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Archives and Records Staff

MF114211

Lease Type	Control	Basefile	County
RAL	07-109498	106687	REEVES
	Survey	T & P Ry Co	
	Block	57	
	Block Name		
	Township	3-S	
	Section/Tract	46	
	Land Part		
	Acres	Net: 126.580000	Gross: 420.000000
	Depth Below	Depth Above	Depth Other
Leasing: <u>[Signature]</u>	Name	PETROHAWK PROPERTIES LP	
Maps: <u>[Signature]</u>	Lease Date	9/9/2011	
GIS: <u>MC</u>	Primary Term	5 years	
Scanlab: _____	Bonus	\$145,567.00	
	Lease Royalty	0.12500000	
	Paid Up	Yes	

F1079382

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- | | |
|------------------------|----------|
| 1. BAL Review | 04/27/11 |
| 2. Lease | 01/23/12 |
| 3. Payment Information | 12/06/11 |
| 4. Rental | 09/04/14 |
| 5. Lease Plat | 03/01/16 |
| 6. Final 1tr | 03/01/16 |

See # 8 in M-112680 For the
State Blake 57-T3-46 Unit # 7828

Scanned KW 10-27-2016

7. Division Order 12-12-16
8. Recon Billings 10/3/17

scanned *AK* 10-9-2017

see MF112680 #23 Division Order

scanned Pt 9-11-2019

9. ^{Surface} Damage Pmt 10-12-2021

Scanned W 10.21.2021

10. Recon Billing 12/27/2021

Scanned with 12.28.2021

(see MF112680 #26 for
Partial Release-Deaths)

Scanned on 09/12/2024

REAL REVIEW SHEET

Transaction # 7266 Geologist: R. Widmayer

Lessor: Pollan, Rondald C., Individually and as Trustee of the Polla Lease Date: 4/20/2011 ☐ ☒

Lessee: Petrohawk Properties, LP Gross Acres: 925

Net Acres: 33.958

LEASE DESCRIPTION

County	PN#	Base File No	Part	Sec.	Block	Twp	Survey	Abst#
REEVES	07-109498	106687		46	57	03S	T & P RY CO	3035
"	07-109489	106922		44	"	"	"	3036

TERMS OFFERED

Primary Term: 5 years

Bonus/Acre: \$2,000.00

Rental/Acre: \$1.00

Royalty: 1/4

TERMS RECOMMENDED

Primary Term: 5 years

Bonus/Acre: \$2,000.00

Rental/Acre: \$1.00

Royalty: 1/4

COMPARISONS

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

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

* Will have 6 min. file #'s

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

Approved: Tin 4/27/11

RELINQUISHMENT ACT LEASE APPLICATION

Texas General Land Office

Jerry Patterson, Commissioner

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

DATE: 27-Apr-11

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

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

Consideration

Recommended: TH Date: 4/27/11

Not Recommended: _____

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

✓ Lease Form

Recommended: TRH Date: 4/27/11

Not Recommended: _____

Comments:

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

Recommended: CLR

Not Recommended: _____

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

Recommended: WFW

Not Recommended: _____

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

Approved: [Signature]

Not Approved: _____

Jerry Patterson, Commissioner Date: 5/6/11

Approved: Jerry E. Patterson

Not Approved: _____

1.
File No. 114211

RAL Review

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

By 

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.

640 General Land Office
Relinquishment Act Lease Form
Revised, September 1997

MF 114211

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 9th day of September, 2011, between the State of Texas, acting by and through its agent, BLAKE OIL & GAS CORPORATION of 400 North Main Street, Midland, Texas 79701 said agent herein referred to as the owner of the soil (whether one or more), and PETROHAWK PROPERTIES, LP of 6100 SOUTH YALE AVENUE, SUITE 500, TULSA, OKLAHOMA 74136 hereinafter called Lessee.

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

Those certain lands situated in Section 46, Block 57, Township 3, A-3035, T. & P. Railroad Company Survey, Reeves County, Texas, being more particularly described on Exhibit "A" attached hereto and made a part hereof.

containing 420.00 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: ONE HUNDRED FOURTY FIVE THOUSAND FIVE HUNDRED SIXTY SEVEN AND 00/100
Dollars (\$145,567.00)

To the owner of the soil: ONE HUNDRED FOURTY FIVE THOUSAND FIVE HUNDRED SIXTY SEVEN AND 00/100
Dollars (\$145,567.00)

Total bonus consideration: TWO HUNDRED NINETY ONE THOUSAND ONE HUNDRED THIRTY FOUR AND 00/100
Dollars (\$291,134.00)

The total bonus consideration paid represents a bonus of Two Thousand Three Hundred and No/100 Dollars (\$2,300.00) per acre, on 126.58 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.

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 "THIS IS A PAID-UP LEASE: SEE PARAGRAPH 40" Bank, at _____ or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:

To the owner of the soil: N/A; Paid-Up Lease; See Paragraph 40
Dollars (\$N/A; Paid-Up Lease; See Paragraph 40)

To the State of Texas: N/A; Paid-Up Lease; See Paragraph 40
Dollars (\$N/A; Paid-Up Lease; See Paragraph 40)

Total Delay Rental: N/A; Paid-Up Lease; See Paragraph 40
Dollars (\$N/A; Paid-Up Lease; See Paragraph 40)

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



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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 $\frac{1}{4}$ 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 $\frac{1}{4}$ 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 $\frac{1}{4}$ 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 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



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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 one more successive period 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 deepest perforation (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.



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(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.



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(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 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.



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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.

40. **DELAY RENTALS.** As stipulated in Paragraph #3 of this lease, the rentals for this lease have been PAID-UP for the second (2nd) and third (3rd) years of the primary term hereof. Lessee or its assigns shall have the right to keep this lease in force and effect for the fourth (4th) and fifth (5th) years of the primary term provided for herein by tendering a payment of Two Thousand Three Hundred dollars (\$2,300.00) per net acre, such payment to be divided equally between the State of Texas and the owner of the soil and made prior to September 9, 2014, as to any acreage covered hereby and not otherwise being maintained by any other provision herein at such time.

ADDENDUM PROVISIONS - #41 - #49

The printed lease form to which this addendum is attached contains printed Paragraphs 1 through 40. The provisions set forth below, including Paragraphs 41 through 49, are made a part of the printed lease form, as though originally contained therein. In the event of a conflict between any of the provisions of Paragraphs 1 through 40 and any of the provisions contained in this addendum, the conflicting provision of this addendum shall prevail. The term "this lease," whether appearing in the printed lease form or this addendum, shall mean the agreement contained in the printed lease form, as amended, supplemented and superseded by this addendum.

41. The term "Actual Drilling" will be defined as having a rig on location (and drilling operations underway) that is capable of drilling to the permitted total depth, which must be within a formation reasonably believed to contain commercially recoverable deposits of oil and/or gas.

42. After the expiration of the primary term and/or the extended term, whichever is later, this Oil, Gas and Mineral Lease shall be construed to be a separate lease as to each separate production unit.

43. Lessee shall have use of water from the land leased herein, and purchased from Lessor at the rate of \$7,500, proportionate to Lessor's interest, per well drilled by Lessee. Any water well which Lessee drills shall be cased from top to bottom; the surface pipe shall be enclosed in concrete either two feet square or two feet in diameter in the form of a circle with sufficient length of the pipe protruding above the enclosure to facilitate installation of connections or well equipment. On termination of Lessee's use of a well, Lessor shall have the option of assuming ownership of the well. If Lessor accepts the well, the well shall be capped-off, and turned over to the surface owner by written notice, and the well, casing, pump, and electrical poles and lines leading to the well, shall become the property of the surface owner and shall be left by Lessee in the same condition as when water was last obtained from it by Lessee. Furthermore, if Lessor accepts the well, it is agreed that Lessor will accept all responsibility for such well or wells and the plugging of same at no cost to Lessee, and will hold Lessee harmless from any claims, damages or any other causes of action against Lessee during that time Lessor elects to operate same. If Lessor elects not to assume ownership of the well, Lessee shall plug the well and remove all related equipment.

44. Unless otherwise agreed by the owner of the soil in writing and in advance, Lessee shall be prohibited from disposing of salt water on the leased premises. Disposal of any such salt water or the removal of salt water from the leased premises shall be accomplished in strict compliance with the rules and regulations of the RRC and any other governmental agency having jurisdiction thereof.

45. Lessor shall have access to all information developed in the drilling of any well drilled on the Leased Premises or any land with which the Leased Premises or any portion of it is pooled. Upon written request, Lessor shall be furnished with samples of all cores taken and cuttings made, and copies of all driller's logs and electric logs after completion of said well(s). Lessor hereby acknowledges that any information provided Lessor by Lessee pursuant hereto is confidential and shall be solely and exclusively for Lessor's internal use and Lessor hereby agrees and warrants that no information or any part thereof shall be shown, disclosed, sold, traded or otherwise conveyed to any person or entity. Lessee shall not be required to provide any proprietary or interpretive information to Lessor. All said information will be furnished in a timely manner to the Owner of the Soil at the above address or e-mail (nayoi@aol.com and jb@bog.wtccoxmail.com). Contact information is subject to change.

46. The owner of the soil makes no warranty of title to the leased premises, either express or implied.

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

a. Well Location Damages:

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

To the State of Texas:	\$2,500.00
To the owner of the soil:	\$2,500.00
- ii. Eight-thousand dollars (\$8,000.00) for 4,000 feet to 7,999 feet permit depth (up to 2.0 acre pad) (up to a 295' x 295' pad or equivalent);

To the State of Texas:	\$4,000.00
To the owner of the soil:	\$4,000.00
- iii. Thirteen-thousand dollars (\$13,000.00) for 8,000 feet to 13,000 feet permit depth (up to 3.0 acre pad) (up to a 361' x 361' pad or equivalent);

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



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

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

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

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

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

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

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

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

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

48. The provisions of this lease shall inure to the benefit of and be binding upon the owner of the soil, the State of Texas, and Lessee, and their respective heirs, successors, assigns, representatives, directors, principals, agents, employees, contractors and subcontractors.

