MF114494

#7063

State Lease	Control	Base File	County
MF114494	08-030524	151422	REEVES

~~EXPIRED~~
~~DATE 10/15/2011~~
~~LEASING GB/GL-Lap~~
~~MAPS~~
~~GIS MC~~

TM 3/2/17

Survey	PUBLIC SCHOOL LAND
Block	C-21
Block Name	
Township	
Section/Tract	13
Land Part	NE/4
Part Description	NE4
Acres	160

Depth Below *Depth Above* *Depth Other*

Leasing: ______
Analyst: ______
Maps: ______
GIS: MC
DocuShare: ______

Name	PETRO-HUNT LLC
Lease Date	10/15/2008
Primary Term	3 yrs
Bonus ($)	$0.00
Rental ($)	$0.00
Lease Royalty	0.0625

STOP

CAUTION

Documents in this file have been placed in Table of Contents order and scanned.
Please help keep documents in content order and let the ScanLab know when new documents are added to this file.

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Archives and Records Staff

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MF114494

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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.

Producers 88, General Pd Up-DD

OIL, GAS AND MINERAL LEASE

(Paid Up)

THIS AGREEMENT made October 15, 2008, between Cheesman Family Oil and Gas Venture, by Dale C. Cheesman, III, Manager, hereinafter referred to as LESSOR, whether one or more, whose address is 750 Bering Drive, Suite 650, Houston, Texas 77057, and Petro-Hunt; L.L.C, whose address is 1601 Elm Street, Suite 3400, Thanksgiving Tower, Dallas, TX 75201-7201, hereinafter referred to as LESSEE, whether one or more,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling, mining and operating for and producing oil, gas and sulphur and all other minerals, whether similar or dissimilar, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone and power lines, and other structures and things thereon to explore, produce, save, take care of, treat, process, store and transport said minerals, the following described land in **Reeves County**, Texas, to-wit (hereinafter called "said land" or "the leased premises"):

Northeast Quarter (NE/4) of Section 13, Block C-21, Public School Land Survey, 160.0 acres, more or less

All of Section 19, Block C-21, Public School Land Survey, 239.0 acres, more or less

Northwest Quarter (NW/4) of Section 28, Block 56, Township 3, T&P Ry. Co. Survey, 160.0 acres, more or less

Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain **559.0 acres**, whether it actually comprises more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as full consideration for this lease and all rights and options hereunder.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from the date hereof, (hereinafter called "primary term"), and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days. **(Please See Paragraph #35)**

3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **One-Fourth (1/4)** of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **One-Fourth (1/4)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **One-Fourth (1/4)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, lessee may pay or tender an advance shut-in royalty equal to $1.00 per net acre of lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing, and may be paid **Directly to Lessor at Above Address**, or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if lessee shall correct such error within ninety (90) days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than eighty (80) surface acres, plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more that six hundred forty (640) surface acres plus 10% acreage tolerance, if limited to one or more or the following: (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the

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subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining a maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each such separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interests in land not covered by this lease. Neither shall it impair the right of lessee to release as provided in paragraph 5 hereof, except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest.

6. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain or reestablish production of oil, gas, and/or sulphur, and the production of oil, gas, and/or sulphur, whether or not in paying quantities.

7. Lessee shall have free use of oil, gas and water from said land, except water from lessor's wells and tanks, for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the lessor.

8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. No change or division in the ownership of said land, royalties, or other monies, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other monies, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have ninety (90) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of ninety (90) days after the service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the

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alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder. If this lease is canceled for any cause, it shall nevertheless remain in force and effect as to (i) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (ii) any part of said land included in a pooled unit on which there are operations Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. If this lease covers a less interest in the oil, gas, or sulphur in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

11. If, while this lease is in force at or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring one hundred (120) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

12. This is a paid-up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

13. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, representatives, assigns, and successive assigns. The terms and conditions hereof shall inure to the benefit of and be binding upon the parties hereto, heirs, successors, representatives, assigns, and successive assigns of the parties hereto.

EXECUTED the day and year first above written.

