration of the primary term or the continuous development program set forth in said Paragraph 3 of this Addendum, whichever is latter, this lease shall terminate as to all parts of the land covered by this lease which are not then included in a Producing Unit (as hereinafter defined), and shall be permanently released from the provisions of this lease. A "Producing Unit" shall mean the following:

- (a) Producing Unit for a Vertical Well. The Producing Unit shall for each vertical well then producing oil or gas consist of not more than the number of surface acres of contiguous land around each such well as set forth below:
 - i. Forty (40) acres for a vertical oil well
 - ii. One-hundred sixty (160) acres for a vertical gas well producing from a depth between the surface and down to and including the base of the Delaware Formation; and,
 - iii. Three-hundred twenty (320) acres for vertical gas well producing from a subsurface depth below the Delaware Formation.
- (b) The Producing Unit for a Horizontal Well. The Producing Unit for a Horizontal Well, as hereinafter defined, shall be 320 acres. For purposes hereof, a "Horizontal Well" shall mean a wellbore drilled by Lessee having a horizontal lateral leg measuring at least 2,500 feet in length from the penetration point into the objective producing formation to the terminus of such wellbore. In the event Lessee encounters impenetrable substances or technical difficulties beyond the reasonable control of Lessee, which make it impractical in Lessee's opinion for Lessee to extend the horizontal lateral leg of such wellbore to at least 2,500 feet, but such horizontal lateral measures more than 1,500 feet, Lessee may classify such well as a Horizontal Well upon receiving written consent from the owner of the soil of such classification, which consent shall not be unreasonably withheld. Any wellbore that does not meet the requirements set forth in this paragraph shall be considered a vertical well, subject to the acreage limitations for vertical wells, set forth above.

For either oil or gas wells, a Producing Unit shall be limited to those depths from the surface down to 300 feet below the deepest producing perforations in such Producing Unit. In the event Lessee requests the pooling of a portion of the Lands and the owner of the soil consents to such pooling, as required in Paragraph 5 below, such pooled unit shall conform to the shape, depth, size and boundary limitations of a Producing Unit as set forth in this Paragraph 2, unless otherwise approved by the School Land Board.

Within thirty (30) days after the expiration of the primary term of this lease, or the end of the continuous development program set forth in Paragraph 3 of this Addendum, which ever is the latter, Lessee must file with the County Clerk in the County where the land is located, an instrument in writing which releases the lease as to all lands and depths except for the lands and depths included in a Producing Unit, as set forth above. Lessee shall furnish the owner of the soil with a copy of said instrument (s), no later than thirty (30) days after recordation.

3. Subject to paragraph 17 of this Addendum, rights granted under this lease shall be extended beyond the primary term provided herein, if, and only if, (a), Lessee has obtained production in commercial paying quantities, prior to the expiration of said primary term, or (b), if Lessee is then engaged in actual drilling operations on the leased premises or lands pooled or unitized therewith, at the end of the primary term in which case Lessee, his successors and assigns may complete any such well, as a producer or a dry hole, or (c), if Lessee has completed a well as a producer or as a dry hole within sixty (60) days prior to the expiration of the primary term.



The continued validity of such rights as to undrilled acreage shall be extended beyond the primary term if Lessee undertakes a continuous drilling program and shall be expressly conditioned upon the timely commencement of operations for drilling at least one additional well upon the acreage not then included within a Producing Unit, within 180 days commencing at the end of the primary term provided herein and allowing not more than 180 days to elapse between the Completion (as hereinafter defined) of one well and the Commencement of Operations (as hereinafter defined) of the succeeding well. For purposes of this lease, "Commencement of Operations" is defined as a rig capable of drilling to the permitted depth actually positioned on the location, drill bit in the ground and turning to the right. For purposes of this lease, "Completion" is defined as 60 days after release of the drilling rig from the well location. Effective at the end of the first such 180-day period during which no Commencement of Operations for an additional well shall have been commenced and completed (either for production or as a dry hole) at a depth not shallower than a depth necessary to test potential commercial producing zones on the leased premises, all rights granted to Lessee hereunder shall cease and terminate except as to each well then producing which had previously been drilled hereunder by Lessee, its successors or assigns and the Producing Unit allocated to each such well, in accordance with provisions contained in Paragraph 2 above. After a partial termination of this lease as herein provided, each Producing Unit retained under the provisions hereof shall be deemed to be covered by a separate lease having the terms and provisions hereof (except as to the land description) to the end that this lease shall be continued in force as to each Producing Unit only so long as there is production in commercial paying quantities or drilling or reworking operations are prosecuted thereon as provided elsewhere herein. Nevertheless, Lessee shall have the right to exercise the easements above granted across the lands described in Paragraph 1 of the lease for the benefit of any said Producing Unit, and this right shall survive the partial termination of this lease as to any area covered hereby in order that such easements may be used for the benefit of any Producing Unit, as to which this lease remains in force.

