



CAUTION

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Archives and Records Staff

MF113876

A - DRR held to 12/1/2020
B
#7024

State Lease
MF113876

Control
07-109318

Base File
152835

County
REEVES

Survey

T & P RY CO

Block

57

Block Name

Township

3-S

Section/Tract

2

Land Part

NW/4

Part Description

NW4

Acres

160

Depth Below

Depth Above

Depth Other

0

10,173'

Name

PETROHAWK PROPERTIES LP

Lease Date

12/1/2011

Primary Term

5 yrs

Bonus (\$)

\$120,000.00

Rental (\$)

\$0.00

Lease Royalty

.1250

Leasing: de

Analyst: de

Maps: X

GIS: MC

DocuShare:

CONTENTS OF FILE NO. MF 113876

1. RAL Review Sheet	4/27/11	15. DRR payment - Lease A	1/3/19
2. Lease A	4/5/12	scanned	PJ 1-10-2019
3. Cover Letter, Bonus, and Fees	2/9/12	16. 18 mo. extension of offset obligation Agreement	3/27/19
4. Final Letter	12/3/12	scanned	PJ 4-4-2019
5. Surface Use Agreement	3/22/12	17. DRR Form Lease A	9/28/20
Scanned sm	2/11/13	scanned	PJ 10-12-2020
6. Ltr, bonus, fee (B)	02/12/13	18. Letter accepting DRR Form	6/11/21
7. Lease B	06/13/13	scanned	JR 6/18/2021
Scanned sm	7/12/13	19. Surface Damages	10/25/23
See # 9 in M-112780 For the State Projects 57-TZ-47x26:1 #7024		scanned sm	10/26/2023
8. Rentals - Lease A 4th & 5th yr.	11/20/2014	20. Surface Damages	12/6/23
scanned	PJ 1-12-15	Scanned sm	12/07/2023
9. PERMIT 389-34751	1-15-15	21. Partial Release (Depths) over offset	
10. Partial Assign #9572		scanned	PJ 6-7-2024
Petrohawk to Sovereign	4-20-16	22. Partial Release Request - Depths	8-23-24
11. Filing Fee	5-4-16	scanned	WM 8/26/2024
scanned	PJ 6-8-16	See MF 112780 #27, Division Order	
12. Reconciliation Billing	6/13/16	scanned	WM 13-24-2025
scanned	PJ 7-20-16	23. Recorded Partial Release of	
13. Division Order	8/3/16	Depths MF 113876A	7-7-25
scanned	PJ 9-2-16	24. Recorded Partial Release of	
(See MF 040133 #80, Assign #9886)		Depths MF 113876B	7-7-25
Petrohawk to Sovereign		scanned sm	07/08/2025
(See MF 040133 #81, Assign #9887)			
Sovereign to Permian			
scanned	PJ 12-2-16		
14. Recon Billing	6/29/17		
scanned	PJ 7-7-2017		

RAL REVIEW SHEET

Transaction # 7263
 Lessor: Robert Regan
 Brennand Lazy H Ranch, Ltd.

Geologist: R. Widmayer

Lease Date: 4/21/2011 ☐

Lessee: Petrohawk Properties, LP
 & Emergen Reg. 7

Gross Acres: 960

Net Acres: 320

LEASE DESCRIPTION

County	PN#	Base File No	Part	Sec.	Block	Twp	Survey	Abst#
REEVES	07-108989	92590	ALL	36	57	02S	T & P RY CO	2358
REEVES	07-109336	151528	SW1/4, NE1/4	2	57	03S	T & P RY CO	5760
ll	07-109318	152835	NW1/4	2	57	3	To Pay co	5900

80 Not
1609

TERMS OFFERED

Primary Term: 3 years
 Bonus/Acre: \$2,650.00
 Rental/Acre: \$1.00
 Royalty: 1/4

TERMS RECOMMENDED

Primary Term: ~~3 years~~ 5 yr
 Bonus/Acre: ~~\$2,650.00~~ \$3000.00
 Rental/Acre: \$1.00
 Royalty: 1/4

COMPARISONS

MF #	Lessee	Date	Term	Bonus/Ac.	Rental/Ac.	Royalty	Distance
MF106882	Anadarko Petroleum Corporation	6/13/2006	5 years	\$400.00	\$1.00	1/4	Last Lease
Pending	Petrohawk Properties	2-24-11	5 Yrs	\$1500.00	\$1.00	1/4	4 Miles South

Comments: Paid rentals.

Approved: 11 4/27/11

4 yr Rental \$3000.00

RELINQUISHMENT ACT LEASE APPLICATION

Texas General Land Office

Jerry Patterson, Commissioner

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

DATE: 27-Apr-11

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

Applicant:	Petrohawk Properties, LP	County:	REEVES
Prim. Term:	3 years	Bonus/Acre	\$2,650.00
Royalty:	1/4	Rental/Acre	\$1.00

Consideration

Recommended: TH

Date: 4/27/11

Not Recommended: _____

Comments: Paid rentals.

Lease Form

Recommended: RLH

Date: 5/03/11

Not Recommended: _____

Comments:

Louis Renaud, Deputy Commissioner

Date: 5-16-11

Recommended: ELR

Not Recommended: _____

Bill Warnick, General Counsel

Date: 5/17/11

Recommended: WFW

Not Recommended: _____

Larry Laine, Chief Clerk

Date: 5/17/11

Approved: [Signature]

Not Approved: _____

Jerry Patterson, Commissioner

Date: 5/19/11

Approved: Jerry E. Patterson

Not Approved: _____

①

File No. 113876

RAL Sheet

Date Filed: 4/27/11

Jerry E. Patterson, Commissioner

Git

MF 113876A

12-01400
FILED FOR RECORD
REEVES COUNTY, TEXAS
Feb 20, 2012 at 10:37:00 AM

ELS-0073

The State of Texas



Austin, Texas

OIL AND GAS LEASE

*Paid up 2nd & 3rd yr.
4th yr \$3000.00 per ac
Pays up 5th yr*

THIS AGREEMENT is made and entered into this 1st day of December, 2011, between the State of Texas, acting by and through its agent, Roberta Regan Testamentary Trust; Bank of America, N.A., Trustee

of P.O. Box 830308; Dallas, TX 75283-0308

(Give Permanent Address)

said agent herein referred to as the owner of the soil (whether one or more), and Petrohawk Properties, LP

of 6100 South Yale Avenue, Suite 500; Tulsa, Oklahoma 74136-1925 hereinafter called Lessee.

(Give Permanent Address)

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

Texas & Pacific Railway Company Survey
NW/4 Section 2, Block 57, Township 3 South, A-5900

("Leasehold Estate")

containing 160.000 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: One Hundred and Twenty Thousand Dollars and no/cents

Dollars (\$120,000.00)

To the owner of the soil: One Hundred and Twenty Thousand Dollars and no/cents

Dollars (\$120,000.00)

Total bonus consideration: Two Hundred Forty Thousand Dollars and no/cents

Dollars (\$240,000.00)

The total bonus consideration paid represents a bonus of Three Thousand Dollars and no/cents _____
(\$3,000.00) per acre, on 80.000 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.



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

Bank, at P.O. Box 830308; Dallas, TX 75283-0308, or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:

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

REFER TO ADDENDUM PARAGRAPH 43 HEREOF. THIS IS A PAID-UP LEASE WITH RESPECT TO YEARS TWO (2) AND THREE (3) BUT NOT WITH RESPECT TO YEARS FOUR (4) AND FIVE (5).

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

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

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

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



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

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

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

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

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

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

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

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



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

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

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

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

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

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

(A) VERTICAL. In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 14 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Texas Natural Resources Code 52.151-52.154, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor



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agency, or other governmental authority having jurisdiction. If at any time after the effective date of the partial termination provisions hereof, the applicable field rules are changed or the well or wells located thereon are reclassified so that less acreage is thereafter allocated to said well or wells for production purposes, this lease shall thereupon terminate as to all acreage not thereafter allocated to said well or wells for production purposes. Notwithstanding the termination of this lease as to a portion of the lands covered hereby, Lessee shall nevertheless continue to have the right of ingress to and egress from the lands still subject to this lease for all purposes described in Paragraph 1 hereof, together with easements and rights-of-way for existing roads, existing pipelines and other existing facilities on, over and across all the lands described in Paragraph 1 hereof ("the retained lands"), for access to and from the retained lands and for the gathering or transportation of oil, gas and other minerals produced from the retained lands.

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

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

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

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

19. **WARRANTY CLAUSE.** ~~The owner of the soil warrants and agrees to defend title to the leased premises. If the owner of the soil defaults in payments owed on the leased premises, then Lessee may redeem the rights of the owner of the soil in the leased premises by paying any mortgage, taxes or other liens on the leased premises. If Lessee makes payments on behalf of the owner of the soil under this paragraph, Lessee may recover the cost of these payments from the rental and royalties due the owner of the soil.~~ The Owner of the Soil binds itself and its heirs, executors, administrators, successors and assigns to warrant and forever defend all and singular the Leasehold Estate to Lessee and Lessee's heirs, executors, administrators, successors, and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof, when the claim is by, through, or under Owner of the Soil, but not otherwise.

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



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from wells or tanks of the owner of the soil; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for waterflood operations without the prior consent of the owner of the soil.

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

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

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

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

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

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

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

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

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

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

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



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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 Owner of the Soil may suffer by reason of Lessee's breach of any covenant or condition of this lease, whether express or implied. This lien and security interest may be foreclosed with or without court proceedings in the manner provided in the Title 1, Chap. 9 of the Texas Business and Commerce Code. Lessee agrees that the Commissioner may require Lessee to execute and record such instruments as may be reasonably necessary to acknowledge, attach or perfect this lien. Lessee hereby represents that there are no prior or superior liens arising from and relating to Lessee's activities upon the above-described property or from Lessee's acquisition of this lease. Should the Commissioner at any time determine that this representation is not true, then the Commissioner may declare this lease forfeited as provided herein.

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

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

36. ENVIRONMENTAL HAZARDS. Lessee shall use the highest degree of care and all reasonable safeguards to prevent contamination or pollution of any environmental medium, including soil, surface waters, groundwater, sediments, and surface or subsurface strata, ambient air or any other environmental medium in, on, or under, the leased premises, by any waste, pollutant, or contaminant. Lessee shall not bring or permit to remain on the leased premises any asbestos containing materials, explosives, toxic materials, or substances regulated as hazardous wastes, hazardous materials, hazardous substances (as the term "Hazardous Substance" is defined in the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 U.S.C. Sections 9601, et seq.), or toxic substances under any federal, state, or local law or regulation ("Hazardous Materials"), except ordinary products commonly used in connection with oil and gas exploration and development operations and stored in the usual manner and quantities. **LESSEE'S VIOLATION OF THE FOREGOING PROHIBITION SHALL CONSTITUTE A MATERIAL BREACH AND DEFAULT HEREUNDER AND LESSEE SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND THE STATE OF TEXAS AND THE OWNER OF THE SOIL FROM AND AGAINST ANY CLAIMS, DAMAGES, JUDGMENTS, PENALTIES, LIABILITIES, AND COSTS (INCLUDING REASONABLE ATTORNEYS' FEES AND COURT COSTS) CAUSED BY OR ARISING OUT OF (1) A VIOLATION OF THE FOREGOING PROHIBITION OR (2) THE PRESENCE, RELEASE, OR DISPOSAL OF ANY HAZARDOUS MATERIALS ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OR**



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CONTROL OF THE LEASED PREMISES. LESSEE SHALL CLEAN UP, REMOVE, REMEDY AND REPAIR ANY SOIL OR GROUND WATER CONTAMINATION AND DAMAGE CAUSED BY THE PRESENCE OR RELEASE OF ANY HAZARDOUS MATERIALS IN, ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OF THE LEASED PREMISES IN CONFORMANCE WITH THE REQUIREMENTS OF APPLICABLE LAW. THIS INDEMNIFICATION AND ASSUMPTION SHALL APPLY, BUT IS NOT LIMITED TO, LIABILITY FOR RESPONSE ACTIONS UNDERTAKEN PURSUANT TO CERCLA OR ANY OTHER ENVIRONMENTAL LAW OR REGULATION. LESSEE SHALL IMMEDIATELY GIVE THE STATE OF TEXAS AND THE OWNER OF THE SOIL WRITTEN NOTICE OF ANY BREACH OR SUSPECTED BREACH OF THIS PARAGRAPH, UPON LEARNING OF THE PRESENCE OF ANY HAZARDOUS MATERIALS, OR UPON RECEIVING A NOTICE FROM ANY GOVERNMENTAL AGENCY PERTAINING TO HAZARDOUS MATERIALS WHICH MAY AFFECT THE LEASED PREMISES. THE OBLIGATIONS OF LESSEE HEREUNDER SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION, FOR ANY REASON, OF THIS AGREEMENT.

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

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

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

40. SURFACE AMENDMENTS. This lease is subject to those certain Surface Amendments attached hereto as Exhibit A and incorporated by reference. In the event of a conflict between said amendments and the written text of this lease, the terms and conditions of this lease shall prevail.

41. CONTINUOUS DRILLING PROGRAM. If Lessee wishes to temporarily suspend automatic termination of this lease at the expiration of the primary term, Lessee may, within the one hundred and eighty (180) day period immediately prior to the expiration of the primary term, commence the drilling of a Continuous Program Well, and Lessee may thereafter conduct a Continuous Drilling Program on the Leasehold Estate with no more than one hundred and eighty (180) consecutive days elapsing between the Completion of one Continuous Program Well and the commencement of the Actual Drilling of the next Continuous Program Well. This lease will remain in force as to all the lands and depths covered hereby so long as such Continuous Drilling Program is conducted by Lessee. Upon the cessation of the Continuous Drilling Program, which shall be deemed to have ceased any time that more than one hundred eighty (180) days elapse after the Completion of a Continuous Program Well without the commencement of Actual Drilling of another Continuous Program Well by Lessee, this lease shall terminate as to all lands and depths covered hereby which are not then included in the Production Unit of a Commercial Well, and Lessee shall otherwise have the same obligations regarding designation of Production Units, execution of releases, and other matters as are herein elsewhere provided to occur upon the end of the primary term.

The following provisions shall apply to Lessee's operations on the Leasehold Estate, and for purposes of this lease, certain terms shall mean precisely as follows:

"Day" means calendar day.

"Commercial Well" shall mean a well producing oil and/or gas in paying quantities.

"Capable Drilling Rig" shall mean a drilling rig constructed and equipped so as to be able to drill to the total depth of a permitted Commercial Well in a reasonably expeditious manner. Expressly excluded from this meaning is a drilling rig used for preliminary operations such as setting surface casing, drilling a "rat hole," or similar near surface activities, but which is not used to drill the well to its total depth – for purposes of this lease such a rig is considered to be a non-capable rig, not a Capable Drilling Rig.

"Actual Drilling" shall be considered to have commenced on the day that the drill bit attached to a Capable Drilling Rig used for a permitted Commercial Well first penetrates the ground at its well bore's surface location. This meaning is intended to be different than that sometimes accorded lease provisions such as "commencement of a well," "commencement of operations," "drilling operations," "operations for drilling" and the like when such have been interpreted to include activities prior to the penetration of the ground by a Capable Drilling Rig; such preliminary activities, including but not limited to surveying, staking, dirt moving, road building, site preparation, rig assembly and preliminary shallow drilling with a non-capable rig, expressly do not constitute Actual Drilling for purposes of this lease.

"Completion" shall mean the earlier of (i) the day on which the Capable Drilling Rig which drilled the well was released by Lessee or (ii) the day upon which a ninety (90) day period has elapsed without the well having been deepened by at least one thousand feet, or in the case of a Horizontal Well laterally extended by at least one thousand feet.

"Production Unit" shall mean the surface area and underlying depths of the Leasehold Estate as to which this lease may be maintained after the primary term by a Commercial Well.

"Continuous Program Well" means a well on which Lessee commences the Actual Drilling during the 180 day period immediately prior to the expiration of the primary term, and shall include each well thereafter drilled by Lessee on the Leasehold Estate with no more than one hundred and eighty (180) consecutive days elapsing between the Completion of one Continuous Program Well and the commencement of the Actual Drilling of the next Continuous Program Well.

"Continuous Drilling Program" means the period of time beginning with the timely commencement by lessee of Actual Drilling of the first Continuous Program Well by Lessee and ending on the day upon which more than one hundred and eighty (180) consecutive days have elapsed since the Completion of the most recent Continuous Program Well without the commencement by lessee of Actual Drilling on a further Continuous Program Well.



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42. DELAY RENTALS. As stipulated in Paragraph #3 of this lease, the rentals for the second (2nd) and third (3rd) years of the primary term hereof have been PAID-UP. Lessee or its assigns shall have the right, but not the obligation, to maintain this lease in force and effect for the fourth (4th) and fifth (5th) years of the primary term hereof by tendering a payment of three thousand dollars and no/cents (\$3,000.00) per net acre, such payment to be divided equally between the State of Texas and the Owner of the Soil. Should Lessee elect to maintain this lease as to a fourth (4th) and fifth (5th) year as provided in the aforementioned Paragraph #3, then said delay-rental payments shall be tendered to the State of Texas and Owner of the Soil prior to 1 December 2014. It is understood and agreed between Owner of the Soil and Lessee that payment of the aforementioned delay-rental payments shall be based on the entirety of that acreage contained in the Leasehold Estate, and not some lesser portion thereof, not otherwise being maintained by any other provision hereof as of 1 December 2014.

43. SURFACE-USE COMPENSATION AGREEMENT. This lease is subject to that certain unrecorded Surface-Use Compensation Agreement of even date herewith.

Executed on the dates indicated below, but effective for all purposes as of the date first above written.

Owner of the Soil, Individually, and as Agent for the State of Texas:
Roberta M. Regan Testamentary Trust
Bank of America, N.A., Trustee

By: J.N. Long
Name: J.N. Long

Title: Assistant Vice President

Lease: 27016

Address: P.O. Box 830308
Dallas, TX 75283-0308

Lessee:
Petrohawk Properties, LP a Texas limited partnership
by P-H Energy, LLC, its General Partner

By: D.R. Deffenbaugh

Name: D.R. Deffenbaugh

Title: Vice President - Land

Address: 6100 S. Yale Ave., Ste. 500
Tulsa, OK 74136-1925

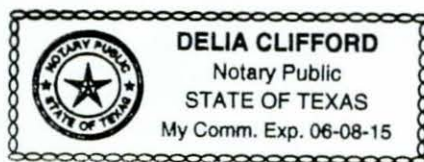
STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF DALLAS

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

Given under my hand and seal of office this the 27 day of January, 20 12.



Delia Clifford
Notary Public in and for the State of Texas

STATE OF OKLAHOMA

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF TULSA

BEFORE ME, the undersigned authority, on this day personally appeared D.R. Deffenbaugh
known to me to be the person whose name is subscribed to the foregoing instruments as Vice President - Land
of P-H Energy, LLC, general partner of Petrohawk Properties, LP, a Texas limited partnership and acknowledged to me that he
executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this the 2nd day of January, 20 12.



Rita Kay Walker
Notary Public in and for the State of Oklahoma



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EXHIBIT "A"

BANK OF AMERICA, N. A. SURFACE AMENDMENTS

Attached to and made a part of that certain Oil & Gas Lease dated 1st day of December, 2011 by and between the State of Texas, by and through its agent the Roberta M. Regan Testamentary Trust; Bank of America, N.A., Trustee as Owner of the Soil and Petrohawk Properties, LP as Lessee.

1. It is understood and agreed that Lessee, its successor or assigns, shall pay actual damages to Owner of the Soil and/or Surface Lessee for any damage done to crops, pasture land, timber, fences, water wells, buildings, roads, culverts or other improvements as well as livestock owned by the Owner of the Soil and/or Surface Lessee located on the lease premises, resulting from their use by Lessee in connection with geophysical exploration thereof, or other mineral development thereon, by Lessee, its successors or assigns. Upon the cessation of drilling at each well location, the abandonment of said lease or surrender thereof, Lessee, its successor or assigns, shall then level all drilling pits and other excavations and shall pay for and repair all damage done, or cause to be done, to buildings, fences, roads, culverts, turf, water wells and/or other improvements and to restore same to their original condition within 90 days after the cessation of activity. No drilling mud shall be spread on surface lands of Owner of the Soil without express written consent of Owner of the Soil. Guidelines or parameters for any surface damage payments shall be agreed on in advance, and in writing, by Owner of the Soil and Lessee.
2. Lessee's right to use water from the lease premises shall not include the right to use fresh water from any fresh water sands or strata underlying the lease premises for any secondary recovery operations that may be conducted on the leased premises. Lessee shall have the right to use fresh water from wells or surface impoundment's only with the expressed permission of the Owner of the Soil and after negotiations for payment for use of water are completed.
3. All operations of Lessee shall be conducted so as to minimize the amount of surface land used or damaged by Lessee and Lessee agrees to construct not more than one road to each location on the leased premises and to confine all travel incident to the drilling and production of such well to the single road. All roads constructed by Lessee shall be of good quality and suitable for all-weather use. The routes for all roads shall be mutually agreed upon between Owner of the Soil and Lessee before the commencement of any road construction. Lessee agrees to maintain all roads used by Lessee on the leased premises in good condition and repair during the period of Lessee's operations on the lease premises. The surface owner shall have the right to use all roads on the leased premises.
4. It is understood and agreed that this lease does not cover or include any right or privilege of hunting with firearms and/or with dogs or otherwise on the leased premises or fishing on the leased premises, unless otherwise agreed to in writing with owners of said rights; all such hunting and fishing rights being expressly reserved, and Lessee agrees that none of the Lessee's officers, agents employees or representatives will bring any dogs and/or firearms upon the leased premises, and that any one so doing shall be trespassers and subject to prosecution as such.
5. Prior to erecting new storage tanks, pipelines compressor stations or other usual facilities required by Lessee for producing oil and gas and operating this lease, Lessee shall advise Owner of the Soil of Lessee's intention. Owner of the Soil must be advised in writing of the proposed location of the facility at least 30 days prior to the onset of construction and would have the right to negotiate a change, if Owner of the Soil can present a valid reason for re-location of the facility.
6. Lessee, prior to the construction of any new road or the cutting, altering and removal of any existing fence on the leased premises, or the cutting or removal of any tree on the leased premises, shall notify Owner of the Soil of such intention. If Owner of the Soil can provide valid, reasonable rationale for retaining unusually valuable specimen trees or trees that add meaningful value to the land then Lessee will abide by such wishes as fully as possible. Lessee shall dispose of all brush, trees, trash and debris away from the property. Under no circumstances will trash, garbage or debris be buried or dumped on the property or adjacent lands of Owner of the Soil. Brush and trees may be buried or burned on the property only with written permission from owner or his representative.
7. Lessee agrees to protect, defend, indemnify and hold harmless Owner of the Soil the owners of the surface of the Leased Premises, and their respective agent, employees and tenants, from and against all liabilities, losses, expenses, claims, demands, and causes of action of every kind and character, whether for death or personal injury to persons (including agents and employees of Lessee and Lessee's subcontractors) for loss or damage to property, in any way and at any time arising out of, incident to, or in connection with this Lease, operations conducted on the Leased Premises, or breach of the terms hereof, regardless of whether any such liability, loss, expenses, claim, demand or cause of action is based on the sole or concurrent negligence of any party indemnified hereunder.
8. Each drill site location shall be constructed so as to result in the least interference with surface usage as reasonably practicable under the circumstances. All pits shall be constructed and lined so as not to pollute the adjoining land at the request of Owner of the Soil. Lessee shall take all reasonable precautions necessary to prevent land, air and water pollution, including pollution to all underground fresh water zones. Lessee shall collect all trash which accumulates in connection with his operations and remove such trash from the Leased Premises. Lessee shall take all reasonable precautions to prevent blowouts from occurring on the Leased Premises. Lessee shall utilize only such area around each producing well as is



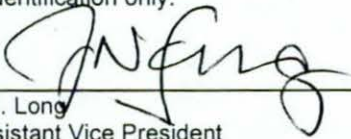
copy of
Original filed in
Reeves County
Clerks Office

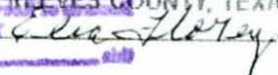
reasonably necessary for such purposes, and Lessee shall restore the remainder of such drill site to its original condition as nearly as possible within a reasonable time after the completion of operations on each drill site where no producing well is located, Lessee shall clear the location, remove all equipment placed upon the drill site by the Lessee, clean out and back fill all pits, and return the surface of the drill site to its original condition as nearly as possible. Lessee shall construct and maintain gates at all places where any roads used by Lessee cross through fences on the Leased Premises, and Lessee shall keep such gates locked when not actually passing through such gates. Upon termination of Lessee's operations on the Leased Premises, Lessee shall restore the surface of all lands utilized by Lessee, and not theretofore restored, to their original condition as nearly as possible. Within six (6) months after the termination of this Lease, Lessee shall remove any and all property placed by Lessee on the Leased Premises or Owner of the Soil shall cause same to be removed at Lessee's expense.

9. Lessee is to comply with all Federal and State regulations.
10. Lessee agrees to pay for damages resulting from any operations after initial construction/drilling is completed. Said damages are detailed in that certain Surface Use Compensation Agreement bearing even date herewith and attached hereto as Exhibit B. Lessee shall pay market value for any and all livestock lost as a result of lessee's operations under this lease.
11. All pipelines are to be buried 36 inches below the ground, which will be from the top of the pipe to the surface of the ground. Only crude oil and natural gas (no other derivatives) will be allowed to be transported through any pipelines located on the property.
12. Lessee shall not conduct any operations within three hundred (300) feet of any homestead, living quarters or livestock watering facilities without express consent of Owner of the Soil.
13. Lessee's right to the use of the surface of the Leasehold Estate is non-exclusive. Without limiting the generality of the foregoing, the Owner of the Soil may use, or permit third parties to use, the Leasehold Estate for the surface location of wells bottomed or with their terminus on other lands so long as such wells do not violate applicable spacing regulations and are not perforated in or otherwise open to producing formations directly under the Leasehold Estate. The Owner of the Soil shall have the right, as between the Owner of the Soil and Lessee, to allow third parties to conduct geophysical operations on the Leasehold Estate.

Signed for Identification only.

By:


J.N. Long
Assistant Vice President

THE STATE OF TEXAS
COUNTY OF REEVES
I, Dianne O. Florez, Clerk of the County of Reeves, Texas, do hereby certify that the foregoing is a true and correct copy of the original as the same was filed in my office this 20th day of February, 2012.
12-01400
DIANNE O. FLOREZ
COUNTY CLERK
2012 Feb 20 at 10:37 AM
REEVES COUNTY, TEXAS
BY:  DEPUTY
True and Correct
copy of
Original filed in
Reeves County
Clerks Office

File No. 113876

Leage

Date Filed: 4/5/12

Jerry E. Patterson, Commissioner

By G-H

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 January 27, 2012 filed for record in my office this 20th day of February at 1037A M, under Clerk's File No. 01400, to be recorded in the Official Public Records Records of Reeves County, Texas.
TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas this 20th day of February, 2012.
By Elin Florez, Deputy DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

PETROHAWK ENERGY CORPORATION

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

12706846

CHECK NO.

165924

REFERENCE	INVOICE DATE	INVOICE NO.	INVOICE AMT.	PRIOR PAYMENT	DISCOUNT	AMOUNT PAID
1202-AP-547	02/06/12	CKREQ-TEXAS .GENERAL.LA ND.OFFICE-0 2/06/12	120000.00	0.00		120000.00
			MF113876A	(P)		
VENDOR				CHECK DATE		
26956 TEXAS GENERAL LAND OFFICE				02/07/12	TOTAL	120,000.00

121

EXPLORATION LAND SERVICES, LLC

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

February 8, 2012

Via FedEx

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

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

Dear Drew:

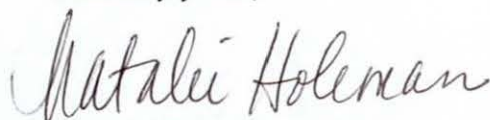
Enclosed herewith, please find one (1) check, made payable to the Commissioner of the General Land Office, as well as a copy of the check. Also enclosed is a report prepared for you containing a calculated breakdown of the interest and property the check covers.

<u>Date</u>	<u>Check No.</u>	<u>Amount</u>
02/07/2012	165924	\$120,000.00

Please sign and return the copy of the check to me in the enclosed prepaid envelope.

I trust that you will not hesitate to call me with any questions that you may have concerning this matter.

Sincerely yours,


Natalie Holeman

encl.

2 9 12

FEBRUARY 3, 2012 REQUEST

SECTION 2, BLOCK 57, Township 3, T & P RR Co. Survey, Reeves County, Texas

Lessor	Gross Ac	Interest	Net Ac.	Bonus Per Acre	Bonus to Lessor	Bonus to State	Lease Bonus
Roberta Regan Testamentary Trust ✓	160	1/2	80.00000000	\$3,000.00	\$120,000.00	> \$120,000.00	\$240,000.00
TOTALS			80.00000000		\$120,000.00	\$120,000.00	\$240,000.00

Total Amount paid by check	\$120,000.00
----------------------------	--------------

NW/4

No Paper

~~M-112780 NW/4 & SW/4~~~~2 57 13~~~~M-112676 SW/4~~

EXPLORATION LAND SERVICES, LLC

3652

Texas General Land Office

4/4/2012

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

12709721
12/

Iberia Bank Filing Fee-18 Leases; Processing Fee-5 Tracts

950.00

Reeves County, Texas

Dear Drew:

Enclosed herewith, please find eighteen (18) certified copies of leases, taken in the name of the State of Texas, in favor of Petrohawk Properties, LP, listed as follows:

<u>Lease No.</u>	<u>Date</u>	<u>Lessor</u>
ELS-0014AA	02/02/2012	Katherine Janell Wadley
ELS-0014BB	02/02/2012	Sharon Jean McCracken
ELS-0014CC	02/02/2012	Susan Ann Morgan
ELS-0056P	02/01/2012	Leona Faye Castelli
ELS-0056Q	02/01/2012	John Marshal Matthews
ELS-0056R	02/01/2012	Robert Mouzon Matthews
ELS-0056S	02/01/2012	Florence G. Matthews
ELS-0060B	01/18/2012	Pogo Producing Company, LLC
ELS-0072A	01/17/2012	Samuel L. Mayall
ELS-0072B	01/17/2012	Blake Oil & Gas Corporation
ELS-0072C	01/17/2012	Charles R. Qualia
ELS-0072D	02/15/2012	Elvira C. Hawk
ELS-0072E	01/17/2012	Virginia N. Sibley-Perryman
ELS-0072F	01/17/2012	Elizabeth Wendy Roberts Sibley Harper
ELS-0072G	01/17/2012	Julia Norfleet Hearne
ELS-0073	12/01/2011	Roberta Regan Testamentary Trust
ELS-0091A	02/01/2012	Kenneth L. Haag
ELS-0095	02/15/2012	Brennand Lazy H Ranch, Ltd. (MF 112764D)

Also enclosed, please find a check in the amount of \$950.00. This amount covers the filing fees for the 18 leases @ \$25/per lease & the filing fees for the tracts under ELS-0072A-G, ELS-0073, ELS-0091A, ELS-0095 @ \$100/per tract, which covers all required fees associated with the above listed leases. Please be advised that the filing fees for the tracts under leases ELS-0014AA-CC were previously paid by check number 2707, issued May 4, 2011; the filing fees for the tracts under leases ELS-0056P-S were previously paid by check number 3052, issued October 10, 2011; and the filing fees for the tracts under ELS-0060B were previously paid by check number 3274 dated January 20, 2012.

Please sign and return the copy of the check to me in the enclosed prepaid envelope.

3

File No. 113876

Cover Letter & Bonus Fees

Date Filed: 2/9/12

Jerry E. Patterson, Commissioner

By GEF

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

December 3, 2012

Micah Strother
Petrohawk Properties
1360 Post Oak, Suite 150
Houston, Texas 77056

Re: **State Lease MF 113876A**

RAL Lease dated December 1, 2011 recorded in File 1400, covering 160 ac. being Sec. 2, Blk. 57, T-3, A-5900, T&P Ry Co Survey, Reeves Co., TX, Roberta Regan Testamentary Trust, agent for State of TX, 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-113786A**. **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 **\$120,000.00** has been applied to the State's portion of the cash bonus. In addition, we are also in receipt of the processing and filing fees.

Sincerely yours,

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

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

4

File No. 113876

Final Letter

Date Filed: 12/3/12

Jerry E. Patterson, Commissioner

By GA

Drew Reid - FW: FW: Roberta Regan Executed Lease NW/4 of Section 2, Block 57, Township 3, Reeves County, Texas.

From: "Adam St. Romain" <astromain@explorationland.com>
To: "Drew Reid" <Drew.Reid@GLO.STATE.TX.US>
Date: 3/22/2012 10:35 AM
Subject: FW: FW: Roberta Regan Executed Lease NW/4 of Section 2, Block 57, Township 3, Reeves County, Texas.
CC: "Natalie Holeman" <nholeman@explorationland.com>

Drew,

Regarding the email below, please see the following provision:

"Payments which are made for surface damage are to be divided equally between the State of Texas and the owner of the soil. All payments made for damage to improvements and use of water from the owner of the soil's water wells existing on the leased premises prior to the execution of this agreement shall be paid to the surface owner only."

Please let me know if this is sufficient. Thanks!

Adam St. Romain



Post Office Box 52105 2205 West Pinhook Road
 Oil Center Station Suite 200
 Lafayette, LA 70505-2105 Lafayette, LA 70508-15105

Office: 337.234.3500 Fax: 337.234.3525
 Email: astromain@explorationland.com

The information contained in this transmission is legally privileged and confidential. If the reader of this message is not the intended recipient, or the employee or agent responsible to deliver it to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this transmission in error, please destroy it immediately and notify us by telephone at 337.234.3500.