"LESSOR"

Dale C Cheesman

Cheesman Family Oil and Gas Venture, by Dale C. Cheesman, III, Manager

INDIVIDUAL ACKNOWLEDGMENT

STATE OF TEXAS }

COUNTY OF Harris }

This instrument was acknowledged before me on October 23, 2008, by Cheesman Family Oil and Gas Venture, by Dale C. Cheesman, III, Manager.

ASHLEY DIVIN
Notary Public
STATE OF TEXAS
My Comm. Exp. 05-10-2011

My commission expires: __________

Ashley D.

Notary Public

DC

ADDENDUM

Attached to and made a part of that certain Oil, Gas and Mineral Lease dated October 15, 2008, between the Cheesman Family Oil & Gas Venture, by Dale C Cheesman, III, Manager as Lessor, and Petro-Hunt, LLC, as Lessee

14. The right to maintain this lease solely by payment of shut-in royalty under Section or Paragraph 3. hereof is hereby limited to the extent that after the expiration of the primary term, this lease may not be maintained by the payment of shut-in royalty for more than two (2) years, or from time to time at various intervals not to exceed twenty-four (24) months in the aggregate In any event, this lease shall not be maintained solely by such shut-in payments for more than twenty-four (24) months, whether consecutive or cumulative Shut-in payments shall be based on $10 00 per acre per year.

15. Notwithstanding any definition of market value expressed herein or implied at law, it is controllingly provided that payments to Lessor for Lessor's royalty share shall never bear or be charged with, either directly or indirectly, any part of the costs or expenses of production, gathering, dehydration, compression, transportation, manufacturing, processing, treating, post production expenses, or marketing of the oil and/or gas from the leased premises, or any land pooled therewith, nor any part of the costs of construction, operation of depreciation of any plant or other facilities or equipment for processing or treating said oil and/or gas produced from the leased premises, or land pooled therewith. It is intended that the terms of this section or paragraph of this lease be controlling, and not merely surplusage, and that this language controls, despite the holding in Heritage Resources, Inc. v. NationsBank, 939 S.W.2d 118 (Tex. 1996) The parties to this lease agreement intend to modify the result of the Heritage Case, by the terms of this agreement. However, Lessor's royalty shall bear its proportionate part of all severance taxes levied on or measured by production from the leased premises.

16. Lessor shall receive its prorata share of any severance tax refund, or any benefit conferred by any gas purchase contract. Lessor shall receive its ratable royalty share of any monetary benefit derived or paid, contingent or non-contingent, under any take-or-pay "settlement" or "payment", as and when paid, provided, however, Lessee shall never be required to "pay twice" or "pay double" any such take or pay "settlement" or "payment" to Lessor. Lessor shall not be required to enter into or become a party to any take-or-pay litigation or agreement. Should Lessee ever become involved in a take or pay dispute with any gas purchaser covering gas produced from this lease, Lessee agrees to give written notice to Lessor of said dispute and to keep Lessor informed as to ongoing negotiations, litigations, and settlements. Lessee further agrees to provide true copies of any settlement documents to Lessor.

17. Any operations conducted by Lessee, its contractors or employees, upon the leased premises shall at all times be open to the inspection and examination of Lessor or Lessor's duly accredited representatives, and Lessor shall have the right at all reasonable times to examine any gas or oil meters placed on any well or wells upon the leased premises. It is agreed and understood, however, that the rights of the Lessor under this provision shall be at the sole risk and expense of Lessor or Lessor's representatives. Lessor and Lessor's representatives shall, upon reasonable notice in writing to Lessee, have the right to inspect and examine all of Lessee's books, records, accounts, contracts, commitments and agreements as they relate to the leased premises, or operations thereon or production therefrom, at Lessee's offices and during regular business hours.