4. Lessee agrees to furnish the owner of the soil, at no cost or expense to the owner of the soil, the following material promptly as it is prepared for or by Lessee or as it becomes available to Lessee:

- a. Copies of any title opinions and survey information relating to the land covered by this lease;
- b. Copies of all forms, reports, and applications filed with the Railroad Commission of the State of Texas, or any other governmental agency, in connection with operations under this lease;
- c. All drilling (including daily drilling reports), testing, logging, completing and plugging data and information;
- d. Owner of the soil or its representative(s) may review in the office of Lessee or its assigns all seismic data including but not limited to any enhanced data and interpretations thereof, cross sections, backline prints and seismic tapes.

Any reliance placed by the owner of the soil on any such information furnished by Lessee in good faith shall be entirely at the owner of the soil's risk. Furthermore, any of the foregoing material that is confidential to Lessee, and is so marked when delivered to the owner of the soil, shall be kept confidential by the owner of the soil and not disclosed except to the owner of the soil's professional and/or technical advisors or consultants during the primary term of this Lease to which such confidential material pertains. However, any and all information or data which is available at the Texas Railroad Commission, geological log libraries, or other agencies or businesses shall not be considered confidential and proprietary property of Lessee even if it is so marked by Lessee.

5. Lessee shall have no right to pool or unitize the interest of the owner of the soil in the premises covered by this lease, or any portion thereof, without the prior written consent of the owner of the soil. Lessee must substantiate a just cause to pool or unitize the premises covered by this lease, or any portion thereof, in order to develop or operate said premises in a prudent and diligent manner. When and if such consent is granted by the owner of the soil, the unit formed by such pooling for an oil well shall not exceed the size of a Producing Unit as established in Paragraph 2 of this Addendum.

If this Lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result from the inclusion of such separate tracts within this Lease. As used in this paragraph, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

6. Upon expiration or termination of this lease for any reason as to all or any portion of the land herein described, Lessee shall be obligated at its expense promptly to prepare, execute and file in the public records in the county in which such land or portion thereof is located an appropriate release instrument covering all or such portion of said land, and to forward a copy of same as so recorded to the owner of the soil within sixty (60) days of the expiration or partial expiration of this lease.



7. Unless specified otherwise herein, any information to be furnished hereunder, any notice required or permitted hereunder shall be made to the parties at the addresses given below:

To the owner of the soil –

LEE CALDWELL
2225 South Danville, Suite 3
Abilene, Texas 79605
E-Mail: lcaldwell@bitstreet.com
Tel: (325) 698-1443

JOHN L. BECKHAM
P. O. Box 87
Abilene, Texas 79604
E-Mail: JLBeckham@sbcglobal.net
Tel: (325) 673-1393

To Lessee –

PETROHAWK PROPERTIES, LP
6100 South Yale, Suite 500
Tulsa, Oklahoma 74136
ATTN: D. R. Deffenbaugh
E-Mail: rdeffenbaugh@petrohawk.com
Tel: (918) 488-8283

Any party may change its address by notifying the other party or parties in writing. Furthermore, the undersigned owners of the soil do hereby appoint Lee Caldwell and/or John Beckham as their agents and attorneys-in-fact for the purpose of making any elections or giving consents hereunder, including, but not limited to the authority to consent or not consent to any request to pool or unitize any lands covered hereby.

8. Upon abandonment of any well, Lessee agrees to return the well site to the same condition as now found insofar as is reasonably practicable.

9. As a part of the consideration for the execution of this lease, the Lessee herein agrees for itself, its successors, assigns and legal representatives, that it will, at its sole cost and expense, and at no cost to the owner of the soil, during the term of this lease and as long thereafter as any operations or production is accomplished by Lessee or its successors, assigns or legal representatives, on any part of the ranch owned by the owner of the soil (of which the land covered by this lease is a part) to (1) improve and maintain, as all-weather roads, any presently existing roads on such property used by Lessee, and (2) where necessary, construct and maintain good all-weather roads over which automobiles may travel with ease, leading from the entrance to such properties to the location of any producing well. Upon request of the owner of the soil, Lessee agrees to install heavy duty cattle guards on any roads utilized by Lessee where such roads intersect the owner of the soil's fences or gates.

10. Lessee agrees to pay the following to compensate for damage to the surface of the leased premises:

a. Well Location Damages:

i. Five-thousand dollars (\$5,000.00) for less than 4,000 feet permit depth (up to 1.5 acre pad) (up to a 256' x 256' pad or equivalent);

To the State of Texas:	\$2,500.00
To the owner of the soil:	\$2,500.00

ii. Eight-thousand dollars (\$8,000.00) for 4,000 feet to 7,999 feet permit depth (up to 2.0 acre pad) (up to a 295' x 295' pad or equivalent);

To the State of Texas:	\$4,000.00
To the owner of the soil:	\$4,000.00



- iii. Thirteen-thousand dollars (\$13,000.00) for 8,000 feet to 13,000 feet permit depth (up to 3.0 acre pad) (up to a 361' x 361' pad or equivalent);

To the State of Texas:	\$6,500.00
To the owner of the soil:	\$6,500.00

- iv. Sixteen-thousand dollars (\$16,000.00) for greater than 13,000 feet permit depth (up to 3.5 acre pad) (up to a 390' x 390' pad or equivalent).