49. In the event this lease is perpetuated beyond the primary term by production or drilling or reworking operations, this lease shall remain in full force and effect as to all of the lands covered by this lease if on or before One Hundred Eighty (180) days after the primary term, lessee commences a continuous development drilling program on the leased premises in accordance with the following, and thereafter diligently continues and prosecutes such continuous drilling operations on the leased premises with no cessation of more than One Hundred Eighty (180) days between the completion of any one well and the commencement of the actual drilling of the next succeeding oil and/or gas well. At and after the expiration of the primary term, failure to timely commence or prosecute the continuous development program provided hereinabove shall terminate this lease as to all of the above described premises, SAVE and EXCEPT as to each "production unit" as hereinafter defined. A production unit for a vertical well shall be (i) the maximum number of acres required or permitted by the Railroad Commission of Texas for a proration unit under then existing special field rules or (ii) if there are no special field rules 40 acres around each vertical oil well and 160 acres around each vertical gas well then producing or capable of producing oil and/or gas in paying quantities. In the event of a horizontal well, Lessee may allocate acreage to each production unit as allowed by Rule 86 of the Railroad Commission of Texas. Each production unit retained by Lessee shall be limited to those depths from the surface of the ground to 100' below the stratigraphic equivalent of the base of the deepest formation from which production of oil or gas in paying quantities is being maintained (or, in the case of a shut-in gas well, can be maintained; or, in the case of a well which has yet to be completed, down to 100' below the stratigraphic equivalent of the base of the deepest formation penetrated upon completion of drilling) in the well on such production unit and all deeper depths shall be released.

The first such development well shall be commenced on or before 180 days after the expiration of the primary term of this lease; provided, however, that if there is a well being drilled on the land covered by this lease at the expiration of the primary term hereof, the first such development well shall be commenced on or before 180 days from the date of completion of said well. The term "completion," as used herein, shall mean the earlier of the date of completion shown on the Railroad Commission Initial Potential Form W-2 or 60 days from the date of release of the drilling rig. Upon termination of this lease as to any portion of the leased premises, Lessee shall deliver to Owner of the soil a plat showing the designated production units around each well and a partial release complying with the requirements of this paragraph, suitable for recording.

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

STATE OF TEXAS

By: BLAKE OIL & GAS CORPORATION

BY: Jack E. Blake

Title: President

Individually and as agent for the State of Texas

Date: 10-6-2011

LESSEE: PETROHAWK PROPERTIES, LP

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

BY: D. R. Deffenbaugh

Title: Vice President - Land

Date: 1-5-2012



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Reeves County
Clerks Office

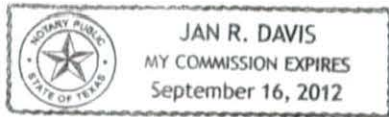
21.02.1

STATE OF TEXAS

COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared Jack E. Blake known to me to be the person whose name is subscribed to the foregoing instruments as President of Blake Oil & Gas Corporation 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 6th day of October, 2011.



Jan R. Davis
Notary Public in and for Midland County, Texas.

STATE OF OKLAHOMA

COUNTY OF TULSA

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

Given under my hand and seal of office this the 5th day of January, 2012.



Rita Kay Walker
Notary Public in and for Tulsa County, Oklahoma.

01.03.1



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

EXHIBIT "A"

Attached to and made a part of that certain Oil, Gas and Mineral Lease dated September 9th, 2011 from BLAKE OIL & GAS CORPORATION, as Lessor, in favor of PETROHAWK PROPERTIES, LP, as Lessee.

TRACT 1: 280.0 acres, more or less, situated in the Subdivision of Section 46, Block 57, Township 3, Abstract 3035, T. & P. Railroad Company Survey, Reeves County, Texas, as depicted on that certain plat dated May 8, 1915, recorded in Volume 1, Page 30, of the Map Records of Reeves County, Texas and being more particularly described below,

TRACT 1: 20.0 acres, more or less, being all of Lots 4, 5, 6 and 7, Block 1;
TRACT 2: 20.0 acres, more or less, being all of Lots 4, 5, 7 and 8, Block 2;
TRACT 3: 20.0 acres, more or less, being all of Lots 2, 3, 4 and 5, Block 3;
TRACT 4: 20.0 acres, more or less, being all of Lots 1, 2, 4 and 8, Block 4
TRACT 5: 15.0 acres, more or less, being all of Lots 1, 3 and 8, Block 5;
TRACT 6: 15.0 acres, more or less, being all of Lots 2, 3 and 8, Block 6;
TRACT 7: 15.0 acres, more or less, being all of Lots 3, 4 and 8, Block 7;
TRACT 8: 10.0 acres, more or less, being all of Lots 1 and 3, Block 8;
TRACT 9: 10.0 acres, more or less, being all of Lots 2 and 8, Block 9;
TRACT 10: 30.0 acres, more or less, being all of Lots 1, 2, 3, 4, 5 and 8, Block 10;
TRACT 11: 5.0 acres, more or less, being all of Lot 6, Block 11;
TRACT 12: 25.0 acres, more or less, being all of Lots 2, 5, 6, 7 and 8, Block 12;
TRACT 13: 20.0 acres, more or less, being all of Lots 1, 2, 4 and 6, Block 13;
TRACT 14: 30.0 acres, more or less, being all of Lots 1, 2, 3, 4, 7 and 8, Block 14;
TRACT 15: 5.0 acres, more or less, being all of Lot 1, Block 15;
TRACT 16: 20.0 acres, more or less, being all of Lots 4, 6, 7 and 8, Block 16.

TRACT 2: 140.0 acres, more or less, situated in the Subdivision of Section 46, Block 57, Township 3, Abstract 3035, T. & P. Railroad Company Survey, Reeves County, Texas, as depicted on that certain plat dated May 8, 1915, recorded in Volume 1, Page 30, of the Map Records of Reeves County, Texas and being more particularly described below,

TRACT 1: 10.0 acres, more or less, being all of Lots 2 and 8, Block 1;
TRACT 2: 10.0 acres, more or less, being all of Lots 1 and 6, Block 2;
TRACT 3: 15.0 acres, more or less, being all of Lots 1, 6 and 8, Block 3;
TRACT 4: 10.0 acres, more or less, being all of Lots 5 and 6, Block 4
TRACT 5: 20.0 acres, more or less, being all of Lots 2, 4, 6 and 7, Block 5;
TRACT 6: 15.0 acres, more or less, being all of Lots 1, 4 and 6, Block 6;
TRACT 7: 5.0 acres, more or less, being all of Lot 2, Block 8;
TRACT 8: 5.0 acres, more or less, being all of Lot 1, Block 9;
TRACT 9: 15.0 acres, more or less, being all of Lots 1, 2 and 8, Block 11;
TRACT 10: 10.0 acres, more or less, being all of Lots 1 and 4, Block 12;
TRACT 11: 10.0 acres, more or less, being all of Lots 3 and 8, Block 13;
TRACT 12: 5.0 acres, more or less, being all of Lot 2, Block 15;
TRACT 13: 10.0 acres, more or less, being all of Lots 1 and 2, Block 16.

THE STATE OF TEXAS
COUNTY OF REEVES

I, Dianne O. Florez, Clerk of the County Court in and for said County and State do hereby certify that the foregoing is a true and correct copy of Oil & Gas Lease dated Sept 9, 2011 at 12th day of Jan. 2012 filed for record in my office this 10th day of Jan. 2012 at 537 M, under Clerk's File No. JPR, to be recorded in the

Records of Reeves County, Texas.

TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas this 12th day of January, 2012.

By [Signature], Deputy.

[Signature]
DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS



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

21031

File No. 114211

Lease

Date Filed: 01/23/12
Jerry E. Patterson, Commissioner

By _____

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

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

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

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

File No. 114211

Payment Information

Date Filed: 12/06/11

Jerry E. Patterson, Commissioner



15700204

Check No.: 203485
 Payment Type: DELAY RENTAL

Period Covered: 09/09/2014-09/09/2016
 Payment Amount: \$145,570.84

Lease Number: 1044423/014 LSE

Original Lessor: BLAKE OIL AND GAS CORPORATION

Lease Effective Date: 09/09/2011

Recording Information: Book # 919 Page # 033, 12-00237

State: TX

County: REEVES

Check Remarks:
 DELAY RENTAL FOR YRS 4, 5

TRACT 1 280.0 ACRES AND TRACT 2 140.0 ACRES, MORE OR LESS, BOTH TRACTS BEING IN SEC 46, BLK 57, TWN 3, A- 3035, T & P RAILROAD COMPANY SURVEY, REEVES CO, TX

For the Credit of:

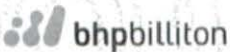
Owner: COMMISSIONER OF THE TEXAS GENERAL
 LAND OFFICE ATN MINERAL LEASING
 Address: 1700 N CONGRESS AVE
 AUSTIN, TX 78701

(BA#):80104210

Payment Amount: \$145,570.84

VERIFY THE AUTHENTICITY OF THIS MULTI-TONE SECURITY DOCUMENT.

CHECK BACKGROUND AREA CHANGES COLOR GRADUALLY FROM TOP TO BOTTOM.