18 Notwithstanding anything to the contrary herein, pooling for gas as provided in Paragraph 4. of this lease for any well(s), classified as a gas well by the Railroad Commission of Texas, or any other regulatory body have jurisdiction over such matters, drilled on acreage other than the leased premises, shall be limited as follows: (a) units created for producing horizons situated above 6,000 feet below the surface of the ground shall be limited to 160 acres; (b) units created for producing horizons situated between 6,000 feet below the surface of the ground and 12,000 feet below the surface of the ground shall be limited to 320 acres, and (c) units created for producing horizons situated below 12,000 feet below the surface of the ground shall be limited to 640 acres At the end of the primary term, this lease shall automatically terminate as to all of the leased premises not included in any designated gas production unit(s), and furthermore shall terminate as to all depths lying deeper than 100 feet below the deepest producing interval in any gas production unit(s) so formed

19 In the event Lessee drills an oil well(s) on the leased premises during the primary term of this lease, then before the expiration of the primary term of this lease Lessee shall designate (a) 40 acres in as near the form of a square as possible with the well in the center thereof for any well(s) producing oil and/or casinghead gas from horizons situated from the surface of the ground down to 10,000 feet below the surface of the ground, or (b) 80 acres in as near the form of a square as possible with the well in center thereof for any well(s) producing oil and/or casinghead gas from horizons situated below 10,000 feet below the surface of the ground; provided however that Lessee may form pooled units for horizontal wells below the base of the Brushy Canyon formation comprised of six hundred forty (640.0) acres, plus a tolerance of 10% At the end of the primary term, this lease shall automatically terminate as to all of the leased premises not included in any designated oil unit(s), and furthermore shall terminate as to all depths lying deeper than 100 feet below the deepest producing interval in any oil production unit(s) so formed

20. Notwithstanding anything to the contrary herein, in the event Lessee drills a gas well(s) on the leased premises during the primary term of this lease, then before the expiration of the primary term of this lease Lessee shall designate a gas production unit for each and every well classified

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as a gas well by the Railroad Commission of Texas, or any other regulatory body have jurisdiction over such matters, containing: (a) 160 acres in as near the form of a square as possible with the well in the center thereof for any well(s) producing gas from horizons situated from the surface of the ground down to 6,000 feet below the surface of the ground; (b) 320 acres in as near the form of a square as possible with the well in the center thereof for any well(s) producing gas from horizons situated from 6,000 feet below the surface of the ground to 12,000 feet below the surface of the ground, or (c) all of the leased premises for any well producing gas from horizons situated below 12,000 feet from the surface of the ground. At the end of the primary term, this lease shall automatically terminate as to all of the leased premises not included in any designated gas production unit(s), and furthermore shall terminate as to all depths lying deeper than 100 feet below the deepest producing interval in any gas production unit(s) so formed.

21. It is expressly understood and agreed that this lease covers oil and gas only, along with the products and by-products thereof, but this lease does not cover any other minerals of any type including uranium, thorium and other fissionable materials, iron ore, copper, coal or any minerals of any type, it being understood that this lease is made for oil and gas purposes only, and Lessor reserves such excepted minerals and metals

22 After the discovery of oil and/or gas in paying quantities on the leased premises, or on acreage pooled therewith, Lessee shall develop the acreage retained hereunder as a reasonable and prudent operator. If a well or wells producing oil and/or gas in paying quantities is brought in on adjacent property and within 500 feet of any boundary line of the leased premises, Lessee agrees within 90 days thereafter to drill such offset well(s) In lieu of drilling such off-set well(s), Lessee has the option to release the off-set proration unit as to the producing horizon(s) only. Nothing herein shall require Lessee to drill an off-set well where Lessee has an existing well producing oil or gas on a proration unit on the leased land at the time of completion of a well on an adjoining proration unit to the leased land(s).

23. Lessee shall protect all fresh water sands, and shall properly plug and abandon all wells in accordance with the rules and regulations of the Railroad Commission of Texas, Texas Natural Resource Conservation Commission, or other governmental agency having jurisdiction thereof.

24. Lessee shall provide Lessor a copy of any and all assignments pertaining to the leased premises within 30 days after execution of the same.