To the State of Texas:	\$8,000.00
To the owner of the soil:	\$8,000.00

The above-described Well Location Damages reflect the current University Lands – West Texas Operations Rate and Damage Schedule that are in effect as of the effective date of this lease. The Well Location Damages set forth above shall be revised periodically as and when the University Lands – West Texas Operations Rate and Damage Schedule for well locations is revised and published by the University of Texas system.

- b. Two-thousand dollars (\$2,000.00) for each tank battery location not located on a drill site location;

To the State of Texas:	\$1,000.00
To the owner of the soil:	\$1,000.00

- c. Twenty-five dollars (\$25.00) per rod for new roads constructed by Lessee on the leased premises;

To the State of Texas:	\$12.50 per rod
To the owner of the soil:	\$12.50 per rod

- d. Twenty-five dollars (\$25.00) per rod for new pipelines laid or buried on the land;

To the State of Texas:	\$12.50 per rod
To the owner of the soil:	\$12.50 per rod

11. Lessee shall bury any portion or portions of all pipelines and flow lines when requested to do so by the owner of the soil. Notwithstanding the above, all pipelines and flow lines shall be buried to a safe depth at all road crossings. Furthermore, Lessee shall, as soon as reasonably practical after construction is completed, remediate and restore the surface on and around all trenches, ditches or excavations for pipelines, flow lines or electric lines to the reasonable satisfaction of the owner of the soil.

12. Lessee agrees to consult with surface owner regarding the placement of all roads, pipelines, power lines, telephone lines and tank batteries and to locate all such items and other structures which it has a right to locate upon said land under the provision of this lease at such as to reduce the interference with the surface use of said lands for farming and for ranching purposes insofar as it is reasonably practical to do so and in such a manner as to reduce the risk of soil erosion insofar as it is reasonably practical.

13. In connection with Lessee's exploration, drilling and development operations, including the drilling, completion and fracing operations on any well drilled hereunder, Lessee shall not utilize any water from the owner of the soil's tanks, ponds or water wells without a prior written agreement with the owner of the soil for such use. However, Lessee may utilize water produced from water wells drilled and operated by Lessee upon the leased premises for operations on the leased premises. Lessee shall compensate the State of Texas and owner of the soil, in equal shares, for water utilized in connection with its operations on the leased premises as follows:

- a. Seven-thousand five-hundred dollars (\$7,500.00) for each oil or gas well drilled by Lessee to compensate Lessor for all water used in connection with the drilling and completion of such well (excluding fracing operations); plus,
- b. Fifteen cents (15¢) per barrel (42 gallon) for all other water utilized by Lessee in connection with its exploration and development operations, including fracing operations.



It is provided, however, that any damages paid for water under Paragraph 13, excluding water produced from a well drilled by Lessee, shall be paid entirely to the owner of the soil.

Lessee agrees after cessation of its use of any water well drilled by Lessee on said lands, and prior to plugging or removing the casing therefrom, to tender such water well or wells to the owner of the soil, and if the owner of the soil shall elect to accept same, such water well shall be and become the property of the owner of the soil; provided, however, that Lessee shall have the right to use such well or wells at any time during the continuance of this lease in connection with any of Lessee's operations on said lands, and provided further, that the owner of the soil will thenceforth assume all risks and obligations attendant to the owner of the soil's ownership and use of said water well or wells. Upon written request, Lessee shall provide to the owner of the soil copies of all logs and other information available on said water well or wells.

14. For the convenience and ease of Lessee, any payments to the owner of the soil, pursuant to Paragraphs 10 and 13 of this Addendum, may be made to either Lee Caldwell or John Beckham for the credit of all the owners of the soil. The owners of the soil do hereby designate Lee Caldwell and John Beckham as agents to receive any such payments.

15. If all or any part of this Lease is assigned by Lessee, Lessee shall furnish to the owner of the soil a copy of the recorded Assignment within thirty (30) days after such Assignment has been recorded. No assignment by Lessee of this Lease or any portion thereof or interest therein shall be effective until Lessee has furnished the owner of the soil with a copy of the Assignment, as recorded in Reeves County, Texas.

16. The consideration given for this Lease, totaling \$1,884,736.00 (which equates to \$1,202.00 per acre for each of the 1,568.00 acres covered by this Lease), consists of a bonus payment in the total amount of \$1,881,600.00 and prepaid delay rentals in the total amount of \$3,136.00 (which equates to \$1.00 per acre for each of the 1568.00 acres covered by this Lease) for each of the one-year periods commencing on the 1st and 2nd anniversary dates of this Lease, respectively.