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

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

32-1
 1110 GL

DATE 08/14/2014

CHECK NO: 203485

AMOUNT *****\$145,570.84

PAY *****145570*DOLLARS AND* 84*CENTS

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

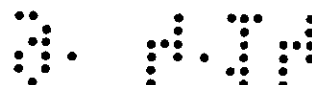
Daniel Powell
 FACSIMILE SIGNATURE

My L. Silling
 FACSIMILE SIGNATURE

⑈000 203485⑈

File No. ME 114211Rentals- 4th & 5th yr.Date Filed: 09/04/2014

Jerry E. Patterson, Commissioner

By JEP

Section 46

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

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

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

File No. M-114211
REEVES County
LEASE PLAT
Date Filed: 03/01/14
George P. Bush, Commissioner
By [Signature]



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

March 1, 2016

Micah Strother
BHP Billiton Petroleum
PO Box 22719
Houston, Texas 77027

Re: **State Lease MF 114211**

RAL Lease dated September 9, 2011, recorded in File 237,
Reeves Co, covering 420 ac., Sec. 46, Blk. 57, T-3, T&P Ry. Co.
Survey, Blake Oil & Gas, 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-114211. **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 \$145,567.00 has been applied to the State's portion of the cash bonus. In addition, we are 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

File No. _____

Date Filed: _____

Jerry E. Patterson, Commissioner

By _____

File No. _____

114211

County _____

Final 1tr

Date Filed: _____

03/01/14

George P. Bush, Commissioner

By _____

MF 117986
MF 114211

DIVISION ORDER



Date: 10/31/2016

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

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

389-35151

CREDIT TO

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

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

0.00097725	RI	PAY	4/1/2016
0.00008545	RI	PAY	4/1/2016
0.00032575	RI	PAY	4/1/2016
0.00058234	RI	PAY	4/1/2016
0.00218958	RI	PAY	4/1/2016
0.00781140	RI	PAY	4/1/2016
0.00077288	RI	PAY	4/1/2016
0.00077288	RI	PAY	4/1/2016
0.00536950	RI	PAY	4/1/2016
0.00113931	RI	PAY	4/1/2016
0.00113931	RI	PAY	4/1/2016
0.00017090	RI	PAY	4/1/2016
0.00145262	RI	PAY	4/1/2016
0.00650848	RI	PAY	4/1/2016
0.00032575	RI	PAY	4/1/2016
0.00034828	RI	PAY	4/1/2016
0.00536950	RI	PAY	4/1/2016
0.00092358	RI	PAY	4/1/2016
0.00010681	RI	PAY	4/1/2016
0.00032575	RI	PAY	4/1/2016
0.00197501	RI	PAY	4/1/2016
0.00011633	RI	PAY	4/1/2016
0.00244459	RI	PAY	4/1/2016
0.00227862	RI	PAY	4/1/2016
0.00145262	RI	PAY	4/1/2016
0.00146734	RI	PAY	4/1/2016
0.00023265	RI	PAY	4/1/2016
0.00341793	RI	PAY	4/1/2016
0.00290524	RI	PAY	4/1/2016
0.00758591	RI	PAY	4/1/2016
0.02471781	RI	PAY	4/1/2016
0.00757064	RI	PAY	4/1/2016
0.00023266	RI	PAY	4/1/2016
0.00010681	RI	PAY	4/1/2016
0.00010681	RI	PAY	4/1/2016
0.00097823	RI	PAY	4/1/2016
0.00076903	RI	PAY	4/1/2016
0.00077288	RI	PAY	4/1/2016
0.00244459	RI	PAY	4/1/2016



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

December 12, 2016

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

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

Dear Mr. Brown:

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

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

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

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

Thank you,

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

File No. MF 114211Division OrderDate Filed: 12-12-16

George P. Bush, Commissioner

By V.H.

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT

Domestic Mail Only

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

OFFICIAL USE

Certified Mail Fee

\$

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

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

Postage

\$

Total Postage and Fees

\$

Sent To

BP Billiton Petroleum (TX LAD) Operating Company

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

1360 Post Oak Blvd STE 150

City, State, ZIP+4®

Houston, TX 77056-3030

Postmark
Here

MF
114211

ATTN: Holly Dutton

7016 2070 0000 7391 4856



Texas General Land Office

Reconciliation Billing

George P. Bush, Commissioner

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

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

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

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

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

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

NOTICE

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

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

Detach and return with payment

Reconciliation Billing

BHP Billiton Petroleum (TXLA Operating) Company

Billing Date: 10/3/2017

Billing Due Date: 11/2/2017

Customer Number: C000046383

Remit Payment To:

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
18I00040	MF112680	\$1,429.64	\$0.00	\$218.41	\$86.79	\$1,734.84
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18I00047	MF114211	\$6,075.26	\$0.00	\$785.79	\$368.34	\$7,229.39



Texas General Land Office

George P. Bush, Commissioner

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

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

Customer ID: C000046383
 Invoice Number: 18100047
 GLO Lease: MF114211
 GLO Review: BHP Billiton Petroleum (TXLA OP) Co
 Review Period: September 2015 Through August 2016

Category: Gas
 Auditor/AE: Sgarcia
 Billing Date: 9/27/2017
 P&I Calculation Date: 10/31/2017
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Particip	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Ro	Number of Da	Interest Rate For	Penalty Rate Fron	Interest Rate Fro	Revenue Due
May-16	08-282003	0	1.00000000	\$0.00	\$0.00	\$0.00	\$0.00	\$1,377.33	-\$1,377.33	473	4.50%	\$0.00	\$0.00	-\$1,377.33
May-16	08-282003	0	1.00000000	\$0.00	\$0.00	\$0.00	\$0.00	-\$2,736.59	\$2,736.59	473	4.50%	\$273.66	\$139.68	\$3,149.93
Apr-16	08-282003	69	1.00000000	\$1.87	\$1.00	\$166.43	\$20.80	\$0.00	\$20.80	503	4.50%	\$25.00	\$1.14	\$46.94
May-16	08-282003	7,925	1.00000000	\$1.94	\$1.00	\$15,374.50	\$1,921.81	\$0.00	\$1,921.81	473	4.50%	\$192.18	\$98.09	\$2,212.08
Jun-16	08-282003	5,599	1.00000000	\$3.50	\$1.00	\$19,595.64	\$2,449.45	\$0.00	\$2,449.45	442	4.50%	\$244.95	\$115.66	\$2,810.06
Jul-16	08-282003	1,234	1.00000000	\$1.57	\$1.02	\$1,971.44	\$246.43	\$0.00	\$246.43	411	4.50%	\$25.00	\$10.69	\$282.12
Aug-16	08-282003	376	1.00000000	\$1.61	\$1.03	\$620.05	\$77.51	\$0.00	\$77.51	381	4.50%	\$25.00	\$3.08	\$105.59
TOTALS		15,223				\$37,728.06	\$4,716.00	-\$1,359.26	\$6,075.26			\$785.79	\$368.34	\$7,229.39

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

COMMENTS: MAY 2016: BILLING FOR APPLYING A PAYMENT & CREDIT TO A MONTH WITH MISSING ROYALTY REPORT AND NO ROYALTY DUE, RESULTING IN THE AMOUNT DUE OF \$1,359.26.
 BILLING ON DIFFERENCE FROM VOLUMES REPORTED TO GLO COMPARED TO THE VOLUMES REPORTED TO RRC.

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

COLUMN (5), (6) PRICE & BTU - TAKEN FROM HOUSTON SHIP CHANNEL MARKET PRICE AND PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE.

COLUMNS (12), (13), (14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:

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

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

8

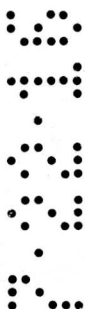
File No. MF 114211

Recon Billing County

Date Filed: 10/3/17

George P. Bush, Commissioner

By AA



161

X 9,411.77

16714093





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

July 20, 2016

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

MF-114211

RE: **Surface Damage Payment
State Blake 57-T3-46 1H
Reeves County, Texas**

Dear Ms. McCauley,

Enclosed herein, please find **Check No. 18236** in the amount of **\$9,411.77** made payable to the addressee above for surface damages resulting from drilling operations for the subject line well.

The enclosed check covers damages for the pad sites and access road, which are outlined below:

Pad Acreage in Sec. 46	(5.96 acres)	=	\$18,065.04
Access Road in Sec. 46	(22.52 rods)	=	\$758.50
Total paid to Agents of the State		=	\$9,411.77
Total paid to the State of Texas		=	\$9,411.77
TOTAL DAMAGES		=	\$18,823.54

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

Respectfully,

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

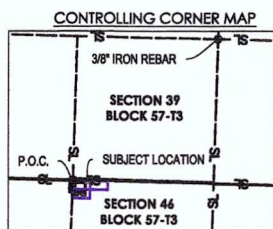
7215



1000 Ledgelawn Dr.
Conway, Arkansas 72034
501.328.3316 | 501.328.3325 |
www.craftontull.com

REEVES COUNTY, TEXAS

SECTION 45 & 46, BLOCK 57-T3
J. S. OWENS, A - 3035, & T & P RR CO., A - 921
STATE BLAKE 57-T3 46
STATE BLAKE 57-T3 46 1H (MWN 833824)
FINAL WELL & PAD COVER SHEET



P.O.C.
(NAD 83) LAT: 31.68469185° N
(NAD 83) LONG: -103.95939843° W
(NAD 83) NORTHING: 10597592.518
(NAD 83) EASTING: 1168586.445
(NAD 27) LAT: 31.68456428° N
(NAD 27) LONG: -103.95906748° W
(NAD 27) NORTHING: 745006.464
(NAD 27) EASTING: 872124.546

P.O.C.
A 5/8\"/>

5 ACRES
LOWRY LEWIS, ET AL
VOL. 607, PG. 524

PROPOSED 30' WIDE
ACCESS EASEMENT
(SEE PAGE 3)

EXISTING
PIPELINE

EXISTING "DELAWARE BASIN JV
GATHERING LLC" 30' WIDE EASEMENT

CLEARED RIGHT
OF WAY

GENERAL NOTES:

NAVD 88 = EPSG 5703
NAD83 TEXAS CENTRAL = EPSG 2277

LOCATION: NORTHWEST CORNER SECTION 46, BLOCK 57-T3
STATE PLANE COORDINATES (SPC-4203 TXC-NAD 83(2011)) (EPOCH: 2010.0000):
NORTHING (N): 10597592.518 (FT. U.S.)
EASTING (E): 1168586.345 (FT. U.S.)
ELEVATION (Z): 3,137.58 (FT. U.S.)
CAF: 0.99979853
CONVERGENCE: -001.86770966"

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

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

HORIZONTAL DATUM: GRID, U.S. SURVEY FEET

LATITUDE AND LONGITUDE ARE NAD 83 (2011)

AREA, DISTANCES AND COORDINATES ARE GRID.