25 Royalties hereunder shall be due and payable directly to Lessor within sixty days after the end of the month in which the sale, delivery or use of any product produced hereunder occurs. Any royalties not paid within sixty days shall bear interest at the highest legal rate allowed by Texas Law Timely payment of royalties shall be a condition of this lease, and if royalties are not paid, Lessor shall notify Lessee in writing by registered mail of such, and if full payments for all accrued royalties and interest due are not paid within thirty (30) days from Lessee's receipt of such notice this lease shall terminate automatically in its entirety at midnight of the thirtieth (30th) day after Lessee's receipt of such notice Such termination shall not release Lessee from liability for payment of accrued royalties and interest as above provided. Operation of this paragraph shall be temporarily suspended if and when Lessee provides Lessor documentary evidence that there is. (a) a dispute concerning Lessor's title that would affect distribution of payments, (b) a reasonable doubt that Lessor has clear title to Lessor's interest in the proceeds of production; or (c) a valid and substantial requirement in a title opinion that places in issue the title of the Lessor and which has been unsatisfied by Lessor after a reasonable request for curative information has been made to Lessor. Upon Lessor's written request, Lessee shall furnish Lessor, in writing, within thirty (30) days of such receipt of such notice, with (1) the name and address of the purchaser, processor, gatherer, and transporter thereof, (2) the lease number, division order number, or such other information as may be necessary to identify the leased premises on the records of such parties, and (3) the date that such sales commence.

26 Lessee agrees that payment of all oil, gas, or other proceeds accruing to Lessor under this lease shall not be conditioned upon execution by Lessor of a division order, which division order shall be submitted to Lessor in a timely manner and in accordance with the spirit of this lease. Execution of a division order shall not be unreasonably withheld. No division order shall amend the terms of this lease, and in the event of contradictory terms between this lease and any division order which Lessor might elect to execute, the terms of this lease shall control.

27. Upon written request from Lessor, Lessee shall furnish Lessor a true copy of all purchase contracts pertaining to the disposition of production of oil and gas from the leased premises.

28. When Lessor is entitled to a release hereunder, Lessee shall prepare, execute, and deliver the same to Lessor. If Lessee fails to deliver such release, then Lessor may demand the same in writing, and Lessee shall thereafter furnish the same within 30 days of such written demand If Lessee fails to deliver such release, following demand, then Lessee shall pay a penalty to Lessor of $10.00 every day thereafter that such failure continues.

29. It is agreed and understood that all royalties on oil and gas as provided in Paragraph 3. of the printed form are hereby changed to read one-forth (1/4th).

30. Lessee shall indemnify and hold harmless Lessor, and the owners of the surface estate, (if ownership of surface is severed from mineral ownership) their heirs, successor and assigns, from and against all losses, costs, liabilities and damages of any kind whatsoever, (except against loss or liability for damage to the extent the same is caused by or results from the sole or concurrent negligence of Lessor, his agents, employees or an individual contract directly responsible to the Lessor) including without limitation, damages to persons and property of Lessor or of others, and including damages to livestock, crops, roads, gates, cattleguards, fences, bridges, culverts and all

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other improvements, as well as pollution, cleanup and control of pollutants, personal injury or property damage from control of a wild well, and caused by Lessee or by Lessee's employees, agents, invitees, servants or independent contractors, whether such persons are acting within the scope of their employment or not, and whether negligent or not Lessee shall observe, perform, and comply with all environmental and other laws, governmental rules and regulations with respect to handling and disposing of salt water and all other waste, and shall indemnify and hold harmless Lessor and the owners of the surface estate, their heirs, successors and assigns against all losses, costs, liabilities and damages of any kind whatsoever arising out of or resulting from Lessee's failure to comply with such laws, rules and regulations in connection with Lessee's operations under this lease

31. Lessee agrees that it has in effect all liability insurance as is required by law and that such insurance is current and in full force and effect Such insurance policies may be reviewed by Lessor in Lessee's office by written advance notice and during normal office hours.

32 Lessee shall not be allowed to dump or dispose of hazardous waste on the leased premises. "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances; gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials As used in this paragraph, the term "Environmental Law" means federal laws and laws of the specific jurisdiction where the leased premises is located that relate to health, safety or environmental protection.