If Lessee desires to exercise its rights under Paragraph 3 of this Addendum to maintain this Lease in force beyond the first three (3) years of the primary term, then on or before the 3rd anniversary date of this Lease, Lessee shall pay or tender a delay rental to the owner of the soil, or its successors, and to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, in the following amounts:

To the owner of the soil:	\$1,223,824.00
To the State of Texas:	<u>\$1,223,824.00</u>
Total Rental:	\$2,447,648.00

The total rental amount of \$2,447,648.00 equates to \$1,561.00 per acre for each of the 1,568.00 acres covered by this Lease, and consists of a rental payment in the amount of \$2,446,080.00 (which equates to \$1,560.00 per acre for each of the 1,568.00 acres covered by this Lease) for the one-year period commencing on the 3rd anniversary of this Lease, and a prepaid delay rental in the total amount of \$1,568.00 (which equates to \$1 per acre for each of the 1,568.00 acres covered by this Lease) for the one-year period commencing on the 4th anniversary date of this Lease.

This Lease shall therefore be deemed "paid-up" for the first three (3) years of the primary term and, if the delay rental amount prescribed for the one-year period commencing on the 3rd anniversary date of this Lease is timely and properly paid in accordance herewith, this Lease shall also be deemed "paid-up" for the final two (2) years of the primary term."

17. Notwithstanding anything to the contrary contained in this Lease or Addendum, if lessee establishes production from the leased premises during the first three years of the primary term hereof, this lease shall nevertheless terminate on the third anniversary date of the lease as to all lands not included in a Producing Unit unless on or before the third anniversary date of this lease, lessee, at lessee's sole option, either (1) pays or tenders the delay rentals for the fourth and fifth years of this lease as contemplated under paragraph 16 of this addendum, or (2) lessee covenants to commence the continuous drilling obligations set forth in paragraph 3 of this addendum on the same schedule as if the primary term had ended on the third anniversary date of this lease. If lessee elects to covenant to commence the continuous drilling obligations during the fourth and fifth year of the primary term of this lease, said election shall be made by delivering written notice thereof to the owner of the soil, and the first well under said continuous drilling obligation shall be commenced within 180 days after the third anniversary date of this lease.



18. THIS LEASE IS GRANTED WITH A LIMITED WARRANTY OF TITLE, and Lessee shall have full recourse against the Owners of the Soil in the event of any failure of title to all or a portion of the leased premises in so far and only insofar as this lease granted herein may be found to be defective and subject to an existing active lease covering all or portion of the lands described herein, and in the event of such failure of title the lease bonus or any of the consideration paid hereafter, or any delay rentals or shut-in payments made hereunder shall be refunded to Lessee. Lessee shall have the right to purchase, pay or redeem any mortgage, tax or other lien on the Leased Premises and be subrogated to the rights of the holder thereof. Lessee at its option may discharge any tax lien upon Owners of the Soil's interest in the Leased Premises (unless such tax lien is being contested in good faith by Owners of the Soil by appropriate proceedings instituted for such purpose) and, in the event Lessee does so, Lessee shall have the right to apply royalties hereunder to reimburse such payment after notice thereof to Owners of the Soil.

**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 30, 2011 filed for record in my office this 28th day of Oct, 2011 at 1:31 P.M., under Clerk's File No. 7788, to be recorded in the

Records of Reeves County, Texas.

I DO CERTIFY WHICH Witness my hand and official seal at Pecos, Texas this 28th day of October, 2011

By 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. 113658

Lease

Date Filed: 9/30/11

Jerry E. Patterson, Commissioner

By GH

33. 2.33

PETROHAWK ENERGY CORPORATION

1000 LOUISIANA STREET, SUITE 5600 • HOUSTON, TX 77002 832-204-2787

CHECK NO.

156396

REFERENCE	INVOICE DATE	INVOICE NO.	INVOICE AMT.	PRIOR PAYMENT	DISCOUNT	AMOUNT PAID
1111-AP-649	11/09/11	CKREQ-TEXAS .GENERAL.LA ND.OFFICE-1 1/09/11D OGML Bonus (BC-RO-MC-1008-B)	942368.00	0.00		X 942368.00 121
			12703436			
			MF113658 (P)			
VENDOR				CHECK DATE	TOTAL	
26956 TEXAS GENERAL LAND OFFICE				11/10/11	942,368.00	





121

R & O ENERGY LLC 02-06
3003 KNIGHT ST. STE. 220 318-861-4110
SHREVEPORT, LA 71105

CAPITAL ONE BANK
Capital One, N.A.