ALL UNITS ARE UNITED STATES SURVEY FOOT, UNLESS NOTED OTHERWISE

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

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

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

P.O.B. OF
CLEARING LIMITS BEING
S 59°36'32" W - 158.19'
FROM THE P.O.C.
640 ACRES
TEXAS PACIFIC
LAND TRUST
VOL. 1, PG. 217

5 ACRES
WINKLER FAMILY TRUST, ET AL
VOL. 749, PG. 514
5 ACRES
WINKLER FAMILY TRUST
ET AL
VOL. 749, PG. 514

3/8\"/>

A 3/8\"/>



CONTACT INFORMATION:

Brad G. Russell
Crafton Tull
(501)9371515
1000 Ledgelawn Dr.
Conway, AR 72034

1/14/2016

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

LEGEND

- CL OF PROPOSED PIPELINE ROUTE
- SECTION LINE
- EXISTING PIPELINE ROUTE
- OVERHEAD ELECTRIC
- FENCE
- EDGE OF PROPOSED ACCESS EASEMENT
- CL OF PROPOSED ACCESS EASEMENT
- PROPERTY LINE
- CLEARING LIMITS
- CLEARED RIGHT OF WAY
- POINT OF COMMENCEMENT
- POINT OF BEGINNING
- LINEAR FEET
- POWER POLE
- PROPOSED WELL LOCATION
- EXISTING WELL LOCATION
- FOUND MONUMENT (AS NOTED)

REV	DATE	REVISION MADE
3	01/14/16	CERTIFIED PLAT
2	11/26/15	ADD EXISTING PIPELINE
1	11/26/15	ORIGINAL PLAT
BHP BILLITON PET (TXLA OP) CO		
PLAT OF BHP BILLITON PET (TXLA OP) CO		
PROPOSED PAD & ACCESS ROW SURVEY		
STATE BLAKE 57-T3 46		
STATE BLAKE 57-T3 46 1H (MWN 833824)		
SECTION 46, BLOCK 57-T3		
LOCATED IN THE T & P RR, CO. SURVEY, ABSTRACT 3035		
REEVES COUNTY, TEXAS		
SCALE: AS SHOWN	CHECKED BY: NCOBB	APPROVED BY: NGUYEN
DATE: 01/14/2016	DRAWN BY: NCOBB	SHEET NO: 1 OF 5

7.20.16



1000 Ledgeview Dr.
Conway, Arkansas 72034

501.328.331 x1 501.328.332 x1
www.craftontull.com

CRESTWOOD RECEIPT POINT
(NAD 83) LAT: 31.66419043
(NAD 83) LONG: -103.95898944
(NAD 83) NORTHING: 10587403.836
(NAD 83) EASTING: 1168477.883
(NAD 27) LAT: 31.66406304
(NAD 27) LONG: -103.95939746
(NAD 27) NORTHING: 744827.586
(NAD 27) EASTING: 872015.985

REEVES COUNTY, TEXAS

SECTION 45, & 46, BLOCK 57-T3
J. S. OWENS, A - 3035, & T & P R R CO., A - 921

"CLEARING LIMITS" SITE COORDINATES (NAD 83)

REF. #	ELEVATION	LATITUDE	LONGITUDE	NORTHING	EASTING
1	3136.33'	31.66445854° N	-103.95898940° W	10587502.489	1168449.991
2	3138.49'	31.66449496° N	-103.95837450° W	10587498.392	1168635.043
3	3138.05'	31.66454732° N	-103.95837557° W	10587528.381	1168635.688
4	3141.29'	31.66456064° N	-103.95792975° W	10587518.586	1169085.436
5	3137.23'	31.66310070° N	-103.95791136° W	10586967.589	1169073.852
6	3140.32'	31.66306757° N	-103.95834161° W	10586997.315	1168628.942
7	3140.02'	31.66337823° N	-103.95834550° W	10587103.395	1168631.190
8	3138.04'	31.66340140° N	-103.95895641° W	10587117.651	1168441.483

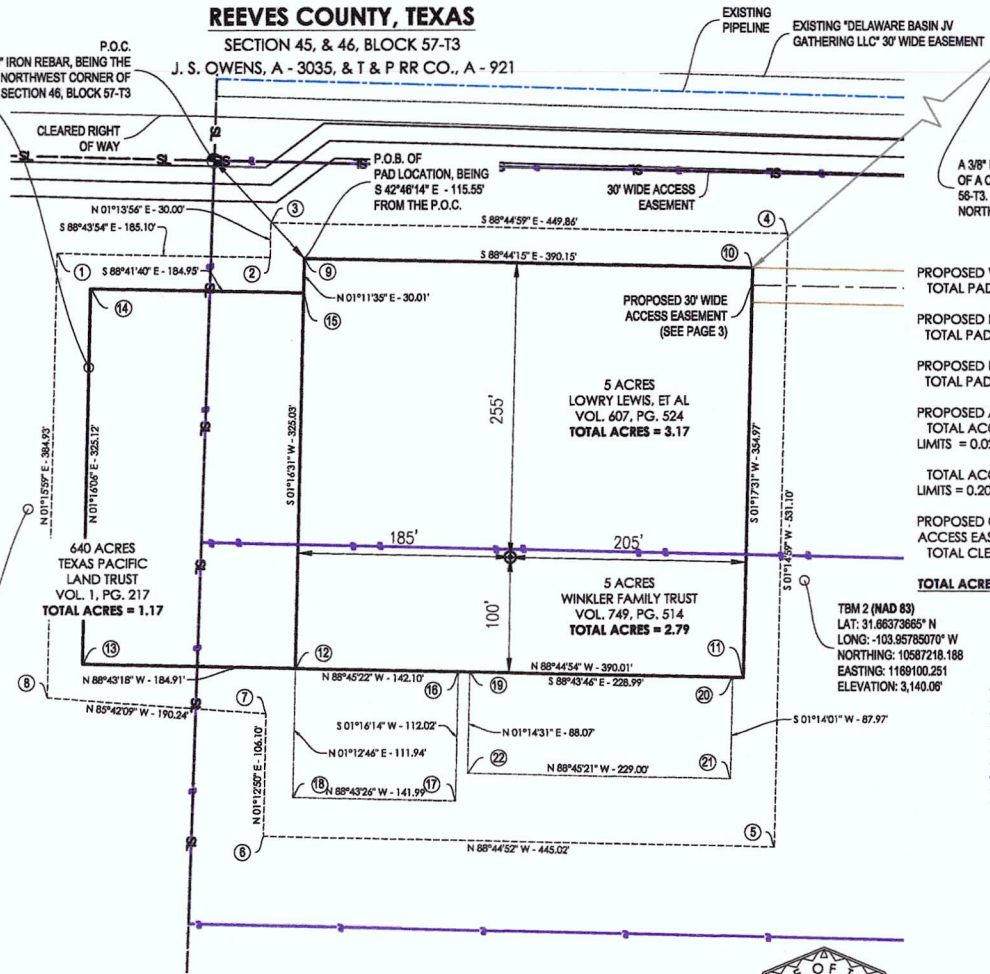
"STATE BLAKE 57-T3 46" SITE COORDINATES (NAD 83)

REF. #	ELEVATION	LATITUDE	LONGITUDE	NORTHING	EASTING
9	3138.66'	31.66448563° N	-103.95827848° W	10587497.697	1168664.909
10	3141.33'	31.66447695° N	-103.95802454° W	10587489.101	1169054.968
11	3139.20'	31.66350117° N	-103.95801309° W	10587134.219	1169046.965
12	3138.83'	31.66348965° N	-103.95826855° W	10587142.738	1168687.050
13	3139.10'	31.66348842° N	-103.95860604° W	10587146.863	1168472.186
14	3138.99'	31.66437814° N	-103.95867178° W	10587471.903	1168479.382
15	3138.79'	31.66438312° N	-103.95827735° W	10587467.689	1168664.284

"RESERVE PIT" SITE COORDINATES (NAD 83)

REF. #	ELEVATION	LATITUDE	LONGITUDE	NORTHING	EASTING
16	3139.83'	31.66348965° N	-103.95826855° W	10587142.738	1168687.050
17	3140.27'	31.66349390° N	-103.95880985° W	10587139.653	1168799.115
18	3140.07'	31.66318598° N	-103.95860610° W	10587027.665	1168796.631
19	3140.20'	31.66318195° N	-103.95826244° W	10587030.827	1168654.681
20	3140.13'	31.66349441° N	-103.95877785° W	10587139.514	1168809.074
21	3139.24'	31.66350096° N	-103.95804188° W	10587134.437	1169038.008
22	3138.40'	31.66325915° N	-103.95803876° W	10587046.488	1169036.114
23	3140.31'	31.66325230° N	-103.95877478° W	10587051.460	1168807.165

TBM 1 (NAD 83)
LAT: 31.66384839° N
LONG: -103.96002682° W
NORTHING: 10587280.877
EASTING: 1168424.889
ELEVATION: 3,138.31'