From: Drew Reid [mailto:Drew.Reid@GLO.STATE.TX.US]
Sent: Tuesday, March 20, 2012 4:44 PM
To: Romain, Adam St.
Subject: RE: FW: Roberta Regan Executed Lease NW/4 of Section 2, Block 57, Township 3, Reeves County, Texas.

Adam, all the damage payments in this Surface use Compensation Agreement must be split with the State except for water from there existing water wells and if the caliche is not on a Mineral Classified tract.

Drew

>>> "Adam St. Romain" <astromain@explorationland.com> 3/20/2012 4:09 PM >>>

Drew,

As per your request, please see the attached Surface Use Compensation Agreement.

Adam St. Romain



Post Office Box 52105 2205 West Pinhook Road
Oil Center Station Suite 200
Lafayette, LA 70505-2105 Lafayette, LA 70508-15105

Office: 337.234.3500 Fax: 337.234.3525
Email: astromain@explorationland.com

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From: Drew Reid [mailto:Drew.Reid@GLO.STATE.TX.US]

Sent: Tuesday, March 20, 2012 4:23 PM

To: Holeman, Natalie

Cc: Romain, 'Adam St.'

Subject: Re: FW: Roberta Regan Executed Lease NW/4 of Section 2, Block 57, Township 3, Reeves County, Texas.

Adam, I will need a copy of the Exhibit B "Surface use Compensation Agreement"

Drew

>>> "Natalie Holeman" <nholeman@explorationland.com> 3/20/2012 4:10 PM >>>

Drew,

Please see the attached for your approval.

Natalie Holeman

Exploration Land Services, LLC

Office: 337.234.3500

Fax: 337.234.3525

Cell: 337.280.8457

Email: nholeman@explorationland.com

From: Adam St. Romain [mailto:astromain@explorationland.com]

Sent: Tuesday, March 20, 2012 3:44 PM

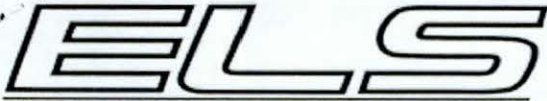
To: 'Natalie Holeman'

Subject: Roberta Regan Executed Lease

Natalie,

Please see the attached regarding the Roberta Regan Trust for the NW/4 of Section 2, Block 57, Township 3, Reeves County, Texas.

Adam St. Romain



EXPLORATION LAND SERVICES

Post Office Box 52105 2205 West Pinhook Road
Oil Center Station Suite 200
Lafayette, LA 70505-2105 Lafayette, LA 70508-15105

Office: 337.234.3500 Fax: 337.234.3525
Email: astromain@explorationland.com

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SURFACE USE COMPENSATION AGREEMENT

1 DECEMBER 2011

STATE OF TEXAS

§

COUNTY OF REEVES

§

Leasehold Estate Description: Texas & Pacific Railway Company Survey
NW/4 Section 2, Block 57, Township 3 South, A-5900

Lease Date: 1 December 2011

This agreement is between the Roberta M. Regan Testamentary Trust; Bank of America, N.A., Trustee ("Owner of the Soil") and Petrohawk Properties, LP ("Lessee"). Owner of the Soil owns the surface interest and Lessee owns mineral leases on the hereinabove described Leasehold Estate in Reeves County, Texas.

1. It is agreed between Owner of the Soil and Lessee that all payments made under this agreement shall be proportionately reduced in accordance with Paragraph 20(a) of the lease to which this Surface Use Compensation Agreement is attached and of which said Agreement comprises an integral part.

Surface-damage consideration and terms are as follow:

a. Well Site

Damage	Damage Amount
Well Site	\$15,000.00

Well-site damage consideration shall be \$15,000.00 per location for each individual well site of three (3) acres or less. If the well site is more than three (3) acres, the surface-damage consideration shall be proportionately increased. This well-site payment covers any buried or unburied pipelines of any size to the extent located within the well-site area.

b. Frac Pits

Damage	Damage Amount
Frac Pits	\$3,500.00

Frac pits used for completion, \$3,500, not more than one (1) acre, off the primary location site used for tank batteries, pump station, meter run or other surface production and, if the site is more than one (1) acres, the surface-damage consideration shall be proportionately increased. This frac-pit site payment covers any buried or unburied pipelines of any size to the extent located within the frac-pit site area. The location of any frac-pit site must be approved by the Owner of the Soil in writing prior to construction.

c. Roads

Damage	Damage Amount
New Roads (less than 25' in width)	per rod \$25.00
New Roads (greater than or equal to 25' in width)	per rod \$35.00
Existing Roads	per rod \$15.00

** Need to split*

For new road constructed by Lessee on Owner of the Soil's land, a one-time fee of \$25.00 per rod for each road less than 25 feet in width. For new roads constructed by Lessee on Owner of the Soil's land, a one-time fee of \$35.00 per rod for each road 25 feet or greater in width. For use of existing roads, a one-time fee of \$15.00 per rod. Lessee must obtain the express written approval of Owner of the Soil prior to the construction of any new road. Said approval shall not be unreasonably withheld.

Lessee shall maintain all existing roads it uses, and all new roads, to above average oilfield standards. In addition to maintaining the roads on Owner of the Soil's lands, Lessee agrees, with respect to the use of the roads (both existing and new), on Owner of the Soil's land:

- i. All vehicles shall limit their speed to 25 m.p.h. or less.
- ii. Lessee will construct diversion terraces as may be reasonably necessary to prevent soil erosion.
- iii. All gates across roads on Owner of the Soil's lands shall be kept closed and locked.
- iv. Lessee and its employees, agents, and contractors rendering services for Lessee will not use the roads on Owner of the Soil's land for any purpose other than Lessee's oil & gas operations on Owner of the Soil's lands, and Lessee recognizes Owner of the Soil's right to compel any person or vehicle violating any provision of this Agreement to immediately, forthwith and without delay leave Owner of the Soil's lands.
- v. Lessee and its employees, agents, contractors, and anyone providing service for Lessee shall not use any road on Owner of the Soil's land for the purpose of access to any of Lessee's operations on any land other than Owner of the Soil's lands, except for rig moves.

d. Powerlines

Damage	Damage Amount
Powerlines	per rod \$25.00 plus per pole \$150.00

For each powerline, the sum of \$25.00 per rod plus \$150.00 per pole.

e. Pipelines

Damage	Damage Amount
Pipelines (steel) (4" or less OD)	per rod \$14.00
Pipelines (steel) (greater than 4" to less than 6" OD)	per rod \$22.00
Pipelines (steel) (greater than 6" to 8" OD)	per rod \$32.00
Buried Pipelines (6" OD or less)	per rod \$35.00

Damage (cont.)	Damage Amount (cont.)
Pipelines (poly) (temporary water lines only)	per rod \$7.50

For each steel pipeline, whether temporary or permanent above ground, 4" in outside diameter or less will be \$14.00 per rod and pipelines greater than 4" but less than or equal to 6" in outside diameter will be \$22.00 per rod and pipelines greater than 6" but less than or equal to 8" in outside diameter will be \$32.00 per rod. Buried pipeline of less than 6" in outside diameter will be \$35.00 per rod. Temporary poly lines will be \$7.50 per rod. No separate pipeline payment shall be necessary for any length of pipeline (steel or poly) located within a well site or other facility site. All abandoned pipelines shall be picked up and removed from Owner of the Soil's lands within 90 days after completion or abandonment of any well drilled on Owner of the Soil's lands. This shall apply ONLY to those lines gathering oil or gas from Owner of the Soil's wells. All gathering-system lines and transmission lines transporting oil, gas, or any associated derivatives thereof being produced off of the Leasehold Estate or lands pooled therewith are negotiable and will require a separate written agreement.

f. Caliche

Damage	Damage Amount
Caliche	per cubic yard \$4.00

For caliche, \$4.00 per cubic yard. Lessee will only use caliche from Owner of the Soil's land, if supplies are sufficient to meet Lessee's needs, for its operations on Owner of the Soil's land.

g. Water

Damage	Damage Amount
Water (new well drilled by Lessee)	per 42-gallon barrel \$0.35

Lessee is allowed to drill water well(s) on Owner of the Soil's lands, provided:

- i. The well(s) drilled by Lessee will be cased and owned by Owner of the Soil. At all times, Owner of the Soil shall have free access to all water wells.
 - ii. All water to be metered and payments to be made pursuant to the schedule set forth above within thirty (30) days after the next succeeding month.
 - iii. Lessee shall have the right to use fresh water from well(s) or surface impoundments of Owner of the Soil only with the express written permission of Owner of the Soil and after negotiations for payment for use of water are completed.
2. Lessee shall set a fence capable of turning livestock around each reserve pit for each well drilled on Owner of the Soil's lands. After operations are completed on a well and, as soon as possible, Lessee shall remove pit liners, close each pit and restore the surface of the land to the extent reasonably possible, to its original contour and shall reseed with appropriate native grass seed until reestablishment of vegetation suitable to Owner of the Soil.

3. Lessee shall not inventory or store any equipment on Owner of the Soil's lands, without Owner of the Soil's prior express written consent. When Lessee plugs a well on Owner of the Soil's lands, or a well ceases to produce, or any pipeline laid on the surface of Owner of the Soil's lands is no longer being used in Lessee's operations, Lessee, within 180 days shall remove all well equipment, pipelines, tank batteries not used, and all equipment from Owner of the Soil's lands and restore the surface of the lands where those items were located to its original contour and shall reseed with appropriate native grass seed until reestablishment of vegetation suitable to Owner of the Soil.
4. Lessee will make a fair settlement with the surface tenant, if any, for any losses including injury or death to any of the surface tenant's livestock, loss of hunting revenue, loss or disruption in the breeding season or lambing season that are the result of the operations of Lessee.
5. Lessee agrees to protect, defend, indemnify, and hold harmless Owner of the Soil, and its respective agents and tenants, if any, from and against all liabilities, losses, expenses, claims, demands, and causes of action of every kind and character, which are asserted against Owner of the Soil by a third party whether for death or personal injury to persons or for the loss or damage to property, in any way and at any time arising out of, incident to, or in connection with this Lease, Lessee's operations, or any breach of the terms hereof, regardless of whether any such liability, loss, expense, claim, demand, or cause of action is based on the sole or concurrent negligence of any party indemnified hereunder.
6. Lessee is to comply with all Federal and State regulations.
7. The terms and conditions of this Agreement shall constitute covenants running with Owner of the Soil's lands and shall be binding on and shall inure to the benefit of Owner of the Soil and Lessee and their respective successors and assigns.
8. Upon the expiration of the five-year period following 1 December 2011, Owner of the Soil and Lessee shall evaluate this Agreement and cooperate in good faith with one another to establish reasonable surface damage consideration amounts for surface activities commenced during subsequent periods.

Owner of the Soil, Individually, and as Agent for the State of Texas: Roberta M. Regan Testamentary Trust Bank of America, N.A., Trustee	Lessee: Petrohawk Properties, LP a Texas limited partnership by P-H Energy, LLC, its General Partner
By:  Name: Jeffrey M. Petter	By:  <i>me</i> Name: D.R. Deffenbaugh
Title: Assistant Vice President	Title: Vice President – Land
Lease: 27016	
Address: 303 W. Wall St. Midland, TX 79701-5122	Address: 6100 S. Yale Ave., Ste. 500 Tulsa, OK 74136-1925

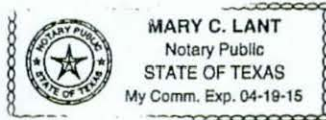
THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.

STATE OF TEXAS
COUNTY OF MIDLAND

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Before me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Jeffrey M. Petter, Assistant Vice President of Bank of America, N.A., 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, in the capacity therein stated, and as the act and deed of said Bank in the capacity therein stated.

Given under my hand and seal of office this the 9th day of January, 2012.



Mary C. Lant
Notary Public in and for the State of Texas

STATE OF OKLAHOMA
TULSA
COUNTY OF OKLAHOMA

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§

Before me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared D.R. Deffenbaugh, an Vice President – Land of P-H Energy, LLC, 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, in the capacity therein stated, and as the act and deed of said Corporation in the capacity therein stated.

Given under my hand and seal of office this the 2nd day of ^{February} ~~January~~, 2012.



Rita Kay Walker
Notary Public in and for the State of ~~Texas~~ OKLAHOMA

5

File No. 113876

Surface Use Agreement

Date Filed: 3/22/12

Jerry E. Patterson, Commissioner

By Get

PETROHAWK ENERGY CORPORATION

1360 POST OAK BLVD., SUITE 1900CT • HOUSTON, TX 77056 inquiry@bhpbilliton.com

CHECK NO.

148159

REFERENCE	INVOICE DATE	INVOICE NO.	INVOICE AMT.	PRIOR PAYMENT	DISCOUNT	AMOUNT PAID
KEF01FEB2013-11	1/30/13	CKREQ-GENERA L.LAND.OFFICE.S TATE.OF.TEXAS. 2-1/30/13	106,000.00			106,000.00
BONUS FOR SOIL OWNER: T.H. MCELVAIN OIL AND GAS LI			13706480	MF-113876	121	
437294 COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE				CHECK DATE 02/05/13	TOTAL	\$106,000.00

21213

FEBRUARY 11, 2013 REQUEST

Section 2, Block 57, Township 3, T & P RR Co. Survey, Reeves County, Texas

NW/4

Lessor	Gross Ac	Interest	Net Ac.	Bonus Per Acre	Bonus to Lessor	Bonus to State	Lease Bonus
T. H. McElvain Oil and Gas LLLP (MF-113876)	160	1/2	80.00000000	\$2,650.00	\$106,000.00	\$106,000.00	\$212,000.00
TOTALS		1/2	80.00000000		\$106,000.00	\$106,000.00	\$212,000.00

Section 20, Block 57, Township 2, T & P RR Co. Survey, Reeves County, Texas

TRACT 1: S/2 OF THE NE/4 OF THE SW/4 OF THE NW/4

TRACT 2: SW/4 OF THE NW/4 OF THE NW/4 AND THE N/2 OF THE NW/4 OF THE SW/4 OF THE NW/4

Lessor	Gross Ac	Interest	Net Ac.	Bonus Per Acre	Bonus to Lessor	Bonus to State	Lease Bonus
Dorr Petroleum Land Management, LLC	20	1	20.00000000	\$1,500.00	\$15,000.00	\$15,000.00	\$30,000.00
TOTALS		1	20.00000000		\$15,000.00	\$15,000.00	\$30,000.00

Total Amount paid by check	\$121,000.00
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EXPLORATION LAND SERVICES, LLC

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

February 11, 2013

Via FedEx

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

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

Dear Drew:

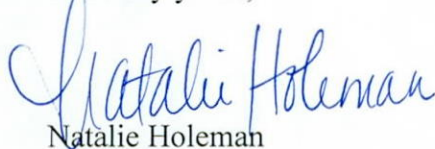
Enclosed herewith, please find two (2) checks, made payable to the Commissioner of the General Land Office, as well as a copy of each check. Also enclosed is a report prepared for you containing a calculated breakdown of the interests and properties the checks cover.

<u>Date</u>	<u>Check No.</u>	<u>Amount</u>
2/5/2013	148159	\$106,000.00
2/5/2013	148160	\$15,000.00

Please sign and return the copies of each check to me in the enclosed prepaid envelope.

I trust that you will not hesitate to call me with any questions that you may have concerning this matter.

Sincerely yours,


Natalie Holeman

encl.

File No. 113876

Ltr, bonus, fee

Date Filed: 02/12/13
Jerry E. Patterson, Commissioner

By [Signature]

2013

MF113076B

EL3-0073A

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

General Land Office
Relinquishment Act Lease Form
Revised, September 1997

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 22nd day of January, 2013, between the State of Texas, acting by and through its agent, T. H. McELVAIN OIL AND GAS LLLP, represented herein by David W. Siple, Vice President - Land whose mailing address is 1050 17TH STREET, SUITE 2500, DENVER, COLORADO 80265 said agent herein referred to as the owner of the soil (whether one or more), and PETROHAWK PROPERTIES, LP whose mailing address is 1360 POST OAK BOULEVARD, SUITE 150, HOUSTON, TEXAS 77056 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:

The NW/4 of Section 2, Block 57, Township 3, Abstract 5900, T & P RR Co. Survey, Reeves County, Texas, containing 160 acres, more or less

containing 160.000 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: ONE HUNDRED SIX THOUSAND DOLLARS AND 00/100
Dollars (\$106,000.00)

To the owner of the soil: ONE HUNDRED SIX THOUSAND DOLLARS AND 00/100
Dollars (\$106,000.00)

Total bonus consideration: TWO HUNDRED TWELVE THOUSAND DOLLARS AND 00/100
Dollars (\$212,000.00)

The total bonus consideration paid represents a bonus of TWO THOUSAND SIX HUNDRED FIFTY DOLLARS AND 00/100
Dollars (\$2,650.00) per acre, on 80.000 net acres.

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

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



copy of
Original filed in
Reeves County
Clerks Office

To the owner of the soil: _____
Dollars (\$ _____)
To the State of Texas: (THIS IS A PAID UP LEASE) _____
Dollars (\$ _____)
Total Delay Rental: _____
Dollars (\$ _____)

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

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

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

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

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

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

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

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

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

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

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

Payment of royalty on production of oil and gas shall be as provided in the rules set forth in the Texas Register. Rules currently provide that royalty on oil is due and must be received in the General Land Office on or before the 5th day of the second month succeeding the month of production, and royalty on gas is due and must be received in the General Land Office on or before the 15th day of the second month succeeding the month of production, accompanied by the affidavit of the owner, manager or other authorized agent, completed in the form and manner prescribed by the General Land Office and showing the gross amount and disposition of all oil and gas produced and the market value of the oil and gas, together with a copy of all documents, records or reports confirming the gross production, disposition and market value including gas meter readings, pipeline receipts, gas line receipts and other checks or memoranda of amount produced and put into pipelines, tanks, or pools and gas lines or gas storage, and any other reports or records which the General Land Office may require to verify the gross production, disposition and market value. In all cases the authority of a manager or agent to act for the Lessee herein must be filed in the General Land Office. Each royalty payment shall be accompanied by a check stub, schedule, summary or other remittance advice showing by the assigned General Land Office lease number the amount of royalty being paid on each lease. If Lessee pays



Original filed in
Reeves County
Clerks Office

his royalty on or before thirty (30) days after the royalty payment was due, then Lessee owes a penalty of 5% on the royalty or \$25.00, whichever is greater. A royalty payment which is over thirty (30) days late shall accrue a penalty of 10% of the royalty due or \$25.00 whichever is greater. In addition to a penalty, royalties shall accrue interest at a rate of 12% per year; such interest will begin to accrue when the royalty is sixty (60) days overdue. Affidavits and supporting documents which are not filed when due shall incur a penalty in an amount set by the General Land Office administrative rule which is effective on the date when the affidavits or supporting documents were due. The Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law nor act to postpone the date on which royalties were originally due. The above penalty provisions shall not apply in cases of title dispute as to the State's portion of the royalty or to that portion of the royalty in dispute as to fair market value.

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

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

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

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

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

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

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

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

16. RETAINED ACREAGE. Notwithstanding any provision of this lease to the contrary, after a well producing or capable of producing oil or



gas has been completed on the leased premises, Lessee shall exercise the diligence of a reasonably prudent operator in drilling such additional well or wells as may be reasonably necessary for the proper development of the leased premises and in marketing the production thereon.

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

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

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

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

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

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

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

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

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

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

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

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

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



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equipment will be kept painted and presentable.

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

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

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

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

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

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

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

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

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

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

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

35. INDEMNITY. Lessee hereby releases and discharges the State of Texas and the owner of the soil, their officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns, of and from all and any actions and causes of action of every nature, or other harm, including environmental harm, for which recovery of damages is sought, including, but not limited to, all losses and expenses which are caused by the activities of Lessee, its officers, employees, and agents arising out of, incidental to, or resulting from, the operations of or for Lessee on the leased premises hereunder, or that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this



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Agreement, or by any other negligent or strictly liable act or omission of Lessee. Further, Lessee hereby agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees and agents, their successors or assigns, against any and all claims, liabilities, losses, damages, actions, personal injury (including death), costs and expenses, or other harm for which recovery of damages is sought, under any theory including tort, contract, or strict liability, including attorneys' fees and other legal expenses, including those related to environmental hazards, on the leased premises or in any way related to Lessee's failure to comply with any and all environmental laws; those arising from or in any way related to Lessee's operations or any other of Lessee's activities on the leased premises; those arising from Lessee's use of the surface of the leased premises; and those that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement or any other act or omission of Lessee, its directors, officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns. Each assignee of this Agreement, or an interest therein, agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees, and agents in the same manner provided above in connection with the activities of Lessee, its officers, employees, and agents as described above. **EXCEPT AS OTHERWISE EXPRESSLY LIMITED HEREIN, ALL OF THE INDEMNITY OBLIGATIONS AND/OR LIABILITIES ASSUMED UNDER THE TERMS OF THIS AGREEMENT SHALL BE WITHOUT LIMITS AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF (EXCLUDING PRE-EXISTING CONDITIONS), STRICT LIABILITY, OR THE NEGLIGENCE OF ANY PARTY OR PARTIES (INCLUDING THE NEGLIGENCE OF THE INDEMNIFIED PARTY), WHETHER SUCH NEGLIGENCE BE SOLE, JOINT, CONCURRENT, ACTIVE, OR PASSIVE.**

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

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

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

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

ADDENDUM PROVISION - #40

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



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

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

STATE OF TEXAS

T. H. McELVAIN OIL AND GAS LLLP

[Signature]
BY: David W. Siple
Vice President - Land and as Agent for the State of Texas

Date: 2-5-2013

LESSEE: PETROHAWK PROPERTIES, LP

By: P-H Energy, LLC, Its General Partner

[Signature]
BY: John W. Walsh, Attorney-in-Fact

Date: May 29, 2013

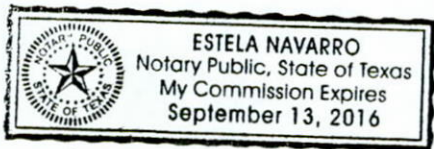
STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF HARRIS

BEFORE ME, the undersigned authority, on this day personally appeared John W. Walsh
known to me to be the person whose name is subscribed to the foregoing instruments as Attorney-in-Fact
of P-H Energy, LLC, general partner of Petrohawk Properties, LP, a Texas limited partnership and acknowledged to me that he
executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this the 29th day of May, 2013.



[Signature]
Notary Public in and for Texas

STATE OF COLORADO

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF DENVER

BEFORE ME, the undersigned authority, on this day personally appeared DAVID W. SIPLE, known to me to be the person whose name is
subscribed to the foregoing instrument as Vice President - Land of T. H. McElvain Oil and Gas LLLP, and acknowledged to me that he executed the
same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said limited partnership.

Given under my hand and seal of office this the 5th day of FEBRUARY, 2013.



[Signature]
Notary Public in and for STATE OF COLORADO

THIS STATE OF TEXAS
I, Dianne O. Florez, Clerk of the County Court in and
for the County of Reeves, do hereby certify that the foregoing instrument was duly executed and acknowledged by the
person whose name is subscribed to the foregoing instrument, and that the same is a true and correct copy of
the original as the same appears from the records of the County Clerk's Office.

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

Inst No. 13-03991
DIANNE O. FLOREZ
COUNTY CLERK
2013 Jun 10 at 01:22 PM
REEVES COUNTY, TEXAS
By: LR [Signature], DEPUTY

Lease B

Date Filed: 06/13/13

Jerry E. Patterson, Commissioner

Bv

THE STATE OF TEXAS
COUNTY OF REEVES

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

For said County and State do hereby certify that the foregoing is a true and correct copy of Oil & Gas Lease dated January 22, 2013
filed for record in my office this 10th day of June at _____

452 M, under Clerk's File No. 13-0399, to be recorded in the

Records of Reeves County, Texas

TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas
this 10th day of June, 2013.

By L. Raus, Deputy. DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

Check No.: 204207
Payment Type: DELAY RENTAL

Period Covered: 12/01/2014-12/01/2016
Payment Amount: \$120,000.00

15704233

Lease Number: 1044457/001 LSE

Original Lessor: ROBERTA REGAN TESTAMENTARY TRUST



Lease Effective Date: 12/01/2011

Recording Information: Book # 926 Page # 794, 12-01400

State: TX

County: REEVES

Check Remarks:

DELAY RENTAL FOR YRS 4 & 5 SEC 2 BLK 57 TWN 3 A-5900 MF113876A

RENTAL PAYMENT

4th yr. + 5th yr.
(P)

For the Credit of:

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

(BA#):80104210

Payment Amount: \$120,000.00

121

Check No.: 204207
Payment Type: DELAY RENTAL

Period Covered: 12/01/2014-12/01/2016
Payment Amount: \$120,000.00

15704233

Lease Number: 1044457/001 LSE

Original Lessor: ROBERTA REGAN TESTAMENTARY TRUST

Lease Effective Date: 12/01/2011

Recording Information: Book # 926 Page # 794, 12-01400

State: TX

County: REEVES

Check Remarks:

DELAY RENTAL FOR YRS 4 & 5 SEC 2 BLK 57 TWN 3 A-5900 MF113876A

For the Credit of:

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

(BA#):80104210

Payment Amount: \$120,000.00

VERIFY THE AUTHENTICITY OF THIS MULTI-TONE SECURITY DOCUMENT.

CHECK BACKGROUND AREA CHANGES COLOR GRADUALLY FROM TOP TO BOTTOM.



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

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

32-1
1110 GL

15704233
DATE 11/12/2014 CHECK NO. 204207

AMOUNT *****\$120,000.00

VOID IF NOT CASHED WITHIN
SIX MONTHS OF ISSUE

NON TRANSFERABLE

Owner Call Center: 1-877-311-1443

PAY
TO
THE
ORDER
OF

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

Daniel Powell
FACSIMILE SIGNATURE

John J. Sullivan
FACSIMILE SIGNATURE

⑈000204207⑈

File No. MF113876 ⑧

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

Date Filed: 11/20/2014

Jerry E. Patterson, Commissioner

By JEP

11.30.14

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER 802702	DATE PERMIT ISSUED OR AMENDED Jan 15, 2015	DISTRICT * 08
API NUMBER 42-389-34751	FORM W-1 RECEIVED Jan 13, 2015	COUNTY REEVES
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 480.11
OPERATOR BHP BILLITON PET(TXLA OP) CO 1360 POST OAK BLVD STE 150 HOUSTON, TX 77056-0000		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581
LEASE NAME STATE PROJECTS 57-T2-47X2		WELL NUMBER 1H
LOCATION 4 miles SW direction from ORLA		TOTAL DEPTH 14000
Section, Block and/or Survey SECTION ◀ 47 BLOCK ◀ 57 T2 ABSTRACT ◀ 640 SURVEY ◀ T&P RR CO		
DISTANCE TO SURVEY LINES 2304 ft. N 934 ft. W		DISTANCE TO NEAREST LEASE LINE 200 ft.
DISTANCE TO LEASE LINES 2304 ft. N OFF LEASE 934 ft. W OFF LEASE		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *		
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST LEASE
PHANTOM (WOLFCAMP) STATE PROJECTS 57-T2-47X2	480.11 200	12,500 0
WELLBORE PROFILE(s) FOR FIELD: Horizontal		
RESTRICTIONS: Lateral: TH1 Penetration Point Location Lease Lines: 934.0 F W OFF LEASE L 2304.0 F N OFF LEASE L Terminus Location BH County: REEVES Section: 2 Block: 57 T3 Abstract: 5760 Survey: T&P RR CO/PATTERSON, J M Lease Lines: 990.0 F WEST L 150.0 F S L Survey Lines: 990.0 F WEST L 150.0 F S L		
THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS This well shall be completed and produced in compliance with applicable special field or statewide spacing and density rules. If this well is to be used for brine mining, underground storage of liquid hydrocarbons in salt formations, or underground storage of gas in salt formations, a permit for that specific purpose must be obtained from Environmental Services prior to construction, including drilling, of the well in accordance with Statewide Rules 81, 95, and 97.		

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER 802702	DATE PERMIT ISSUED OR AMENDED Jan 15, 2015	DISTRICT * 08
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OPERATOR BHP BILLITON PET(TXLA OP) CO 1360 POST OAK BLVD STE 150 HOUSTON, TX 77056-0000		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581
LEASE NAME STATE PROJECTS 57-T2-47X2		WELL NUMBER 1H
LOCATION 4 miles SW direction from ORLA		TOTAL DEPTH 14000
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DISTANCE TO SURVEY LINES 2304 ft. N 934 ft. W		DISTANCE TO NEAREST LEASE LINE 200 ft.
DISTANCE TO LEASE LINES 2304 ft. N OFF LEASE 934 ft. W OFF LEASE		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *		
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST WE
WELL # NEAREST WE		
DIST		
This well must comply to the new SWR 3.13 requirements concerning the isolation of any potential flow zones and zones with corrosive formation fluids. See approved permit for those formations that have been identified for the county in which you are drilling the well in.		

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

REEVES (389) County

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

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

Groundwater
Advisory Unit

GROUNDWATER PROTECTION DETERMINATION

Form GW-2

Date September 16, 2014

GAU File No.: 5470

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

API Number 38900000

Attention: LILLIAN GARCIA

RRC Lease No. 000000

SC_068596_38900000_000000_5470.pdf

BHP BILLITON PET TXLA OP CO
1360 POST OAK BLVD
HOUSTON TX 77056

--Measured--

990 ft FWL

2165 ft FSL

MRL:SECTION

Digital Map Location:

X-coord/Long 1176046

Y-coord/Lat 10626732

Datum 83 Zone C

P-5# 068596

County REEVES

Lease & Well No. STATE BARLOW 57-T2-47X38 #1H&ALL

Purpose ND

Location SUR-T&P, BLK-57, TSHP-2, SEC-47, -- [TD=14000], [RRC 8],

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

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

This recommendation is adequate for wells drilled in this section 47.

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

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

Sincerely,


Digitally signed by Jack Oswalt
DN: c=US, st=TEXAS, l=Austin,
o=Railroad Commission of Texas,
cn=Jack Oswalt,
email=jack.oswalt@rrc.state.tx.us
Date: 2014.09.16.13:18:49 -05'00'
Jack M. Oswalt, P.G.

GEOLOGIST SEAL



Geologist, Groundwater Advisory Unit
Oil & Gas Division

The seal appearing on this document was authorized by Jack M. Oswalt on 9/16/2014
Note: Alteration of this electronic document will invalidate the digital signature.

Form GW-2
Rev. 02/2014

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

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division
PO Box 12967
Austin, Texas 78711-2967
www.rrc.state.tx.us

CERTIFICATE OF POOLING AUTHORITY

Revised 05/2001

P-12

1. Field Name(s) Phantom (Wolfcamp)	2. Lease/ID Number (if assigned)	3. RRC District Number 08
4. Operator Name BHP BILLITON (TXLA OP) CO.	5. Operator P-5 Number 068596	6. Well Number 1H
7. Pooled Unit Name State Projects 57-T2-47X2	8. API Number	9. Purpose of Filing ☒ Drilling Permit (W-1) ☐ Completion Report
10. County Reeves	11. Total acres in pooled unit 480.11	

DESCRIPTION OF INDIVIDUAL TRACTS CONTAINED WITHIN THE POOLED UNIT

TRACT/PLAT IDENTIFIER	TRACT NAME	ACRES IN TRACT (See inst. #7 below)	INDICATE UNDIVIDED INTERESTS	
			UNLEASED	NON-POOLED
1.	Barlow Projects, Inc.	159.58	☐	☐
2.	State of Texas Minerals	160.28	☐	☐
3.	State of Texas Minerals	160.25	☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐

CERTIFICATION:

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

Lillian M. Garcia
Signature

Lillian M. Garcia
Print Name

Regulatory Tech Asst.

lillian.garcia@bhpbilliton.com

01/13/2015

(713) 552-4537

Title

E-mail (if available)

Date

Phone

INSTRUCTIONS — Reference: Statewide Rules 31, 38 and 40

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



9
File No. ME113876

Reeves County

Drilling Permit for API 389-34751

Date Filed: 1-15-15

George P. Bush, Commissioner

By Jm



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

April 20, 2016

LeAnn Stutes
Exploration Land Services, LLC
PO Box 52105
Lafayette, LA 70503-2105

RE: GLO Assignment ID #9572 - MF113876-B, MF114827, MF114828, MF116324 A&B, MF117122 A&B and MF___?___ - James E. Andrews as Agent for SOT - Reeves County

Dear Ms. Stutes:

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

Partial Assignment of Oil, Gas and Mineral Leases, effective June 25, 2013, from Petrohawk Properties, LP, assignor, to Sovereign Resources, LLC, as assignee. Filed for record in Reeves County under Doc #13-05332.

The Mineral File number for the 10 acre lease in Section 20 from *James E. Andrews as Agent for SOT*, has not been assigned and is being processed by this office. Filing fees in the amount of \$200.00 are due in connection with the above assignment. You may contact me if you have any questions.

Best Regards,

Carl Bonn, CPL
Mineral Leasing
Energy Resources
(512) 463-5407
carl.bonn@glo.texas.gov

xc: Deborah Cantu

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

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

512.463.5001 • 800.998.4GLO

glo.texas.gov

9-10-15
Deb to Assn # for
Andrew Loe

From: Carl Bonn
To: Cantu, Deborah
BC Bonn, Carl
Date: 9/10/2015 10:42 AM
Subject: MF # is not yet assigned but Bonus pd
Attachments: image001.jpg; image003.jpg; Reid.Drew.83 (Lease Bonus Submittal).pdf; Reid.Drew.84 (Filing Fee Submittal).pdf

Deborah,
Please see attached.
CB

>>> "LeAnn Stutes" <leann@explorationland.com> 9/10/2015 9:37 AM >>>

I have the bonus payment as well as the filing fee submittal attached. Please let me know if you need anything else.