12702898

7884
84-487/1111

10/31/11

PAY TO THE ORDER OF Texas General Land Office

~~\$~~ 25.00

Twenty-five And 00/100 Dollars***

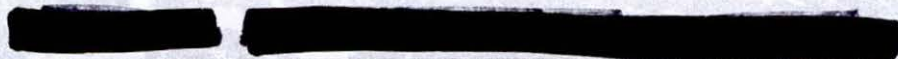
DOLLARS

Texas General Land Office
1700 N. Congress Ave., Ste 600
Austin, TX 78701-1495

MEMO

AUTHORIZED SIGNATURE

MP



Drew Reid - Re: FW: New Lease in Reeves County

From: Drew Reid
To: Reesby, M. Patrick
Subject: Re: FW: New Lease in Reeves County

I did not get Glen's email, so thanks for getting this to me - Drew

>>> "M. Patrick Reesby" <Patrick@ROEnergy.com> 8/30/2011 1:45 PM >>>

Hi Drew,

Glen sent this to you yesterday and was worried it did not get through. Please let me know if you received this email from him.

Thanks

M. Patrick Reesby, CPL

Patrick@ROEnergy.com

Office:(318)861-4110

Fax: (318)861-4119

Cell:(225)229-3379

WWW.ROENERGY.COM

From: Thomas Calhoun [mailto:glencalhoun903@gmail.com]

Sent: Friday, August 19, 2011 12:46 PM

To: 'Drew.Reid@GLO.STATE.TX.US'

Cc: 'M. Patrick Reesby'

Subject: New Lease in Reeves County

Mr. Reid,

We are interested in leasing the following Mineral Classified Sections in Reeves County:

County	Mineral Owner	BLK	Town	Sec	Legal Description	Bonus Per Acre	GLO Classification	GLO Confirmed Acreage
Reeves	Beckham/Caldwell family	71		5	All less the acreage encompassed by the Caldwell State 71-5 Unit	\$1,200.00	Mineral Classified	387.89
Reeves	Beckham/Caldwell family	71		10	S/2	\$1,200.00	Mineral Classified	320.00
Reeves	Beckham/Caldwell family	71		24	N/2, SE/4, & N/2 of SW/4	\$1,200.00	Mineral Classified	560.00
Reeves	Beckham/Caldwell family	71		25	All less the acreage encompassed by the Caldwell State 71-5 Unit	\$1,200.00	Mineral Classified	322.53
Reeves	Beckham/Caldwell family	57	7	10	E/2	\$1,200.00	Mineral Classified	349.5

I attached the lease form and addendum for your review. I also highlighted the changes that were made to the lease form since it was last approved by the GLO for the Beckham/Caldwell Family's other property in Reeves County described below:

Block 71, Public School Land Survey

Section 3: N/2

Section 6: All

Section 9: N/2

Section 34: All Of Section 34, Block 71 Less And Except The 35 Acres Lying South And East Of The T & P Railway Right Of Way.

Section 34: 35 Acres In the SE/4 Lying South And East Of The T & P Rail Way Right Of Way

Section 35: All

Section 47: All

Block C-8, Public School Land Survey

Section 4: E/2 - Abstract No. 2772, containing 320.00 acres, less and except 9.532 acres encompassed by Interstate 20, containing 310.468 acres in the aggregate. Said 9.532 acres being more fully described in that certain Deed executed on 6/26/1967, in favor of The State of Texas, acting by and through the State Highway Commission, and recorded in Volume 270, Page 252 of the Official Records of Reeves County, Texas.

Please let me know if the terms are acceptable to the General Land Office.

Thank you,

Glen Calhoun
Petroleum Landman
glen@roenergy.com
(318) 861-4110 Office
(903) 539-5883 Cell

Confidentiality Notice: *The information contained in this document is highly confidential and may be subject to legally enforceable privileges. Unless you are an addressee, or associated with an addressee for delivery purposes, you may violate these privileges and subject yourself to liability if you do anything with this document or the information it contains other than deleting it or returning this document to us at once. Do not disclose the contents of this document to any other person, nor make any copies. Violation of this notice maybe unlawful.*

Drew Reid - FW: GLO Lease Correction

From: "M. Patrick Reesby" <Patrick@ROEnergy.com>
To: "Drew Reid" <Drew.Reid@GLO.STATE.TX.US>
Date: 10/25/2011 5:29 PM
Subject: FW: GLO Lease Correction
CC: <glen@roenergy.com>
Attachments: GLO Lease - Beckham-Caldwell.pdf

Drew,

Hi, Glen had sent you the below email yesterday. I know some of his emails to you have been rejected in the past, just wanted to make sure you received this.
 Thanks

M. Patrick Reesby, CPL

Patrick@ROEnergy.com
 Office: (318) 861-4110
 Fax: (318) 861-4119
 Cell: (225) 229-3379
WWW.ROENERGY.COM

From: Thomas Calhoun [mailto:glencalhoun903@gmail.com]
Sent: Monday, October 24, 2011 6:17 PM
To: 'Drew Reid'
Cc: 'patrick reesby'
Subject: GLO Lease Correction