PROPOSED WELL PAD LOCATION ACREAGE
TOTAL PAD ACREAGE = 3.18 ACRES

PROPOSED FACILITY PAD LOCATION ACREAGE
TOTAL PAD ACREAGE = 1.38 ACRES

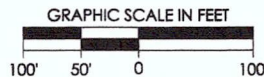
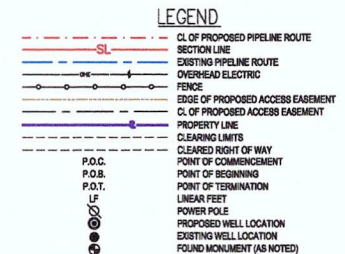
PROPOSED RESERVE PIT LOCATION ACREAGE
TOTAL PAD ACREAGE = 0.83 ACRES

PROPOSED ACCESS EASEMENT ACREAGE
TOTAL ACCESS EASEMENT ACREAGE WITHIN CLEARING LIMITS = 0.02 ACRES

TOTAL ACCESS EASEMENT ACREAGE OUTSIDE OF CLEARING LIMITS = 0.20 ACRES

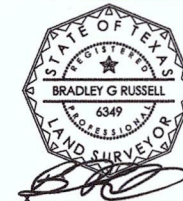
PROPOSED CLEARING LIMIT ACREAGE NOT IN PAD, PIT, OR ACCESS EASEMENT
TOTAL CLEARING LIMIT ACREAGE = 1.72 ACRES

TOTAL ACRES = SEE PAGE 3



"PROPOSED WELLS" SITE COORDINATES

WELL NAME	ELEVATION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LATITUDE (NAD 27)	LONGITUDE (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)
STATE BLAKE 57-T3 46 1H	3,140.55'	31.66378998° N	-103.95867504° W	10587238.663	1168844.310	31.66364258° N	-103.95820311° W	744682.614	872382.405



CONTACT INFORMATION:

Brad G. Russell
Crafton Tull
(10199715)
1000 Ledgeview Dr.
Conway, AR 72034

REV.	DATE	REVISION MADE
3	01/14/2016	CERTIFIED PLAT
3	11/20/15	ADD EXISTING PIPELINE
1	11/20/15	ORIGINAL PLAT
BHP BILLITON PET (TXLA OP) CO		
PLAT OF BHP BILLITON PET (TXLA OP) CO		
PROPOSED PAD & ACCESS ROW SURVEY		
STATE BLAKE 57-T3 46		
STATE BLAKE 57-T3 46 1H (MWN 833824)		
SECTION 45 & 46, BLOCK 57-T3		
LOCATED IN THE T & P R R CO. SURVEY, ABSTRACT 3035		
REEVES COUNTY, TEXAS		
SCALE: 1"= 100'		
CHECKED BY: BECA		
DATE: 01/14/2016		
DRAWN BY: N. COMBS		
SHEET NO: 2 OF 5		

7.22.16



1000 Ledgeview Dr.
Conway, Arkansas 72034

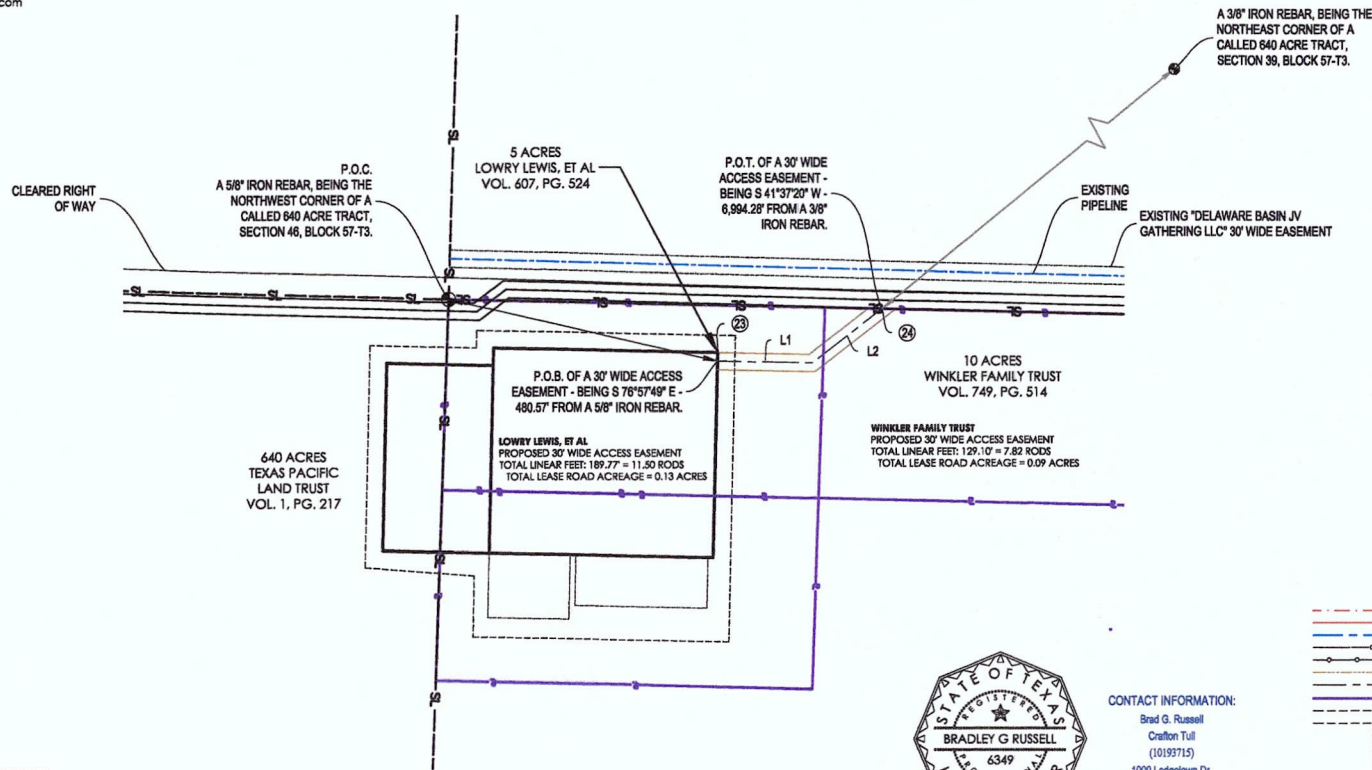
501.328.3316 | 501.328.3325 f
www.craftontull.com

REEVES COUNTY, TEXAS

SECTION 46, BLOCK 57-T3

J. S. OWENS, A - 3035

GRID NORTH (NAD 83)
TEXAS - CENTRAL ZONE



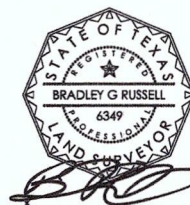
"30' WIDE ACCESS EASEMENT"

NUMBER	BEARING	DISTANCE
L1	S 88° 45' 20" E	164.87'
L2	N 52° 16' 08" E	154.00'

PROPOSED 30' WIDE ACCESS EASEMENT
TOTAL LINEAR FEET: 318.87' = 19.33 RODS
TOTAL LEASE ROAD ACREAGE = 0.22 ACRES

"30' WIDE ACCESS EASEMENT" SITE COORDINATES (NAD 83)

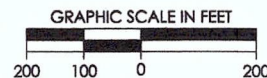
REF. #	ELEVATION	LATITUDE	LONGITUDE	NORTHING	EASTING
23	3,141.39'	31.86443574° N	-103.95802406° W	10587474.115	1169054.630
24	3,139.44'	31.86471051° N	-103.95711276° W	10587564.776	1169341.259



1/14/2016

CONTACT INFORMATION:
Brad G. Russell
Crafton Tull
(501)9371515
1000 Ledgeview Dr.
Conway, AR 72034

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



LEGEND	
---	CL OF PROPOSED PIPELINE ROUTE
---	SECTION LINE
---	EXISTING PIPELINE ROUTE
---	OVERHEAD ELECTRIC
---	FENCE
---	EDGE OF PROPOSED ACCESS EASEMENT
---	CL OF PROPOSED ACCESS EASEMENT
---	PROPERTY LINE
---	CLEARING LIMITS
---	CLEARED RIGHT OF WAY
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)

REV.	DATE	REVISION MADE
3	01/14/16	CERTIFIED PLAT
2	11/20/15	ADD EXISTING PIPELINE
1	11/20/15	ORIGINAL PLAT
BHP BILLITON PET (TXLA OP) CO		
PLAT OF BHP BILLITON PET (TXLA OP) CO		
PROPOSED PAD & ACCESS ROW SURVEY		
STATE BLAKE 57-T3 46		
STATE BLAKE 57-T3 46 1H (MWN 833824)		
SECTION 46, BLOCK 57-T3		
LOCATED IN THE T & P R. CO. SURVEY, ABSTRACT 3035		
REEVES COUNTY, TEXAS		
SCALE: 1"= 200'	CHECKED BY: BEC	APPROVED BY: JCO
DATE: 01/14/2016	DRAWN BY: N. COBB	SHEET NO.: 3 OF 5