Thanks,
LeAnn Stutes

4021-B Ambassador Caffery Pkwy
Ofc: 337.234.3500

Suite 200
Fax: 337.234.3525

Lafayette, LA 70503-5281
Cell: 337.356.6799

leann@explorationland.com

The information contained in this transmission is legally privileged and confidential. If the reader of this message is not the intended recipient, or the employee or agent responsible to deliver it to the intended recipient, you are hereby notified that any dissemination, distribution or copying of his communication is strictly prohibited. If you have received this transmission in error, please destroy it immediately and notify us by telephone at 337.234.3500.

From: Carl Bonn [mailto:Carl.Bonn@GLO.TEXAS.GOV]
Sent: Thursday, September 10, 2015 9:11 AM
To: Stutes, LeAnn

Subject: RE: Test

LeAnn,

Thank you for your quick response. However, I spoke to Deb Cantu and she indicated that we may have not received payment for the lease and require that before assigning a mineral file #.

Do you have a contact at Petrohawk that may have a record of the bonus payment.

Thanks,

Carl

>>> "LeAnn Stutes" <leann@explorationland.com> 9/10/2015 8:39 AM >>>

Here you go.

LeAnn Stutes

4021-B Ambassador Caffery Pkwy
Ofc: 337.234.3500

Suite 200
Fax: 337.234.3525

Lafayette, LA 70503-5281
Cell: 337.356.6799

leann@explorationland.com

The information contained in this transmission is legally privileged and confidential. If the reader of this message is not the intended recipient, or the employee or agent responsible to deliver it to the intended recipient, you are hereby notified that any dissemination, distribution or copying of his communication is strictly prohibited. If you have received this transmission in error, please destroy it immediately and notify us by telephone at 337.234.3500.

From: Carl Bonn [mailto:Carl.Bonn@GLO.TEXAS.GOV]
Sent: Thursday, September 10, 2015 8:39 AM
To: leann@explorationland.com

MAY 9, 2013 REQUEST

SECTION 34, BLK 58, T1, A-4659, T&P RR CO SURVEY, CULBERSON COUNTY, TEXAS

THE WESTERN 248 ACRES OF THE N/2

Lessor	Gross Ac	Interest	Net Ac.	Bonus Per Acre	Bonus to Lessor	Bonus to State	Lease Bonus
CRANE COUNTY DEVELOPMENT COMPANY	248	0.00243333	0.60346584	\$400.00	\$120.70	\$120.70	\$241.39
WILLIAM PRESLEY PANNILL	248	0.00243333	0.60346584	\$400.00	\$120.70	\$120.70	\$241.39
TOTALS		0.00486666	1.20693168		\$241.39	\$241.39	\$482.77

SECTION 12, BLOCK 57, TOWNSHIP 2, A-4786, T & P RR CO. SURVEY, CONTAINING 80 ACRES, REEVES COUNTY, TEXAS

E/2 OF THE NW/4

Lessor	Gross Ac	Interest	Net Ac.	Bonus Per Acre	Bonus to Lessor	Bonus to State	Lease Bonus
WILLIAM EDWARD LASELL	80	1/14	5.71428571	\$2,000.00	\$5,714.29	\$5,714.29	\$11,428.57
MARGARET ELLEN LASELL	80	1/14	5.71428571	\$2,000.00	\$5,714.29	\$5,714.29	\$11,428.57
JEAN HARRY LASELL	80	1/14	5.71428571	\$2,000.00	\$5,714.29	\$5,714.29	\$11,428.57
CAROL LOUISE HOWARD	80	1/14	5.71428571	\$2,000.00	\$5,714.29	\$5,714.29	\$11,428.57
BERTHA JEAN OYLER	80	1/14	5.71428571	\$2,000.00	\$5,714.29	\$5,714.29	\$11,428.57
LEANORA GRACE HOTKER	80	1/14	5.71428571	\$2,000.00	\$5,714.29	\$5,714.29	\$11,428.57
JOHN PHILIP LASELL	80	1/14	5.71428571	\$2,000.00	\$5,714.29	\$5,714.29	\$11,428.57
TOTALS		2/7	40.00000000		\$40,000.00	\$40,000.00	\$80,000.00

SECTION 12, BLOCK 57, TOWNSHIP 2, A-4883, T & P RR CO. SURVEY, REEVES COUNTY, TEXAS

TRACT 1: THE W/2 OF THE NE/4 CONTAINING 80 ACRES

TRACT 2: THE E/2 OF THE NW/4 CONTAINING 80 ACRES

Lessor	Gross Ac	Interest	Net Ac.	Bonus Per Acre	Bonus to Lessor	Bonus to State	Lease Bonus
LOWE ROYALTY PARTNERS (TRACT 1)	80	9/10	72.00000000	\$2,000.00	\$72,000.00	\$72,000.00	\$144,000.00
LOWE ROYALTY PARTNERS (TRACT 2)	80	9/20	36.00000000	\$2,000.00	\$36,000.00	\$36,000.00	\$72,000.00

TOTALS			108.00000000		\$108,000.00	\$108,000.00	\$216,000.00
--------	--	--	--------------	--	--------------	--------------	--------------

SECTION 20, BLOCK 57, TOWNSHIP 2, ABSTRACT 4225, T&P RR CO SURVEY, REEVES COUNTY, TEXAS							
THE NW/4 OF THE SE/4 OF THE SE/4 CONTAINING 10 ACRES							
Lessor	Gross Ac	Interest	Net Ac.	Bonus Per Acre	Bonus to Lessor	Bonus to State	Lease Bonus
JAMES E. ANDREWS	10	1.00000000	10.00000000	\$1,500.00	\$7,500.00	\$7,500.00	\$15,000.00
TOTALS		1.00000000	10.00000000		\$7,500.00	\$7,500.00	\$15,000.00

SECTION 20, BLOCK 57, TOWNSHIP 2, ABSTRACT 4225, T&P RR CO. SURVEY, REEVES COUNTY, TEXAS,							
TRACT 1: THE S/2 OF NW/4 OF SW/4 OF SE/4 CONTAINING 5.000 ACRES							
TRACT 2: THE N/2 OF NW/4 OF SW/4 OF SE/4 CONTAINING 5.000 ACRES							
TRACT 3: THE SW/4 OF SW/4 OF NW/4 CONTAINING 10.000 ACRES							
TRACT 4: THE NW/4 OF NW/4 OF SW/4 CONTAINING 10.000 ACRES							
Lessor	Gross Ac	Interest	Net Ac.	Bonus Per Acre	Bonus to Lessor	Bonus to State	Lease Bonus
CHARLES W. SELTZER TRUST (TRACT 1)	5	19/80	1.18750000	\$1,500.00	\$890.63	\$890.62	\$1,781.25
CHARLES W. SELTZER TRUST (TRACT 2)	5	1/2	2.50000000	\$1,500.00	\$1,875.00	\$1,875.00	\$3,750.00
CHARLES W. SELTZER TRUST (TRACT 3)	10	19/80	2.37500000	\$1,500.00	\$1,781.25	\$1,781.25	\$3,562.50
CHARLES W. SELTZER TRUST (TRACT 4)	10	19/80	2.37500000	\$1,500.00	\$1,781.25	\$1,781.25	\$3,562.50
TOTALS			8.43750000		\$6,328.13	\$6,328.12	\$12,656.25

Total Amount paid by check	\$162,069.51
----------------------------	--------------

PETROHAWK ENERGY CORPORATION

1360 POST OAK BLVD., SUITE 1900CT • HOUSTON, TX 77056 inquiry@bhpbilliton.com

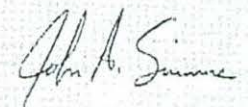
161000

CHECK NO.

REFERENCE	INVOICE DATE	INVOICE NO.	INVOICE AMT.	PRIOR PAYMENT	DISCOUNT	AMOUNT PAID
EPL07MAY2013-1	5/6/13	CKREQ-GENERA L.LAND.OFFICE-0 5/06/13-4 SOIL OWNERS: CRANE COUNTY DEVELOPMENT COMPANY 73/3	241.39			241.39
437294 COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE				CHECK DATE 05/07/13	TOTAL	\$241.39

BOLO-200

WARNING: DO NOT ACCEPT THIS DOCUMENT UNLESS YOU CAN SEE A WATERMARK.

PETROHAWK ENERGY CORPORATION ACCOUNTS PAYABLE DISBURSEMENT ACCOUNT 1360 POST OAK BLVD., SUITE 1900CT HOUSTON, TX 77056 inquiry@bhpbilliton.com		Bank of America 64 - 1278 / 611 GA DATE 05/07/13	161000
PAY Two Hundred Forty-One Dollars And Thirty-Nine Cents*****		AMOUNT	\$*****241.39
TO THE ORDER OF	COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE ATTENTION MINERAL LEASING 1700 N CONGRESS AVE AUSTIN, TX 78701 USA	VOID AFTER 180 DAYS 	

161000 0611127881 335 986 6343

PETROHAWK ENERGY CORPORATION
161002

1360 POST OAK BLVD., SUITE 1900CT • HOUSTON, TX 77056 inquiry@bhpbilliton.com

CHECK NO.

REFERENCE	INVOICE DATE	INVOICE NO.	INVOICE AMT.	PRIOR PAYMENT	DISCOUNT	AMOUNT PAID
EPL07MAY2013-1	5/6/13	CKREQ-GENERA L.LAND.OFFICE-0 5/06/13-3	40,000.00			40,000.00
SOIL OWNER: WILLIAM EDWARD LASELL 1/14, MARGARET E						
437294-COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE				CHECK DATE 05/07/13	TOTAL	\$40,000.00

BOLO-200

WARNING: DO NOT ACCEPT THIS DOCUMENT UNLESS YOU CAN SEE A WATERMARK.

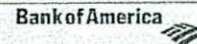
PETROHAWK ENERGY CORPORATION

ACCOUNTS PAYABLE DISBURSEMENT ACCOUNT

1360 POST OAK BLVD., SUITE 1900CT

HOUSTON, TX 77056

inquiry@bhpbilliton.com



64 - 1278 / 611 GA

DATE

05/07/13

161002

PAY Forty Thousand Dollars And Zero Cents*****

AMOUNT \$*****40,000.00

 TO THE
ORDER
OF

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

VOID AFTER 180 DAYS

161002 061112788 335 986 6343

PETROHAWK ENERGY CORPORATION

1360 POST OAK BLVD., SUITE 1900CT • HOUSTON, TX 77056 inquiry@bhpbilliton.com

160999

CHECK NO.

REFERENCE	INVOICE DATE	INVOICE NO.	INVOICE AMT.	PRIOR PAYMENT	DISCOUNT	AMOUNT PAID
EPL07MAY2013-1	5/6/13	CKREQ-GENERA L.LAND.OFFICE-0 5/06/13	108,000.00			108,000.00
SOIL OWNER: LOWE ROYALTY PARTNERS, LP. TRACT 1: 9/						
437294-COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE				CHECK DATE	TOTAL	\$108,000.00
				05/07/13		

BOLO-200

WARNING: DO NOT ACCEPT THIS DOCUMENT UNLESS YOU CAN SEE A WATERMARK.

PETROHAWK ENERGY CORPORATION

ACCOUNTS PAYABLE DISBURSEMENT ACCOUNT

1360 POST OAK BLVD., SUITE 1900CT

HOUSTON, TX 77056

inquiry@bhpbilliton.com

Bank of America

64-1276/611 GA

DATE

05/07/13

160999

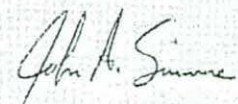
PAY One Hundred Eight Thousand Dollars And Zero Cents*****

 TO THE
ORDER
OF

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

AMOUNT \$*****108,000.00

VOID AFTER 180 DAYS



160999 061112788 335 986 6343

PETROHAWK ENERGY CORPORATION
161001

1360 POST OAK BLVD., SUITE 1900CT • HOUSTON, TX 77056 inquiry@bhpbilliton.com

CHECK NO.

REFERENCE	INVOICE DATE	INVOICE NO.	INVOICE AMT.	PRIOR PAYMENT	DISCOUNT	AMOUNT PAID
EPL07MAY2013-1	5/6/13	CKREQ-GENERA L.LAND.OFFICE-0 5/06/13-2 SOIL OWNER:JAMES E. ANDREWS 100%	7,500.00			7,500.00
437294-COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE				CHECK DATE 05/07/13	TOTAL	\$7,500.00

BOLO-200

WARNING: DO NOT ACCEPT THIS DOCUMENT UNLESS YOU CAN SEE A WATERMARK.

PETROHAWK ENERGY CORPORATION

ACCOUNTS PAYABLE DISBURSEMENT ACCOUNT

1360 POST OAK BLVD., SUITE 1900CT

HOUSTON, TX 77056

inquiry@bhpbilliton.com

Bank of America

64 - 1278 / 611 GA

DATE

05/07/13

161001

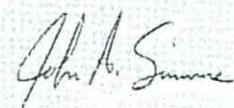
PAY Seven Thousand Five Hundred Dollars And Zero Cents*****

AMOUNT \$*****7,500.00

 TO THE
ORDER
OF

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

VOID AFTER 180 DAYS



161001 061112788 335 986 6343

PETROHAWK ENERGY CORPORATION

1360 POST OAK BLVD., SUITE 1900CT • HOUSTON, TX 77056 inquiry@bhpbilliton.com

160978

CHECK NO.

REFERENCE	INVOICE DATE	INVOICE NO.	INVOICE AMT.	PRIOR PAYMENT	DISCOUNT	AMOUNT PAID
KEF07MAY2013-2	5/6/13	CKREQ-CHARLE S.W.SELTZER.TR UST-5/6/13 BONUS FOR ELS-0120	6,328.12			6,328.12
VENDOR				CHECK DATE	TOTAL	
493782 CHARLES W SELTZER TRUST				05/07/13		\$6,328.12

BOLO-200

WARNING: DO NOT ACCEPT THIS DOCUMENT UNLESS YOU CAN SEE A WATERMARK.

PETROHAWK ENERGY CORPORATION

ACCOUNTS PAYABLE DISBURSEMENT ACCOUNT

1360 POST OAK BLVD., SUITE 1900CT

HOUSTON, TX 77056

inquiry@bhpbilliton.com

Bank of America

64 - 1278 / 611 GA

DATE

05/07/13

160978

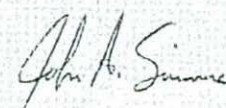
PAY Six Thousand Three Hundred Twenty-Eight Dollars And Twelve Cents*****

 TO THE
ORDER
OF

 CHARLES W SELTZER TRUST
214 W TEXAS AVE
STE 509
MIDLAND, TX 79701-4609 USA

AMOUNT \$*****6,328.12

VOID AFTER 180 DAYS



160978 0611127881 335 986 6343

MAY 9, 2013 REQUEST

SECTION 34, BLK 58, T1, A-4659, T&P RR CO SURVEY, CULBERSON COUNTY, TEXAS

THE WESTERN 248 ACRES OF THE N/2

Lessor	Gross Ac	Interest	Net Ac.	Bonus Per Acre	Bonus to Lessor	Bonus to State	Lease Bonus
CRANE COUNTY DEVELOPMENT COMPANY	248	0.00243333	0.60346584	\$400.00	\$120.70	\$120.70	\$241.39
WILLIAM PRESLEY PANNILL	248	0.00243333	0.60346584	\$400.00	\$120.70	\$120.70	\$241.39
TOTALS		0.00486666	1.20693168		\$241.39	\$241.39	\$482.77

SECTION 12, BLOCK 57, TOWNSHIP 2, A-4786, T & P RR CO. SURVEY, CONTAINING 80 ACRES, REEVES COUNTY, TEXAS

E/2 OF THE NW/4

Lessor	Gross Ac	Interest	Net Ac.	Bonus Per Acre	Bonus to Lessor	Bonus to State	Lease Bonus
WILLIAM EDWARD LASELL	80	1/14	5.71428571	\$2,000.00	\$5,714.29	\$5,714.29	\$11,428.57
MARGARET ELLEN LASELL	80	1/14	5.71428571	\$2,000.00	\$5,714.29	\$5,714.29	\$11,428.57
JEAN HARRY LASELL	80	1/14	5.71428571	\$2,000.00	\$5,714.29	\$5,714.29	\$11,428.57
CAROL LOUISE HOWARD	80	1/14	5.71428571	\$2,000.00	\$5,714.29	\$5,714.29	\$11,428.57
BERTHA JEAN OYLER	80	1/14	5.71428571	\$2,000.00	\$5,714.29	\$5,714.29	\$11,428.57
LEANORA GRACE HOTKER	80	1/14	5.71428571	\$2,000.00	\$5,714.29	\$5,714.29	\$11,428.57
JOHN PHILIP LASELL	80	1/14	5.71428571	\$2,000.00	\$5,714.29	\$5,714.29	\$11,428.57
TOTALS		2/7	40.00000000		\$40,000.00	\$40,000.00	\$80,000.00

SECTION 12, BLOCK 57, TOWNSHIP 2, A-4883, T & P RR CO. SURVEY, REEVES COUNTY, TEXAS

TRACT 1: THE W/2 OF THE NE/4 CONTAINING 80 ACRES

TRACT 2: THE E/2 OF THE NW/4 CONTAINING 80 ACRES

Lessor	Gross Ac	Interest	Net Ac.	Bonus Per Acre	Bonus to Lessor	Bonus to State	Lease Bonus
LOWE ROYALTY PARTNERS (TRACT 1)	80	9/10	72.00000000	\$2,000.00	\$72,000.00	\$72,000.00	\$144,000.00
LOWE ROYALTY PARTNERS (TRACT 2)	80	9/20	36.00000000	\$2,000.00	\$36,000.00	\$36,000.00	\$72,000.00

TOTALS			108.00000000		\$108,000.00	\$108,000.00	\$216,000.00
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SECTION 20, BLOCK 57, TOWNSHIP 2, ABSTRACT 4225, T&P RR CO SURVEY, REEVES COUNTY, TEXAS							
THE NW/4 OF THE SE/4 OF THE SE/4 CONTAINING 10 ACRES							
Lessor	Gross Ac	Interest	Net Ac.	Bonus Per Acre	Bonus to Lessor	Bonus to State	Lease Bonus
JAMES E. ANDREWS	10	1.00000000	10.00000000	\$1,500.00	\$7,500.00	\$7,500.00	\$15,000.00
TOTALS		1.00000000	10.00000000		\$7,500.00	\$7,500.00	\$15,000.00

SECTION 20, BLOCK 57, TOWNSHIP 2, ABSTRACT 4225, T&P RR CO. SURVEY, REEVES COUNTY, TEXAS,							
TRACT 1: THE S/2 OF NW/4 OF SW/4 OF SE/4 CONTAINING 5.000 ACRES							
TRACT 2: THE N/2 OF NW/4 OF SW/4 OF SE/4 CONTAINING 5.000 ACRES							
TRACT 3: THE SW/4 OF SW/4 OF NW/4 CONTAINING 10.000 ACRES							
TRACT 4: THE NW/4 OF NW/4 OF SW/4 CONTAINING 10.000 ACRES							
Lessor	Gross Ac	Interest	Net Ac.	Bonus Per Acre	Bonus to Lessor	Bonus to State	Lease Bonus
CHARLES W. SELTZER TRUST (TRACT 1)	5	19/80	1.18750000	\$1,500.00	\$890.63	\$890.62	\$1,781.25
CHARLES W. SELTZER TRUST (TRACT 2)	5	1/2	2.50000000	\$1,500.00	\$1,875.00	\$1,875.00	\$3,750.00
CHARLES W. SELTZER TRUST (TRACT 3)	10	19/80	2.37500000	\$1,500.00	\$1,781.25	\$1,781.25	\$3,562.50
CHARLES W. SELTZER TRUST (TRACT 4)	10	19/80	2.37500000	\$1,500.00	\$1,781.25	\$1,781.25	\$3,562.50
TOTALS			8.43750000		\$6,328.13	\$6,328.12	\$12,656.25

Total Amount paid by check	\$162,069.51
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ME?

PETROHAWK ENERGY CORPORATION

161000

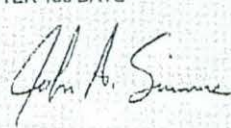
1360 POST OAK BLVD., SUITE 1900CT • HOUSTON, TX 77056 inquiry@bhpbilliton.com

CHECK NO.

REFERENCE	INVOICE DATE	INVOICE NO.	INVOICE AMT.	PRIOR PAYMENT	DISCOUNT	AMOUNT PAID
EPL07MAY2013-1	5/6/13	CKREQ-GENERA L.LAND.OFFICE-0 5/06/13-4	241.39			241.39
SOIL OWNERS: CRANE COUNTY DEVELOPMENT COMPANY 73/3						
437294 COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE				CHECK DATE 05/07/13	TOTAL	\$241.39

BOLO-200

WARNING: DO NOT ACCEPT THIS DOCUMENT UNLESS YOU CAN SEE A WATERMARK.

PETROHAWK ENERGY CORPORATION ACCOUNTS PAYABLE DISBURSEMENT ACCOUNT 1360 POST OAK BLVD., SUITE 1900CT HOUSTON, TX 77056 inquiry@bhpbilliton.com		Bank of America 64-1278 / 611 GA DATE 05/07/13	161000
PAY Two Hundred Forty-One Dollars And Thirty-Nine Cents*****		AMOUNT \$*****241.39	
TO THE ORDER OF COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE ATTENTION MINERAL LEASING 1700 N CONGRESS AVE AUSTIN, TX 78701 USA	VOID AFTER 180 DAYS 		

161000 061112788 335 986 6343

PETROHAWK ENERGY CORPORATION
161002

1360 POST OAK BLVD., SUITE 1900CT • HOUSTON, TX 77056 inquiry@bhpbilliton.com

CHECK NO.

REFERENCE	INVOICE DATE	INVOICE NO.	INVOICE AMT.	PRIOR PAYMENT	DISCOUNT	AMOUNT PAID
EPL07MAY2013-1	5/6/13	CKREQ-GENERA L.LAND.OFFICE-0 5/06/13-3	40,000.00			40,000.00
SOIL OWNER: WILLIAM EDWARD LASELL 1/14, MARGARET E						
437294 COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE				CHECK DATE 05/07/13	TOTAL	\$40,000.00

BOLO-200

WARNING: DO NOT ACCEPT THIS DOCUMENT UNLESS YOU CAN SEE A WATERMARK.

PETROHAWK ENERGY CORPORATION
 ACCOUNTS PAYABLE DISBURSEMENT ACCOUNT
 1360 POST OAK BLVD., SUITE 1900CT
 HOUSTON, TX 77056
 inquiry@bhpbilliton.com

Bank of America

64 - 1278 / 611 GA

DATE

05/07/13

161002

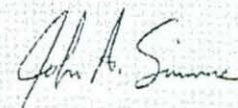
PAY Forty Thousand Dollars And Zero Cents*****

AMOUNT \$*****40,000.00

 TO THE
ORDER
OF

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

VOID AFTER 180 DAYS



161002 0611127881 335 986 6343

PETROHAWK ENERGY CORPORATION
160999

1360 POST OAK BLVD., SUITE 1900CT • HOUSTON, TX 77056 inquiry@bhpbilliton.com

CHECK NO.

REFERENCE	INVOICE DATE	INVOICE NO.	INVOICE AMT.	PRIOR PAYMENT	DISCOUNT	AMOUNT PAID
EPL07MAY2013-1	5/6/13	CKREQ-GENERA L.LAND.OFFICE-0 5/06/13 SOIL OWNER: LOWE ROYALTY PARTNERS, LP. TRACT 1: 9/	108,000.00			108,000.00
437294 COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE				CHECK DATE 05/07/13	TOTAL	\$108,000.00

BOLO-200

WARNING: DO NOT ACCEPT THIS DOCUMENT UNLESS YOU CAN SEE A WATERMARK.

PETROHAWK ENERGY CORPORATION
 ACCOUNTS PAYABLE DISBURSEMENT ACCOUNT
 1360 POST OAK BLVD., SUITE 1900CT
 HOUSTON, TX 77056
 inquiry@bhpbilliton.com

Bank of America

64 - 1278 / 611 GA

DATE

05/07/13

160999

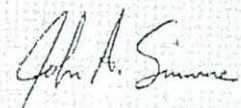
PAY One Hundred Eight Thousand Dollars And Zero Cents*****

 TO THE
ORDER
OF

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

AMOUNT \$*****108,000.00

VOID AFTER 180 DAYS



160999 1061112788 335 986 6343

James Andrews
MF

PETROHAWK ENERGY CORPORATION

1360 POST OAK BLVD., SUITE 1900CT • HOUSTON, TX 77056 inquiry@bhpbilliton.com

CHECK NO.

161001

REFERENCE	INVOICE DATE	INVOICE NO.	INVOICE AMT.	PRIOR PAYMENT	DISCOUNT	AMOUNT PAID
EPL07MAY2013-1	5/6/13	CKREQ-GENERA L.LAND.OFFICE-0 5/06/13-2 SOIL OWNER:JAMES E. ANDREWS 100%	7,500.00			7,500.00
437294-COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE				CHECK DATE 05/07/13	TOTAL	\$7,500.00

BOLO-200

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PETROHAWK ENERGY CORPORATION

ACCOUNTS PAYABLE DISBURSEMENT ACCOUNT

1360 POST OAK BLVD., SUITE 1900CT

HOUSTON, TX 77056

inquiry@bhpbilliton.com

Bank of America

64 - 1278 / 611 GA

DATE

05/07/13

161001

PAY Seven Thousand Five Hundred Dollars And Zero Cents*****

AMOUNT \$*****7,500.00

TO THE
ORDER
OF

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

VOID AFTER 180 DAYS

John A. Simms

161001 0611127881 335 986 6343

PETROHAWK ENERGY CORPORATION

1360 POST OAK BLVD., SUITE 1900CT • HOUSTON, TX 77056 inquiry@bhpbilliton.com

160978

CHECK NO.

REFERENCE	INVOICE DATE	INVOICE NO.	INVOICE AMT.	PRIOR PAYMENT	DISCOUNT	AMOUNT PAID
KEF07MAY2013-2	5/6/13	CKREQ-CHARLE S.W.SELTZER.TR UST-5/6/13 BONUS FOR ELS-0120	6,328.12			6,328.12
VENDOR				CHECK DATE	TOTAL	
493782 CHARLES W SELTZER TRUST				05/07/13		\$6,328.12

BOLO-200

WARNING: DO NOT ACCEPT THIS DOCUMENT UNLESS YOU CAN SEE A WATERMARK.

PETROHAWK ENERGY CORPORATION

ACCOUNTS PAYABLE DISBURSEMENT ACCOUNT

1360 POST OAK BLVD., SUITE 1900CT

HOUSTON, TX 77056

inquiry@bhpbilliton.com

Bank of America

64-1278/611 GA

DATE

05/07/13

160978

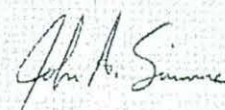
PAY Six Thousand Three Hundred Twenty-Eight Dollars And Twelve Cents*****

AMOUNT \$*****6,328.12

VOID AFTER 180 DAYS

 TO THE
ORDER
OF

 CHARLES W SELTZER TRUST
214 W TEXAS AVE
STE 509
MIDLAND, TX 79701-4609 USA



160978 0611127881 335 986 6343

EXPLORATION LAND SERVICES, LLC

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

May 20, 2013

Via FedEx

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

Re: Oil, Gas and Mineral Leases
Reeves & Culberson Counties, Texas

Dear Drew:

Enclosed herewith, please find certified copies of seven (7) Oil and Gas Leases taken in the name of the State of Texas, in favor of Petrohawk Properties, LP, listed as follows:

<u>Lease No.</u>	<u>Date</u>	<u>Lessor</u>
ELS-0080B	03/07/2013	Neil Christian Henrichsen
ELS-0113B	02/11/2013	Crane County Development Company (MF 111315)
ELS-0116	01/28/2013	Lowe Royalty Partners, LP
ELS-0117B	02/11/2013	Suzanne Marie Reynolds
ELS-0118	03/25/2013	William Edward LaSell, et al
ELS-0119	03/26/2013	James E. Andrews ← MF _____
ELS-0120	03/21/2013	Charles W. Seltzer Trust

Fees only

Also enclosed, please find a check in the amount of \$875.00. This amount covers the filing fees for the seven leases @ \$25/per lease. It also covers the filing fees for the tracts under ELS-0116, ELS-0119 and ELS-0120 @ \$100/per tract. This covers all required fees associated with the above listed leases. Be advised that the filing fees for tracts listed under ELS-0080B and ELS-0117B were paid by check number 5216, issued March 12, 2013 and the filing fees for the tracts listed under ELS-0113B (MF-111315) were paid by check number 5161, issued February 25, 2013. Also be advised that the filing fee for the tract listed under ELS-0118 is one of the same tracts covered by ELS-0116, therefore the filing fee for that tract will be included with the check enclosed herewith.

Please sign and return the copy of the check to me in the enclosed prepaid envelope.

I trust that you will not hesitate to call me with any questions that you may have concerning this matter.

Sincerely yours,

Natalie Holeman
Natalie Holeman

encl.

EXPLORATION LAND SERVICES, LLC

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

May 9, 2013

Via FedEx

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

Re: Oil, Gas and Mineral Leases
Reeves & Culberson Counties, Texas

Dear Drew:

Enclosed herewith, please find five (5) checks, made payable to the Commissioner of the General Land Office, as well as a copy of each check. Also enclosed is a report prepared for you containing a calculated breakdown of the interests and property the checks cover.

<u>Date</u>	<u>Check No.</u>	<u>Amount</u>
05/07/2013	160998	\$6,328.12
05/07/2013	160999	\$108,000.00
05/07/2013	161000	\$241.39
05/07/2013	161001	\$7,500.00
05/07/2013	161002	\$40,000.00

Please sign and return the copies of the checks to me in the enclosed prepaid envelope.

I trust that you will not hesitate to call me with any questions that you may have concerning this matter.

Sincerely yours,

Natalie Holeman

encl.

IBERIA BANK

5384

84-7041/2652

EXPLORATION LAND SERVICES LLCP.O. BOX 52105
LAFAYETTE, LA 70505

5/20/2013

PAY TO THE ORDER OF Texas General Land Office

\$ **875.00

Eight Hundred Seventy-Five and 00/100*****

DOLLARS

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

MEMO

Filing - 7 Leases; Processing - 7 Tracts


AUTHORIZED SIGNATURE

⑈005384⑈ ⑆265270413⑆ 20000194557⑈

EXPLORATION LAND SERVICES LLC

5384

Date	Type	Reference
5/20/2013	Bill	Filing&ProcessingFee

Original Amt.
875.00Balance Due
875.005/20/2013
DiscountPayment
875.00
875.00

Check Amount

Iberia Bank

Filing - 7 Leases; Processing - 7 Tracts

875.00

EXPLORATION LAND SERVICES LLC

5384

Date	Type	Reference
5/20/2013	Bill	Filing&ProcessingFee

Original Amt.
875.00Balance Due
875.005/20/2013
DiscountPayment
875.00
875.00

Check Amount

Received By:

Delaware Basin Leasing

Iberia Bank

Filing - 7 Leases; Processing - 7 Tracts

875.00

EXPLORATION LAND SERVICES, LLC

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

May 9, 2013

Via FedEx

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

Re: Oil, Gas and Mineral Leases
Reeves & Culberson Counties, Texas

Dear Drew:

Enclosed herewith, please find five (5) checks, made payable to the Commissioner of the General Land Office, as well as a copy of each check. Also enclosed is a report prepared for you containing a calculated breakdown of the interests and property the checks cover.

<u>Date</u>	<u>Check No.</u>	<u>Amount</u>
05/07/2013	160998	\$6,328.12
05/07/2013	160999	\$108,000.00
05/07/2013	161000	\$241.39
05/07/2013	161001	\$7,500.00
05/07/2013	161002	\$40,000.00

Please sign and return the copies of the checks to me in the enclosed prepaid envelope.

I trust that you will not hesitate to call me with any questions that you may have concerning this matter.

Sincerely yours,

Natalie Holeman

encl.

MF

?

ELS-0119

13-03312
FILED FOR RECORD
REEVES COUNTY, TEXAS
May 16, 2013 at 09:18:00 AM

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8

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

General Land Office
Relinquishment Act Lease Form
Revised, September 1997

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 26th day of March, 2013, between the State of Texas, acting by and through its agent, JAMES E. ANDREWS, husband of Pat L. Andrews, dealing herein with his separate property whose address is 3883 CHAUCER COURT, TALLAHASSEE, FLORIDA 32311 said agent herein referred to as the owner of the soil (whether one or more), and PETROHAWK PROPERTIES, LP whose address is POST OFFICE BOX 22719, HOUSTON, TEXAS 77027-9998 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:

The NW/4 of the SE/4 of the SE/4 of Section 20, Block 57, Township 2, Abstract 4225, T&P RR Co. Survey, Reeves County, Texas, containing 10.000 acres, more or less

containing 10.000 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: SEVEN THOUSAND FIVE HUNDRED DOLLARS AND 00/100
Dollars (\$7,500.00)

To the owner of the soil: SEVEN THOUSAND FIVE HUNDRED DOLLARS AND 00/100
Dollars (\$7,500.00)

Total bonus consideration: FIFTEEN THOUSAND DOLLARS AND 00/100
Dollars (\$15,000.00)

The total bonus consideration paid represents a bonus of ONE THOUSAND FIVE HUNDRED DOLLARS AND 00/100
Dollars (\$1500.00) per acre, on 10.000 net acres.