Mr. Reid,

Please see the attached corrected Relinquishment Act Lease covering the following described property in Reeves County, Texas:

County	Mineral Owner	BLK	Town	Sec	Legal Description	Bonus Per Acre	GLO Classification	GLO Confirmed Acreage
Reeves	Beckham/Caldwell family	71		5	All less the acreage encompassed by the Caldwell State 71-5 Unit	\$1,200.00	Mineral Classified	387.89
Reeves	Beckham/Caldwell family	71		10	S/2	\$1,200.00	Mineral Classified	320.00
Reeves	Beckham/Caldwell family	71		24	N/2, SE/4, & N/2 of SW/4	\$1,200.00	Mineral Classified	560.00
Reeves	Beckham/Caldwell family	71		25	All less the acreage encompassed by the Caldwell State 71-5 Unit	\$1,200.00	Mineral Classified	322.53

This lease was corrected because it was erroneously filed without the lessee's signature. Do you see a problem with us recording it with only the lessee's signature since it contains the correction language at the top, or can we possibly attach a certified copy of the lease executed by the lessors to the back for it to be valid, or do we need everyone's signature on the actual document itself?

Side note - If we actually need everyone's signature on the corrected lease itself, do they need to be originals, or will certified copies of the signature pages from the lease that the lessors originally signed attached to the back of the corrected lease suffice?

Let me know when you get a chance.

Thank you,

Glen Calhoun
Petroleum Landman
glen@roenergy.com
 (318) 861-4110 Office
 (903) 539-5883 Cell

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3

File No. 113658

Cover Letter + Bonus + Fees

Date Filed: _____

Jerry E. Patterson, Commissioner

By GH

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

September 6, 2012

Micah Strother
Petrohawk Properties
333 Texas, Suite 400
Shreveport, LA 71101

Re: **State Lease MF 113658**

RAL Lease dated September 30, 2011 recorded File 7788,
covering 1568 ac. Sec. 5, 10, 24, 25, Blk. 71, PSL Survey,
Reeves County, TX, Andrew M. Caldwell, et al, agent for State of
Texas, Lessor

Dear Mr. Strother:

The certified copy of the Relinquishment Act lease covering the above referenced tract has been approved and filed in our records under Mineral File numbers **MF-113658**. **Please refer to this lease number when making payments to the State and in all future correspondence concerning the lease. Failure to include the mineral file number may delay processing of any payments towards the lease.**

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

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

Your remittance of **\$942,368.00** has been applied to the State's portion of the cash bonus. In addition, we are in receipt of the filing fee. However, we are not in receipt of the \$100 processing fee which we request you send as soon as possible.

Sincerely yours,

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

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

4

File No. 113658

Final Letter

Date Filed: 9/6/12

Jerry E. Patterson, Commissioner

By Gti

P dist. 08
JUL 24 6598

389-32494

STATEMENT OF PRODUCTIVITY OF ACREAGE
ASSIGNED TO PRORATION UNITS

Form P-15
(5-5-71)
DBC0697

The undersigned states that he is authorized to make this statement; that he has knowledge

of the facts concerning the CHESAPEAKE OPERATING INC OPERATOR

CALDWELL STATE 71-5 LEASE, No. 1H WELL; that such well is
completed in the TOYAH, NW (SHALE) Field, REEVES County,

Texas and that the acreage claimed, and assigned to such well for proration purposes as