7.2.15

REEVES COUNTY, TEXAS

SECTION 45, & 46, BLOCK 57-T3

J.S. OWENS, A - 3035, & T & P RR CO., A - 921

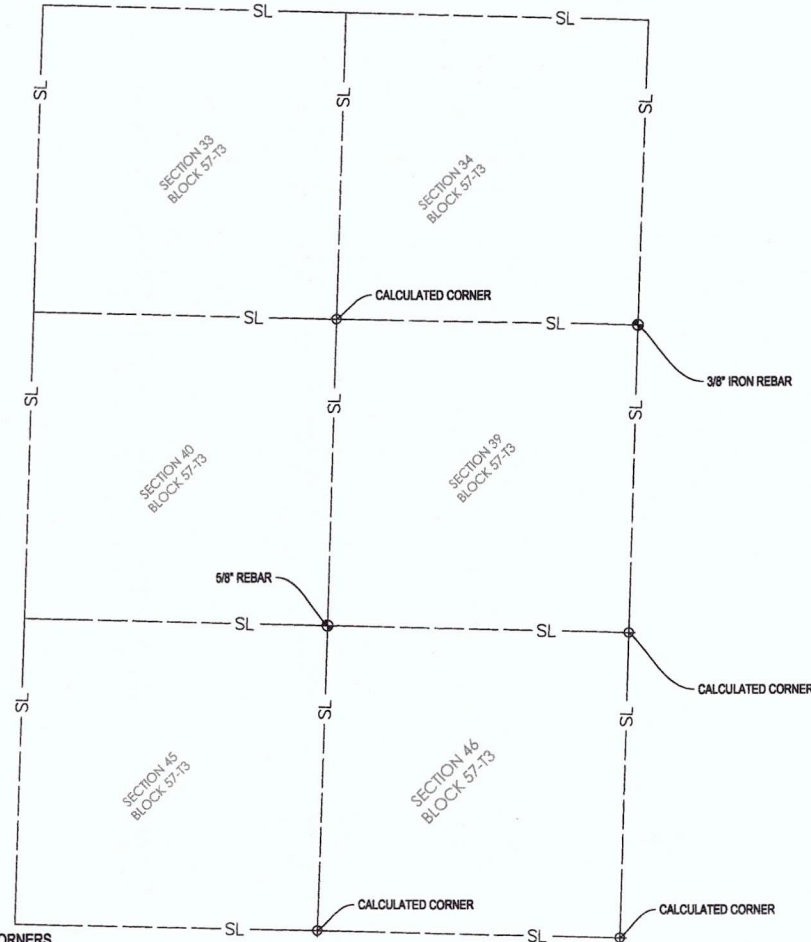
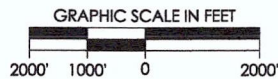


CONTACT INFORMATION:

Brad G. Russell
Craighton Tull
(10193715)
1000 Ledgewood Dr.
Conway, AR 72034

1/14/2016

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



LEGEND	
	CL OF PROPOSED PIPELINE ROUTE
	SECTION LINE
	EXISTING PIPELINE ROUTE
	OVERHEAD ELECTRIC
	FENCE
	EDGE OF PROPOSED ACCESS EASEMENT
	CL OF PROPOSED ACCESS EASEMENT
	CLEARING LIMITS
	CLEARED RIGHT OF WAY
	POINT OF COMMENCEMENT
	POINT OF BEGINNING
	POINT OF TERMINATION
	LINEAR FEET
	POWER POLE
	PROPOSED WELL LOCATION
	EXISTING WELL LOCATION
	FOUND MONUMENT (AS NOTED)

LOCATION	DESCRIPTION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LATITUDE (NAD 27)	LONGITUDE (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)
NW CORNER 57-T3 46	5/8" IRON REBAR	31.68469165° N	-103.9589353943° W	10587582.518	1168586.445	31.68458426° N	-103.958908748° W	745006.464	872124.546
NE CORNER 57-T3-39	3/8" IRON REBAR	31.67949137° N	-103.94273370° W	10592793.276	1173896.981	31.67939405° N	-103.94228222° W	750217.090	877525.020
NW CORNER 57-T3-39	CALCULATED CORNER	31.67929118° N	-103.95898023° W	10592891.000	1168743.739	31.67916401° N	-103.95911810° W	750314.845	872281.865
NE CORNER 57-T3 46	CALCULATED CORNER	31.68482172° N	-103.94268166° W	10587459.264	1173830.048	31.68469418° N	-103.94221034° W	744883.179	877368.063
SE CORNER 57-T3 46	CALCULATED CORNER	31.65026520° N	-103.94263004° W	10582294.196	1168405.017	31.65013745° N	-103.94215889° W	739590.433	877212.316
SW CORNER 57-T3 46	CALCULATED CORNER	31.65014527° N	-103.95956627° W	10582168.418	1173674.326	31.65001767° N	-103.95909648° W	739718.241	871943.094

SECTION CORNERS

REV	DATE	REVISION MADE
1	01/14/2016	CERTIFIED PLAT
2	11/20/15	ADD EXISTING PIPELINE
3	11/20/15	ORIGINAL PLAT
BHP BILLITON PET (TXLA OP) CO		
PLAT OF BHP BILLITON PET (TXLA OP) CO		
PROPOSED PAD & ACCESS ROW SURVEY		
STATE BLAKE 57-T3 46		
STATE BLAKE 57-T3 46 1H (MWN 833824)		
SECTION 46, BLOCK 57-T3		
LOCATED IN THE T & P RR. CO. SURVEY, ABSTRACT 3035		
REEVES COUNTY, TEXAS		
SCALE: 2000'	CHECKED BY: BEC	APPROVED BY: JCC
DATE: 01/14/2016	DRAWN BY: N. COBB	SHEET NO.: 4 OF 5

7.2.16

REEVES COUNTY, TEXAS

SECTION 45, & 46, BLOCK 57-T3

J. S. OWENS, A - 3035, & T & P RR CO., A - 921

"STATE BLAKE 57-T3 46 CLEARING LIMITS"

A METES AND BOUNDS DESCRIPTION OF A 7.13 ACRE CLEARING LIMITS IN, OVER, ACROSS, AND THROUGH TWO 5 ACRE TRACTS BEING RECORDED IN VOLUME 607, PAGE 521 & 607, IN SECTION 46, ALSO BEING RECORDED IN VOLUME 749, PAGE 514, IN SECTION 46, BEING OUT OF ABSTRACT NUMBER 3035, J.S. OWENS ORIGINAL GRANTEE, BLOCK 57-T3, AND A 640 ACRE TRACT BEING RECORDED IN VOLUME 1, PAGE 217, IN SECTION 45, BEING OUT OF ABSTRACT NUMBER 921, T & P RR CO. ORIGINAL GRANTEE, REEVES COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A 5/8" IRON REBAR, BEING THE NORTHEAST CORNER OF A CALLED 640 ACRE TRACT, SECTION 45, BLOCK 57-T3, REEVES COUNTY, TEXAS, THENCE S 59°36'32" W, A DISTANCE OF 158.19 FEET TO THE POINT OF BEGINNING OF A 7.13 ACRE CLEARING LIMITS;

THENCE S 88°43'54" E, A DISTANCE OF 185.10 FEET TO A POINT;
THENCE N 01°13'56" E, A DISTANCE OF 30.00 FEET TO A POINT;
THENCE S 88°44'59" E, A DISTANCE OF 449.86 FEET TO A POINT;
THENCE S 01°14'59" W, A DISTANCE OF 531.10 FEET TO A POINT;
THENCE N 88°44'52" W, A DISTANCE OF 445.02 FEET TO A POINT;
THENCE N 01°12'50" E, A DISTANCE OF 106.10 FEET TO A POINT;
THENCE N 85°42'09" W, A DISTANCE OF 190.24 FEET TO A POINT;
THENCE N 01°15'59" E, A DISTANCE OF 384.93 FEET TO THE POINT OF BEGINNING.

THE ABOVE DESCRIBED CLEARING LIMITS HAS A TOTAL AREA OF 310,580.63 SQUARE FEET OR 7.13 ACRES, MORE OF LESS, LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

"STATE BLAKE 57-T3 46 WELL & FACILITY PAD"

A METES AND BOUNDS DESCRIPTION OF A 4.56 ACRE WELL PAD IN, OVER, ACROSS, AND THROUGH TWO 5 ACRE TRACTS BEING RECORDED IN VOLUME 607, PAGE 521 & 607, IN SECTION 46, ALSO BEING RECORDED IN VOLUME 749, PAGE 514, IN SECTION 46, BEING OUT OF ABSTRACT NUMBER 3035, J.S. OWENS ORIGINAL GRANTEE, BLOCK 57-T3, AND A 640 ACRE TRACT BEING RECORDED IN VOLUME 1, PAGE 217, IN SECTION 45, BEING OUT OF ABSTRACT NUMBER 921, T & P RR CO. ORIGINAL GRANTEE, REEVES COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A 5/8" IRON REBAR, BEING THE NORTHEAST CORNER OF A CALLED 640 ACRE TRACT, SECTION 45, BLOCK 57-T3, REEVES COUNTY, TEXAS, THENCE S 42°46'14" E, A DISTANCE OF 115.55 FEET TO THE POINT OF BEGINNING OF A 4.56 ACRE WELL PAD;

THENCE S 88°41'40" E, A DISTANCE OF 184.95 FEET TO A POINT;
THENCE N 01°11'35" E, A DISTANCE OF 30.01 FEET TO A POINT;
THENCE S 88°44'19" E, A DISTANCE OF 390.15 FEET TO A POINT;
THENCE S 01°17'31" W, A DISTANCE OF 354.97 FEET TO A POINT;
THENCE N 88°44'54" W, A DISTANCE OF 390.01 FEET TO A POINT;
THENCE N 88°43'18" W, A DISTANCE OF 184.91 FEET TO A POINT;
THENCE N 01°16'06" E, A DISTANCE OF 325.12 FEET TO THE POINT OF BEGINNING.