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

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

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

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

Total Delay Rental: _____
Dollars (\$ _____)

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

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

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

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

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

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

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

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

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

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

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

Payment of royalty on production of oil and gas shall be as provided in the rules set forth in the Texas Register. Rules currently provide that royalty on oil is due and must be received in the General Land Office on or before the 5th day of the second month succeeding the month of production, and royalty

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

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

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

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

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

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

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

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

15. COMPENSATORY ROYALTIES. If, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the leased premises and completed in the same producing reservoir, or in any case in which drainage is occurring, the right to continue to maintain the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid. The Lessee may maintain the lease for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in the lease of the market value of production from the well causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the leased premises. The compensatory royalty is to be paid monthly, one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil, beginning on or before the last day of the month following the month in which the oil or gas is produced from the well causing the drainage or that is completed in the

same producing reservoir and located within one thousand (1,000) feet of the leased premises. If the compensatory royalty paid in any 12-month period is an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 9 of this lease. None of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in Texas Natural Resources Code 52.173; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties can satisfy the obligation to drill offset wells.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

34. POOLING. Lessee is hereby granted the right to pool or unitize the royalty interest of the owner of the soil under this lease with any other leasehold or mineral interest for the exploration, development and production of oil or gas or either of them upon the same terms as shall be approved by the School Land Board and the Commissioner of the General Land Office for the pooling or unitizing of the interest of the State under this lease

pursuant to Texas Natural Resources Code 52.151-52.154. The owner of the soil agrees that the inclusion of this provision in this lease satisfies the execution requirements stated in Texas Natural Resources Code 52.152.

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

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

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

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

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

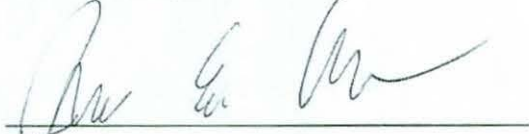
ADDENDUM PROVISIONS - #40 AND 41

40. DELAY RENTALS. As stipulated in Paragraph #3 of this lease, the rentals for this lease have been PAID-UP for the second (2nd) and third (3rd) years of the primary term hereof. Lessee or its assigns shall have the right to keep this lease in force and effect for the fourth (4th) and fifth (5th) years of the primary term provided for herein by tendering a payment of one thousand five hundred dollars (\$1500.00) per net acre, such payment to be divided equally between the State of Texas and the owner of the soil and made prior to March 26, 2016, as to any acreage covered hereby and not otherwise being maintained by any other provision herein at such time.

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

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

STATE OF TEXAS



BY: JAMES E. ANDREWS
Individually and as Agent for the State of Texas

Date: 3-27-13

LESSEE: PETROHAWK PROPERTIES, LP

By: P-H Energy, LLC, Its General Partner



BY: JOHN W. WALSH
TITLE: Attorney-in-Fact

Date: 4/24/2013

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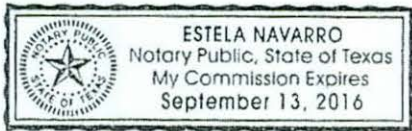
STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF HARRIS

BEFORE ME, the undersigned authority, on this day personally appeared John W. Walsh
known to me to be the person whose name is subscribed to the foregoing instruments as Attorney-In-Fact
of P-H Energy, LLC, general partner of Petrohawk Properties, LP, a Texas limited partnership and acknowledged to me that he
executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said limited partnership.

Given under my hand and seal of office this the 24th day of April, 2013.




Notary Public in and for Texas

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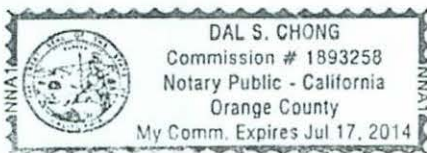
STATE OF CALIFORNIA

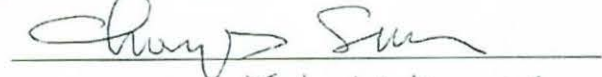
(ACKNOWLEDGMENT)

COUNTY OF Orange

BEFORE ME, the undersigned authority, on this day personally appeared JAMES E. ANDREWS 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, in the capacity stated, and as his free act and deed.

Given under my hand and seal of office this the 27th day of March, 2013.




Notary Public in and for Yorba Linda, CA

Inst No. 13-03312
DIANNE O. FLOREZ
COUNTY CLERK
2013 May 16 at 09:18 AM
REEVES COUNTY, TEXAS
By: AC Alana Calancha, DEPUTY



Texas General Land Office
Interactive Land Lease Mapping Program

389-00597

Streets

Aerial

Hybrid

Topo

Blank

T. &
P.R.R.CO.
4-627
389-10223

MF114220

MF101990

MF114288

389-31502

MF101991

MF114290

MF115507

MF114223

MF115521

MF115522

MF115531

MF115521

MF101989

MF114827

MF115511

MF114290

MF115533

MF115505

MF114828

MF114672

MF115433

MF114224

MF116532

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MF116532

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MF115894

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MF116324

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MF101988

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MF114286

MF115528

MF117122

MF116532

MF115519

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MF116534

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MF116078

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MF116081

MF101995

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MF115510

MF115513

MF115509

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T. &
P.R.R.CO.
4-628

Wac
Andrews

Request
BK & Pg

NWSESE

ID# 9572

MF 113876B

eff 6-25-13

5%

HH-D102

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

PARTIAL ASSIGNMENT OF OIL, GAS AND MINERAL LEASES

THE STATE OF TEXAS §

COUNTY OF REEVES §

This Partial Assignment of Oil, Gas and/or Mineral Leases (this "**Assignment**") is made and entered into this 25th day of June 2013, but effective as the effective dates of the Transferred Leases hereinbelow (the "**Effective Dates**") by and between Petrohawk Properties, LP, a Texas limited partnership ("**Assignor**"), with an address of Post Office Box 22719, Houston, Texas 77027-9998 and Sovereign Resources, LLC ("**Assignee**"), with an address of 1601 Elm Street, Suite 3650, Dallas, Texas 75201.

NOW, THEREFORE, in consideration of the sum of One Hundred and No/100 (\$100.00) Dollars, cash in hand paid, and of other good and valuable considerations, the receipt, adequacy and sufficiency of which are hereby acknowledged, Assignor does hereby convey, assign, transfer, sell, set-over and deliver to Assignee, an undivided five percent (5%) of Assignor's right, title and interest in and to the oil, gas and/or mineral leases described on Exhibit "A" (the "**Transferred Leases**"), insofar and only insofar as the leases cover the lands within the Area of Mutual of Interest as set forth in the Joint Development Agreement referenced hereinbelow. The Transferred Leases are being assigned on a seventy-five percent (75%) net revenue interest basis.

TO HAVE AND TO HOLD the Transferred Leases, with all rights thereunder and incident thereto, unto Assignee, its successors and assigns, forever.

This Assignment is made and accepted with warranty of title by, through and under Assignor but not otherwise. Provided, further, that Assignee shall have full rights of substitution of the rights of Assignor and its predecessors-in-title, in and to all warranties and covenants heretofore given by others in respect to the Transferred Leases. The provisions of this Assignment shall be binding upon, and shall inure to the benefit of the heirs, successors and assigns of Assignor and Assignee.

The Transferred Leases are subject to the terms, provisions and conditions expressed in that certain Joint Development Agreement between Assignor and Assignee dated December 20th, 2010.

Assignee accepts Assignee's undivided interest in the Transferred Leases herein assigned and conveyed by Assignor expressly subject to the terms, conditions and provisions of the Transferred Leases and Assignee hereby agrees to bear Assignee's proportionate share of all duties, liabilities and obligations under each of the respective Transferred Leases.

This instrument may be executed in counterpart form and all parties executing the same authorize Assignee to combine all signature and acknowledgment pages into a single instrument for purposes of recordation.

(Signature page follows.)



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

ASSIGNOR:

PETROHAWK PROPERTIES, LP

By: P-H Energy, LLC, its general partner

By: John W. Walsh
John W. Walsh
Attorney-in-Fact

ASSIGNEE:

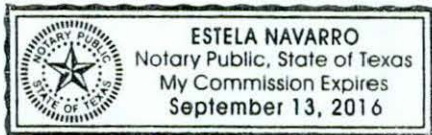
SOVEREIGN RESOURCES, LLC

By: Frederic D. Sewell
Frederic D. Sewell
President and CEO

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on June 27, 2013, by John W. Walsh, Attorney-in-Fact of P-H Energy, LLC, general partner of Petrohawk Properties, a Texas limited partnership.



Estela Navarro
Notary Public in and for the State of Texas
My Commission Expires 9/13/16

STATE OF TEXAS

COUNTY OF DALLAS

This instrument was acknowledged before me on July 12, 2013, by Frederic D. Sewell, President and CEO of Sovereign Resources, LLC.



Jane S. Gaines
Notary Public in and for the State of Texas
My Commission Expires 1/29/16



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

EXHIBIT "A"

Attached to and made a part of that certain Partial Assignment by and between Petrohawk Properties, LP, Assignor and Sovereign Resources, LLC, Assignee, dated June 25, 2013.

Lessee	Lessor	County	Block(s)	Section(s)	Petrohawk Contract #	AMI GA	AMI NMA	Effective Date	Recordation		
									Book	Page	File Number
PETROHAWK PROPERTIES LP	T.H. McElvain Oil and Gas LLLP as agent for the State of Texas	Reeves	57 T3	2	ELS-0073A *	160.00000	80.00000	1/22/2013	1005	282	13-03991
PETROHAWK PROPERTIES LP	Love Family Trust, et al as agent for the State of Texas	Reeves	57 T2	20	ELS-0080A	10.00000	4.00000	2/8/2013	989	514	13-01576
PETROHAWK PROPERTIES LP	Neil Christian Henrichsen as agent for the State of Texas	Reeves	57 T2	20	ELS-0080B	10.00000	6.00000	3/7/2013	1001	306	13-03309
PETROHAWK PROPERTIES LP	Blake Oil and Gas Corporation as agent for the State of Texas	Reeves	57 T2	20	ELS-0114	30.00000	30.00000	11/12/2012	985	636	13-01007
PETROHAWK PROPERTIES LP	Dorr Petroleum Land Management, LLC as agent for the State of Texas	Reeves	57 T2	20	ELS-0115	20.00000	20.00000	1/16/2013	987	84	13-01214
PETROHAWK PROPERTIES LP	Christine Louise Baker as agent for the State of Texas	Reeves	57 T2	20	ELS-0117A	5.00000	0.62500	2/11/2013	989	525	13-01579
PETROHAWK PROPERTIES LP	Suzanne Marie Reynolds as agent for the State of Texas	Reeves	57 T2	20	ELS-0117B	5.00000	0.62500	2/11/2013	1001	313	13-03310
PETROHAWK PROPERTIES LP	James E. Andrews as agent for the State of Texas	Reeves	57 T2	20	ELS-0119	10.00000	10.00000	3/26/2013	1001	328	13-03312
PETROHAWK PROPERTIES LP	Charles W. Seltzer Trust as agent for the State of Texas	Reeves	57 T2	20	ELS-0120	30.00000	8.43750	3/21/2013	1001	335	13-03313

- MF 113876-B
- MF 117122-B
- MF 117122-A
114827
MF 114828
MF 116324A
MF 116324B
MF 116531A



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

Inst No. 13-05332
DIANNE O. FLOREZ
COUNTY CLERK
2013 JUL 25 4 02:50 PM
REEVES COUNTY, TEXAS
BY: V.E. [Signature] DEPUTY

571

0010

File No. MP 113876
Part 191 Assignment
Prohan/KFO Sovereign
Date Filed: 4-20-16
George P. Bush, Commissioner
By: [Signature]

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
Partial Assignment dated June 25, 2013
filed for record in my office this 25th day of July 2013 at 2:50p M, under Clerk's File No. 1505332 to be recorded in the Official public Records
Records of Reeves County, Texas.
TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas
this 25th day of July, 2013.
By [Signature] Deputy.
DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

EXPLORATION LAND SERVICES, LLC

4021-B Ambassador Caffery Pkwy, Suite 200, Lafayette, Louisiana 70503-5281 • Phone: 337.234.3500 • Fax: 337.234.3525 • Email: contact@explorationland.com

May 2, 2016

MF113876

Via FedEx

Mr. Carl Bonn
Texas General Land Office
1700 Congress Avenue
Stephen F. Austin Building
Austin, Texas 78701

Re: GLO Assignment ID #9572
MF113876-B, MF114827, MF114828, MF116324 A&B, MF117122 A&B and MF?
Reeves County, Texas

Dear Carl:

As per our telephone and email correspondence, enclosed herewith, please find one (1) check in the amount of \$50.00 made payable to the Texas General Land Office. Said check covers the remaining balance owed in filing fees for the above referenced assignment. Please sign and return the copy of the check to me in the enclosed prepaid envelope.

✓ sent 5-4-16

I trust you will not hesitate to call me with any questions that you may have concerning this matter.

Sincerely yours,

LeAnn D. Stutes

LeAnn D. Stutes

EXPLORATION LAND SERVICES, LLC

7750

Texas General Land Office
Date Type Reference
4/26/2016 Bill Filing Fees

Original Amt.
50.00

Balance Due
50.00

5/2/2016
Discount
Payment
50.00
Check Amount
50.00

16710254

129

X 50.00



COPY

TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

April 20, 2016

LeAnn Stutes
Exploration Land Services, LLC
PO Box 52105
Lafayette, LA 70503-2105

RE: GLO Assignment ID #9572 - MF113876-B, MF114827, MF114828, MF116324 A&B, MF117122 A&B and MF ____? ____ - James E. Andrews as Agent for SOT - Reeves County

Dear Ms. Stutes:

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

Partial Assignment of Oil, Gas and Mineral Leases, effective June 25, 2013, from Petrohawk Properties, LP, assignor, to Sovereign Resources, LLC, as assignee. Filed for record in Reeves County under Doc #13-05332.

The Mineral File number for the 10 acre lease in Section 20 from *James E. Andrews as Agent for SOT*, has not been assigned and is being processed by this office. Filing fees in the amount of \$200.00 are due in connection with the above assignment. You may contact me if you have any questions.

Best Regards,

Carl Bonn, CPL
Mineral Leasing
Energy Resources
(512) 463-5407
carl.bonn@glo.texas.gov

xc: Deborah Cantu

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

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

512.463.5001 • 800.998.4GLO

glo.texas.gov

EXPLORATION LAND SERVICES, LLC

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

July 31, 2013

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

Via FedEx

COPY

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

Dear Drew:

Enclosed herewith, please find certified copies of six (6) Oil and Gas Leases and five (5) Assignments of Oil and Gas Leases taken in the name of the State of Texas, in favor of Petrohawk Properties, LP, listed as follows:

Lease No.	Date	Amount	Lessor
ELS-0116C	05/24/2013	\$25	Marianne C. Taylor M-115425E
ELS-0116D	06/12/2013	\$25	Estate of Ann Cremin Fiala M-115425C
ELS-0122B	06/25/2013	\$25	Margaret Hall Samuel M-115424B
ELS-0124A	06/04/2013	\$25	Dorr Petroleum Land Management, LLC M-115567B
ELS-0126A	06/13/2013	\$25	R.B. McGowen, III, et ux M-116534D
ELS-0126B	06/13/2013	\$25	Jack Louis McGowen, et ux M-116534E
HK-0085	06/14/2013	\$75	Talisman GOM, L.P. ID # 8818
HK-0089	06/21/2013	\$25	Brian K. Powers ID # 8819
HK-0092	06/21/2013	\$25	Icon Petroleum, Inc. ID # 8820
HK-0093	06/21/2013	\$25	Tumbleweed Exploration, LLC ID # 8821
HK-0102	* 06/25/2013	pd \$175	Petrohawk Properties, LP

See below \$1,275.00 ID # 9572

9 leases @ \$25/lease = \$225

Also enclosed, please find a check in the amount of \$1,375.00. This amount covers the filing fees for the six leases & five assignments @ \$25/per (mineral file number) lease. It also covers the filing fees for tracts 9-16 listed under ELS-0126A & B @ \$100/tract; the fees for tracts 1-8 were previously paid for by check number 4049, issued July 23, 2012. This covers all required fees associated with the above listed leases. Be advised that the filing fees for tracts listed under ELS-0116C & D were paid by check number 5384, issued May 20, 2013, the filing fees for the tracts listed under ELS-0122B were paid by check number 5474, issued June 27, 2013; the filing fees for the tracts listed under ELS-0124A were paid by check number 4547, issued July 15, 2013.

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

Sincerely yours,


Natalie Holleman

* We should have paid \$225 for assignment HK-0102 (ID # 9572) for the 9 mineral classified leases, however we only paid \$175, which would leave a balance of \$50 still owed for this assignment

encl.

LeAnn Stutes

From: Carl Bonn <Carl.Bonn@GLO.TEXAS.GOV>
Sent: Monday, May 02, 2016 7:58 AM
To: LeAnn Stutes
Subject: RE: GLO Assignment ID 9572

Good morning LeAnn

You are correct in the calculation regarding fees and I had a couple of questions.

Please give me a call at your convenience.

Thank you,

Carl

Carl Bonn, CPL

Energy Resources/Mineral Leasing

(512) 463-5407

carl.bonn@glo.texas.gov

LeAnn,

I beg your pardon for any confusion my letter may have caused.

You are

From: LeAnn Stutes [<mailto:leann@explorationland.com>]

Sent: Friday, April 29, 2016 1:31 PM

To: Carl Bonn <Carl.Bonn@GLO.TEXAS.GOV>

Cc: Deborah Cantu <Deborah.Cantu@GLO.TEXAS.GOV>

Subject: GLO Assignment ID 9572

Good Afternoon Carl,

I just received the GLO approval letter for Assignment ID #9572. I see at the bottom of the letter, it says that \$200 are due in connection with the assignment. I pulled the submittal letter that we sent with the assignment and I was wondering if you could tell me how you came up with the \$200 amount. We do realize that we should have sent separate letters for each mineral file number, but this was sent in 2013 before we realized the better way to submit our leases/assignments. We have started sending only 1 letter/1 check for each mineral file number to eliminate any confusion from here on out. I am very sorry that we were not doing it that way in the beginning. We just didn't realize how it worked. I have the original submittal letter attached with the breakdown of payments written in. Can you please let me know where I am off, because I am not showing that we owe \$200 for this assignment. I only come out with us owing \$50. Feel free to email or call me at the number below to discuss. Thanks for your help with this matter!

Thanks,

LeAnn Stutes



4021-B Ambassador Caffery Pkwy
Suite 200
Lafayette, LA 70503-5281
leann@explorationland.com

Ofc: 337.234.3500
Fax: 337.234.3525
Cell: 337.356.6799

[Linked in profile](#)

The information contained in this transmission is legally privileged and confidential. If the reader of this message is not the intended recipient, or the employee or agent responsible to deliver it to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this transmission in error, please destroy it immediately and notify us by telephone at 337.234.3500.

(11)

MF-113876

File No.

Filing Fee

Date Filed:

5-4-16

George P. Bush, Commissioner

By

[Signature]



Texas General Land Office

Reconciliation Billing

George P. Bush, Commissioner

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

COPY

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

Billing Date: 5/12/2016
Billing Due Date: 6/11/2016
Customer Number: C000046383

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
16I00413	MF112780	\$7,557.89	\$0.00	\$795.74	\$185.24	\$8,538.87
16I00415	MF113876	\$2,984.36	\$0.00	\$319.08	\$64.90	\$3,368.34
16I00416	MF116646	\$9,286.21	\$0.00	\$981.61	\$236.02	\$10,503.84
16I00418	MF116646	\$0.00	\$2,668.39	\$278.76	\$104.02	\$3,051.17
Total Due		\$19,828.46	\$2,668.39	\$2,375.19	\$590.18	\$25,462.22

Penalty and interest have been calculated thru 5/31/2016. Payment remitted after 5/31/2016 will result in additional penalty and interest charges.

Contact Info: Andrea Charlton (512) 463-5190 or Andrea.Charlton@GLO.TEXAS.GOV

NOTICE

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

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

Detach and return with payment

Reconciliation Billing

BHP Billiton Petroleum (TXLA Operating) Company

Billing Date: 5/12/2016

Billing Due Date: 6/11/2016

Customer Number: C000046383

Remit Payment To:

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
16I00413	MF112780	\$7,557.89	\$0.00	\$795.74	\$185.24	\$8,538.87
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16I00416	MF116646	\$9,286.21	\$0.00	\$981.61	\$236.02	\$10,503.84
16I00418	MF116646	\$0.00	\$2,668.39	\$278.76	\$104.02	\$3,051.17
Total Due		\$19,828.46	\$2,668.39	\$2,375.19	\$590.18	\$25,462.22
Amt. Paid						

Energy Financial Management
SMAR Activity / Invoicing Approval

Auditor/Account Examiner: Andrea Charlton
Company Name: BHP Billiton Petroleum (TXLA Operating) Company
Customer Number: C000046383
Mineral File #: MF113876
Transaction Type: Volume Reconciliation
Other / Invoice #:

Previous Amount	Current Amount	Date	AE / Reviewer's Notes	Reviewer's Signature	AR Notes
	\$3,368.34	05/11/16	Under reported/paid sales volumes	 MM 5/11/2016	

All original invoices must be approved.

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

Customer ID: C000046383

Invoice Number:

GLO Lease: MF113876

GLO Review: BHP Billiton Petroleum (TXLA Operating) Company

Review Period: JANUARY Through AUGUST 2015

Auditor/AE: Acharito

Billing Date: 5/11/2016

P&I Calculation Date: 5/31/2016

Royalty Rate: 12.50%

Month / Year	RRC Number	(1) Gas Volume	(2) Tract Participation	(3) Price	(4) BTU	(5) Gross Value (1)X(2)x(3)x(4)	(6) Royalty Due (5) * Royalty Rate	(7) Royalty Paid	(8) Additional Royalty Due	(9) Number of Days Late	(10) Interest Rate For Additional Royalty	(11) Penalty From Additional Royalty	(12) Interest From Additional Royalty	Revenue Due (8)+(11)+(12)
May-15	08-278235	2,437	1.000000	\$2.57	1.042963	\$6,526.45	\$815.81	\$772.21	\$43.60	321	4.250000%	\$25.00	\$1.33	\$89.93
Jul-15	08-278235	4,368	1.000000	\$2.71	1.036865	\$12,285.30	\$1,535.66	\$0.00	\$1,535.66	259	4.250000%	\$153.57	\$35.76	\$1,724.99
Aug-15	08-278235	4,553	1.000000	\$2.37	1.042996	\$11,240.79	\$1,405.10	\$0.00	\$1,405.10	229	4.250000%	\$140.51	\$27.81	\$1,573.42
TOTALS		11,358				\$30,052.54	\$3,756.57	\$772.21	\$2,984.36			\$319.08	\$64.90	\$3,368.34

ATTN: Cristen Steele

CERTIFIED MAIL: 7007 0710 0000 5380 6538

COMMENTS: SALES VOLUMES REPORTED TO THE GLO WAS COMPARED TO VOLUMES REPORTED TO THE RRC.

IT HAS BEEN DETERMINED THAT THE SALES VOLUMES HAS BEEN UNDER PAID.

COLUMN (1) RRC VOLUME - REPRESENTS UNDER (OVER) REPORTED SALES VOLUMES TO THE GLO FROM RRC WELL ID# 08-278999 08-278235 Unit 7024

COLUMN (2) PRICE - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE AVERAGE PRICES

COLUMN (3) BTU - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE AVERAGE BTU

COLUMN (7) DIFFERENCE OF ROYALTY REPORTED AND ROYALTY PAID.

COLUMN (10)(11)(12) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:

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

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

12

File No. MF 113876

Reeves County

☒ Reconciliation Billing

Date Filed: 6/13/16

By Nayden Ramirez
George P. Bush, Commissioner

DIVISION ORDER



Issue Date: 5/19/2015
Property Name: STATE PROJECTS 57-T2-47X2 1H
Property #: P1M608/00501 API 389-34751
Production: ALL PRODUCTS
Operator: BHP BILLITON PETROLEUM (TXLA OPERATING)
Legal Description: T&P RR CO ABST/ID# 5900 Grantee M. SCHLOFMAN Twsp T3 Blk 57 Sec 2REEVES COUNTY, TEXAS T&P RR CO ABST/ID# 5760 Grantee STATE Twsp T3 Blk 57 Sec 2REEVES COUNTY, TEXAS T&P RR CO ABST/ID# 640 Grantee T. & P.R.R.CO. Twsp T2 Blk 57 Sec 47 REEVES COUNTY, TEXAS (480.110 ACRES)

CREDIT TO

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

Decimal	Type	Status	Reason	Start Date
0.08345225	RI	PAY		5/1/2015

PLEASE KEEP THIS COPY FOR YOUR RECORDS



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

August 2, 2016

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

Re: State Lease Nos. MF109172/MF087169 and MF116840 State Cumberland 57-T2-16 1H;
MF112780/MF113876/MF116646 State Projects 57-T2-47X2 1H; and
MF065125 State Projects 57-T2-47X38 1H

Dear Mr. Brown:

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

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

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

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

Thank you,

Vivian Hernandez
Landman, Energy Resources
512-475-0428
512-475-1543 (fax)
vivian.hernandez@glo.texas.gov

File No. MF-113876
Division Order

Date Filed: 8/3/16

By  George P. Bush, Commissioner

U.S. Postal Service™

CERTIFIED MAIL™ RECEIPT

(Domestic Mail Only; No Insurance Coverage Provided)

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

OFFICIAL USE

Postage

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Certified Fee

Return Receipt Fee
(Endorsement Required)

Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees

\$

ATTN:

MF#5:

112676

112780

Postmark

Here

113876

116646

Cristen Steele

Sent To

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

City, State, ZIP+4

BHP Billiton Petroleum (TXLA Operating) Co.

1360 Post Oak Blvd Ste 150

Houston TX 77056-3030

See Reverse for Instructions



Texas General Land Office

Reconciliation Billing

George P. Bush, Commissioner

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

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

Billing Date: 6/27/2017
Billing Due Date: 7/27/2017
Customer Number: C000046383

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
17I00407	MF113876	\$0.00	\$632.81	\$150.00	\$35.10	\$817.91
Total Due		\$0.00	\$632.81	\$150.00	\$35.10	\$817.91

Penalty and interest have been calculated thru 6/30/2017. Payment remitted after 6/30/2017 will result in additional penalty and interest charges.

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

NOTICE

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

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

Detach and return with payment

Reconciliation Billing

BHP Billiton Petroleum (TXLA Operating) Company

Billing Date: 6/27/2017

Billing Due Date: 7/27/2017

Customer Number: C000046383

Remit Payment To:

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
17I00407	MF113876	\$0.00	\$632.81	\$150.00	\$35.10	\$817.91
Total Due		\$0.00	\$632.81	\$150.00	\$35.10	\$817.91
Amt. Paid						

Customer ID: C000046383
 Invoice Number: 17100407
 GLO Lease: MF113876
 GLO Review: BHP Billiton Petroleum (TXLA Operating) Company
 Review Period: September 2015 through August 2016

Category: Oil
 Auditor/AE: Sgarcia
 Billing Date: 6/27/2017
 P&I Calculation Date: 6/30/2017
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participa	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Ro	Number of Da	Interest Rate For	Penalty Rate Fron	Interest Rate Fron	Revenue Due
Oct-15	08-278235	35	1.00000000	\$41.888168	1.000000	\$1,466.09	\$183.26	\$0.00	\$183.26	573	4.25%	\$25.00	\$10.97	\$219.23
Nov-15	08-278235	16	1.00000000	\$40.660763	1.000000	\$650.57	\$81.32	\$0.00	\$81.32	542	4.50%	\$25.00	\$4.84	\$111.16
Dec-15	08-278235	42	1.00000000	\$35.136024	1.000000	\$1,475.71	\$184.46	\$0.00	\$184.46	511	4.50%	\$25.00	\$10.28	\$219.74
Jan-16	08-278235	24	1.00000000	\$29.108892	1.000000	\$698.61	\$87.33	\$0.00	\$87.33	482	4.50%	\$25.00	\$4.55	\$116.88
Feb-16	08-278235	13	1.00000000	\$26.049127	1.000000	\$338.64	\$42.33	\$0.00	\$42.33	451	4.50%	\$25.00	\$2.05	\$69.38
Mar-16	08-278235	15	1.00000000	\$28.857316	1.000000	\$432.86	\$54.11	\$0.00	\$54.11	421	4.50%	\$25.00	\$2.41	\$81.52
TOTALS		145.00				\$5,062.48	\$632.81	\$0.00	\$632.81			\$150.00	\$35.10	\$817.91

ATTN: Cristen Steele
 CERTIFIED MAIL: 7008 0150 0003 1019 9499

COMMENTS: BILLING ON DIFFERENCE FROM VOLUMES REPORTED TO GLO COMPARED TO THE VOLUMES REPORTED TO RRC.

COLUMN (3) VOLUME - REPRESENTS UNDER REPORTED SALES VOLUMES TO THE GLO FROM RRC WELL ID # 08-278235.
 COLUMN (5) PRICE - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE.
 COLUMNS (12), (13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy-business/oil-gas/rrac/forms/penalty-interest-assessment-rules.pdf>

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

14

File No. MF 113876

County

Recon Billing

Date Filed: 6/29/17

George P. Bush, Commissioner

By AT

Check No.: 210684
Payment Type: PUGH CLAUSE RENTAL

Period Covered: 12/01/2018-12/01/2018
Payment Amount: \$60,000.00

19703809

Lease Number: 1044457/001 LSE

Original Lessor: ROBERTA REGAN TESTAMENTARY TRUST



Lease Effective Date: 12/01/2011

Recording Information: Book # 926 Page # 794, 12-01400

State: TX

County: REEVES

Check Remarks:

DEPTH EXTENSION 2 YEARS

MF 113876A

For the Credit of:

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

(BA#):80104210

Payment Amount: \$60,000.00

121

VERIFY THE AUTHENTICITY OF THIS MULTI-TONE SECURITY DOCUMENT.

CHECK BACKGROUND AREA CHANGES COLOR GRADUALLY FROM TOP TO BOTTOM.

BHP

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

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

32-1
1110 GL

DATE 11/13/2018

19703809

CHECK NO. 210684

PAY *****60000*DOLLARS AND* 00*CENTS

AMOUNT *****\$60,000.00

VOID IF NOT CASHED WITHIN
SIX MONTHS OF ISSUE

NON TRANSFERABLE

Owner Call Center: 1-877-311-1443

PAY
TO
THE
ORDER
OF

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

FACSIMILE SIGNATURE

FACSIMILE SIGNATURE

⑈000210684⑈



November 28, 2018

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

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

RE: MF-113642B / Deep Rights Retention
MF-113642J / Deep Rights Retention
MF-113642O / Deep Rights Retention
MF-113642H / Deep Rights Retention
MF-113642N / Deep Rights Retention
MF-113876A / Deep Rights Retention

Susan,

Attached are checks #210683, #210680, #210679, #210681, #210682 and #210684 for State Leases MF-113642B, MF-113642J, MF-113642O, MF-113642H, MF-113642N and MF-113876A. BHP is tendering these payments for the Deep Rights Retention. We will send the Deep Rights Retention forms via email.

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

Kindest regards,

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

File No. MF113876
DRR Payments County
Lease A
Date Filed: 1/3/19
George P. Bush, Commissioner
By 82D

Jan 2016

MF113876

From July 28, 2014 to Jan 28, 2016,
this lease is not subject to forfeiture
due to an unsatisfied offset
obligation by the Charge no. 57-3-47 IH
well.



BHP Billiton Petroleum (Americas) Inc.

1360 Post Oak Boulevard
Houston, Texas 77056-3303 USA
Tel: 713-961-8500
bhpbilliton.com

July 28, 2014

Texas General Land Office
1700 N. Congress Ave.
Austin, Texas 78701-1495
Attn: Robert Hatter

Re: Offset Waiver
Fortune 57-3 2
MF113876; MF112780
Reeves County, Texas

Ladies and Gentlemen:

This letter affirms that representatives of the General Land Office of the State of Texas met with BHP Billiton employees on July 9, 2014, in Austin, Texas. Potential offset obligations of the company's State Fee and Relinquishment Act leases were discussed. Based upon the evidence provided, it was agreed that the areas are not being drained at this time.

Therefore, the GLO hereby approves and grants a period of eighteen months from the date of this letter to BHP Billiton, during which the impacted Mineral Classified leases, being MF113876 and MF112780, shall not be subject to forfeiture due to an unsatisfied offset obligation by the Fortune 57-3 2 Well, in which the lateral of the well is closer than 1000' from the lease line.

Before the expiration of the eighteen month extension period, BHP Billiton shall provide further subsurface evidence and production data to the General Land Office to support that there continues to be no drainage of the State Fee lease. At that time the GLO will re-evaluate the validity of each offset obligation.

Please evidence your agreement with and approval of such waiver(s) by executing a copy of this letter and returning same to the undersigned.

If you have any questions or concerns, please feel free to contact Tiffany Wright at (713) 297-6566.

Very truly yours,

Agreed to and accepted on this 11th day of August, 2014.


Tiffany Wright
Landman


Robert Hatter
Director
Mineral Leasing
Energy Resources

File No. MF113876

Extension of offset
obligation

Date Filed: 8-11-14 / filed
3/27/19

Jerry E. Patterson, Commissioner

By JEP AT



Allie Huizenga

Land Negotiator
Permian BU

BP America Production Company
BPX Energy Inc.
1700 Platte Street
Suite 150
Denver, Colorado 80202
USA

Direct 720-682-0308
Allie.Huizenga@bpx.com

September 10, 2020

Texas General Land Office
Attention: Susan Draughn
1700 N. Congress Avenue, Suite 840
Austin, TX 78701-1495

Via FedEx

Re: Deep Rights Retention Payment Form
MF# 113876 A

Dear Ms. Draughn:

Enclosed please find a Deep Rights Retention Payment Form for MF113876. This form was not previously submitted by BPX Energy's predecessor. It is our understanding that this form is not required, but preferred by the General Land Office (the "GLO").