authorized by special rule and as shown on the attached certified plat embraces

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

- CERTIFICATE -

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

Date 12/14/2009

Signature

Andrus Melott

Telephone

AREA CODE

(405) 935-8323

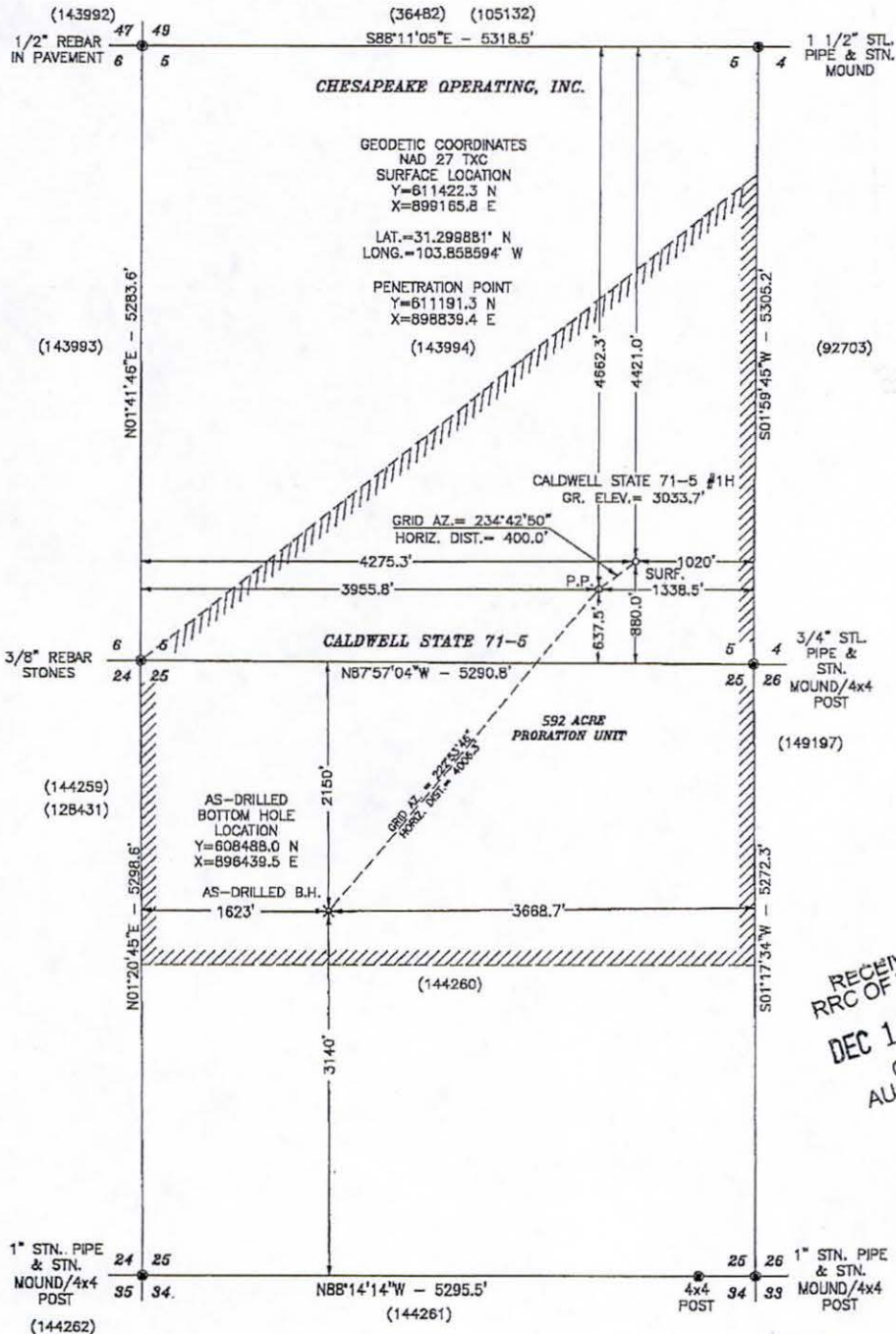
Title

REG. COMP. SPECIALIST

EDL 4180
A = 560
32
592

RECEIVED
RRC OF TEXAS
DEC 15 2009
O&G
AUSTIN TX

SECTION 5, BLOCK 71, PUBLIC SCHOOL LAND SURVEY REEVES COUNTY TEXAS.



NOTES:

1. THIS LOCATION IS APPROXIMATELY 4 MILES WEST OF TOYAH, TEXAS.
2. SEE DOCUMENTS FILE FOR RECORD IN THIS OFFICE WHICH DESCRIBES THE RECONSTRUCTION OF THIS SECTION.
3. BEARINGS SHOWN HEREON ARE LAMBERT GRID AND CONFORM TO THE "TEXAS COORDINATE SYSTEM" TEXAS CENTRAL ZONE, NORTH AMERICAN DATUM 1983. DISTANCES ARE SURFACE VALUES.
4. BOTTOM HOLE & PENETRATION POINT LOCATIONS PLOTTED FROM INFORMATION PROVIDED BY CHESAPEAKE OPERATING, INC.
5. AS-DRILLED BOTTOM HOLE PLOTTED FROM DATA FURNISHED BY PROFESSIONAL DIRECTIONAL LTD.

LEGEND

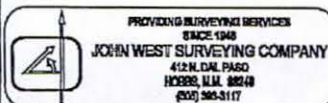
- O DENOTES PROPOSED WELL LOCATION
- ⊗ DENOTES FOUND MONUMENT AS NOTED
- (39880) DENOTES GENERAL LAND OFFICE FILE NUMBER
- ////// DENOTES PRORATION UNIT
- X DENOTES AS-DRILLED BOTTOM HOLE LOCATION

1000 0 1000 2000 FEET
Scale: 1"=1000'

CHESAPEAKE OPERATING, INC.

REVISE THE CALDWELL STATE 71-5 #1H
LOCATED 880 FEET FROM THE SOUTH LINE
AND 1020 FEET FROM THE EAST LINE OF
SECTION 5, BLOCK 71, PUBLIC SCHOOL LAND SURVEY
REEVES COUNTY, TEXAS.