THE ABOVE DESCRIBED WELL PAD HAS A TOTAL AREA OF 198,591.48 SQUARE FEET OR 4.56 ACRES, MORE OF LESS, LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

"30' WIDE ACCESS EASEMENT"

A CENTERLINE DESCRIPTION OF A 30' WIDE ACCESS EASEMENT IN, OVER, ACROSS, AND THROUGH A 5 ACRE TRACT, GRANTED TO LOWRY LEWIS, ET AL AS RECORDED IN VOLUME 607, PAGE 521, AND A 10 ACRE TRACT, GRANTED TO WINKLER FAMILY TRUST AS RECORDED IN VOLUME 749, PAGE 514, IN SECTION 46, BLOCK 57-T3 REEVES COUNTY, TEXAS, BEING OUT OF ABSTRACT NUMBER 3035, J.S. OWENS, ORIGINAL GRANTEE, REEVES COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A 5/8" IRON REBAR, BEING THE NORTHWEST CORNER OF A CALLED 640 ACRE TRACT, SECTION 45, BLOCK 57-T3, REEVES COUNTY, TEXAS; THENCE S 74°57'49" E, A DISTANCE OF 480.57 FEET TO THE POINT OF BEGINNING OF A 30' WIDE ACCESS EASEMENT, BEING 15' ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE:

THENCE S 88°45'20" E, A DISTANCE OF 164.87 FEET TO A POINT;
THENCE N 52°16'08" E, A DISTANCE OF 154.00 TO THE POINT OF TERMINATION, SAID POINT BEING LOCATED ON THE SOUTHERN RIGHT-OF-WAY OF AN EXISTING ACCESS EASEMENT, ALSO BEING S 41°37'20" W, A DISTANCE OF 6,994.28 FEET FROM A 3/8" IRON REBAR, BEING THE NORTHEAST CORNER OF A CALLED 640 ACRE TRACT, SECTION 39, BLOCK 57-T3, REEVES COUNTY, TEXAS.

THE ABOVE DESCRIBED CENTERLINE HAS A TOTAL LENGTH OF 318.87 FEET OR 19.33 RODS AND CONTAINS 0.22 ACRES OF EASEMENT, MORE OR LESS, LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.



1/14/2016

CONTACT INFORMATION:

Brad G. Russell
Crafton Tull
(10195715)
1000 Ledgeview Dr.
Conway, AR 72034

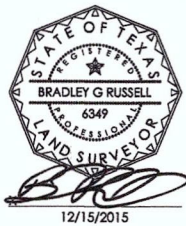
REV.	DATE	REVISION MADE
3	01/14/16	CERTIFIED PLAT
2	11/20/15	ADD EXISTING PIPELINE
1	11/20/15	ORIGINAL PLAT
BHP BILLITON PET (TXLA OP) CO		
PLAT OF BHP BILLITON PET (TXLA OP) CO		
PROPOSED PAD & ACCESS ROW SURVEY		
STATE BLAKE 57-T3 46		
STATE BLAKE 57-T3 46 1H (MWN 833824)		
SECTION 46, BLOCK 57-T3		
LOCATED IN THE T & P RR. CO. SURVEY, ABSTRACT 3035		
REEVES COUNTY, TEXAS		
SCALE: N/A	CHECKED BY: BGC	APPROVED BY: JXX
DATE: 01/14/2016	DRAWN BY: N. COBB	SHEET NO.: 5 OF 5

7.22.15



1000 Ledgeview Dr.
Conway, Arkansas 72034

501.328.3316 | 501.328.3325 f
www.craftontull.com



CONTACT INFORMATION:
Brad G. Russell
Crafton Tull
(501)93715
1000 Ledgeview Dr.
Conway, AR 72034

GENERAL NOTES:

BHP BILLITON PET (TXLA OP) CO

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

NAVD 88 = EPSG 5703
NAD83 TEXAS CENTRAL = EPSG 2227

LOCATION: NORTHWEST CORNER OF SECTION 46
STATE PLANE COORDINATES (SPC-4203 TXC-NAD 83[2011]) (EPOCH: 2010.0000):
NORTHING (N): 10587582.518 (FT. U.S.)
EASTING (E): 1168586.445 (FT. U.S.)
ELEVATION (Z): 3,137.58 (FT. U.S.)
CAP: 0.9997798529
CONVERGENCE: -001°.52'03.755"

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

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

HORIZONTAL DATUM: GRID, U.S. SURVEY FEET

LATITUDE AND LONGITUDE ARE NAD 83 (2011)

AREA, DISTANCES AND COORDINATES ARE GRID.

ALL UNITS ARE UNITED STATES SURVEY FOOT, UNLESS NOTED OTHERWISE

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

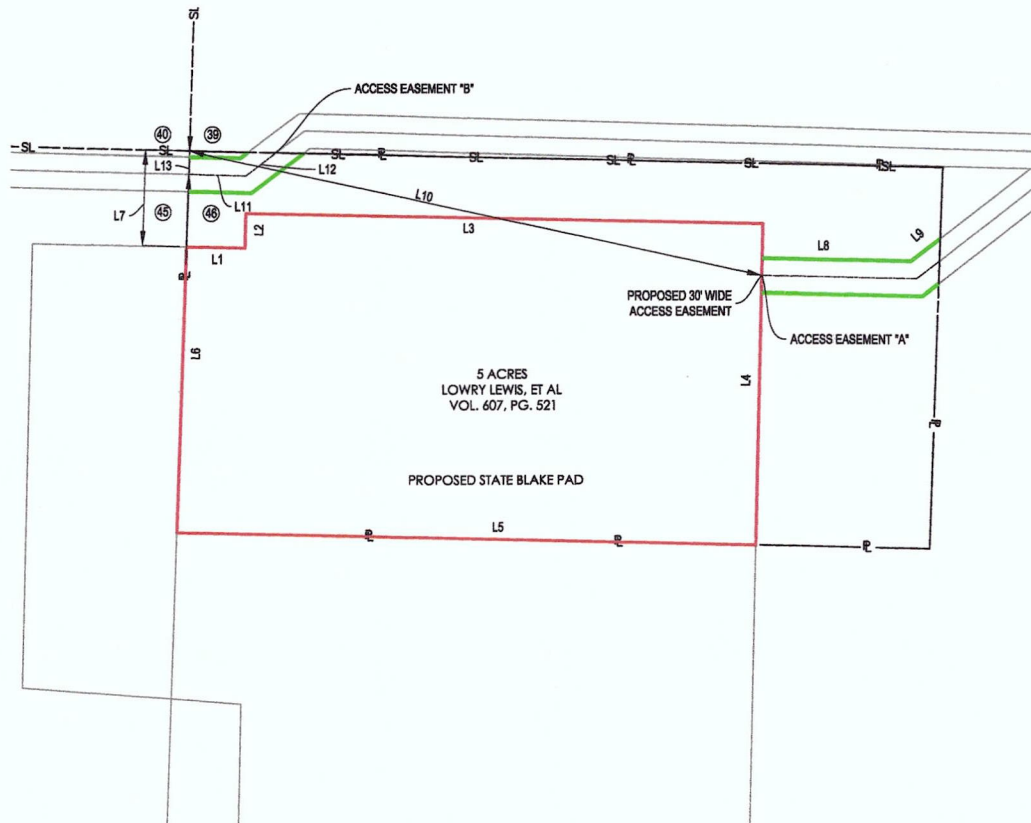
ELEVATIONS SHOWN IN LINE TABLES REPRESENT THE ELEVATION AT THE END OF THAT LINE SEGMENT IN THE DIRECTION FROM PREVIOUS POINT.

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

REEVES COUNTY, TEXAS

EXHIBIT "A"

SECTION 46, BLOCK 57-T3, J.S. OWENS, A - 3035



LEGEND

PROPOSED PAD
SECTION LINE
EDGE OF PROPOSED ACCESS EASEMENT
PROPERTY LINE

SURFACE OWNER: LOWRY LEWIS, ET AL

PROPOSED PAD ACREAGE = **3.17 ACRES**

PROPOSED 30' WIDE ACCESS EASEMENT

ACCESS EASEMENT "A"
LINEAR FEET: 159.94' = **9.69 RODS**
ACCESS EASEMENT ACREAGE = 0.11 ACRES

ACCESS EASEMENT "B"
LINEAR FEET: 82.40' = **5.01 RODS**
ACCESS EASEMENT ACREAGE = 0.06 ACRES

GRAPHIC SCALE IN FEET



PAD SITE

NUMBER	BEARING	DISTANCE
L1	S88° 43' 54"E	51.48'
L2	N01° 13' 56"E	30.00'
L3	S88° 44' 59"E	449.86'
L4	S01° 14' 59"W	278.51'
L5	N88° 39' 03"W	504.40'
L6	N01° 57' 54"E	247.66'
L7	S01° 57' 54"W	83.04'

"30' WIDE ACCESS EASEMENT"

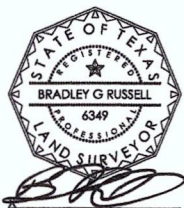
NUMBER	BEARING	DISTANCE
L8	S 88° 45' 20" E	135.04'
L9	N 52° 16' 08" E	24.90'
L10	S 77° 38' 55" E	509.81'
L11	S 88° 28' 56" E	49.97'
L12	N 53° 10' 28" E	32.63'
L13	S 01° 57' 54" W	20.02'

REV	DATE	REVISION MADE
2	12/15/15	FINAL
1	12/09/15	ORIGINAL PLAT
BHP BILLITON PET (TXLA OP) CO		
PLAT OF BHP BILLITON PET (TXLA OP) CO		
PROPOSED PAD & ACCESS ROW SURVEY		
STATE WHITEACRE 57-T3-44 & STATE BLAKE 57-T3-44		
LOWRY LEWIS, ET AL		
SECTION 46, BLOCK 57-T3		
LOCATED IN THE J.S. OWENS SURVEY, A - 3035		
REEVES COUNTY, TEXAS		
SCALE: 1" = 100'	CHECKED BY: N. COBB	APPROVED BY: SIGMON
DATE: 12/15/2015	DRAWN BY: N. COBB	SHEET NO.: 1 OF 1



1000 Ledgewood Dr.
Conway, Arkansas 72034

501.328.3316 | 501.328.3325
www.craftontull.com



12/15/2015

CONTACT INFORMATION:

Brad G. Russell
Crafton Tull
(501) 937-1515
1000 Ledgewood Dr.
Conway, AR 72034

GENERAL NOTES:

BHP BILLITON PET (TXLAS OP) CO

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EASTING (X): 1168586.445 (FT. U.S.)
ELEVATION (Z): 3,137.58 (FT. U.S.)
GAP: 0.999798529
CONVERGENCE: -001°.52'03.755"

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

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

HORIZONTAL DATUM: GRID, U.S. SURVEY FEET

LATITUDE AND LONGITUDE ARE NAD 83 (2011)

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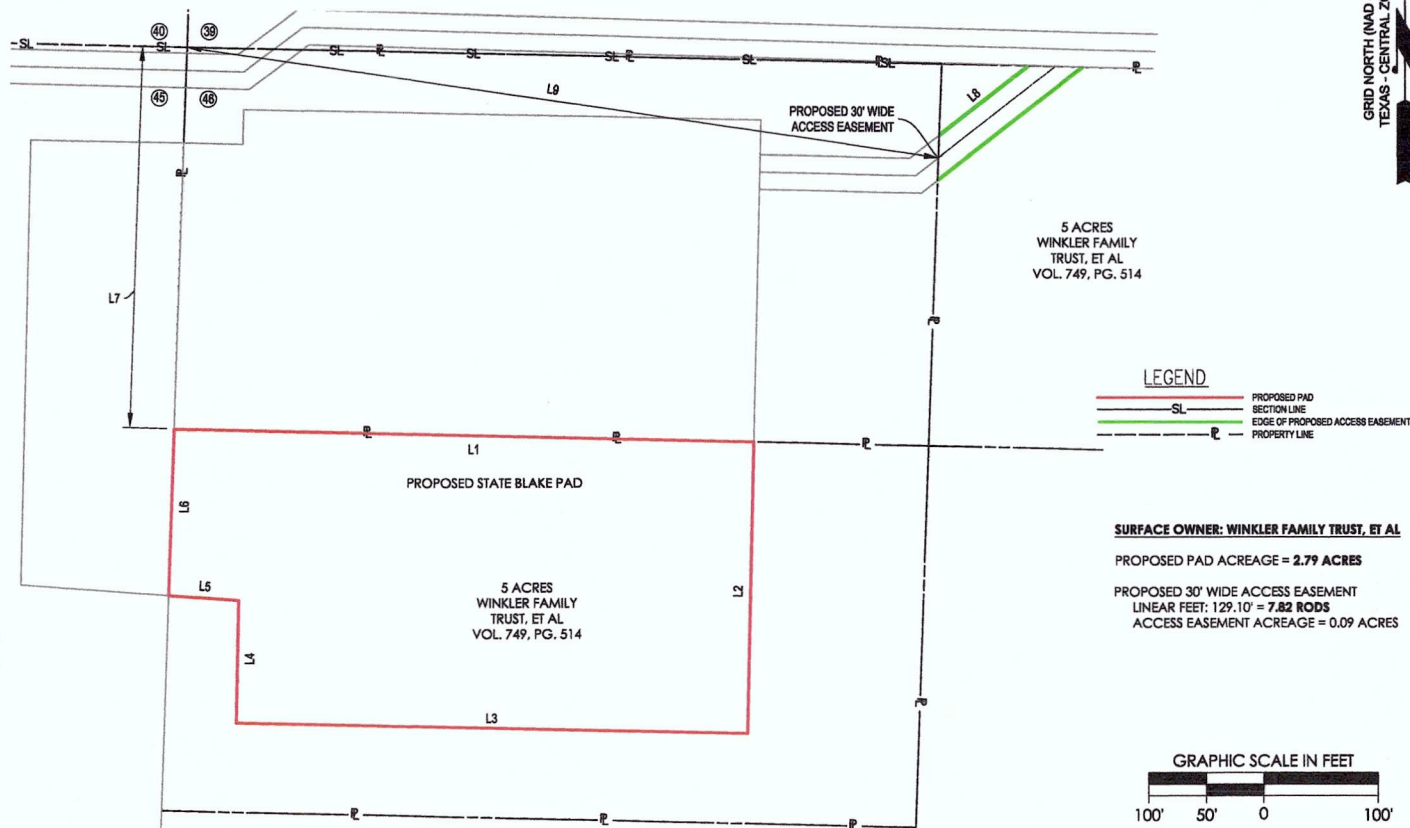
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REEVES COUNTY, TEXAS

EXHIBIT "A"

SECTION 46, BLOCK 57-T3, J.S. OWENS, A - 3035



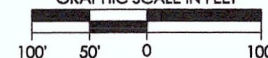
PAD SITE

NUMBER	BEARING	DISTANCE
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L5	N85° 42' 09"W	61.20'
L6	N01° 57' 54"E	144.10'
L7	S01° 57' 54"W	330.71'

"30' WIDE ACCESS EASEMENT"

NUMBER	BEARING	DISTANCE
L8	N 52° 16' 08" E	129.10'
L9	S 81° 34' 08" E	659.84'

GRAPHIC SCALE IN FEET



REV	DATE	REVISION MADE
1	12/15/15	FINAL
2	12/09/15	ORIGINAL PLAT
BHP BILLITON PET (TXLAS OP) CO		
PLAT OF BHP BILLITON PET (TXLAS OP) CO		
PROPOSED PAD & ACCESS ROW SURVEY		
STATE BLAKE 57-T3-46		
WINKLER FAMILY TRUST		
SECTION 46, BLOCK 57-T3		
LOCATED IN THE J.S. OWENS SURVEY, A - 3035		
REEVES COUNTY, TEXAS		
SCALE: 1" = 100'	CHECKED BY: SIGMON	DATE: 12/15/2015
	DRAWN BY: N. COBB	SHEET NO. 1 OF 1

File No. MF114211

Reeves County

Surface Damage Pmt

Date Filed: 10/12/2021

George P. Bush, Commissioner

By vg



5578



Texas General Land Office

Reconciliation Billing

George P. Bush, Commissioner

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

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

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

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
22I00010	MF114211	\$1,798.04	\$0.00	\$312.73	\$193.46	\$2,304.23
Total Due		\$1,798.04	\$0.00	\$312.73	\$193.46	\$2,304.23

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

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

NOTICE

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

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

Detach and return with payment

Reconciliation Billing

BPX Operating Company

Billing Date: 9/8/2021

Billing Due Date: 10/8/2021

Customer Number: C000046383

Remit Payment To:

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
22I00010	MF114211	\$1,798.04	\$0.00	\$312.73	\$193.46	\$2,304.23
Total Due		\$1,798.04	\$0.00	\$312.73	\$193.46	\$2,304.23
Amt. Paid						

Customer ID: C000046383
 Invoice Number:
 GLO Lease: MF114211
 GLO Review: BPX OPERATING COMPANY
 Review Period: 201909-202008

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participa	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Roy	Number of Day	Interest Rate For	Penalty Rate From	Interest Rate From	Revenue Due
Sep-19	08-282003	(259)	1.00000000	1.458771	1.003900	(\$379.30)	(\$47.41)	\$0.00	(\$47.41)	685	6.50%	\$0.00	\$0.00	(\$47.41)
Oct-19	08-282003	(1,394)	1.00000000	1.117688	1.005300	(\$1,566.31)	(\$195.79)	\$0.00	(\$195.79)	655	6.50%	\$0.00	\$0.00	(\$195.79)
Nov-19	08-282003	15,901	1.00000000	0.720000	1.000000	\$11,448.72	\$1,431.09	\$0.00	\$1,431.09	624	5.75%	\$143.11	\$127.38	\$1,701.58
Dec-19	08-282003	(1,046)	1.00000000	1.309713	1.003157	(\$1,374.28)	(\$171.79)	\$0.00	(\$171.79)	593	5.75%	\$0.00	\$0.00	(\$171.79)
Jan-20	08-282003	15,470	1.00000000	0.290650	1.238616	\$5,589.26	\$696.16	\$0.00	\$696.16	564	5.75%	\$69.62	\$55.38	\$821.16
Feb-20	08-282003	897	1.00000000	0.460023	1.005344	\$414.85	\$51.86	\$0.00	\$51.86	533	5.75%	\$25.00	\$3.87	\$80.73
Mar-20	08-282003	526	1.00000000	0.405453	1.005000	\$214.33	\$26.79	\$0.00	\$26.79	503	5.75%	\$25.00	\$1.87	\$53.66
Apr-20	08-282003	235	1.00000000	0.247505	1.005733	\$58.50	\$7.31	\$0.00	\$7.31	472	5.75%	\$25.00	\$0.48	\$32.79
May-20	08-282003	(78)	1.00000000	1.499827	1.001800	(\$117.20)	(\$14.65)	\$0.00	(\$14.65)	442	5.75%	\$0.00	\$0.00	(\$14.65)
Jun-20	08-282003	(79)	1.00000000	1.368967	1.001700	(\$108.33)	(\$13.54)	\$0.00	(\$13.54)	411	5.75%	\$0.00	\$0.00	(\$13.54)
Jul-20	08-282003	531	1.00000000	1.332812	1.002300	\$709.35	\$88.67	\$0.00	\$88.67	380	5.75%	\$25.00	\$4.48	\$118.15
Aug-20	08-282003	(374)	1.00000000	1.289127	1.006600	(\$485.32)	(\$60.66)	\$0.00	(\$60.66)	350	5.75%	\$0.00	\$0.00	(\$60.66)
TOTALS		30,330				\$14,384.27	\$1,798.04	\$0.00	\$1,798.04			\$312.73	\$193.46	\$2,304.23

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

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

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

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

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

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

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

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

File No. MF 114211 (10)

Recon Billings, County

Date Filed: 12/27/2021

George P. Bush, Commissioner
By VD