We respectfully request that the GLO confirm acceptance of this form and advise regarding any issues.

Please do not hesitate to contact me at the above should you have any questions.

Respectfully,

Allie Huizenga

Enclosures





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

DEEP RIGHTS RETENTION PAYMENT FORM

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

Mail or Deliver with Attention to: Energy Resources

STATE LEASE # MF 113876A		County REEVES	Gross Acres 160.00	Net Acres 80.00	Tract Part (Ex. NW/4) NW/4
Section: 2	Block: 57	Survey: T&P RR CO.		Township: T3S	Abstract: 5900
Agent for State (Lessor) ROBERTA REGAN TESTAMENTARY TRUST			Operator BPX OPERATING COMPANY		

FOR EACH WELL, PROVIDE THE FOLLOWING:

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

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

<u>Deep Rights Retention Bonus Work-Up</u>
Type of State Lease: (RAL, Fee, Free Royalty) RAL
Total Eligible Acres: 80.00
Total Amount Due: \$60,000.00
Check # 210684
<i>If there are undivided interests; there may be multiple checks</i>

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

AGENT FOR STATE (LESSOR)

(if multiple undivided interests are included; list below)

Lease MF# & Undivided Interest Alpha #	Name of Agent for State of Texas	Original Bonus to State in \$	Bonus Amount Due One half (½) of Original (based on acres being retained)	Undivided Interest Net Acres
Deep Rights Retention Bonus Due to State TOTAL:				
Undivided Interest Net Acres TOTAL:				

Copy and Complete Additional Sheets as Necessary

WELL INFORMATION

Copy and Complete Additional Sheets as Necessary

<u>WELL NAME & NO.</u> STATE PROJECTS 57-T2-47X2 1H		<u>API</u> 4238934751	<u>DISTRICT</u> 08	<u>RRC ID</u> 278235	<u>SPUD DATE</u> 1/27/2015	<u>COMPLETION DATE</u> 5/16/2015
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>SW/4 OF SEC. 47 AND W/2 OF SEC. 2</u> Section: <u>47</u> Block: <u>57</u> Township: <u>T3</u> Survey: <u>T&P RR CO.</u> Abstract: <u>640</u>			OIL ☐ VERTICAL ☐ GAS ☒ HORIZONTAL ☒ FIELD NAME & NUMBER: <u>PHANTOM (WOLFCAMP); 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 480.11	<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 320.53	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 159.58	<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 10,072.68'			
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u> 7,136'	<u>LENGTH OF LATERAL ON STATE LAND</u> 4,691'	<u>LENGTH OF LATERAL ON PRIVATE LAND</u> 2,445'			
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> 06/2020	<u>VOLUME</u> 12652 MCF, 3080 BBL	<u>MONTH/YEAR</u> 05/2020	<u>VOLUME</u> 12069 MCF, 2881 BBL	<u>MONTH/YEAR</u> 04/2020	<u>VOLUME</u> 6913 MCF, 1745 BBL

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

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

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



P-15 STATEMENT OF PRODUCTIVITY OF ACREAGE

OPERATOR: BHP BILLITON PET (TXLA OP) CO (068596)
COUNTY: REEVES – DISTRICT 08
FIELD NAME: PHANTOM (WOLFCAMP)
LEASE NAME: STATE PROJECTS 57-T2-47X2
LEASE ACRES: 480.11

<u>LEASE ID</u>	<u>DRILLING PERMIT #</u>	<u>WELL NO.</u>	<u>DEDICATED ACRES</u>
PENDING	802702	1H	480.11

TOTAL ALLOCATED:	480.11
TOTAL AVAILABLE:	0



STATEMENT OF PRODUCTIVITY OF ACREAGE
ASSIGNED TO PRORATION UNITS

Form P-15

Tracking No.: 138776

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

The undersigned states that he is authorized to make this statement; that he has knowledge of the facts concerning the BHP BILLITON PET(TXLA OP) CO ,

STATE PROJECTS 57-T2-47X2 , No. 1H ; that such well is
LEASE OPERATOR WELL

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

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

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

- CERTIFICATE -

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

Date 08/04/2015 Signature Diann Flowers

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



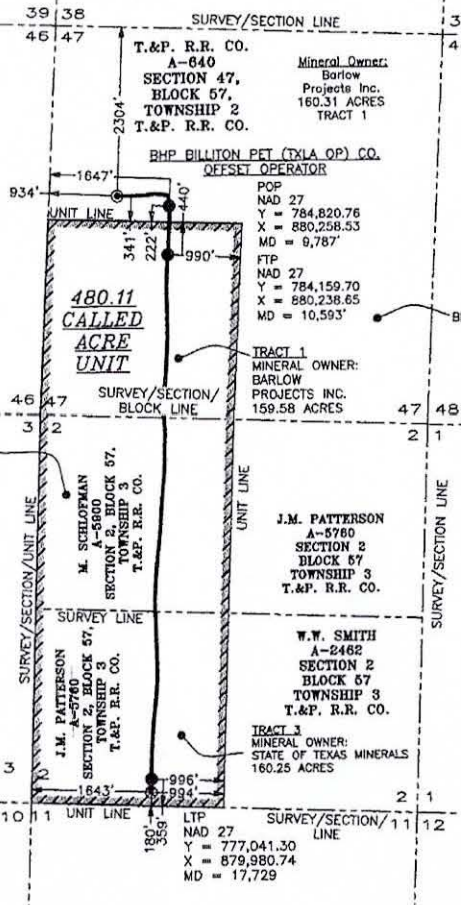


0 1000 2000
1" = 2000 FEET

BHP BILLITON PET (TXLA OP) CO.
SURFACE HOLE LOCATION
STATE PROJECTS 57-T2-47X2 1H
WID #833812
NAD 83
Y = 10,627,539.11
X = 1,176,013.27
LAT. = 31.77513727° N
LONG. = 103.93984391° W
NAD 27
Y = 784,962.14
X = 879,551.76
LAT. = 31.77501099° N
LONG. = 103.93937049° W
ELEV. = 2,965.60'

TRACT 2
MINERAL OWNER:
STATE OF TEXAS MINERALS
160.28 ACRES

TERMINUS
NAD 83
Y = 10,619,439.07
X = 1,176,438.63
LAT. = 31.75292034° N
LONG. = 103.93763149° W
NAD 27
Y = 776,862.34
X = 879,976.95
LAT. = 31.75279396° N
LONG. = 103.93715878° W

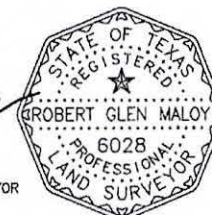


GENERAL NOTES

1. COORDINATES SHOWN ARE BASED ON TEXAS COORDINATE SYSTEM OF NAD 27 STATE PLANE "TEXAS CENTRAL ZONE", AND BASED ON "ORLA" NGS MONUMENT (Y = 798,953.56, X = 876,026.89)
2. VERTICAL DATUM IS NAVD 88
3. COMBINED SCALE FACTOR = 0.999835117
4. LATITUDE AND LONGITUDE ARE NAD 27 AS SHOWN
5. AREA, DISTANCES, AND COORDINATES ARE "GRID"
6. UNITS ARE UNITED STATES SURVEY FOOT
7. ALL LEASE AND TRACT INFORMATION SHOWN HERE ON IS DONE SO BY LIMITED DEED RECORD INFORMATION ONLY. ALL ACREAGES SHOWN ARE BY DEED AND LEASE CALL, EXCEPT WHERE NOTED. THIS IS NOT IN ANY WAY A "BOUNDARY SURVEY".

I HEREBY STATE THAT THIS PLAT
SHOWS THE SUBJECT LOCATION BASED
ON INFORMATION PROVIDED BY
THE CLIENT.

Robert Glen Maloy
ROBERT GLEN MALOY
REGISTERED PROFESSIONAL LAND SURVEYOR
LICENSE NO. 6028



REVISION	DATE	BY	DETAILS
A	04/07/15	GG	MAKE PRELIMINARY PLAT

PLAT OF:
A FINAL AS-DRILLED PLAT FOR:
BHP BILLITON PET (TXLA OP) CO
STATE PROJECTS 57-T2-47X2 1H
WID# 833812

SITUATED IN THE T.&P. R.R. CO. SURVEY, A-640, SECTION 47, BLOCK 57, TOWNSHIP 2, THE M. SCHLOFMAN SURVEY, A-5900, SECTION 2, BLOCK 57, TOWNSHIP 3, AND THE J.M. PATTERSON SURVEY, A-5760, SECTION 2, BLOCK 57, TOWNSHIP 3, ALL OF THE T.&P. R.R. CO. LANDS AND BEING APPROXIMATELY 4 MILES SOUTHWEST OF ORLA, IN REEVES COUNTY, TEXAS.

FRANK
SURVEYING COMPANY INC.

550 Bailey Ave., 205 - Fort Worth, TX 76107
Ph: 817.349.9800 • Fax: 979.732.5271
FBPLS Firm No. 10193887
www.franksurveying.com
LAND SURVEYING/ENERGY/GIS SERVICES
© COPYRIGHT 2014 - ALL RIGHTS RESERVED

bhpbilliton

BHP Billiton
1360 Post Oak Blvd. #150
Houston, Texas 77056

DATE: 04/07/15 PROJECT NO: 2014091014
DRAWN BY: GG SCALE: 1" = 2000'
CHECKED BY: RM SHEET: 1 OF 1
FIELD CREW: RE/MR REVISION:

03.11.15

17.

File No. MF 113876
DRR Form County
Lease A.
Date Filed: 9/28/20
George P. Bush, Commissioner
By SSD

247.30



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

April 28, 2021

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

RE: State Lease MF113876— Relinquishment Act Lease
Deep Rights Retention, Lease A
160 gross/80.00 net acres NW/4 of Section 2, Block 57, Township 3S, T&P RR Co. Survey,
A-5900, Reeves County, Texas
Wells: State Projects 57-T2-47X2 1H, API 42-389-34751, RRC 08-278235
Unit: State Projects 57-T2-47X2 Unit, State #7024

Dear Ms. Huizenga:

The Deep Rights Retention checks in the total amount of \$60,000.00 for mineral file MF113876, Lease A, has been accepted and will retain the deep rights according to the leases and/or unit agreements.

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

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

Best regards,

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

File No. MF 113876
Letter accepting DRK Form County

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

RECEIVED
 JUNE 11 2021
 COUNTY CLERK



BPX Operating Company
Attn: GBS - P2P Treasury Payments
501 Westlake Park Boulevard
Houston, TX 77079

MF113876A

bpx energy

2100003 01 SD T 6176 DD -P00003 C10

09/12/23



COMMISSIONER OF THE TEXAS GENERAL L
1700 N CONGRESS
AUSTIN TX 78701-149

PG 1 OF 1

Done 10/17/23
Surt Dan

VENDOR NUMBER:

TRACE NUMBER: 1488574056BPXML-CPS

State Projects 57-T3-2 Pad 11 - Surface Damages SE/4 Block 57, T3, Section 2 A-2462 MF113876A				24700947	
---	--	--	--	----------	--



INQUIRIES CONCERNING THIS PAYMENT SHOULD BE
DIRECTED TO 1-888-529-1358

IN ORDER TO AFFECT TIMELY INVOICE PAYMENTS PLEASE
PLACE YOUR VENDOR NUMBER ON ALL FUTURE INVOICES.
YOUR VENDOR NUMBER IS

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS

CHECK # 6000006400 ATTACHED BELOW

bpx energy

BPX Operating Company
Attn: GBS - P2P Treasury Payments
501 Westlake Park Boulevard
Houston, TX 77079

62-20
311

No. 6000006400

TRACE NO.: 1488574056BPXML-CPS

24700947

09/12/23

PAY TO THE
ORDER OF

COMMISSIONER OF THE TEXAS GENERAL L
1700 N CONGRESS
AUSTIN TX 78701-149

\$\$\$\$\$\$\$\$\$26,673.53

NOT VALID AFTER 6 MONTHS

Twenty-six Thousand Six Hundred Seventy-three and 53/100 Dollars

AUTHORIZED SIGNATURE

CITIBANK, N.A.
ONE PENN'S WAY, NEW CASTLE, DE 19720

12
⑈6000006400⑈



October 2, 2023

Carl Bonn
Texas General Land Office
1700 N. Congress Avenue, Suite 846E
Austin, TX 78701

Re: **BPX-State Projects 57-T3-2 Pad I1 – Surface Damage Check**
SE/4 Block 57, Township 3, Section 2, A-2462
T&P RR Co Survey, Reeves County, Texas
File MF113876A

Mr. Bonn,

Please find enclosed the copy of the Tundra AD3 LP - State of Texas lease for the SE/4 Section 2, Block 57 T3 along with the State of Texas lease bonus checks.

The lease bonus check is Check No. 60000006400 for \$26,673.53, for the State of Texas lease.

Please let me know of any questions or additional information needed.

Thank you and have a great day.

Sincerely,

Sarah Phillips

Sarah Phillips
Surface Landman & Accounting
Optima Land Services, LLC
415 W. Wall St., Ste. 105 | Midland, TX 79701
Cell: 817.896.4300

415 WEST WALL ST., SUITE 105, MIDLAND, TEXAS 79701
432-218-2409 OFFICE

mk 113876.A

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

MEMORANDUM OF SURFACE AND SUBSURFACE USE AGREEMENT

THE STATE OF TEXAS §

COUNTY OF REEVES §

This Memorandum of Surface and Subsurface Use Agreement is effective as of 15th day of May 2023 (hereinafter "Memorandum") and is entered into by **Tundra AD3 LP**, whose address is 2100 Ross Ave. Ste. 1870, Dallas, Texas 75201, (hereinafter referred to as "Grantor"); and

BPX Operating Company, whose address is 501 Westlake Park Boulevard, Houston, Texas 77079 ("Grantee"), individually, as a "Party" and, collectively, as the "Parties."

The purpose of this Memorandum is to put third parties on notice of the existence of that certain Surface and Subsurface Use Agreement dated effective May 16th, 2023 (hereinafter "Agreement"), which was made and entered into by the Parties and sets forth the consideration paid or to be paid by Grantee and the terms and conditions under which Grantee can use the surface and subsurface on the following described lands:

***ALL OF SECTION 2, BLOCK 57, TOWNSHIP 3, T&P RR CO,
REEVES COUNTY, TEXAS***

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

This Memorandum may be executed in multiple counterparts, all of which shall together constitute one instrument. For purposes of recording, only one copy of this Memorandum with individual signature pages attached thereto needs to be filed on record.

The provisions of the Agreement shall govern in the event of any conflict with this Memorandum.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;
SIGNATURE AND ACKNOWLEDGEMENT PAGE FOLLOWS]

IN WITNESS WHEREOF, this instrument is dated and effective as of the date first written above and is executed as of the date of each Acknowledgment attached hereto.

GRANTOR:

Tundra AD3 LP

By: **Tundra AD3 GP, LLC**, its General Partner

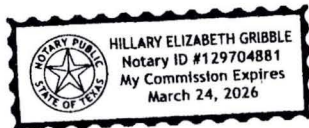
By: _____
Name: **Cody Miller**
Title: **Co-CEO and General Counsel**

ACKNOWLEDGMENT

STATE OF Texas §

COUNTY OF Dallas §

This instrument was acknowledged before me on the 15th day of May, 2023, by Cody Miller, as Co-CEO & General Counsel for **Tundra AD3 LP** to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he or she executed the same as his or her free act and deed.



Notary Public *Hillary Elizabeth Gribble*

GRANTEE:
BPX Operating Company

By: Mindy Johnson
Title: Attorney-in-Fact

STATE OF COLORADO §

COUNTY OF DENVER §

This instrument was acknowledged before me on the ____ day of _____,
2023, by Mindy Johnson, as Attorney-in-Fact for BPX Operating Company, on behalf of said
company.

Notary Public



SURFACE AND SUBSURFACE USE AGREEMENT

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF REEVES §

THIS SURFACE AND SUBSURFACE USE AGREEMENT ("Agreement") is made and entered into as of the 16th day of May 2023 ("Effective Date"), by and between:

Tundra AD3 LP, whose address is 2100 Ross Ave. Ste. 1870, Dallas, Texas 75201 (hereinafter referred to as "Grantor"); and

BPX Operating Company, whose address is 501 Westlake Park Boulevard, Houston, Texas 77079 (hereinafter referred to as "Grantee");

WITNESSETH:

WHEREAS, Grantor is the owner of the surface estate located in Reeves County, Texas and more particularly described as follows (hereinafter the "Property"):

***ALL OF SECTION 2, BLOCK 57, TOWNSHIP 3, T&P RR CO SURVEY,
REEVES COUNTY, TEXAS,***

WHEREAS, Grantee owns oil and gas leases covering the Property, which said leases grant BPX the right to explore for and produce oil, gas and other hydrocarbons;

NOW THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Grantor and Grantee (individually, as a "Party" and, collectively as the "Parties") agree as follows:

1. **Grant.** Grantor hereby grants, leases and conveys to Grantee, its successors and assigns, for the purposes and subject to the terms and conditions provided for in this Surface and Subsurface Use Agreement (the "Agreement") the right to use the surface and the subsurface of the Property, as may be reasonably necessary, for drilling operations to explore for and to produce oil, gas and other hydrocarbons from the Property, lands adjacent or any lands pooled therewith or intersected by a wellbore drilled hereunder on the terms set forth herein. The rights granted hereunder shall include the right to use the surface and subsurface of the Property, as may be reasonably necessary, for such drilling, deepening, reworking, and producing operations together with the incidental rights to use and utilize the described property to the extent and as may be reasonably necessary and incidental to such operations including, but not limited to, the right to place, maintain and operate the necessary drilling, deepening, reworking and producing equipment on said property, the right to drill into and through any subsurface formations underlying the Property, as well as any lands intersected by a wellbore drilled hereunder, whether or not pooled therewith, so that said well or wells may be drilled vertically, or they may be drilled directionally or horizontally to a point underlying the lands of others, the right to deviate and sidetrack the well bore or bores to such horizons as Grantee may, in its discretion desire; also the right to re-drill, rework, plug back, alter, or re-enter any well or wells that Grantee may in its discretion desire; the right and transport substances produced from the such operations through the subsurface whether those substances are produced from the Property, lands adjacent or any lands pooled therewith or lands intersected by

any wellbore drilled hereunder; and the right to build, maintain, and replace roads, pipelines, tanks, bridges and other structures and facilities as may be reasonably necessary for such operations, along with rights of ingress and egress to and across the Property as may be reasonably necessary to exercise and enjoy all the rights conveyed hereunder.

2. **Use of Surface.** Grantee shall notify Grantor of the intended location of all well pads, production pads, water wells, equipment, pits, roadways, flow lines, pipelines, valve sites, launcher/receiver sites, surface sites, electrical lines, fiber lines, telecommunication lines, gathering systems, aboveground temporary water lines and other aboveground appurtenances and shall notify Grantor of all construction operations on the Property before commencing such operations. Grantee shall conduct all operations in such a manner as to cause minimum damage to the surface of the Property. Grantee shall not store any equipment or personal property on the Property except for use in Grantee's operations.
3. **Restrictions on Grantor.** Grantor shall not interfere with the use thereof by Grantee for the purposes for which the Agreement is granted. If Grantor unreasonably interferes with the enjoyment of the rights and easements herein granted, Grantee shall have the right to immediately remove the violation.
4. **Payment.** Grantee shall render all surface damage payments to Grantor as outlined in the Exhibit "A" attached to this Agreement prior to commencement of construction operations, or at the applicable rate as stated in the Rate and Damage Schedule provided by The University of Texas System University Lands at the time said damage was incurred, whichever is greater.
5. **Release.** For and in consideration of the sums hereinabove provided for, Grantor does hereby release and discharge Grantee, its employees, agents, contractors, invitees, licensees from any and all losses, liabilities, claims and damages to the surface of the land and any and all appurtenances thereto as well as to fences, crops, timber, shrubs, fixtures, improvements, water wells, personal property, livestock thereon or injuries and damages to person or property resulting in any way or to any degree from the preparation and use of the Property. Grantor does hereby further agree and stipulate that the payment and acceptance of the consideration set forth above is full and complete payment, settlement, compromise, and satisfaction of any and all of the above-mentioned losses, liabilities, claims, damages, demands and causes of action arising directly or indirectly in connection with the above stated operations on the described premises by Grantee.
6. **Damages.** If, through its operations, Grantee causes damage to personal property, such as fences, livestock, crops, structures, culverts, ditches and irrigation systems, such damage shall be repaired or replaced at Grantee's discretion, or Grantee shall promptly pay Grantor for such damage at a price to the area agreed upon by Grantor and Grantee.
7. **Term.** This Agreement shall be in effect for so long as Grantee, its successors, or assigns, use the Property in accordance with the terms of this Agreement.
8. **Indemnification.** BY ITS ACCEPTANCE OF THIS EASEMENT CONVEYANCE, AND AS A MATERIAL PART OF THE CONSIDERATION THEREFOR, GRANTEE FURTHER EXPRESSLY ACKNOWLEDGES AND AGREES THAT (i) ANY INFORMATION PROVIDED TO GRANTEE PERTAINING TO THE EASEMENT PROPERTY BY GRANTOR HAS NOT BEEN INDEPENDENTLY INVESTIGATED OR VERIFIED BY GRANTOR, (ii) GRANTOR IS NOT MAKING, AND HAS NOT MADE, ANY REPRESENTATIONS OR WARRANTIES

WHATSOEVER AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION; AND (iii) GRANTOR IS NOT, AND WILL NOT BE, LIABLE OR BOUND IN ANY MANNER WHATSOEVER BY ANY WRITTEN OR VERBAL STATEMENT, REPRESENTATION, REPORT, SURVEY, OR INFORMATION FURNISHED TO GRANTEE, OR MADE BY ANY PARTY WITH RESPECT TO THE PROPERTY HEREBY CONVEYED. GRANTEE SPECIFICALLY AGREES THAT HAVING BEEN GIVEN THE OPPORTUNITY TO CONDUCT SUCH TESTS, STUDIES, AND INVESTIGATIONS AS GRANTEE DEEMS NECESSARY AND APPROPRIATE, GRANTEE IS RELYING SOLELY UPON GRANTEE'S OWN INVESTIGATION OF THE PROPERTY AND NOT ON ANY INFORMATION PROVIDED BY GRANTOR. GRANTEE FURTHER AGREES THAT GRANTEE HAS ACCEPTED THE PROPERTY IN ITS CURRENT, "AS IS," "WHERE IS," "WITH ALL FAULTS" CONDITION, AND TO HAVE ASSUMED THE RISK OF ANY MATTER OR CONDITION WHICH IS LATENT OR PATENT OR THAT COULD HAVE BEEN REVEALED BY ITS INVESTIGATIONS. GRANTOR HAS NOT MADE (AND GRANTOR HEREBY EXPRESSLY DISCLAIMS, AND GRANTOR IS GRANTING THE PROPERTY WITHOUT) ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, WHATSOEVER, AS TO THE VALUE, TITLE, CONDITION, NATURE, CHARACTER, SUITABILITY, HABITABILITY, OR FITNESS OF THE PROPERTY, THE INCOME TO BE DERIVED THEREFROM, THE PRESENCE OR ABSENCE OF ANY HAZARDOUS MATERIAL OR OTHER ENVIRONMENTAL CONDITION OR COMPLIANCE OF GRANTOR'S PROPERTY WITH, OR VIOLATION OF, ANY LAW, STATUTE, ORDINANCE, RULE, OR REGULATION, AND ANY OF SUCH REPRESENTATIONS AND WARRANTIES, AND ANY CLAIMS OR CAUSES OF ACTION AGAINST GRANTOR BASED IN WHOLE OR IN PART ON ANY VIOLATION OF, OR ARISING WITH RESPECT TO, ANY FEDERAL, STATE, OR LOCAL STATUTE, ORDINANCE, RULE, OR REGULATION ARE HEREBY EXPRESSLY WAIVED AND RELEASED BY GRANTEE.

9. **Counterparts; Signatures.** This Agreement may be executed in multiple counterparts, and copies of signatures, whether by facsimile, photocopy, or electronic scans, shall be treated as originals for all purposes hereunder.
10. **Compliance with Laws.** This Agreement is made subject to all applicable laws, ordinances, easements, leases, restrictions, reservations, or covenants, either of record or evidenced by improvements upon the ground and to the extent same are in force. In addition, Grantee shall comply with all governmental rules, regulations, and statutes, including those regarding environmental requirements.
11. **Agreement Runs with Land.** This Agreement shall run with the land and shall be binding on the heirs, successors, assigns, and personal representatives of the undersigned. It is further agreed that this grant covers all the agreement between the parties and no representations or statements, verbal or written, have been made modifying, adding to, or changing the terms of this agreement.
12. **Choice of Law.** This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the State of Texas, without reference to its conflicts of law provisions.
13. **Environmental.** Grantee agrees to comply with all laws, rules, and regulations (including but not limited to those relating to environmental) applicable to the governmental agency or agencies having jurisdiction.

14. **Default; Notice and Cure.** If either party believes that the other party is in default of any of its obligations under this Agreement, then prior to exercising any rights or remedies provided for in this Agreement or at law or in equity for such breach, the party alleging such breach must give written notice to the defaulting party of the existence of such default, specifying the action or omission constituting such default, and the defaulting party shall have thirty (30) days after receipt of such written notice to cure such default.
15. **Proportional Interest.** Should Grantor, whether one or more enters into this Agreement with Grantee and Grantor owns less than 100% of the surface estate both parties agree that payments based upon the schedule listed in Exhibit "A" shall be proportionally reduced to reflect Grantor's ownership in the surface estate.
16. **Titles and Headings.** The titles and headings used in this Agreement are for illustrative purposes only and shall not be construed as terms of this Agreement.
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18. **Infrastructure.** Grantee is granted the right, at any time and from time to time, to remove from the Property all tanks, machinery, pipe and pipelines, fixtures, or any other structures or property placed on the Property by Grantee.
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20. **Notice.** Notices to Grantor and Grantee shall be in writing and mailed to the addresses stated above and shall be deemed given upon receipt when sent via United States Postal Service ("USPS") Certified Mail, return receipt requested, or overnight courier, including but not limited to Federal Express or United Postal Service ("UPS"). Payments shall be deemed given when deposited with the USPS, Federal Express or UPS in a properly addressed postage paid envelope. Either party may change its address for notice purposes at any time and from time to time during the term hereof, using the notice procedures described in this paragraph. Any notice given to Grantee shall be to the following address:
BPX Energy Inc.
1700 Platte Street, Suite 150
Denver, Colorado 80202
Attn: Permian Land Department
21. **Memorandum.** This Agreement shall not be filed in any public records. In lieu of filing this Agreement for record, Grantor and Grantee agree that a memorandum of this Agreement shall be filed of record in the county wherein the Property is located. In the event of any conflict between recitations contained in such memorandum and those contained herein, the provisions of this Agreement shall control.

22. **Warranty of Authority.** Each of the individuals signing this Agreement on behalf of a party hereto warrants and represents that such individual is duly authorized and empowered to enter into this Agreement and bind such party hereto.
23. **Assignment.** This rights of either party herein may be assigned in whole or in part and the provisions hereof shall extend of the heirs, executors, administrators, successors, and assigns, but no change or division of ownership of the rights or payments due hereunder, however accomplished, shall operate to enlarge the obligations or diminish the rights of this Agreement.
24. **Entire Agreement.** This Agreement contains the entire agreement of the Parties with respect to the matters covered by this Agreement. Any agreement, statement, or promise made by a Party which is not contained in or referenced in this Agreement, will not be binding.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;
SIGNATURE AND ACKNOWLEDGEMENT PAGE FOLLOWS]



IN WITNESS WHEREOF, this instrument is dated and effective as of the date first written above, and is executed as of the date of each Acknowledgment attached hereto.

GRANTOR:

Tundra AD3 LP

By: **Tundra AD3 GP, LLC**, its General Partner

By: _____

Name: Cody Miller

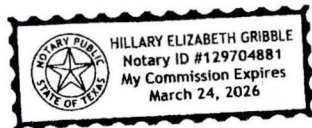
Title: Co-CEO and General Counsel

ACKNOWLEDGMENT

STATE OF Texas §

COUNTY OF Dallas §

This instrument was acknowledged before me on the 15th day of May, 2023, by Cody Miller, as Co-CEO & General Counsel for **Tundra AD3 LP** to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he or she executed the same as his or her free act and deed.



Notary Public Hillary Elizabeth Gribble

GRANTEE:
BPX Operating Company

By: Mindy Johnson
Title: Attorney-in-Fact

ACKNOWLEDGMENT

STATE OF COLORADO §

COUNTY OF DENVER §

This instrument was acknowledged before me on the ____ day of _____,
2023, by Mindy Johnson, as Attorney-in-Fact for BPX Operating Company, on behalf of said
company.

Notary Public

Notary Public
Commission Expires 12/31/2024
My Comm. No. 12345678
My Exp. Date 12/31/2024

Notary Public
Commission Expires 12/31/2024
My Comm. No. 12345678
My Exp. Date 12/31/2024

03-11-01

19

File No. MF 113876

Sanford Army County

Date Filed: 10/25/23

Commissioner Dawn Buckingham, M.D.

By: [Signature]

BPX Operating Company
Attn: GBS - P2P Treasury Payments
501 Westlake Park Boulevard
Houston, TX 77079

MF113876A

bpX energy

Surf Den
09/12/23

2100004 01 SD T 6176 DD -P00004 C10



COMMISSIONER OF THE TEXAS GENERAL L
1700 N CONGRESS
AUSTIN TX 78701-149

PG 1 OF 1

✓ Done
10/17/23

VENDOR NUMBER:

TRACE NUMBER: 1488574057BPXML-CPS

State Projects 57-T3-2 Pad 11 - Surface Damages					
SE14 Block 57, T3, Section 2 A 2462					
MF113876A					
				24700951	



INQUIRIES CONCERNING THIS PAYMENT SHOULD BE
DIRECTED TO 1-888-529-1358

IN ORDER TO AFFECT TIMELY INVOICE PAYMENTS PLEASE
PLACE YOUR VENDOR NUMBER ON ALL FUTURE INVOICES.
YOUR VENDOR NUMBER IS

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS

CHECK # 6000006401 ATTACHED BELOW

bpX energy

BPX Operating Company
Attn: GBS - P2P Treasury Payments
501 Westlake Park Boulevard
Houston, TX 77079

24700951

62-20
311

No. 6000006401

09/12/23

TRACE NO.: 1488574057BPXML-CPS

PAY TO THE
ORDER OF

COMMISSIONER OF THE TEXAS GENERAL L
1700 N CONGRESS
AUSTIN TX 78701-149

\$\$\$\$\$\$\$\$\$\$\$\$452.09

NOT VALID AFTER 6 MONTHS

Four Hundred Fifty-two and 09/100 Dollars

AUTHORIZED SIGNATURE

CITIBANK, N.A.
ONE PENN'S WAY, NEW CASTLE, DE 19720

11600000640111

BPX Operating Company
Attn: GBS - P2P Treasury Payments
501 Westlake Park Boulevard
Houston, TX 77079

bpx energy

2100004 01 SD T 6176 DD -P00004 C10

09/12/23



COMMISSIONER OF THE TEXAS GENERAL L
1700 N CONGRESS
AUSTIN TX 78701-149

PG 1 OF 1

VENDOR NUMBER:

TRACE NUMBER: 1488574057BPXML-CPS

State Projects	57-T3-2	Pad 11	-Surface Damages	SET4 BLOCK 57, T3, Section 2 A 2462	MF113876A
				24700951	



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YOUR VENDOR NUMBER IS

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS

CHECK # 6000006401 ATTACHED BELOW

SD2100004-0001_of_0001 6176-00000004 (F25S)



October 2, 2023

Carl Bonn
Texas General Land Office
1700 N. Congress Avenue, Suite 846E
Austin, TX 78701

Re: **BPX-State Projects 57-T3-2 Pad I1 – Surface Damage Check**
SE/4 Block 57, Township 3, Section 2, A-2762
T&P RR Co Survey, Reeves County, Texas
File MF113876A

Mr. Bonn,

Please find enclosed the copy of the Stag Minerals LLC - State of Texas lease for the SE/4 Section 2, Block 57 T3 along with the State of Texas lease bonus checks.

The lease bonus check is Check No. 60000006401 for \$452.09, for the State of Texas lease.

Please let me know of any questions or additional information needed.

Thank you and have a great day.

Sincerely,

Sarah Phillips

Sarah Phillips
Surface Landman & Accounting
Optima Land Services, LLC
415 W. Wall St., Ste. 105 | Midland, TX 79701
Cell: 817.896.4300

415 WEST WALL ST., SUITE 105, MIDLAND, TEXAS 79701
432-218-2409 OFFICE

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

MEMORANDUM OF SURFACE AND SUBSURFACE USE AGREEMENT

THE STATE OF TEXAS §

COUNTY OF REEVES §

This Memorandum of Surface and Subsurface Use Agreement is effective as of ____ day of May 2023 (hereinafter "Memorandum") and is entered into by **Stag Minerals LLC**, whose address is 4455 Camp Bowie Blvd., No. 114-74, Fort Worth, Texas 76107, (hereinafter referred to as "Grantor"); and

BPX Operating Company, whose address is 501 Westlake Park Boulevard, Houston, Texas 77079 ("Grantee"), individually, as a "Party" and, collectively, as the "Parties."