Survey Date: 9/17/07	Sheet 1 of 1 Sheets
W.O. Number: 09.13.0821	Drawn By: DSR
Date: 09/16/09	RE.W.O.: 08130329 1" = 1000'



RONALD J. EDSON, TEXAS R.P.L.S. No. 1883

5

File No. 113658

P-15

12/9/09

Date Filed: ~~12/10/09~~ ~~12/11/09~~ ~~12/12/09~~

Jerry E. Patterson, Commissioner

By _____

14-08253
FILED FOR RECORD
REEVES COUNTY, TEXAS
Sep 09, 2014 at 04:33:09 PM

Prepared by and after recording please return to:
BHP BILLITON PETROLEUM
1360 Post Oak Boulevard, Suite 150
Houston, TX 77056-3030
Attn: Griffin McDonald

V
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RELEASE OF OIL AND GAS LEASE

STATE OF TEXAS)
COUNTY OF REEVES)

KNOW ALL MEN BY THESE PRESENTS:

P
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WHEREAS, The State of Texas, acting by and through its agent, the undersigned Lessors (Andrew M. Caldwell Et. Al.), whose address is PO Box 87, Abilene, TX 79604-0087, herein called ("Lessor"), and Petrohawk Properties, LP, "Lessee", made and entered into that certain Oil and Gas Lease, under MF113658, dated effective September 30, 2011, covering and affecting 1,568.00 acres, more or less, in Block 71, all of sections 5 and 25, less the portion that is encompassed by the Caldwell-State 71-5 Unit (API #389-32494), the S/2 of section 10, and the N/2, SE/4 & N/2 of SW/4 of section 24, which Lease is recorded as instrument no. 7155 of the Official Public Records of Reeves County, Texas (the "Lease"); and

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WHEREAS, BHP Billiton Petroleum Properties (N.A.), LP formerly known as PETROHAWK PROPERTIES, LP, whose current address is 1360 Post Oak Blvd., Suite #150, Houston, Texas, 77056-3030, succeeded to all rights, title and interest of Lessee under the Lease; and,

WHEREAS, BHP Billiton Petroleum Properties (N.A.), LP, desires to release the Lease of record.

NOW, THEREFORE, for and in consideration of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, Lessee does hereby release, relinquish and surrender all right, title and interest in the Lease to Lessor, its successors and assigns.

IN WITNESS WHEREOF, this instrument is executed on the date of acknowledgment, but is effective as of July 24, 2014.



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

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

By: Stephen L. Mahanay 3DL
Attorney-In-Fact

V
O
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ACKNOWLEDGEMENT

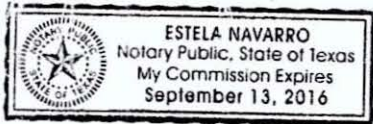
STATE OF TEXAS)
COUNTY OF HARRIS)

P
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This instrument was acknowledged before me on this the 3 day of September, 2014, by Stephen L. Mahanay, as Attorney-in-Fact of BHP Billiton Petroleum Properties (N.A.), LP, formerly known as Petrohawk Properties, LP. By: BHP Billiton Petroleum Properties (GP), LLC, Its General Partner, a Texas limited liability company, on behalf of said limited partnership.

0
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Witness my hand and official seal:



Estela Navarro
Notary Public in and for the State of Texas

Printed Name: Estela Navarro

(SEAL)

RECORDS
AFTER RECORDING RETURN TO:
John L. Beckham
Attorney at Law
P. O. Box 87
Abilene, Texas 79604

Inst No. 14-08250
DIANNE O. FLOREZ
COUNTY CLERK
2014 Sep 09 at 01:33 PM
HARRIS COUNTY, TEXAS
By: [Signature] DEPUTY



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

Release of Lease 7-24-14
433 p. ~~28th~~ 14-08253 ~~January~~ September
Official Public Record

Records of Reeves County, Texas
TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas
this 28th day of January, 2015

By [Signature], Deputy.

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

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

AMEGY BANK N.A.
P.O. BOX 27459
HOUSTON, TEXAS 77227-7450

35-1058/1131
89

15707453 16044

02/03/15

PAY TO THE ORDER OF COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE

\$ 175.00

One Hundred Seventy-five and 00 /100

DOLLARS

MEMO

LEASE FILING OBLIGATION - RELEASES

VOID IF NOT CASHED WITHIN SIX MONTHS OF ISSUE
NON TRANSFERABLE
OWNER CALL CENTER 1-877-311-1443

Stacy R. Howell-Ortega
AUTHORIZED SIGNATURE

⑈016044⑈

PETROHAWK ENERGY CORPORATION

16044

MF113658 - \$25.00 ✓
MF112679 J,K PL = 3x \$25.00 = \$75.00
MF112945 - \$25.00
MF113641 - \$25.00
MF113528 - \$25.00

126

X 175.00

15707453

PETROHAWK ENERGY CORPORATION

16044

(6)

File No. MF 113658

RELEASE OF OEG LEASE -

EFF 7/24/2014

Date Filed: 11/18/14

Jerry Patterson, Commissioner

By SSD