33. Within ninety (90) days after the completion of drilling or reworking operations on the leased premises, Lessee shall fill and plug any rat holes, level all dumps, fill and level all slush pits and disposal pits in such a manner that the top soil is replaced on the surface of the land, and remove all caliche, drilling mud or other contaminants which may have been placed on drill sites or equipment installation sites, and, further, upon abandonment of any road, remove any caliche or other substance placed on such road unless Lessor promptly notifies Lessee of Lessor's desire to keep such road. Upon termination of this Lease for any reason, Lessee shall restore the leased premises to as nearly its original condition prior to Lessee's operations as is reasonably practicable. Lessee, throughout the term of this Lease, shall maintain all such roads used by it in good condition and, upon termination of this Lease, shall place all such roads in good condition subject, however, to Lessor's option to have Lessee remove such roads or parts thereof.

34. Lessee shall be responsible to Lessor and to Lessor's tenants, if any, for all damages caused by Lessee's operations under this Lease, including, but not limited to damage or injury to the surface of the leased premises, timber, crops, pastures, domestic animals, roads, canals, ditches, artificial or natural drains, fences, buildings, water wells and improvements located on the leased premises Lessee shall protect Lessor and hold harmless from any claim or claims by any person, firm or corporation resulting from Lessee's operations hereunder regardless of the merit of any such claim

35 Prior to the expiration of the primary term of this lease, Lessee shall have the right, but not the obligation, to extend the primary term of this lease - as to any acreage covered hereby and not otherwise being maintained by any other provision herein - for a period of two (2) additional years by paying an additional bonus of $300.00 per net mineral acre for any such lands In the event this right to extend the primary term is exercised as herein provided, it shall be considered for all intents and purposes as though this Oil and Gas Lease originally provided for a primary term of five (5) years from the date hereof.

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

LESSOR

Cheesman Family Oil & Gas Venture

Dale C. Cheesman III
Manager

STATE OF TEXAS ~

COUNTY OF REEVES ~

This instrument was acknowledged before me on the 23 day of October, 2008, by Dale C Cheesman III, manager of the Cheesman Family Oil & Gas Venture

ASHLEY DIVIN
Notary Public
STATE OF TEXAS
My Comm Exp 05-10-2011

Notary Public, State of Texas

NCT

Certificate of Record

30.00 Recording Fee

______ Certified Copy Fee

30.00 Total Paid env

Return to

Petro Hunt LLC

001107

FILED FOR RECORD

2009 MAR 30 AM 11:40

DIANNE O. FLOREZ
COUNTY CLERK, REEVES COUNTY, TX.

BY: M. Camarano

COMPARED

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

THE STATE OF TEXAS, }
COUNTY OF REEVES }

I, hereby certify that this instrument with its certificates of authenticity was FILED on the date and at the time stamped hereon and was duly RECORDED in the OFFICIAL PUBLIC RECORDS of Real Property of Reeves County, Texas, as indicated

OPR VOL 817 PAGE 707 DATE RECORDED 04/02/2009

THE STATE OF TEXAS REEVES COUNTY

DIANNE O FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

By Dalia Falcon, Deputy

BEAR GRAPHICS, INC

(i)

File No. 114494

Loose

Date Filed: 10/25/12

Jerry E. Patterson, Commissioner

By GH

Related GloBase Record

Download GIS Data

Energy Lease Information

Basefile Number - 151422

Information for this County -

REEVES COUNTY

IDENTIFICATION NUMBERS

LAND CLASS NUMBER - 08
BASEFILE NUMBER - 151422
CONTROL NUMBER 08-030524

SURVEY INFORMATION

SURVEY NAME - PSL
GRANTEE NAME - Carter, J B
ABSTRACT - 5744
BLOCK - TOWNSHIP - Northeast 1/4 13 Public School C21
SECTION NUMBER - 13
SECTION/PART -
CURRENT ACRES - 160
ORIGINAL ACRES - 160

PATENT INFORMATION:

PATENTEE NAME -
DISTRICT - Bexar
CLASSIFICATION - School
FILE NUMBER - 151422
PATENT DATE -
CERTIFICATE -
PATENT NUMBER -
PATENT VOLUME -
PAGE - 163