The purpose of this Memorandum is to put third parties on notice of the existence of that certain Surface and Subsurface Use Agreement dated effective ~~February~~ ^{MAY} ~~24~~ ^{24th}, 2023 (hereinafter "Agreement"), which was made and entered into by the Parties and sets forth the consideration paid or to be paid by Grantee and the terms and conditions under which Grantee can use the surface and subsurface on the following described lands:

***ALL OF SECTION 2, BLOCK 57, TOWNSHIP 3, T&P RR CO,
REEVES COUNTY, TEXAS***

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

This Memorandum may be executed in multiple counterparts, all of which shall together constitute one instrument. For purposes of recording, only one copy of this Memorandum with individual signature pages attached thereto needs to be filed on record.

The provisions of the Agreement shall govern in the event of any conflict with this Memorandum.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;
SIGNATURE AND ACKNOWLEDGEMENT PAGE FOLLOWS]

IN WITNESS WHEREOF, this instrument is dated and effective as of the date first written above and is executed as of the date of each Acknowledgment attached hereto.

GRANTOR:

Stag Minerals LLC

By: 

Name: Matthew D. Hembree

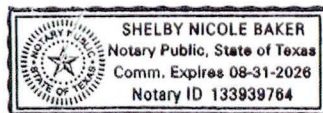
Title: Member

ACKNOWLEDGMENT

STATE OF Texas §

COUNTY OF Tarrant §

This instrument was acknowledged before me on the 24th day of May, 2023, by Matthew D. Hembree, as Member for Stag Minerals LLC to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he or she executed the same as his or her free act and deed.




Notary Public

GRANTEE:
BPX Operating Company

By: Mindy Johnson
Title: Attorney-in-Fact

STATE OF COLORADO §

COUNTY OF DENVER §

This instrument was acknowledged before me on the ____ day of _____,
2023, by Mindy Johnson, as Attorney-in-Fact for BPX Operating Company, on behalf of said
company.

Notary Public



SURFACE AND SUBSURFACE USE AGREEMENT

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF REEVES §

THIS SURFACE AND SUBSURFACE USE AGREEMENT ("Agreement") is made and entered into as of the 24th day of May 2023 ("Effective Date"), by and between:

Stag Minerals LLC, whose address is 4455 Camp Bowie Blvd., No. 114-74, Fort Worth, Texas 76107 (hereinafter referred to as "Grantor"); and

BPX Operating Company, whose address is 501 Westlake Park Boulevard, Houston, Texas 77079 (hereinafter referred to as "Grantee");

W I T N E S S E T H:

WHEREAS, Grantor is the owner of the surface estate located in Reeves County, Texas and more particularly described as follows (hereinafter the "Property"):

***ALL OF SECTION 2, BLOCK 57, TOWNSHIP 3, T&P RR CO SURVEY,
REEVES COUNTY, TEXAS,***

WHEREAS, Grantee owns oil and gas leases covering the Property, which said leases grant BPX the right to explore for and produce oil, gas and other hydrocarbons;

NOW THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Grantor and Grantee (individually, as a "Party" and, collectively as the "Parties") agree as follows:

1. **Grant.** Grantor hereby grants, leases and conveys to Grantee, its successors and assigns, for the purposes and subject to the terms and conditions provided for in this Surface and Subsurface Use Agreement (the "Agreement") the right to use the surface and the subsurface of the Property, as may be reasonably necessary, for drilling operations to explore for and to produce oil, gas and other hydrocarbons from the Property, lands adjacent or any lands pooled therewith or intersected by a wellbore drilled hereunder on the terms set forth herein. The rights granted hereunder shall include the right to use the surface and subsurface of the Property, as may be reasonably necessary, for such drilling, deepening, reworking, and producing operations together with the incidental rights to use and utilize the described property to the extent and as may be reasonably necessary and incidental to such operations including, but not limited to, the right to place, maintain and operate the necessary drilling, deepening, reworking and producing equipment on said property, the right to drill into and through any subsurface formations underlying the Property, as well as any lands intersected by a wellbore drilled hereunder, whether or not pooled therewith, so that said well or wells may be drilled vertically, or they may be drilled directionally or horizontally to a point underlying the lands of others, the right to deviate and sidetrack the well bore or bores to such horizons as Grantee may, in its discretion desire; also the right to re-drill, rework, plug back, alter, or re-enter any well or wells that Grantee may in its discretion desire; the right and transport substances produced from the such operations through the subsurface whether those substances are produced from the Property, lands adjacent or any lands pooled therewith or lands intersected by

any wellbore drilled hereunder; and the right to build, maintain, and replace roads, pipelines, tanks, bridges and other structures and facilities as may be reasonably necessary for such operations, along with rights of ingress and egress to and across the Property as may be reasonably necessary to exercise and enjoy all the rights conveyed hereunder.

2. **Use of Surface.** Grantee shall notify Grantor of the intended location of all well pads, production pads, water wells, equipment, pits, roadways, flow lines, pipelines, valve sites, launcher/receiver sites, surface sites, electrical lines, fiber lines, telecommunication lines, gathering systems, aboveground temporary water lines and other aboveground appurtenances and shall notify Grantor of all construction operations on the Property before commencing such operations. Grantee shall conduct all operations in such a manner as to cause minimum damage to the surface of the Property. Grantee shall not store any equipment or personal property on the Property except for use in Grantee's operations.
3. **Restrictions on Grantor.** Grantor shall not interfere with the use thereof by Grantee for the purposes for which the Agreement is granted. If Grantor unreasonably interferes with the enjoyment of the rights and easements herein granted, Grantee shall have the right to immediately remove the violation.
4. **Payment.** Grantee shall render all surface damage payments to Grantor as outlined in the Exhibit "A" attached to this Agreement prior to commence of construction operations, or at the applicable rate as stated in the Rate and Damage Schedule provided by The University of Texas System University Lands at the time said damage was incurred, whichever is greater.
5. **Release.** For and in consideration of the sums hereinabove provided for, Grantor does hereby release and discharge Grantee, its employees, agents, contractors, invitees, licensees from any and all losses, liabilities, claims and damages to the surface of the land and any and all appurtenances thereto as well as to fences, crops, timber, shrubs, fixtures, improvements, water wells, personal property, livestock thereon or injuries and damages to person or property resulting in any way or to any degree from the preparation and use of the Property. Grantor does hereby further agree and stipulate that the payment and acceptance of the consideration set forth above is full and complete payment, settlement, compromise, and satisfaction of any and all of the above-mentioned losses, liabilities, claims, damages, demands and causes of action arising directly or indirectly in connection with the above stated operations on the described premises by Grantee.
6. **Damages.** If, through its operations, Grantee causes damage to personal property, such as fences, livestock, crops, structures, culverts, ditches and irrigation systems, such damage shall be repaired or replaced at Grantee's discretion, or Grantee shall promptly pay Grantor for such damage at a price to the area agreed upon by Grantor and Grantee.
7. **Term.** This Agreement shall be in effect for so long as Grantee, its successors, or assigns, use the Property in accordance with the terms of this Agreement.
8. **Indemnification.** BY ITS ACCEPTANCE OF THIS EASEMENT CONVEYANCE, AND AS A MATERIAL PART OF THE CONSIDERATION THEREFOR, GRANTEE FURTHER EXPRESSLY ACKNOWLEDGES AND AGREES THAT (i) ANY INFORMATION PROVIDED TO GRANTEE PERTAINING TO THE EASEMENT PROPERTY BY GRANTOR HAS NOT BEEN INDEPENDENTLY INVESTIGATED OR VERIFIED BY GRANTOR, (ii) GRANTOR IS NOT MAKING, AND HAS NOT MADE, ANY REPRESENTATIONS OR WARRANTIES

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1700 Platte Street, Suite 150
Denver, Colorado 80202
Attn: Permian Land Department
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22. **Warranty of Authority.** Each of the individuals signing this Agreement on behalf of a party hereto warrants and represents that such individual is duly authorized and empowered to enter into this Agreement and bind such party hereto.
23. **Assignment.** This rights of either party herein may be assigned in whole or in part and the provisions hereof shall extend of the heirs, executors, administrators, successors, and assigns, but no change or division of ownership of the rights or payments due hereunder, however accomplished, shall operate to enlarge the obligations or diminish the rights of this Agreement.
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[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;
SIGNATURE AND ACKNOWLEDGEMENT PAGE FOLLOWS]



IN WITNESS WHEREOF, this instrument is dated and effective as of the date first written above, and is executed as of the date of each Acknowledgment attached hereto.

GRANTOR:

Stag Minerals LLC

By: Matthew D. Hembree

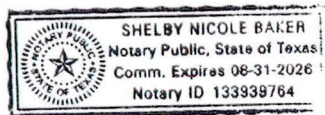
Name: Matthew D. Hembree
Title: Member

ACKNOWLEDGMENT

STATE OF Texas §

COUNTY OF Tarrant §

This instrument was acknowledged before me on the 24th day of May, 2023, by Matthew D. Hembree, as member for Stag Minerals LLC to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he or she executed the same as his or her free act and deed.



Shelby Nicole Baker
Notary Public

GRANTEE:
BPX Operating Company

By: Mindy Johnson
Title: Attorney-in-Fact

ACKNOWLEDGMENT

STATE OF COLORADO §

COUNTY OF DENVER §

This instrument was acknowledged before me on the ____ day of _____,
2023, by Mindy Johnson, as Attorney-in-Fact for BPX Operating Company, on behalf of said
company.

Notary Public



EXHIBIT "A"
Rate and Damage
Schedule

Attached to and made a part of that certain Surface Lease Agreement between **BPX Operating Company** and **Stag Minerals LLC** Lessee, dated effective MAY 24th, 2023.

Lessee has agreed to pay, and Lessor has agreed to accept the following rate and damage schedule as full payment for any and all damages in connection with Lessee's operations on the Leased Premises under the terms of the Agreement:

I. WELL LOCATIONS AND OIL & GAS LEASE APPURTENANCES

- The location fee includes damages exclusively on the applicable company oil/gas lease for well location, tank battery on existing well pad, flowlines, power lines, etc. and use of existing roads for ingress/egress.
- Damaged area includes pads, drilling/reserve pits, laydown area, etc.
- All other appurtenances (e.g., tanks located off well pad, meters, flowlines, power lines, etc.) will require surface damage payments as depicted herein.
- Caliche is not included in the location fee. Any caliche taken from Leased Premises, other than reclaimed caliche, requires payment for consideration.
- Any new road access to a location requires a damage payment.
- LOCATION FEES ARE BASED ON TOTAL MEASURED DEPTH INCLUDING HORIZONTAL SECTION OF THE WELLBORE.

A. New Location – Including Multiple Wellbores on Same Pad

	Damages
1. Less than 4,000 feet measured depth (up to 90,000 sq. ft. damaged area)	\$15,000.00
2. 4,000 feet to 7,999 feet measured depth (up to 140,000 sq. ft. damaged area)	\$22,500.00
3. 8,000 feet to 13,000 feet measured depth (up to 200,000 sq. ft. damaged area)	\$30,000.00
4. Greater than 13,000 feet measured depth (up to 250,000 sq. ft. damaged area)	\$37,500.00
5. Each additional wellbore located on the same well pad	\$9,500.00

B. Re-Entry

	Damages
1. Less than 4,000 feet measured depth (up to 90,000 sq. ft. damaged area)	\$6,000.00
2. 4,000 feet to 7,999 feet measured depth (up to 140,000 sq. ft. damaged area)	\$9,500.00
3. 8,000 feet to 13,000 feet measured depth (up to 200,000 sq. ft. damaged area)	\$13,000.00
4. Greater than 13,000 feet measured depth (up to 250,000 sq. ft. damaged area)	\$16,500.00

C. Fresh Water Frac Pit Site

- Pit area calculated from the outside base of the berm. Unused pits must be closed by the end of primary term.
- All caliche must be returned to pit.

	Consideration
1. Maximum 40,000 sq. ft. pit area	\$10,000.00
2. Pit area greater than 40,000 sq. ft.	\$0.20/sq. ft. over and above C.1.

D. Stacked Rig

	Damages
1. Stacked Drilling Rig	\$750.00/day

E. General Damages

	Damages
1. Remediation of ground surface	\$0.12/sq. ft.
2. Off-pad construction	\$0.12/sq. ft.
3. Pad extensions	\$0.08/sq. ft.
4. Off-lease central tank battery (up to 75,000 sq. ft.) (contract not required)	\$6,000.00
5. Off-lease central tank battery (greater than 75,000 sq. ft.) (contract not required)	Min. \$0.08 sq. ft.
6. Temporary pipeline (supporting on-lease/in unit wells) (not to exceed 120 days per placement of temporary pipeline)	None
7. Temporary pipeline (supporting off-lease/off-unit wells) (not to exceed 120 days per placement of temporary pipeline)	\$1.00/linear foot

II. MATERIAL SALES

	Fee
1. Caliche or Limestone (for use <u>on or off</u> Leased Premises)	\$6.00/yd ³
2. Reclaimed Caliche (for use <u>on or off</u> Leased Premises) • All reclaimed caliche must be completely removed down to ground level. After removal, the area must be ripped and/or reseeded if so requested by the Landowner.	None
3. Other Materials	Market Rate of the materials
4. Opening of new material pit (in addition to any fees listed in II.1. through II.3.)	\$30,000.00

III. GEOPHYSICAL PERMITS

	Damages
1. 2-D	\$3,000.00/mile
2. 3-D	\$25.00/acre
3. Brush removal (by written permission only)	\$500/mile
4. If geophysical activity occurs during big game hunting season (in permit area) or during lambing season (potentially year round), an income loss assessment per affected acre is due from the permit holder to the Grazing Lessee. All such payments will be determined and monitored by Lessor personnel.	Hunting – Maximum \$4.00/acre* Lambing – Maximum \$6.00/acre*

**Separate payment required, delivered to Lessor's office, payable to grazing lessee.*

IV. ROADS

	Consideration/Damage
1. Road	\$70.00/rod

V. PIPELINE EASEMENTS

	Consideration
1. Less than 6"	\$60.00/rod
2. 6" to Less than 12"	\$90.00/rod
3. 12" to Less than 24"	\$140.00/rod
4. 24" or Greater	\$240.00/rod

VI. MAINTENANCE OF ALL PIPELINE EASEMENTS

	Damages
1. Repair or replacement of pipeline (to avoid penalty, removal or replaced line from Leased Premises required within 30 days)	\$45.00/rod
2. Termination of Easement (removal of pipe is required)	None
3. Remediation of leak/spill	\$0.08/sq. ft.

VII. UTILITY LINE EASEMENTS

	Consideration
1. Less than 30,000 volts line capacity (maximum width 30 feet)	\$35.00/rod
2. 30,000 volts line capacity but less than 69,000 volts line capacity (maximum width 30 feet)	\$40.00/rod
3. 69,000 volts line capacity but less than 138,000 volts line capacity (maximum width 60 feet)	\$135.00/rod
4. 138,000 volts line capacity but less than 300,000 volts line capacity (maximum width 80 feet)	\$185.00/rod
5. 300,000 volts line capacity but less than 345,000 volts line capacity (maximum width 145 feet)	\$275.00/rod
6. 345,000 volts line capacity and above volts line capacity (maximum width 180 feet)	\$340.00/rod
7. Fiber optic or telephone line (line serving fewer than 100 end users)	\$2.00/rod
8. Fiber optic or telephone line (line serving 100 or more end users)	\$4.00/rod

VIII. Water Sales for Drilling and Completion

- Water fees are based on total measured depth including horizontal section of the wellbore.
- *Payment due for each oil & gas well if and only if Lessor's water well is used on the premises.*
- *No Fee shall be due if Lessee provides its own water source.*

	Fee
1. Water used for drilling & completion of one oil or gas well on Lands	See a. & b.
a. Less than 4,000 feet measured depth	\$9,500.00/oil or gas well
b. 4,000 feet to 7,999 feet measured depth	\$16,500.00/oil or gas well
c. 8,000 feet to 13,000 feet measured depth	\$26,500.00/oil or gas well
d. Greater than 13,000 feet measured depth	\$46,000.00/oil or gas well

See Below

2. Water used for re-entry of plugged well

a. Less than 4,000 feet measured depth	\$6,500.00/oil or gas well
b. 4,000 feet to 7,999 feet measured depth	\$12,000.00/oil or gas well
c. 8,000 feet to 13,000 feet measured depth	\$19,000.00/oil or gas well
d. Greater than 13,000 feet measured depth	\$34,500.00/oil or gas well

IX. SALTWATER DISPOSAL CONTRACTS (SWD)

(Disposal of water produced from oil and gas operations)

A. Operator of Lessor's Oil and Gas Lease – Operates Water Disposal Well Located on the Lease – Pipeline Transport Only

Consideration

1. Lessor's leases only (disposal of produced water from multiple Lessor's leases by single or multiple operators)	Prepaid \$10,000.00 for 5-year term plus \$0.08/bbl injected into the disposal well
2. Lessors and non-Lessor's leases commingled (disposal of water produced from both Lessor's leases and non-Lessor's leases by one or more operators)	Prepaid \$12,500.00 for 5-year term plus \$0.10/bbl injected into the disposal well

All new Saltwater Disposal Wells must pay a location fee in addition to the fees listed above. See A. above for location fees required.



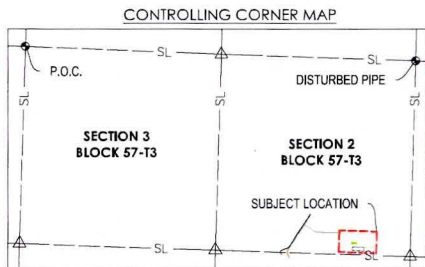
1000 Ledgeview Dr.
Coriway, Arkansas 72034

501.328.3315 | 501.328.3325 |
www.craftontull.com

REEVES COUNTY, TEXAS
SECTION 2, BLOCK 57-T3, T & P RR CO. A-2462
STATE BARLOW 57-T3-2 G1 PAD

PRELIMINARY CLEARING LIMITS, WELL & PAD, & ACCESS EASEMENT COVER SHEET

P.O.C.
A 2.5" PIPE, MARKING THE NORTHWEST
CORNER OF SECTION 3, BLOCK 57-T3.



GENERAL NOTES:

NAVD 88 = EPSG 5703
NAD83 TEXAS CENTRAL = EPSG 2277

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

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

HORIZONTAL DATUM: STATE PLANE COORDINATE SYSTEM, NAD 83 (2011), TEXAS CENTRAL ZONE.

LATITUDE AND LONGITUDE ARE NAD 83 (2011)

AREA, DISTANCES AND COORDINATES ARE GRID.

ALL UNITS ARE UNITED STATES SURVEY FOOT, UNLESS NOTED OTHERWISE

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

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

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

ALL NAD27 COORDINATES WERE DERIVED USING THE NADCON CONVERSION MODEL.

STATE BARLOW 57-T3-2 G1 PAD

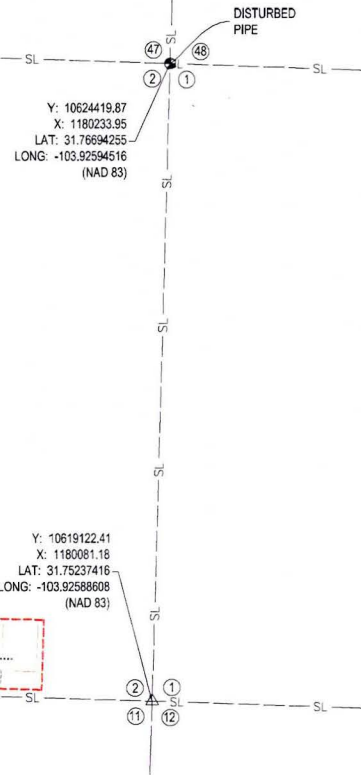
WELLS

STATE BARLOW 57-T3-2 G1 PAD TBD 1, STATE BARLOW 57-T3-2 G1 PAD TBD 2, STATE BARLOW 57-T3-2 G1 PAD TBD 3, STATE
BARLOW 57-T3-2 G1 PAD TBD 4, STATE BARLOW 57-T3-2 G1 PAD TBD 5

Location LAT/LONG (NAD83): 31.75323944, 103.93099210

LRE LAT/LONG (NAD83): 31.75448794, 103.93517734

From the intersection of RM 652 Business and Hwy 285 in Orla, go Southeast on Hwy 285 for 3.07 miles to the
intersection of C.R. 437 on the right (LAT: 31.78936058, LONG: -103.87798697). Turn right (Southwest) on C.R.
437, and go 2.67 miles to a intersection on C.R. 437 (LAT: 31.77880754, LONG: -103.92064803) turn left
(Southwest) onto C.R. 437 and go 3.91 miles to the terminus of the proposed access road on the left (LAT:
31.75450062, LONG: -103.93521112). Turn left (Southeast) on proposed access road, and go 0.20 miles to the
location (LAT: 31.75323944, LONG: -103.93099210).



LEGEND

- CL OF PROPOSED PIPELINE ROUTE
- SURVEY / SECTION LINE
- EXISTING PIPELINE ROUTE
- OVERHEAD ELECTRIC
- FENCE
- EDGE OF PROPOSED ACCESS EASEMENT
- CL OF PROPOSED ACCESS EASEMENT
- PROPERTY LINE
- PROPOSED CLEARING LIMITS
- PROPOSED WELL & FACILITY PAD
- P.O.C.
- P.O.B.
- P.O.T.
- LF
- POWER POLE
- PROPOSED WELL LOCATION
- EXISTING WELL LOCATION
- FOUND MONUMENT (AS NOTED)
- CALCULATED CORNER

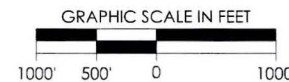


7/18/2023

CONTACT INFORMATION:

Brad G. Russell
Crafton Tull
(1019) 951-151
1000 Ledgeview Dr.
Coriway, AR 72034

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



REV.	DATE	REVISION MADE
1	7/18/23	ORIGINAL PLAT
BPX OPERATING COMPANY		
PROPOSED CLEARING LIMITS & ACCESS ROW SURVEY STATE BARLOW 57-T3-2 G1 PAD SECTION 2, BLOCK 57-T3, T & P RR CO. A-2462 REEVES COUNTY, TEXAS		
SCALE: 1"=100'	CHECKED BY: G. GAY	APPROVED BY: J. AL
DATE: 07/18/2023	DRAWN BY: G. GAY	SHEET NO: 1 OF 5



G:\852-7 (WELL PADS)\8527SV0807_STATE_BARLOW_57-T3-2_G1_PAD\STATE BARLOW 57-T3-2 G1 PAD.DWG 7/18/2023 9:21:58 AM MF1332



501.328.3316 f 501.328.3325 f
www.craftfontall.com

S 57°18'45" E - 8939.15'

SECTION 2, BLOCK 57-T3
T & P RR CO. A-2462

REF. #	RADIUS	ARC LENGTH	CHORD BEARING	CHORD DISTANCE
C1	115'	63.03'	S 72°27'59" E	62.24'

Y: 10619984.32
X: 1177219.53
—LAT: 31.75448794
LONG: -103.93517734
(NAD 83)

S56°45'57"E-331.67

Y: 10619763.08
X: 1178203.70
LAT: 31.75396762
LONG: -103.93198969
(NAD 83)

P.O.T. OF A 30' WIDE
ACCESS EASEMENT

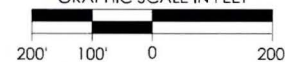
S 58°28'00" W - 8573.68'

CLOF OF PROPOSED PIPELINE ROUTE
 SURVEY / SECTION LINE
 EXISTING PIPELINE ROUTE
 OVERHEAD ELECTRIC FENCE
 EDGE OF PROPOSED ACCESS EASEMENT
 CLOF OF PROPOSED ACCESS EASEMENT
 PROPERTY LINE
 PROPOSED CLEARING LIMITS
 PROPOSED WELL & FACILITY PAD
 POINT OF COMMENCEMENT
 POINT OF BEGINNING
 POINT OF TERMINATION
 LF
 POWER POLE
 PROPOSED WELL LOCATION
 EXISTING WELL LOCATION
 FOUND MONUMENT (AS NOTED)
 CALCULATED CORNER



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

GRAPHIC SCALE IN FEET



REV	DATE	REVISION MADE	
6. 3/2/23 ORIGINAL PLAT			
BFX OPERATING COMPANY			
PROPOSED CLEARING LIMITS & ACCESS ROW SURVEY STATE BARLOW 57-13-2 G1 PAD SECTION 2, BLOCK 57-73, T & P RR CO. A-2462 REEVES COUNTY, TEXAS			
SCALE: 1" = 20'	CHECKED BY: LG	APPROVED BY: A	DATE: 07/19/2023
	DRAWN BY: C. GRAY	CHECKED NO. 3	OF 5



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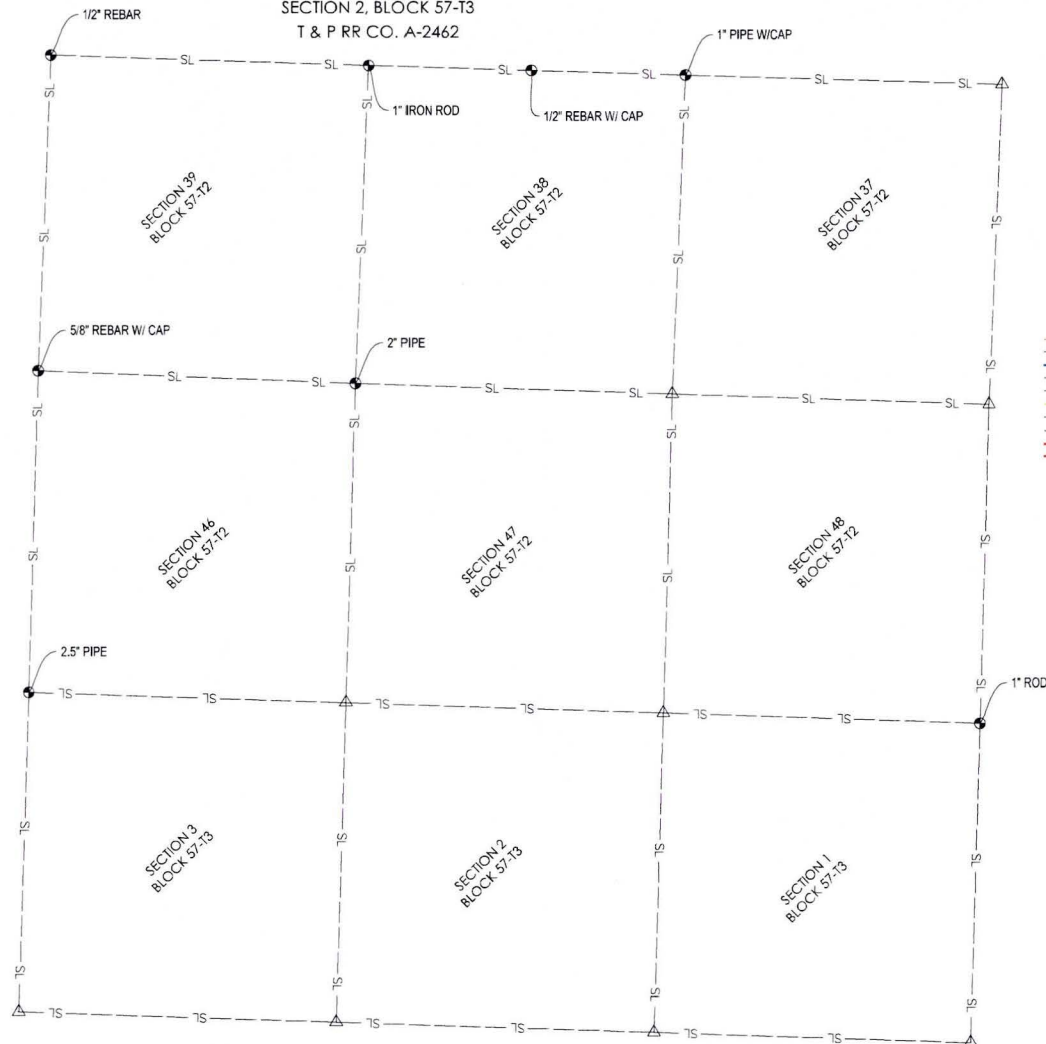


Brad G. Russell
Craighton Tull
(10193715)
1000 Ledge lawn Dr.
Conway, AR 72034

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

LOCATION	DESCRIPTION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)
NW CORNER 57-72-47	2" PIPE	31.78146878° N	103.94274819° W	10622870.44	1175185.93
NE CORNER 57-72-47	CALCULATED CORNER	31.78148911° N	103.92577820° W	10622907.16	1180456.68
SE CORNER 57-72-47	CALCULATED CORNER	31.76694255° N	103.92594516° W	10622414.97	1180233.95
SW CORNER 57-72-47	CALCULATED CORNER	31.76696845° N	103.94290431° W	10624598.88	1174966.31
NW CORNER 57-73-13	2.5" PIPE	31.76708009° N	103.95987511° W	10624811.99	1169696.09
NE CORNER 57-73-1	1" ROD	31.76693506° N	103.90895538° W	10624247.05	1185511.36

SECTION 2, BLOCK 57-T3
T & P RR CO. A-2462



GRID NORTH (NAD 83)
TEXAS - CENTRAL ZONE

	CL OF PROPOSED PIPELINE ROUTE
	SURVEY SECTION LINE
	EXISTING PIPELINE ROUTE
	OVERHEAD ELECTRIC
	FENCE
	EDGE OF PROPOSED ACCESS EASEMENT
	CL OF PROPOSED ACCESS EASEMENT
	PROPERTY LINE
	PROPOSED CLEARING LIMITS
	PROPOSED WELL & FACILITY PAD
P.O.C.	POINT OF COMMENCEMENT
P.O.B.	POINT OF BEGINNING
P.O.T.	POINT OF TERMINATION
LF	LINEAR FEET
	POWER POLE
	PROPOSED WELL LOCATION
	EXISTING WELL LOCATION
	FOUND MONUMENT (AS NOTED)
	CALCULATED CORNER

GRAPHIC SCALE IN FEET

A horizontal scale bar with a central zero point. To the left of zero, there is a tick mark at 1000' and another at 2000'. To the right of zero, there is a tick mark at 2000'. The bar is divided into alternating black and white segments.

REV.	DATE	REVISION MADE
0	3/2/23	ORIGINAL PLAT
BFX OPERATING COMPANY		
PROPOSED CLEARING LIMITS & ACCESS ROW SURVEY STATE BARLOW 57-13-2 G1 PAD SECTION 2, BLOCK 5-T-13, 1 & P R& CO. A-2462 REEVES COUNTY, TEXAS		
SCALE: 1" = 200'	CHECKED BY:	LS APPROVED BY: A.J.
DRAWN BY: C.GRAY	SHEET NO.: 4	OF 5



Crafton Tull
surveying

501.328.3316 f 501.328.3325 f
www.craftontull.com

1000 LedgeLawn Dr.
Conway, Arkansas 72034

REEVES COUNTY, TEXAS

SECTION 2, BLOCK 57-T3

T & P RR CO. A-2462

"STATE BARLOW 57-T3-2 G1 PAD CLEARING LIMITS"

A METES AND BOUNDS DESCRIPTION OF A 13.63 ACRE CLEARING LIMIT IN, OVER, ACROSS, AND THROUGH SECTION 2, BLOCK 57-T3, REEVES COUNTY, TEXAS, BEING OUT OF ABSTRACT NUMBER 2462, T & P RR CO. ORIGINAL GRANTEE, REEVES COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A 2.5" PIPE, MARKING THE NORTHWEST CORNER OF SECTION 3, BLOCK 57-T3, REEVES COUNTY, TEXAS; THENCE S 59°30'15" E, A DISTANCE OF 9817.87 FEET TO THE POINT OF BEGINNING OF A 13.63 ACRE CLEARING LIMITS:

THENCE S 88°10'01" E, A DISTANCE OF 1024.01 FEET TO A POINT;
THENCE S 01°49'59" W, A DISTANCE OF 580.00 FEET TO A POINT;
THENCE N 88°10'01" W, A DISTANCE OF 1024.01 FEET TO A POINT;
THENCE N 01°49'59" E, A DISTANCE OF 580.00 FEET TO THE POINT OF BEGINNING.
THE ABOVE DESCRIBED CLEARING LIMITS HAS A TOTAL AREA OF 593.925 SQUARE FEET OR 13.63 ACRES, MORE OR LESS, LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

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

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

"ACCESS EASEMENT"

A CENTERLINE DESCRIPTION OF A 0.72 ACRE ACCESS EASEMENT IN, OVER, ACROSS, AND THROUGH SECTION 2, BLOCK 57-T3, REEVES COUNTY, TEXAS, BEING OUT OF ABSTRACT NUMBER 2462, T & P RR CO. ORIGINAL GRANTEE, REEVES COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

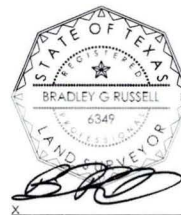
COMMENCING AT A 2.5" PIPE, MARKING THE NORTHWEST CORNER OF SECTION 3, BLOCK 57-T3, REEVES COUNTY, TEXAS; THENCE S 57°18'45" E, A DISTANCE OF 8939.15 FEET TO THE POINT OF BEGINNING OF A 30 FOOT WIDE ACCESS EASEMENT, BEING 15 FEET ON BOTH SIDES OF THE FOLLOWING DESCRIBED CENTERLINE:

THENCE S 56°45'57" E, A DISTANCE OF 331.67 FEET TO A POINT; BEING THE BEGINNING POINT OF A CURVE TO THE LEFT; THENCE WITH SAID CURVE TO THE LEFT HAVING A RADIUS OF 115 FEET, AN ARC LENGTH OF 63.03 FEET, A CHORD BEARING OF S 72°27'59" E, AND A CHORD DISTANCE OF 62.24 FEET TO A POINT;
THENCE S 88°10'01" E, A DISTANCE OF 647.73 TO THE POINT OF TERMINATION; SAID POINT BEING S 58°28'00" W, A DISTANCE OF 8573.68 FEET FROM A 1" ROD, MARKING THE NORTHEAST CORNER OF SECTION 1, BLOCK 57-T3, REEVES COUNTY, TEXAS.