1/16
7

LEASE INFORMATION

POOLING AGREEMENTS:
No Uplands Units

No SubMerged Units

OIL & GAS LEASES:
Upland Oil & Gas Leases: MF110727

No Submerged Oil & Gas Leases

HARD MINERAL LEASES:

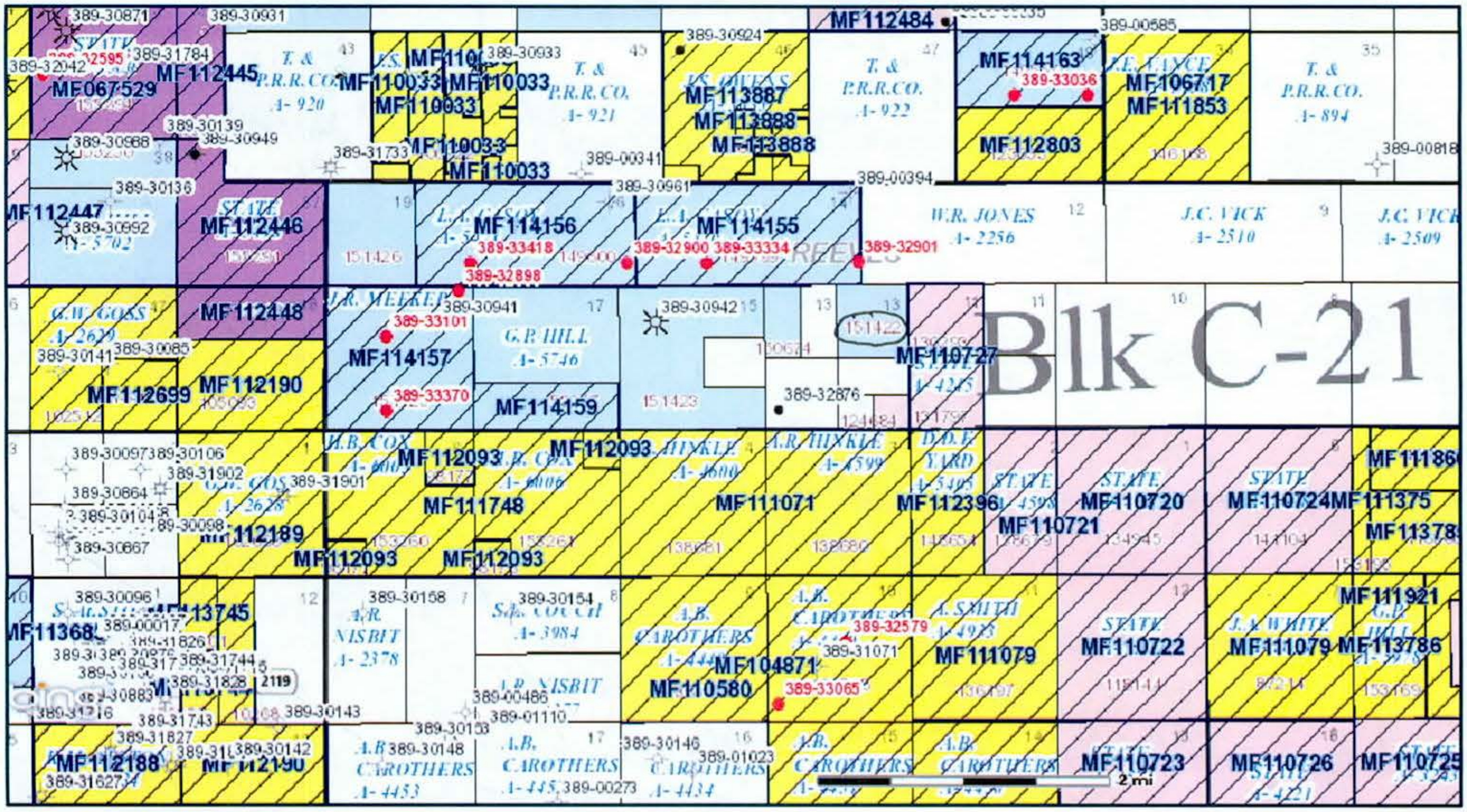
PSF SURFACE LEASES:
NONE

HISTORIC LEASES FOR THIS PARCEL

POOLING AGREEMENTS:
No Uplands Units

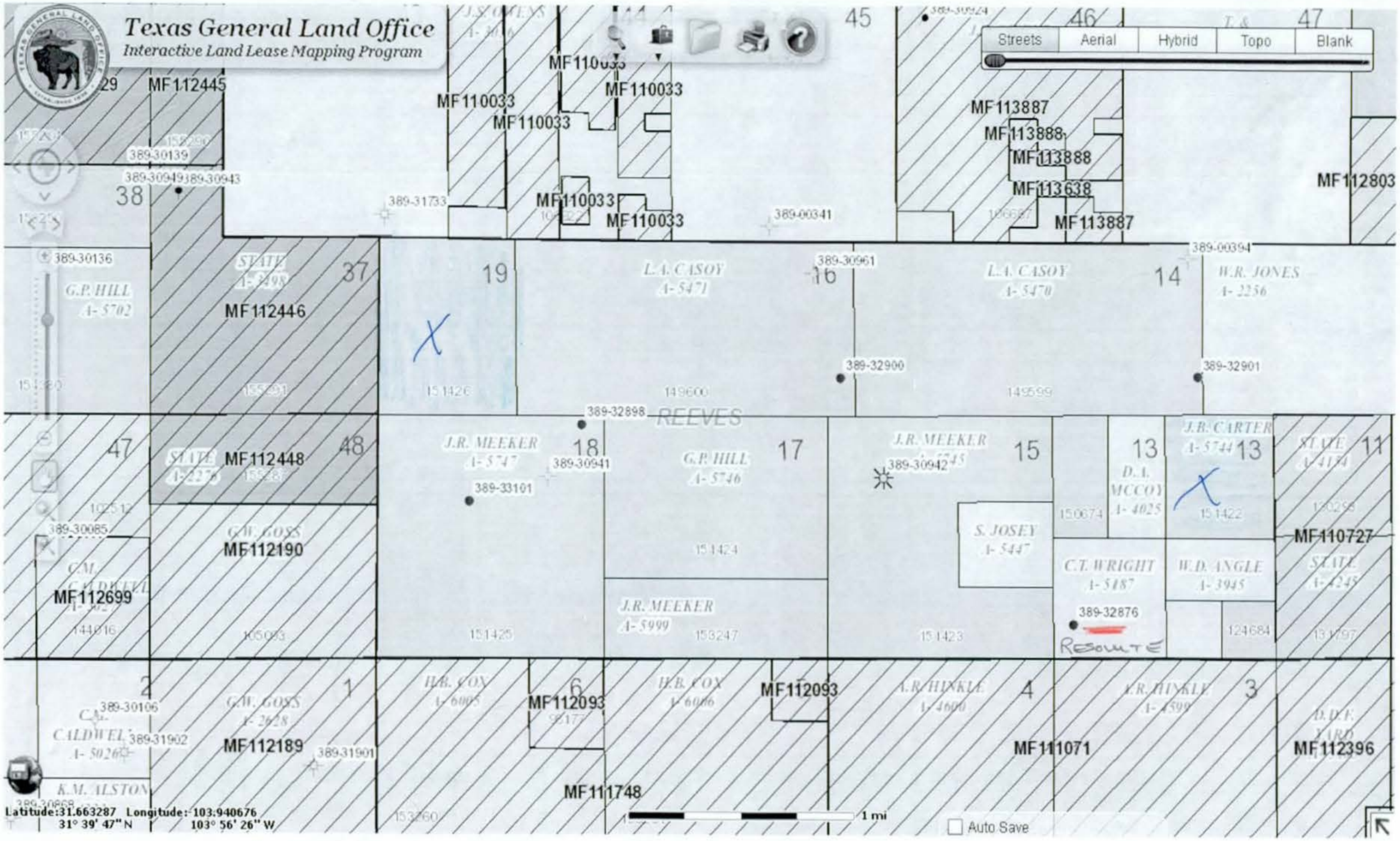
No SubMerged Historical Units

OIL & GAS LEASES:
No Upland Oil & Gas Leases



The Texas General Land Office makes no representations or warranties regarding the accuracy or completeness of the information depicted on this map or the data from which it was produced. This map IS NOT suitable for navigational purposes and does not purport to depict or establish boundaries between private and public land.