THE ABOVE DESCRIBED CENTERLINE HAS A TOTAL LENGTH OF 1042.43 FEET OR 63.18 RODS AND CONTAINS 0.72 ACRES OF EASEMENT, MORE OR LESS, LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

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

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



7/18/2023

CONTACT INFORMATION:

Brice G. Russell
Crafton Tull
(101937)5
1000 LedgeLawn Dr.
Conway, AR 72034

REV.	DATE	REVISION MADE
0	3/2/23	ORIGINAL PLAT
BFX OPERATING COMPANY		
PROPOSED CLEARING LIMITS & ACCESS ROW SURVEY		
STATE BARLOW 57-T3-2 G1 PAD		
SECTION 2, BLOCK 57-T3, T & P RR CO. A-2462		
REEVES COUNTY, TEXAS		
SCALE: N/A	CHECKED BY: LE	APPROVED BY: KKK
DATE: 07/18/2023	DRAWN BY: C. GRAY	REPPING: S. OF S.

BPX Operating Company
Attn: GBS - P2P Treasury Payments
501 Westlake Park Boulevard
Houston, TX 77079

MF 113876A

bpX energy

surf Damage
09/12/23

2100001 01 SD T 6176 DD -P00001 C10



COMMISSIONER OF THE TEXAS GENERAL L
1700 N CONGRESS
AUSTIN TX 78701-149

PG 1 OF 1

Done
10/17/23

VENDOR NUMBER:

TRACE NUMBER: 1488574054BPXML-CPS

State projects 54-T3-2 Pad 11 - Surface Damages SE/4 Block 57, T3, Section 2 A - 2462 MF 113876A					
24700950					



INQUIRIES CONCERNING THIS PAYMENT SHOULD BE
DIRECTED TO 1-888-529-1358

IN ORDER TO AFFECT TIMELY INVOICE PAYMENTS PLEASE
PLACE YOUR VENDOR NUMBER ON ALL FUTURE INVOICES.
YOUR VENDOR NUMBER IS

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS

CHECK # 6000006398 ATTACHED BELOW

bpX energy

BPX Operating Company
Attn: GBS - P2P Treasury Payments
501 Westlake Park Boulevard
Houston, TX 77079

62-20

No. 6000006398

311

24700950

09/12/23

TRACE NO.: 1488574054BPXML-CPS

PAY TO THE
ORDER OF

COMMISSIONER OF THE TEXAS GENERAL L
1700 N CONGRESS
AUSTIN TX 78701-149

\$\$\$\$\$\$\$\$\$\$\$9,041.88

NOT VALID AFTER 6 MONTHS

Laura H. Allen
AUTHORIZED SIGNATURE

Nine Thousand Forty-one and 88/100 Dollars

CITIBANK, N.A.
ONE PENN'S WAY, NEW CASTLE, DE 19720

⑈6000006398⑈



October 2, 2023

Carl Bonn
Texas General Land Office
1700 N. Congress Avenue, Suite 846E
Austin, TX 78701

Re: **BPX-State Projects 57-T3-2 Pad I1 – Surface Damage Check**
SE/4 Block 57, Township 3, Section 2, A 2463
T&P RR Co Survey, Reeves County, Texas
File MF113876A

Mr. Bonn,

Please find enclosed the copy of the Maven Royalty 2 LP - State of Texas lease for the SE/4 Section 2, Block 57 T3 along with the State of Texas lease bonus checks.

The lease bonus check is Check No. 60000006398 for \$9,041.88 for the State of Texas lease.

Please let me know of any questions or additional information needed.

Thank you and have a great day.

Sincerely,

Sarah Phillips

Sarah Phillips
Surface Landman & Accounting
Optima Land Services, LLC
415 W. Wall St., Ste. 105 | Midland, TX 79701
Cell: 817.896.4300

415 WEST WALL ST., SUITE 105, MIDLAND, TEXAS 79701
432-218-2409 OFFICE

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

MEMORANDUM OF SURFACE AND SUBSURFACE USE AGREEMENT

THE STATE OF TEXAS §

COUNTY OF REEVES §

This Memorandum of Surface and Subsurface Use Agreement is effective as of 18th day of May, 2023 (hereinafter "Memorandum") and is entered into by **Maven Royalty 2, LP**, whose address is 620 Texas Street, Suite 300, Shreveport, Louisiana 71101, (hereinafter referred to as "Grantor"); and

BPX Operating Company, whose address is 501 Westlake Park Boulevard, Houston, Texas 77079 ("Grantee"), individually, as a "Party" and, collectively, as the "Parties."

The purpose of this Memorandum is to put third parties on notice of the existence of that certain Surface and Subsurface Use Agreement dated effective May 18, 2023 (hereinafter "Agreement"), which was made and entered into by the Parties and sets forth the consideration paid or to be paid by Grantee and the terms and conditions under which Grantee can use the surface and subsurface on the following described lands:

***SECTION 2, BLOCK 57, TOWNSHIP 3, T&P RR CO, REEVES
COUNTY, TEXAS***

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

This Memorandum may be executed in multiple counterparts, all of which shall together constitute one instrument. For purposes of recording, only one copy of this Memorandum with individual signature pages attached thereto needs to be filed on record.

The provisions of the Agreement shall govern in the event of any conflict with this Memorandum.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;
SIGNATURE AND ACKNOWLEDGEMENT PAGE FOLLOWS]



IN WITNESS WHEREOF, this instrument is dated and effective as of the date first written above, and is executed as of the date of each Acknowledgment attached hereto.

GRANTOR:
Maven Royalty 2, LP


By: Ian Doiron
Title: Managing Partner

ACKNOWLEDGMENT

STATE OF LOUISIANA §

PARISH OF CADDO §

This instrument was acknowledged before me on the 7 day of June, 2023, by Ian Doiron, Managing Partner of Maven Royalty 2, LP, a Delaware limited partnership, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he or she executed the same as his or her free act and deed, on behalf of said limited partnership.


Notary Public

BRAD E. WILKERSON, NOTARY PUBLIC
BAR ROLL No. 30120
STATE OF LOUISIANA
MY COMMISSION IS FOR LIFE



GRANTEE:
BPX Operating Company

By: Mindy Johnson
Title: Attorney-in-Fact

ACKNOWLEDGMENT

STATE OF COLORADO §

COUNTY OF DENVER §

This instrument was acknowledged before me on the ____ day of _____,
2023, by Mindy Johnson, as Attorney-in-Fact for BPX Operating Company, on behalf of said
company.

Notary Public



SURFACE AND SUBSURFACE USE AGREEMENT

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF REEVES §

THIS SURFACE AND SUBSURFACE USE AGREEMENT ("**Agreement**") is made and entered into as of the 18th day of May, 2023 ("**Effective Date**"), by and between:

Maven Royalty 2, LP, whose address is 620 Texas Street, Suite 300, Shreveport, Louisiana 71101 (hereinafter referred to as "**Grantor**"); and

BPX Operating Company, whose address is 501 Westlake Park Boulevard, Houston, Texas 77079 (hereinafter referred to as "**Grantee**");

W I T N E S S E T H:

WHEREAS, Grantor is the owner of a portion of the surface estate located in Reeves County, Texas and more particularly described as follows (hereinafter the "**Property**");

***SECTION 2, BLOCK 57, TOWNSHIP 3, T&P RR CO SURVEY,
REEVES COUNTY, TEXAS,***

WHEREAS, Grantee owns oil and gas leases covering the Property, which said leases grant BPX the right to explore for and produce oil, gas and other hydrocarbons;

NOW THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Grantor and Grantee (individually, as a "**Party**" and, collectively as the "**Parties**") agree as follows:

1. **Grant.** Grantor hereby grants, leases and conveys to Grantee, its successors and assigns, for the purposes and subject to the terms and conditions provided for in this Surface and Subsurface Use Agreement (the "**Agreement**") the right to use the surface and the subsurface of the Property, as may be reasonably necessary, for drilling operations to explore for and to produce oil, gas and other hydrocarbons from the Property, or any lands pooled therewith or intersected by a wellbore drilled hereunder on the terms set forth herein. The rights granted hereunder shall include the right to use the surface and subsurface of the Property, as may be reasonably necessary, for such drilling, deepening, reworking, and producing operations together with the incidental rights to use and utilize the described property to the extent and as may be reasonably necessary and incidental to such operations including, but not limited to, the right to place, maintain and operate the necessary drilling, deepening, reworking and producing equipment on the Property, the right to drill into and through any subsurface formations underlying the Property, as well as any lands intersected by a wellbore drilled hereunder, so that said well or wells may be drilled vertically, or they may be drilled directionally or horizontally to a point underlying the lands of others, the right to deviate and sidetrack the wellbore or bores to such horizons as Grantee may, in its discretion desire; also the right to re-drill, rework, plug back, alter, or re-enter any well or wells that Grantee may in its discretion desire; the right and transport substances produced from such operations through the subsurface whether those substances are produced from the Property, or any lands pooled therewith or lands intersected by any wellbore drilled hereunder; and the right to build, maintain, and replace roads, pipelines, tanks, bridges and

other structures and facilities as may be reasonably necessary for such operations, along with rights of ingress and egress to and across the Property as may be reasonably necessary to exercise and enjoy all the rights conveyed hereunder.

2. **Use of Surface.** Grantee shall notify Grantor of the intended location of all well pads, production pads, water wells, equipment, pits, roadways, flow lines, pipelines, valve sites, launcher/receiver sites, surface sites, electrical lines, fiber lines, telecommunication lines, gathering systems, aboveground temporary water lines and other aboveground appurtenances, to the extent they deviate from those shown on **Exhibit "B"**, and shall notify Grantor of all construction operations on the Property before commencing such operations. Grantee shall conduct all operations in such a manner as to cause minimum damage to the surface of the Property. Grantee shall not store any equipment or personal property on the Property except for use in Grantee's operations.
3. **Restrictions on Grantor.** Grantor shall not interfere with the use thereof by Grantee for the purposes for which the Agreement is granted. If Grantor unreasonably interferes with the enjoyment of the rights and easements herein granted, Grantee shall have the right to immediately remove the violation.
4. **Payment.** Grantee shall render all surface damage payments to Grantor as outlined in the **Exhibit "A"** attached to this Agreement prior to commence of construction operations, or at the applicable rate as stated in the Rate and Damage Schedule provided by The University of Texas System University Lands at the time said damage was incurred, whichever is greater.
5. **Indemnity.** Grantee shall indemnify, defend, and save harmless Grantor from and against all claims, demands, actions, suits, judgments, and recoveries for or on account of injury to or death of any person and/or damage, including environmental damage, to property arising out of or resulting from Grantee's exercise of its rights herein granted.
6. **Damages.** If, through its operations, Grantee causes damage to Grantor's personal property, such as fences, livestock, crops, structures, culverts, ditches and irrigation systems, such damage shall be repaired or replaced at Grantee's discretion, or Grantee shall promptly pay Grantor for such damage at a price to the area agreed upon by Grantor and Grantee.
7. **Term.** This Agreement shall be in effect for so long as Grantee, its successors, or assigns, use the Property in accordance with the terms of this Agreement, unless Grantee fails to use or the Property for a period of twenty-four (24) consecutive months.
8. **No Warranty.** BY ITS ACCEPTANCE OF THIS AGREEMENT, AND AS A MATERIAL PART OF THE CONSIDERATION THEREFOR, GRANTEE FURTHER EXPRESSLY ACKNOWLEDGES AND AGREES THAT (i) ANY INFORMATION PROVIDED TO GRANTEE PERTAINING TO THE PROPERTY BY GRANTOR HAS NOT BEEN INDEPENDENTLY INVESTIGATED OR VERIFIED BY GRANTOR, (ii) GRANTOR IS NOT MAKING, AND HAS NOT MADE, ANY REPRESENTATIONS OR WARRANTIES WHATSOEVER AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION; AND (iii) GRANTOR IS NOT, AND WILL NOT BE, LIABLE OR BOUND IN ANY MANNER WHATSOEVER BY ANY WRITTEN OR VERBAL STATEMENT, REPRESENTATION, REPORT, SURVEY, OR INFORMATION FURNISHED TO GRANTEE, OR MADE BY ANY PARTY WITH RESPECT TO THE PROPERTY HEREBY CONVEYED. GRANTEE SPECIFICALLY AGREES THAT HAVING BEEN GIVEN THE OPPORTUNITY TO CONDUCT SUCH TESTS, STUDIES, AND INVESTIGATIONS AS GRANTEE DEEMS NECESSARY AND

APPROPRIATE, GRANTEE IS RELYING SOLELY UPON GRANTEE'S OWN INVESTIGATION OF THE PROPERTY AND NOT ON ANY INFORMATION PROVIDED BY GRANTOR. GRANTEE FURTHER AGREES THAT GRANTEE HAS ACCEPTED THE PROPERTY IN ITS CURRENT, "AS IS," "WHERE IS," "WITH ALL FAULTS" CONDITION, AND TO HAVE ASSUMED THE RISK OF ANY MATTER OR CONDITION WHICH IS LATENT OR PATENT OR THAT COULD HAVE BEEN REVEALED BY ITS INVESTIGATIONS. GRANTOR HAS NOT MADE (AND GRANTOR HEREBY EXPRESSLY DISCLAIMS, AND GRANTOR IS GRANTING THE PROPERTY WITHOUT) ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, WHATSOEVER, AS TO THE VALUE, TITLE, CONDITION, NATURE, CHARACTER, SUITABILITY, HABITABILITY, OR FITNESS OF THE PROPERTY, THE INCOME TO BE DERIVED THEREFROM, THE PRESENCE OR ABSENCE OF ANY HAZARDOUS MATERIAL OR OTHER ENVIRONMENTAL CONDITION OR COMPLIANCE OF GRANTOR'S PROPERTY WITH, OR VIOLATION OF, ANY LAW, STATUTE, ORDINANCE, RULE, OR REGULATION, AND ANY OF SUCH REPRESENTATIONS AND WARRANTIES, AND ANY CLAIMS OR CAUSES OF ACTION AGAINST GRANTOR BASED IN WHOLE OR IN PART ON ANY VIOLATION OF, OR ARISING WITH RESPECT TO, ANY FEDERAL, STATE, OR LOCAL STATUTE, ORDINANCE, RULE, OR REGULATION ARE HEREBY EXPRESSLY WAIVED AND RELEASED BY GRANTEE.

9. **Counterparts; Signatures.** This Agreement may be executed in multiple counterparts, and copies of signatures, whether by facsimile, photocopy, or electronic scans, shall be treated as originals for all purposes hereunder.
10. **Compliance with Laws.** This Agreement is made subject to all applicable laws, ordinances, easements, leases, restrictions, reservations, or covenants, either of record or evidenced by improvements upon the ground and to the extent same are in force. In addition, Grantee shall comply with all governmental rules, regulations, and statutes, including those regarding environmental requirements.
11. **Agreement Runs with Land.** This Agreement shall run with the land and shall be binding on the heirs, successors, assigns, and personal representatives of the undersigned. It is further agreed that this grant covers all the agreement between the parties and no representations or statements, verbal or written, have been made modifying, adding to, or changing the terms of this agreement.
12. **Choice of Law.** This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the State of Texas, without reference to its conflicts of law provisions.
13. **Environmental.** Grantee agrees to comply with all laws, rules, and regulations (including but not limited to those relating to environmental) applicable to the governmental agency or agencies having jurisdiction.
14. **Default; Notice and Cure.** If either party believes that the other party is in default of any of its obligations under this Agreement, then prior to exercising any rights or remedies provided for in this Agreement or at law or in equity for such breach, the party alleging such breach must give written notice to the defaulting party of the existence of such default, specifying the action or omission constituting such default, and the defaulting party shall have thirty (30) days after receipt of such written notice to cure such default.

15. **Proportional Interest.** Should Grantor, whether one or more enters into this Agreement with Grantee and Grantor owns less than 100% of the surface estate both parties agree that payments based upon the schedule listed in Exhibit "A" shall be proportionally reduced to reflect Grantor's ownership in the surface estate.
16. **Titles and Headings.** The titles and headings used in this Agreement are for illustrative purposes only and shall not be construed as terms of this Agreement.
17. **Reclamation.** Within six (6) months after initial disturbance to a well pad, roads, pipelines, or other operations, except for areas required for current operations such as roads, the wellheads, permanent facilities, water pits, and area for future drilling and workover operation, Grantee shall restore all disturbed area to their original condition as nearly as practicable.
18. **Infrastructure.** Grantee is granted the right, at any time and from time to time, to remove from the Property all tanks, machinery, pipe and pipelines, fixtures, or any other structures or property placed on the Property by Grantee.
19. **Subsurface Easement.** Grantor hereby grants and conveys to Grantee, its successors and assigns a subsurface easement or easements, in association with Paragraph 1 above, for the right to use a limited portion of the subsurface of the Property, for drilling, vertically, directionally and/or horizontally, deepening, reworking, testing, plugging back, placing, constructing, operating, maintaining, repairing, and replacing, in, under and through the Property for the drilling and production of oil, gas, gas liquids and other hydrocarbons, using, including but not limited to, drill pipes, drill bits, casing, tubing, testing devices, down hole equipment and accessories reasonably necessary.
20. **Notice.** Notices shall be in writing and mailed to the addresses stated below and shall be deemed given upon receipt when sent via United States Postal Service ("USPS") Certified Mail, return receipt requested, or overnight courier, including but not limited to Federal Express or United Postal Service ("UPS"). Payments shall be deemed given when deposited with the USPS, Federal Express or UPS in a properly addressed postage paid envelope. Either party may change its address for notice purposes at any time and from time to time during the term hereof, using the notice procedures described in this paragraph. Any notice given to Grantee shall be to the following address:

BPX Energy Inc.
1700 Platte Street, Suite 150
Denver, Colorado 80202
Attn: Permian Land Department

Any notice given to Grantor shall be to the following address:

Maven Royalty 2, LP
620 Texas Street, Suite 300
Shreveport, Louisiana 71101
Attn: Ian Doiron

21. **Memorandum.** This Agreement shall not be filed in any public records. In lieu of filing this Agreement for record, Grantor and Grantee agree that a memorandum of this Agreement shall be filed of record in the county wherein the Property is located. In the event of any conflict between recitations contained in such memorandum and those contained herein, the provisions of this Agreement shall control.

22. **Warranty of Authority.** Each of the individuals signing this Agreement on behalf of a party hereto warrants and represents that such individual is duly authorized and empowered to enter into this Agreement and bind such party hereto.

23. **Assignment.** This rights of either party herein may be assigned in whole or in part and the provisions hereof shall extend of the heirs, executors, administrators, successors, and assigns, but no change or division of ownership of the rights or payments due hereunder, however accomplished, shall operate to enlarge the obligations or diminish the rights of this Agreement.

24. **Entire Agreement.** This Agreement contains the entire agreement of the Parties with respect to the matters covered by this Agreement. Any agreement, statement, or promise made by a Party which is not contained in or referenced in this Agreement, will not be binding.

25. **Additional Provisions.**

a. Grantor reserves the right to use the Property for any purpose, except for the purposes herein granted to Grantee.

b. (i). Grantee will, at its cost, maintain commercial general liability insurance with companies authorized to do business in Texas and in good standing at such limits and within such a program that is in accordance with the policies, rules, regulations, and laws of Texas and consistent with that which would typically be carried by a prudent common carrier transporting products in Texas, but in all cases at least 1) a policy of comprehensive general liability insurance with limits of not less than \$10,000,000.00 for personal injury or death in any one occurrence and \$10,000,000.00 for injury or destruction to property in any one occurrence, (2) a policy of comprehensive automobile liability and property damage with limits of not less than \$10,000,000.00 for personal injury or death in any one occurrence and \$10,000,000.00 for injury or destruction to property in any one occurrence, (3) an umbrella insurance policy with coverage limits for personal injury or death in any one occurrence and for injury or destruction to property in any one occurrence to be not less than in the amount of \$10,000,000.00, and (4) workmen compensation insurance to fully comply with the laws of the state where operations are to be performed, with employer's liability insurance. Grantee will maintain satisfactory proof of that insurance with Grantor at all times. Such policies shall name Grantor as an additional insured and Grantee shall provide a certificate evidencing such coverage (or a copy of the policy, at the request of Grantor) to Grantor prior to initially entering upon Grantor's property to conduct operations pursuant to this Agreement, and within five (5) days of Grantor's request thereafter.

(ii). Policies will be primary, not excess or contributory, in regard to any other applicable policies. BPX OPERATING COMPANY shall have the right to self-insure the foregoing insurance requirements. Any assignee of BPX OPERATING COMPANY shall not have the right to self-insure any or all of the foregoing insurance requirements without prior written consent of Grantor, and in all cases such assignee shall provide Grantor with documentation of such self-insurance in amounts consistent with this Agreement.

c. The rights granted herein to Grantee are subject to any and all existing mineral and surface use leases, easements and servitudes, liens, timber deeds, hunting leases, seismic permits and other grants affecting the Property as evidenced in the public

records, including those associated with pipelines, farming, roadways, utility lines, drainage and irrigation canals.

- d. This Agreement does not modify or affect any mineral ownership. Nothing herein shall be construed as a conveyance of any part of the ownership of the Property or the mineral rights underlying the Property. Grantee does not acquire by this Agreement, but expressly takes the limited grants provided herein subject to, and Grantor expressly reserves to Grantor and to Grantor's heirs, successors and assigns, any and all rights in and to the Property, except ONLY the rights as specifically granted unto Grantee herein, including, without limitation, ownership in and to the Property as well as the oil, gas and mineral rights therein.
- e. Notwithstanding any provision contained herein to the contrary, all provisions contained within this Agreement pertaining to the land or surface restoration, environmental damages or remediation, and all indemnity provisions contained in this Agreement shall specifically survive the expiration or termination of this Agreement and shall always inure to the benefit of Grantor, and its heirs, personal representatives, successors and assigns.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;
SIGNATURE AND ACKNOWLEDGEMENT PAGE FOLLOWS]



IN WITNESS WHEREOF, this instrument is dated and effective as of the date first written above, and is executed as of the date of each Acknowledgment attached hereto.

GRANTOR:

Maven Royalty 2, LP



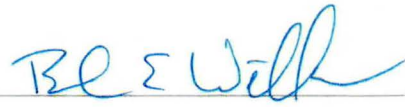
By: Ian Doiron
Title: Managing Partner

ACKNOWLEDGMENT

STATE OF LOUISIANA §

PARISH OF CADD0 §

This instrument was acknowledged before me on the 7 day of June, 2023, by Ian Doiron, Managing Partner of Maven Royalty 2, LP, a Delaware limited partnership, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he or she executed the same as his or her free act and deed, on behalf of said limited partnership



Notary Public
BRAD E. WILKERSON, NOTARY PUBLIC
BAR ROLL No. 30120
STATE OF LOUISIANA
MY COMMISSION IS FOR LIFE

GRANTEE:
BPX Operating Company

By: Mindy Johnson
Title: Attorney-in-Fact

ACKNOWLEDGMENT

STATE OF COLORADO §

COUNTY OF DENVER §

This instrument was acknowledged before me on the ____ day of _____,
2023, by Mindy Johnson, as Attorney-in-Fact for BPX Operating Company, on behalf of said
company.

Notary Public



Exhibit B

[Insert Plat]



EXHIBIT "A"
Rate and Damage
Schedule

Attached to and made a part of that certain Surface Lease Agreement between **BPX Operating Company** and **Maven Royalty 2 LP** Lessee, dated effective May 18, 2023.

Lessee has agreed to pay, and Lessor has agreed to accept the following rate and damage schedule as full payment for any and all damages in connection with Lessee's operations on the Leased Premises under the terms of the Agreement:

I. WELL LOCATIONS AND OIL & GAS LEASE APPURTENANCES

- The location fee includes damages exclusively on the applicable company oil/gas lease for well location, tank battery on existing well pad, flowlines, power lines, etc. and use of existing roads for ingress/egress.
- Damaged area includes pads, drilling/reserve pits, laydown area, etc.
- All other appurtenances (e.g., tanks located off well pad, meters, flowlines, power lines, etc.) will require surface damage payments as depicted herein.
- Caliche is not included in the location fee. Any caliche taken from Leased Premises, other than reclaimed caliche, requires payment for consideration.
- Any new road access to a location requires a damage payment.
- LOCATION FEES ARE BASED ON TOTAL MEASURED DEPTH INCLUDING HORIZONTAL SECTION OF THE WELLBORE.

A. New Location – Including Multiple Wellbores on Same Pad

	Damages
1. Less than 4,000 feet measured depth (up to 90,000 sq. ft. damaged area)	\$15,000.00
2. 4,000 feet to 7,999 feet measured depth (up to 140,000 sq. ft. damaged area)	\$22,500.00
3. 8,000 feet to 13,000 feet measured depth (up to 200,000 sq. ft. damaged area)	\$30,000.00
4. Greater than 13,000 feet measured depth (up to 250,000 sq. ft. damaged area)	\$37,500.00
5. Each additional wellbore located on the same well pad	\$9,500.00

B. Re-Entry

	Damages
1. Less than 4,000 feet measured depth (up to 90,000 sq. ft. damaged area)	\$6,000.00
2. 4,000 feet to 7,999 feet measured depth (up to 140,000 sq. ft. damaged area)	\$9,500.00
3. 8,000 feet to 13,000 feet measured depth (up to 200,000 sq. ft. damaged area)	\$13,000.00
4. Greater than 13,000 feet measured depth (up to 250,000 sq. ft. damaged area)	\$16,500.00

C. Fresh Water Frac Pit Site

- Pit area calculated from the outside base of the berm. Unused pits must be closed by the end of primary term.
- All caliche must be returned to pit.

	Consideration
1. Maximum 40,000 sq. ft. pit area	\$10,000.00
2. Pit area greater than 40,000 sq. ft.	\$0.20/sq. ft. over and above C.1.

D. Stacked Rig

	Damages
1. Stacked Drilling Rig	\$750.00/day

E. General Damages

	Damages
1. Remediation of ground surface	\$0.12/sq. ft.
2. Off-pad construction	\$0.12/sq. ft.
3. Pad extensions	\$0.08/sq. ft.
4. Off-lease central tank battery (up to 75,000 sq. ft.) (contract not required)	\$6,000.00
5. Off-lease central tank battery (greater than 75,000 sq. ft.) (contract not required)	Min. \$0.08 sq. ft.
6. Temporary pipeline (supporting on-lease/in unit wells) (not to exceed 120 days per placement of temporary pipeline)	None
7. Temporary pipeline (supporting off-lease/off-unit wells) (not to exceed 120 days per placement of temporary pipeline)	\$1.00/linear foot

II. MATERIAL SALES

	Fee
1. Caliche or Limestone (for use <u>on or off</u> Leased Premises)	\$6.00/yd ³
2. Reclaimed Caliche (for use <u>on or off</u> Leased Premises) All reclaimed caliche must be completely removed down to ground level. After removal, the area must be ripped and/or reseeded if so requested by the Landowner.	None
3. Other Materials	Market Rate of the materials
4. Opening of new material pit (in addition to any fees listed in II.1. through II.3.)	\$30,000.00

III. GEOPHYSICAL PERMITS

	Damages
1. 2-D	\$3,000.00/mile
2. 3-D	\$25.00/acre
3. Brush removal (by written permission only)	\$500/mile
4. If geophysical activity occurs during big game hunting season (in permit area) or during lambing season (potentially year round), an income loss assessment per affected acre is due from the permit holder to the Grazing Lessee. All such payments will be determined and monitored by Lessor personnel.	Hunting – Maximum \$4.00/acre* Lambing – Maximum \$6.00/acre*

**Separate payment required, delivered to Lessor's office, payable to grazing lessee.*

IV. ROADS

	Consideration/Damage
1. Road	\$70.00/rod

V. PIPELINE EASEMENTS

	Consideration
1. Less than 6"	\$60.00/rod
2. 6" to Less than 12"	\$90.00/rod
3. 12" to Less than 24"	\$140.00/rod
4. 24" or Greater	\$240.00/rod

VI. MAINTENANCE OF ALL PIPELINE EASEMENTS

	Damages
1. Repair or replacement of pipeline (to avoid penalty, removal or replaced line from Leased Premises required within 30 days)	\$45.00/rod
2. Termination of Easement (removal of pipe is required)	None
3. Remediation of leak/spill	\$0.08/sq. ft.

VII. UTILITY LINE EASEMENTS

	Consideration
1. Less than 30,000 volts line capacity (maximum width 30 feet)	\$35.00/rod
2. 30,000 volts line capacity but less than 69,000 volts line capacity (maximum width 30 feet)	\$40.00/rod
3. 69,000 volts line capacity but less than 138,000 volts line capacity (maximum width 60 feet)	\$135.00/rod
4. 138,000 volts line capacity but less than 300,000 volts line capacity (maximum width 80 feet)	\$185.00/rod
5. 300,000 volts line capacity but less than 345,000 volts line capacity (maximum width 145 feet)	\$275.00/rod
6. 345,000 volts line capacity and above volts line capacity (maximum width 180 feet)	\$340.00/rod
7. Fiber optic or telephone line (line serving fewer than 100 end users)	\$2.00/rod
8. Fiber optic or telephone line (line serving 100 or more end users)	\$4.00/rod

VIII. Water Sales for Drilling and Completion

- Water fees are based on total measured depth including horizontal section of the wellbore.
- *Payment due for each oil & gas well if and only if Lessor's water well is used on the premises.*
- No Fee shall be due if Lessee provides its own water source.

	Fee
1. Water used for drilling & completion of one oil or gas well on Lands	See a. & b.
a. Less than 4,000 feet measured depth	\$9,500.00/oil or gas well
b. 4,000 feet to 7,999 feet measured depth	\$16,500.00/oil or gas well
c. 8,000 feet to 13,000 feet measured depth	\$26,500.00/oil or gas well
d. Greater than 13,000 feet measured depth	\$46,000.00/oil or gas well
	See Below

2. Water used for re-entry of plugged well

a. Less than 4,000 feet measured depth	\$6,500.00/oil or gas well
b. 4,000 feet to 7,999 feet measured depth	\$12,000.00/oil or gas well
c. 8,000 feet to 13,000 feet measured depth	\$19,000.00/oil or gas well
d. Greater than 13,000 feet measured depth	\$34,500.00/oil or gas well

IX. SALTWATER DISPOSAL CONTRACTS (SWD)
(Disposal of water produced from oil and gas operations)

A. Operator of Lessor's Oil and Gas Lease – Operates Water Disposal Well Located on the Lease – Pipeline Transport Only

Consideration

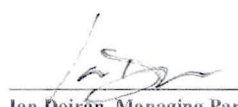
1. Lessor's leases only (disposal of produced water from multiple Lessor's leases by single or multiple operators)

Prepaid \$10,000.00 for 5-year term plus \$0.08/bbl injected into the disposal well

2. Lessors and non-Lessor's leases commingled (disposal of water produced from both Lessor's leases and non-Lessor's leases by one or more operators)

Prepaid \$12,500.00 for 5-year term plus \$0.10/bbl injected into the disposal well

- All new Saltwater Disposal Wells must pay a location fee in addition to the fees listed above. See A. above for location fees required.


Ian Doiran, Managing Partner

m/f 113876A
bpx energy
Sarfken
09/25/23

PG 1 OF 1



✓ Done
10/17/23

TRACE NUMBER: 1490727536BPXML-CPS

State Projects 57-T3-2 Pad 14-Surface cameras
SE 1/4 Block 57-T3, Section 2 A-2462
~~MF 113876A~~ MF 113876A

24700948

IN ORDER TO AFFECT TIMELY INVOICE PAYMENTS PLEASE
PLACE YOUR VENDOR NUMBER ON ALL FUTURE INVOICES.
YOUR VENDOR NUMBER IS

CHECK # 6000006519 ATTACHED BELOW

BPX Operating Company
Attn: GBS - P2P Treasury Payments
501 Westlake Park Boulevard
Houston, TX 77079

62-20
311

No. 6000006519

TRACE NO.: 1490727536BPXML-CPS

24700948

09/25/23

COMMISSIONER OF THE TEXAS GENERAL L
1700 N CONGRESS AVE
AUSTIN TX 78701

\$\$\$\$\$\$\$\$\$\$\$9,041.88

NOT VALID AFTER 6 MONTHS

Nine Thousand Forty-one and 88/100 Dollars

Laura N. Steinhilber
AUTHORIZED SIGNATURE

CITIBANK, N.A.
ONE PENN'S WAY, NEW CASTLE, DE 19720

11 6000006519 11



October 2, 2023

Carl Bonn
Texas General Land Office
1700 N. Congress Avenue, Suite 846E
Austin, TX 78701

Re: **BPX-State Projects 57-T3-2 Pad I1 – Surface Damage Check**
SE/4 Block 57, Township 3, Section 2, A- 2462
T&P RR Co Survey, Reeves County, Texas
File MF113876A

Mr. Bonn,

Please find enclosed the copy of the Sitio Permian LLC - State of Texas lease for the SE/4 Section 2, Block 57 T3 along with the State of Texas lease bonus checks.

The lease bonus check is Check No. 60000006519 for \$9,041.88 for the State of Texas lease.

Please let me know of any questions or additional information needed.

Thank you and have a great day.

Sincerely,

Sarah Phillips

Sarah Phillips
Surface Landman & Accounting
Optima Land Services, LLC
415 W. Wall St., Ste. 105 | Midland, TX 79701
Cell: 817.896.4300

415 WEST WALL ST., SUITE 105, MIDLAND, TEXAS 79701
432-218-2409 OFFICE

SURFACE AND SUBSURFACE USE AGREEMENT

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF REEVES §

THIS SURFACE AND SUBSURFACE USE AGREEMENT ("Agreement") is made and entered into as of the 21 day of May 2023 ("Effective Date"), by and between:

Sitio Permian, LLC, whose address is 1401 Lawrence Street, Ste. 1750, Denver CO 80202 (hereinafter referred to as "Grantor"); and

BPX Operating Company, whose address is 501 Westlake Park Boulevard, Houston, Texas 77079 (hereinafter referred to as "Grantee");

W I T N E S S E T H:

WHEREAS, Grantor is the owner of the surface estate located in Reeves County, Texas and more particularly described as follows (hereinafter the "Property"):

***ALL OF SECTION 2, BLOCK 57, TOWNSHIP 3, T&P RR CO SURVEY,
REEVES COUNTY, TEXAS,***

WHEREAS, Grantee owns oil and gas leases covering the Property, which said leases grant BPX the right to explore for and produce oil, gas and other hydrocarbons;

NOW THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Grantor and Grantee (individually, as a "Party" and, collectively as the "Parties") agree as follows:

1. **Grant.** Grantor hereby grants, leases and conveys to Grantee, its successors and assigns, for the purposes and subject to the terms and conditions provided for in this Surface and Subsurface Use Agreement (the "Agreement") the right to use the surface and the subsurface of the Property, as may be reasonably necessary, for drilling operations to explore for and to produce oil, gas and other hydrocarbons from the Property, lands adjacent or any lands pooled therewith or intersected by a wellbore drilled hereunder on the terms set forth herein. The rights granted hereunder shall include the right to use the surface and subsurface of the Property, as may be reasonably necessary, for such drilling, deepening, reworking, and producing operations together with the incidental rights to use and utilize the described property to the extent and as may be reasonably necessary and incidental to such operations including, but not limited to, the right to place, maintain and operate the necessary drilling, deepening, reworking and producing equipment on said property, the right to drill into and through any subsurface formations underlying the Property, as well as any lands intersected by a wellbore drilled hereunder, whether or not pooled therewith, so that said well or wells may be drilled vertically, or they may be drilled directionally or horizontally to a point underlying the lands of others, the right to deviate and sidetrack the well bore or bores to such horizons as Grantee may, in its discretion desire; also the right to re-drill, rework, plug back, alter, or re-enter any well or wells that Grantee may in its discretion desire; the right to transport substances produced from such operations through the subsurface whether those substances are produced from the Property, lands adjacent or any lands pooled therewith or lands intersected by any wellbore drilled hereunder; and the right to build, maintain, and

replace roads, pipelines, tanks, bridges and other structures and facilities as may be reasonably necessary for such operations, along with rights of ingress and egress to and across the Property as may be reasonably necessary to exercise and enjoy all the rights conveyed hereunder.

It is understood that this Agreement does not grant to Grantee an oil and gas lease nor any other right, title or interest in and to the oil, gas or other minerals in and under and that may be produced from said lands.

2. **Use of Surface.** Grantee shall notify Grantor of the intended location of all well pads, production pads, water wells, equipment, pits, roadways, flow lines, pipelines, valve sites, launcher/receiver sites, surface sites, electrical lines, fiber lines, telecommunication lines, gathering systems, aboveground temporary water lines and other aboveground appurtenances and shall notify Grantor of all construction operations on the Property before commencing such operations. Grantee shall conduct all operations in such a manner as to cause minimum damage to the surface of the Property. Grantee shall not store any equipment or personal property on the Property except for use in Grantee's operations.
3. **Restrictions on Grantor.** Grantor shall not interfere with the use thereof by Grantee for the purposes for which the Agreement is granted. If Grantor unreasonably interferes with the enjoyment of the rights and easements herein granted, Grantee shall have the right to immediately remove the violation.
4. **Payment.** Grantee shall render all surface damage payments to Grantor as outlined in the Exhibit "A" attached to this Agreement prior to commence of construction operations, or at the applicable rate as stated in the Rate and Damage Schedule provided by The University of Texas System University Lands at the time said damage was incurred, whichever is greater.
5. **Release.** For and in consideration of the sums hereinabove provided for, Grantor does hereby release and discharge Grantee, its employees, agents, contractors, invitees, licensees from any operations related losses, liabilities, claims and damages to the surface of the land and any and all appurtenances thereto as well as to fences, crops, timber, shrubs, fixtures, improvements, water wells, personal property, livestock thereon or injuries and damages to person or property resulting in any way or to any degree from the preparation and use of the Property. Grantor does hereby further agree and stipulate that the payment and acceptance of the consideration set forth above is full and complete payment, settlement, compromise, and satisfaction of any and all of the above-mentioned operations related losses, liabilities, claims, damages, demands and causes of action arising directly or indirectly in connection with the above stated operations on the described premises by Grantee.
6. **Damages.** If, through its operations, Grantee causes damage to personal property, such as fences, livestock, crops, structures, culverts, ditches and irrigation systems, such damage shall be repaired or replaced at Grantee's discretion, or Grantee shall promptly pay Grantor for such damage at a price agreed upon by Grantor and Grantee.
7. **Term.** This Agreement shall be in effect for one (1) year and so long as Grantee, its successors, or assigns, utilize any portion of the lands as provided herein without any cessation greater than one-hundred and eighty (180) consecutive days.
8. **Indemnification.** BY ITS ACCEPTANCE OF THIS EASEMENT CONVEYANCE, AND AS A MATERIAL PART OF THE CONSIDERATION THEREFOR, GRANTEE FURTHER EXPRESSLY ACKNOWLEDGES AND AGREES THAT (i) ANY INFORMATION PROVIDED TO GRANTEE PERTAINING TO THE

EASEMENT PROPERTY BY GRANTOR HAS NOT BEEN INDEPENDENTLY INVESTIGATED OR VERIFIED BY GRANTOR, (ii) GRANTOR IS NOT MAKING, AND HAS NOT MADE, ANY REPRESENTATIONS OR WARRANTIES WHATSOEVER AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION; AND (iii) GRANTOR IS NOT, AND WILL NOT BE, LIABLE OR BOUND IN ANY MANNER WHATSOEVER BY ANY WRITTEN OR VERBAL STATEMENT, REPRESENTATION, REPORT, SURVEY, OR INFORMATION FURNISHED TO GRANTEE, OR MADE BY ANY PARTY WITH RESPECT TO THE PROPERTY HEREBY CONVEYED. GRANTEE SPECIFICALLY AGREES THAT HAVING BEEN GIVEN THE OPPORTUNITY TO CONDUCT SUCH TESTS, STUDIES, AND INVESTIGATIONS AS GRANTEE DEEMS NECESSARY AND APPROPRIATE, GRANTEE IS RELYING SOLELY UPON GRANTEE'S OWN INVESTIGATION OF THE PROPERTY AND NOT ON ANY INFORMATION PROVIDED BY GRANTOR. GRANTEE FURTHER AGREES THAT GRANTEE HAS ACCEPTED THE PROPERTY IN ITS CURRENT, "AS IS," "WHERE IS," "WITH ALL FAULTS" CONDITION, AND TO HAVE ASSUMED THE RISK OF ANY MATTER OR CONDITION WHICH IS LATENT OR PATENT OR THAT COULD HAVE BEEN REVEALED BY ITS INVESTIGATIONS. GRANTOR HAS NOT MADE (AND GRANTOR HEREBY EXPRESSLY DISCLAIMS, AND GRANTOR IS GRANTING THE PROPERTY WITHOUT) ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, WHATSOEVER, AS TO THE VALUE, TITLE, CONDITION, NATURE, CHARACTER, SUITABILITY, HABITABILITY, OR FITNESS OF THE PROPERTY, THE INCOME TO BE DERIVED THEREFROM, THE PRESENCE OR ABSENCE OF ANY HAZARDOUS MATERIAL OR OTHER ENVIRONMENTAL CONDITION OR COMPLIANCE OF GRANTOR'S PROPERTY WITH, OR VIOLATION OF, ANY LAW, STATUTE, ORDINANCE, RULE, OR REGULATION, AND ANY OF SUCH REPRESENTATIONS AND WARRANTIES, AND ANY CLAIMS OR CAUSES OF ACTION AGAINST GRANTOR BASED IN WHOLE OR IN PART ON ANY VIOLATION OF, OR ARISING WITH RESPECT TO, ANY FEDERAL, STATE, OR LOCAL STATUTE, ORDINANCE, RULE, OR REGULATION ARE HEREBY EXPRESSLY WAIVED AND RELEASED BY GRANTEE.

9. GRANTEE, SUCCESSORS, AND ASSIGNS AGREE TO INDEMNIFY, DEFEND, PROTECT AND HOLD SURFACE OWNER HARMLESS OF AND FROM ANY AND ALL CLAIMS, DEMANDS, COSTS, (INCLUDING BUT NOT LIMITED TO REASONABLE ATTORNEY AND EXPERT FEES) EXPENSES, DAMAGES, LOSSES, CAUSES OF ACTION OR SUITS FOR DAMAGES ARISING OUT OF INJURY TO PERSONS (INCLUDING DEATH) AND INJURY OR DAMAGE TO OR LOSS OF ANY PROPERTY OR IMPROVEMENTS RELATED TO GRANTEE'S ACTIVITIES PURSUANT TO THIS AGREEMENT AND WHETHER OR NOT ARISING FROM THE NEGLIGENCE OF GRANTEE, ITS AGENTS, EMPLOYEES, SERVANTS, DESIGNEES, CONTRACTORS OR ANY PERSON ACTING UNDER BPX'S DIRECTION OR CONTROL, EXCEPT TO THE EXTENT ARISING FROM THE GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT OF SUCH PARTIES.
10. **Counterparts; Signatures.** This Agreement may be executed in multiple counterparts, and copies of signatures, whether by facsimile, photocopy, or electronic scans, shall be treated as originals for all purposes hereunder.
11. **Compliance with Laws.** This Agreement is made subject to all applicable laws, ordinances, easements, leases, restrictions, reservations, or covenants, either of record or

evidenced by improvements upon the ground and to the extent same are in force. In addition, Grantee shall comply with all governmental rules, regulations, and statutes, including those regarding environmental requirements.

12. **Agreement Runs with Land.** This Agreement shall run with the land and shall be binding on the heirs, successors, assigns, and personal representatives of the undersigned. It is further agreed that this grant covers all the agreement between the parties and no representations or statements, verbal or written, have been made modifying, adding to, or changing the terms of this agreement.
13. **Choice of Law.** This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the State of Texas, without reference to its conflicts of law provisions.
14. **Environmental.** Grantee agrees to comply with all laws, rules, and regulations (including but not limited to those relating to environmental) applicable to the governmental agency or agencies having jurisdiction.
15. **Default; Notice and Cure.** If either party believes that the other party is in default of any of its obligations under this Agreement, then prior to exercising any rights or remedies provided for in this Agreement or at law or in equity for such breach, the party alleging such breach must give written notice to the defaulting party of the existence of such default, specifying the action or omission constituting such default, and the defaulting party shall have fifteen (15) days after receipt of such written notice to cure such default.
16. **Proportional Interest.** Should Grantor, whether one or more enters into this Agreement with Grantee and Grantor owns less than 100% of the surface estate both parties agree that payments based upon the schedule listed in Exhibit "A" shall be proportionally reduced to reflect Grantor's ownership in the surface estate.
17. **Titles and Headings.** The titles and headings used in this Agreement are for illustrative purposes only and shall not be construed as terms of this Agreement.
18. **Reclamation.** Within six (6) months after initial disturbance to a well pad, roads, pipelines, or other operations, except for areas required for current operations such as roads, the wellheads, permanent facilities, water pits, and area for future drilling and workover operation, Grantee shall restore all disturbed area to their original condition as nearly as practicable.
19. **Infrastructure.** Grantee is granted the right, at any time and from time to time, to remove from the Property all tanks, machinery, pipe and pipelines, fixtures, or any other structures or property placed on the Property by Grantee.
20. **Subsurface Easement.** Grantor hereby grants and conveys to Grantee, its successors and assigns a subsurface easement or easements for the right to use a limited portion of the subsurface of the Property, for drilling, vertically, directionally and/or horizontally, deepening, reworking, testing, plugging back, placing, constructing, operating, maintaining, repairing, and replacing, in, under and through the Property for the drilling and production of oil, gas, gas liquids and other hydrocarbons, using, including but not limited to, drill pipes, drill bits, casing, tubing, testing devices, down hole equipment and accessories reasonably necessary.
21. **Notice.** Notices to Grantor and Grantee shall be in writing and mailed to the addresses stated above and shall be deemed given upon receipt when sent via United States Postal

Service ("USPS") Certified Mail, return receipt requested, or overnight courier, including but not limited to Federal Express or United Postal Service ("UPS"). Payments shall be deemed given when deposited with the USPS, Federal Express or UPS in a properly addressed postage paid envelope. Either party may change its address for notice purposes at any time and from time to time during the term hereof, using the notice procedures described in this paragraph. Any notice given to Grantee shall be to the following address:

BPX Energy Inc.
1700 Platte Street, Suite 150
Denver, Colorado 80202
Attn: Permian Land Department
Email: BPXSurfaceLand@bpx.com

22. **Memorandum.** This Agreement shall not be filed in any public records. In lieu of filing this Agreement for record, Grantor and Grantee agree that a memorandum of this Agreement shall be filed of record in the county wherein the Property is located. In the event of any conflict between recitations contained in such memorandum and those contained herein, the provisions of this Agreement shall control.
23. **Warranty of Authority.** Each of the individuals signing this Agreement on behalf of a party hereto warrants and represents that such individual is duly authorized and empowered to enter into this Agreement and bind such party hereto.
24. **Assignment.** This rights of either party herein may be assigned in whole or in part and the provisions hereof shall extend of the heirs, executors, administrators, successors, and assigns, but no change or division of ownership of the rights or payments due hereunder, however accomplished, shall operate to enlarge the obligations or diminish the rights of this Agreement.
25. **Entire Agreement.** This Agreement contains the entire agreement of the Parties with respect to the matters covered by this Agreement. Any agreement, statement, or promise made by a Party which is not contained in or referenced in this Agreement, will not be binding.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;
SIGNATURE AND ACKNOWLEDGEMENT PAGE FOLLOWS]

IN WITNESS WHEREOF, this instrument is dated and effective as of the date first written above, and is executed as of the date of each Acknowledgment attached hereto.

GRANTOR:

Sitio Permian, LLC

By: Carrie Osicka

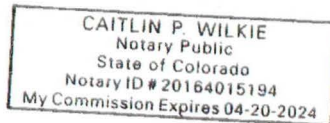
Name: Carrie Osicka
Title: CFO

ACKNOWLEDGMENT

STATE OF Colorado §

COUNTY OF Denver §

This instrument was acknowledged before me on the 31 day of May, 2023, by Carrie Osicka, CFO, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he or she executed the same as his or her free act and deed.



Caitlin P. Wilkie

Notary Public

GRANTEE:
BPX Operating Company

By: Mindy Johnson
Title: Attorney-in-Fact

ACKNOWLEDGMENT

STATE OF COLORADO §

COUNTY OF DENVER §

This instrument was acknowledged before me on the ____ day of _____, 2023, by Mindy Johnson, as Attorney-in-Fact for BPX Operating Company, on behalf of said company.

Notary Public



034411

20

File No. MF 113876
Surface Damage County

Date Filed: 12/6/23
Commissioner Dawn Buckingham, M.D.

By: CB

NOTICE OF CONFIDENTIALITY RIGHTS. IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVERS'S LICENSE NUMBER.

PARTIAL RELEASE OF OIL AND GAS LEASES

STATE OF TEXAS

§
§
§

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF REEVES

WHEREAS, the Oil and Gas Lease reflected and described on the attached Exhibit "A" ("Lease") was entered into by and between T. H. McElvain Oil and Gas, LLLP, as agent for the State of Texas, as Lessor, and Petrohawk Properties, LP, as Lessee ("Lessee"), covering 160 acres of land, more or less, covering the Northwest-Quarter (NW/4) of Section 2, Block 57, Township 3, T&P RR Co. Survey, Reeves County, Texas; and

WHEREAS, BPX Operating Company is the successor in interest to the Lessee.

NOW, THEREFORE, BPX Operating Company, as the current owner and lessee under the Lease, does hereby **RELEASE**, relinquish and surrender all of its right, title and interest in and to the minerals covered by the Lease, **INSOFAR AND ONLY INSOFAR as said Lease cover the lands and depths described below:**

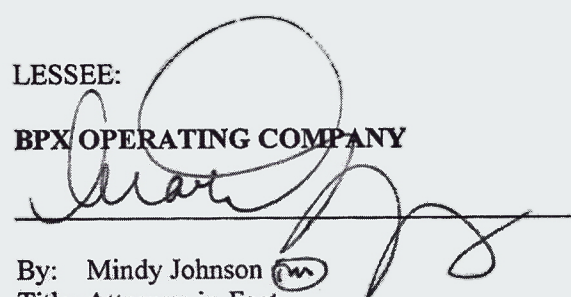
The Northwest-Quarter (NW/4) of Section 2, Block 57, Township 3, A-5900, T&P RR Co. Survey, Reeves County, Texas, INSOFAR AND ONLY INSOFAR as to those depths below 10,173' true vertical depth, being 100' below the deepest depth drilled in the State Projects 57-T3-2 Well No. 1H (API No. 42-389-34751), said well being the deepest well drilled, under said Leases, as reflected in the LEAM Drilling Systems LLC survey for the State Projects 57-T3-2 1H well dated April 1, 2015.

This is a partial release only, and BPX Operating Company expressly reserves and retains all rights and interests in the Leases as to lands and depths not released herein.

EXECUTED and effective this 25th day of April, 2024

LESSEE:

BPX OPERATING COMPANY

By: Mindy Johnson 
Title: Attorney-in-Fact

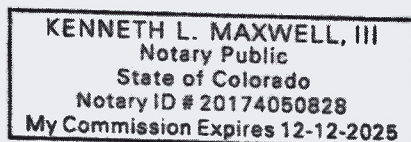
[ACKNOWLEDGEMENT ON NEXT PAGE]

ACKNOWLEDGEMENT

STATE OF COLORADO

COUNTY OF DENVER

This foregoing instrument was acknowledged before me on the 25th day of April, 2024, by Mindy Johnson, as Attorney-in-Fact for BPX Operating Company for and on behalf of said company.




Notary Public in and for the State of Colorado

This instrument was prepared by:

BPX Operating Company
Attention: Permian Land
1700 Platte Street, Suite 150
Denver, CO 80202

Exhibit "A"

Attached to and made a part of that certain Partial Release of Oil and Gas Leases
dated effective April 25th 2024

1)

Lessor: T. H. McElvain Oil and Gas, LLLP **B**
Lessee: Petrohawk Properties, LP
Date: January 22, 2013
Recording: Instrument Number 13-03991, Official Public Records of Reeves County, Texas

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

21.

File No. 113876

County _____

Partial Release (Depths)

Date Filed: 06/05/21

Commissioner Dawn Buckingham, M.D.

By: _____

U.S. Postal Service™
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Domestic Mail Only

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

OFFICIAL USE

Certified Mail Fee

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440

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

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

365

Postage

\$

64



CAPITOL
STATION

MAY 2024

AUSTIN, TX

78711

Mindy Johnson
BPX Operating Company
1700 Platte St., Suite 150
Denver, CO 80202

for Instructions

Certified Mail service provides the following benefits:

- A receipt (this portion of the Certified Mail label).
- A unique identifier for your mailpiece.

■ Delivery by first-class mail or attempted

the recipient's
the Postal Service™

all service with
Package Service®,

available for

available for purchase
however, the purchase
not change the
initially included with

a proper
if, you may request

h provides a record
(recipient's signature).
return receipt or an
dcopy return receipt,
Domestic Return
11 to your mailpiece;

for an electronic return receipt, see a retail
associate for assistance. To receive a duplicate
return receipt for no additional fee, present this
USPS®-postmarked Certified Mail receipt to the
retail associate.

- Restricted delivery service, which provides
delivery to the addressee specified by name, or
to the addressee's authorized agent.
- Adult signature service, which requires the
signee to be at least 21 years of age (not
available at retail).
- Adult signature restricted delivery service, which
requires the signee to be at least 21 years of age
and provides delivery to the addressee specified
by name, or to the addressee's authorized agent
(not available at retail).

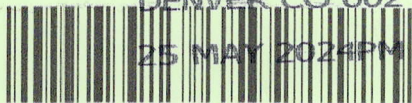
■ To ensure that your Certified Mail receipt is
accepted as legal proof of mailing, it should bear a
USPS postmark. If you would like a postmark on
this Certified Mail receipt, please present your
Certified Mail item at a Post Office™ for
postmarking. If you don't need a postmark on this
Certified Mail receipt, detach the barcoded portion
of this label, affix it to the mailpiece, apply
appropriate postage, and deposit the mailpiece.

IMPORTANT: Save this receipt for your records.

Chase Brockman - 8th Floor
ENERGY RESOURCES
Texas General Land Office
P.O. Box 12873
Austin, TX 78701

USPS TRACKING #

DENVER CO 802



25 MAY 2024PM 3 L



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

9590 9402 7565 2098 2707 22

**United States
Postal Service**

• Sender: Please print your name, address, and ZIP+4® in this box•

Chase Brockman - 8th Floor
ENERGY RESOURCES
Texas General Land Office
P.O. Box 12873
Austin, TX 78701



SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

Mindy Johnson
BPX Operating Company
1700 Platte St., Suite 150
Denver, CO 80202



9590 9402 7565 2098 2707 22

2. Article Number (Transfer from service label)

7021 2720 0000 6468 9862

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (Print Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☐ Adult Signature

☐ Adult Signature Restricted Delivery

☒ Certified Mail®

☐ Certified Mail Restricted Delivery

☐ Collect on Delivery

☐ Collect on Delivery Restricted Delivery

☐ Priority Mail Express®

☐ Registered Mail™

☐ Registered Mail Restricted Delivery

☐ Signature Confirmation™

☐ Signature Confirmation Restricted Delivery

Mail

Mail Restricted Delivery

(0)

Domestic Return Receipt



TEXAS GENERAL LAND OFFICE
COMMISSIONER DAWN BUCKINGHAM, M.D.

May 20, 2024

Certified USPS # 7021 2720 0000 6468 9862

Mindy Johnson
BPX Operating Company
1700 Platte St.
Denver, CO 80202

Re: Partial Release of State Leases No. MF 113876 A&B; GLO Unit No. 7024
State Projects 57-T2-47X2 1H Well / API No. 42-389-34751 / RRC Lease No. 08-278235
NW/4 of Section 2, Block 57, T-3-S, T&P Ry. Co. Survey

Ms. Johnson:

The Texas General Land Office (GLO) has completed a review of the above captioned State Leases of which BPX Operating Company is the current listed operator. The review of our internal records indicated that the GLO has not received a Partial Release as required under the Retained Acreage Clause located in Paragraph No. 16 of the above referenced State Leases.

In accordance with Paragraph 16(b) of the Oil and Gas Lease dated March 7, 2011, it appears the above referenced State Leases terminated as to all depths below 10,173' TVD, being 100' below the total depth drilled in the State Projects 57-T2-47X2 1H Well (API No. 42-389-34751), said well being the deepest well drilled, as reflected in the LEAM Drilling Systems Survey Report.

Please provide the GLO with a Partial Release of the above referenced State Leases as to the terminated depths as required under Paragraph No. 16, effective as of the date of said termination. Additionally, Title 31, §9.92, of the Texas Administrative Code requires that a recorded original or certified copy of the Partial Release, along with a filing fee of twenty-five dollars (\$25.00) for each State Lease affected by said Partial Release, is to be filed with our office.

Should you disagree with this assessment please provide evidence to the GLO at the address shown below within thirty (30) days of receipt of this letter. If you have questions concerning this matter, please feel free to e-mail me at the address below my signature.

Best,

COPY

Chase Brockman
Energy Resources
chase.brockman@glo.texas.gov

22

File No. MF113876

Reeves

County

Partial Release Request - Depths

Date Filed: 8-23-24

Commissioner Dawn Buckingham, M.D.

By: CRB

COBY

MF113876A

NOTICE OF CONFIDENTIALITY RIGHTS. IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVERS'S LICENSE NUMBER.

PARTIAL RELEASE OF OIL AND GAS LEASE

STATE OF TEXAS

§

COUNTY OF REEVES

§

KNOW ALL MEN BY THESE PRESENTS:

§

WHEREAS, the Oil and Gas Lease reflected and described on the attached Exhibit "A" ("Lease") was entered into by and between Bank of America, as Trustee of the Roberta Regan Testamentary Trust, as agent for the State of Texas, and Petrohawk Properties, LP ("Lessee"), covering 160 acres of land, more or less, covering the Northwest-Quarter (NW/4) of Section 2, Block 57, Township 3, T&P RR Co. Survey, Reeves County, Texas; and

WHEREAS, BPX Operating Company is the successor in interest to the Lessee.

NOW, THEREFORE, BPX Operating Company, as the current owner and lessee under the Lease, does hereby **RELEASE**, relinquish and surrender all of its right, title and interest in and to the minerals covered by the Lease, **INSOFAR AND ONLY INSOFAR as said Lease cover the lands and depths described below:**

The Northwest-Quarter (NW/4) of Section 2, Block 57, Township 3, A-5900, T&P RR Co. Survey, Reeves County, Texas, INSOFAR AND ONLY INSOFAR as to those depths below 10,173' true vertical depth, being 100' below the deepest depth drilled in the State Projects 57-T3-2 Well No. 1H (API No. 42-389-34751), said well being the deepest well drilled, under said Leases, as reflected in the LEAM Drilling Systems LLC survey for the State Projects 57-T3-2 1H well dated April 1, 2015.

This is a partial release only, and BPX Operating Company expressly reserves and retains all rights and interests in the Leases as to lands and depths not released herein.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

True & Correct Copy of a
document on file at
Reeves County Texas,
Evangelina N. Abila, County Clerk
Page 1 of 4



EXECUTED and effective this 22nd day of May, 2024

LESSEE:

BPX OPERATING COMPANY

Stephanie Gannaway

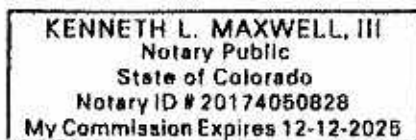
By: Stephanie Gannaway
Title: Attorney-in-Fact

ACKNOWLEDGEMENT

STATE OF COLORADO

COUNTY OF DENVER

This foregoing instrument was acknowledged before me on the 22nd day of May, 2024, by Stephanie Gannaway, as Attorney-in-Fact for BPX Operating Company for and on behalf of said company.



Kenneth L. Maxwell, III
Notary Public in and for the State of Colorado

This instrument was prepared by:

BPX Operating Company
Attention: Permian Land
1700 Platte Street, Suite 150
Denver, CO 80202



True & Correct Copy of a
document on file at
Reeves County Texas,
Evangelina N. Abila, County Clerk
Page 2 of 4

Exhibit "A"

Attached to and made a part of that certain Partial Release of Oil and Gas Lease
dated effective May 22, 2024

1)

Lessor: Bank of American, N.A., as Trustee of the Roberta Regan Testamentary Trust
Lessee: Petrohawk Properties, LP
Date: December 1, 2011
Recording: Volume 926, Page 794, Official Public Records of Reeves County, Texas

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



True & Correct Copy of a
document on file at
Reeves County Texas,
Evangelina N. Abila, County Clerk
Page 3 of 4

Reeves County
Evangelina N. Abila
Reeves County Clerk

Instrument Number: 2024005933

eRecording - Real Property

PARTIAL RELEASE

Recorded On: October 11, 2024 09:38 AM

Number of Pages: 4

" Examined and Charged as Follows: "

Total Recording: \$33.00

***** THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2024005933
Receipt Number: 20241010000027
Recorded Date/Time: October 11, 2024 09:38 AM
User: Myra S
Station: CLERK01

Record and Return To:

Simplifile



STATE OF TEXAS
COUNTY OF REEVES

I hereby certify that this Instrument was FILED In the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of County, Texas.

Evangelina N. Abila
Reeves County Clerk
Reeves County, TX

Evangelina N. Abila



True & Correct Copy of a
document on file at
Reeves County Texas,
Evangelina N. Abila, County Clerk
Page 4 of 4

23

File No. MF113876

Recorded Partial County

Release of Rights MF113876A

Date Filed: 7-7-25

Commissioner Dawn Euckingham, M.D.

By: CRB



CERTIFIED A TRUE AND CORRECT COPY
OF THE RECORD ON FILE IN MY OFFICE

EVANGELINA N. ABILA

Reeves County Clerk

1-30-25
Date

By: Allyssa Salazar
Deputy Clerk

NOTED
In Office
1-30-25
Allyssa Salazar
Deputy Clerk

MF113876 B

NOTICE OF CONFIDENTIALITY RIGHTS. IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVERS'S LICENSE NUMBER.

PARTIAL RELEASE OF OIL AND GAS LEASES

STATE OF TEXAS

§

KNOW ALL MEN BY THESE PRESENTS:

§

COUNTY OF REEVES

§

WHEREAS, the Oil and Gas Lease reflected and described on the attached Exhibit "A" ("Lease") was entered into by and between T. H. McElvain Oil and Gas, LLLP, as agent for the State of Texas, as Lessor, and Petrohawk Properties, LP, as Lessee ("Lessee"), covering 160 acres of land, more or less, covering the Northwest-Quarter (NW/4) of Section 2, Block 57, Township 3, T&P RR Co. Survey, Reeves County, Texas; and

WHEREAS, BPX Operating Company is the successor in interest to the Lessee.

NOW, THEREFORE, BPX Operating Company, as the current owner and lessee under the Lease, does hereby **RELEASE**, relinquish and surrender all of its right, title and interest in and to the minerals covered by the Lease, **INSOFAR AND ONLY INSOFAR as said Lease cover the lands and depths described below:**

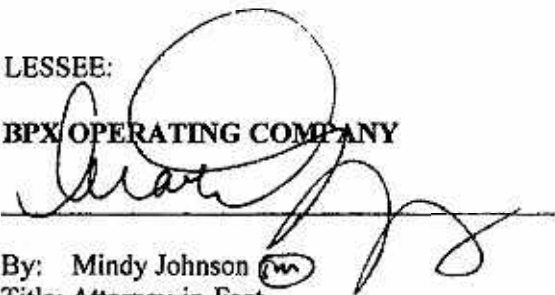
The Northwest-Quarter (NW/4) of Section 2, Block 57, Township 3, A-5900, T&P RR Co. Survey, Reeves County, Texas, INSOFAR AND ONLY INSOFAR as to those depths below 10,173' true vertical depth, being 100' below the deepest depth drilled in the State Projects 57-T3-2 Well No. 1H (API No. 42-389-34751), said well being the deepest well drilled, under said Leases, as reflected in the LEAM Drilling Systems LLC survey for the State Projects 57-T3-2 1H well dated April 1, 2015.

This is a partial release only, and BPX Operating Company expressly reserves and retains all rights and interests in the Leases as to lands and depths not released herein.

EXECUTED and effective this 25th day of April, 2024

LESSEE:

BPX OPERATING COMPANY

By: Mindy Johnson 
Title: Attorney-in-Fact

[ACKNOWLEDGEMENT ON NEXT PAGE]



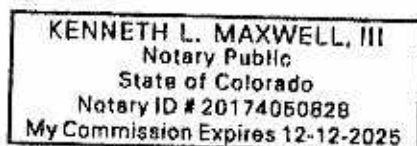
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document on file at
Reeves County Texas,
Evangeline N. Abila, County Clerk
Page 1 of 4

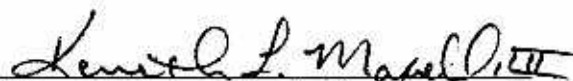
ACKNOWLEDGEMENT

STATE OF COLORADO

COUNTY OF DENVER

This foregoing instrument was acknowledged before me on the 25th day of April, 2024, by Mindy Johnson, as Attorney-in-Fact for BPX Operating Company for and on behalf of said company.




Notary Public in and for the State of Colorado

This instrument was prepared by:

BPX Operating Company
Attention: Permian Land
1700 Platte Street, Suite 150
Denver, CO 80202



Exhibit "A"

Attached to and made a part of that certain Partial Release of Oil and Gas Leases
dated effective 1-22-13 25th 2024

D

Lessor: T. H. McElvain Oil and Gas, LLLP
Lessee: Petrohawk Properties, LP
Date: January 22, 2013
Recording: Instrument Number 13-03991, Official Public Records of Reeves County, Texas

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



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Evangelina N. Abila, County Clerk
Page 3 of 4

Reeves County
Evangelina N. Abila
Reeves County Clerk

Instrument Number: 2024005929

eRecording - Real Property

PARTIAL RELEASE

Recorded On: October 11, 2024 09:38 AM

Number of Pages: 4

" Examined and Charged as Follows: "

Total Recording: \$33.00

***** THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2024005929
Receipt Number: 20241010000027
Recorded Date/Time: October 11, 2024 09:38 AM
User: Myra S
Station: CLERK01

Record and Return To:

Simplifile



STATE OF TEXAS
COUNTY OF REEVES

I hereby certify that this Instrument was FILED In the File Number sequence on the date/time
printed hereon, and was duly RECORDED in the Official Records of County, Texas.

Evangelina N. Abila
Reeves County Clerk
Reeves County, TX

Evangelina N. Abila



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document on file at
Reeves County Texas,
Evangelina N. Abila, County Clerk
Page 4 of 4

24

File No. MF113876
Recorded Partial Release County
of Deaths MF113876B
Date Filed: 7-7-25
Commissioner Dawn Buckingham, M.D.
By: CAB



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OF THE RECORD ON FILE IN MY OFFICE
EVANGELINA N. ABILA
Reeves County Clerk

12-17-24
Date By: Myra Salazar
Deputy Clerk