Printed: Oct 25, 2012



Sec 19

All

Block C-21

Sec 13

NE/4 160. ac

From: Lynn Ahlfenger <LAhlfenger@resoluteenergy.com>
To: "Beverly Boyd (Beverly.Boyd@GLO.TEXAS.GOV)" <Beverly.Boyd@GLO.TEXAS.GOV>
CC: Erin Pettigrew <EPettigrew@resoluteenergy.com>
Date: 8/13/2012 5:04 PM
Subject: TX00969.001-003 Cheesman - Mustang.pdf - Adobe Acrobat Standard
Attachments: TX00969.001-003 Cheesman - Mustang.pdf

Beverly,

1

I have attached the copies of the leases that cover the NE of Sec 13, All of Sec 19, Block C-21, and the NW of Sec 28, Block 56, T-3, T&P Ry Co Survey, Reeves Co, TX.

2

Lynn Ahlfenger
Lease Analyst

[Description: Description: Description: Description: Description: Resolute_Logo]
1675 Broadway, Suite 1950
Denver, CO 80202
303)534-4600
Direct: 303)573-4886x1280

2

File No. 114494

Land ΣD ⊕ Plat

Date Filed: 10/25/12

Jerry E. Patterson, Commissioner

By GH

MF114494

RAILROAD COMMISSION OF TEXAS

OIL & GAS DIVISION

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

PERMIT NUMBER	DATE PERMIT ISSUED OR AMENDED	DISTRICT
784283	May 28, 2014	* 08
API NUMBER 42-389-34253	FORM W-1 RECEIVED Apr 09, 2014	COUNTY REEVES
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 1600.77
OPERATOR 703352 RESOLUTE NATURAL RES. CO., LLC		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. **District Office Telephone No:** (432) 684-5581
LEASE NAME HARPOON		WELL NUMBER 1401BH
LOCATION 30.5 miles NW direction from PECOS		TOTAL DEPTH 12000
Section, Block and/or Survey SECTION 14 BLOCK C21 ABSTRACT 5470 SURVEY PSL/CASEY, L A		
DISTANCE TO SURVEY LINES 167 ft. NORTH 792 ft. EAST		DISTANCE TO NEAREST LEASE LINE 1 ft.
DISTANCE TO LEASE LINES 167 ft. NORTH 7566 ft. WEST		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below

FIELD(s) and LIMITATIONS:

* SEE FIELD DISTRICT FOR REPORTING PURPOSES *

** THIS PERMIT IS GRANTED PURSUANT TO STATEWIDE RULE 37(h)(2)(B) **

CASE NO. 0289350

FIELD NAME / LEASE NAME	ACRES / NEAREST LEASE	DEPTH	WELL # / NEAREST WE	DIST
** PHANTOM (WOLFCAMP)	1600.77	12,000	1401BH	08
HARPOON	1		96	

WELLBORE PROFILE(s) FOR FIELD: Horizontal

RESTRICTIONS:

```
No allowable will be assigned until acreage from the Armstrong 14 lease, section 12
lease, ne/4 sec 13 lease, n/2 se/4 sec 13 lease, sw/4se/4 sec 13 lease, and se/4se4 sec
13 lease are reassigned to accommodate the completion of this well.
Lateral: TH1
Penetration Point Location
  Lease Lines:        167.0 F NORTH L
                      7566.0 F WEST L
Terminus Location
  BH County: REEVES
  Section: 13          Block: C21          Abstract: 4127
  Survey: PSL/FARMER, J W / KOGER, N & E A
  Lease Lines:         100.0 F SOUTH L
                       660.0 F WEST L
  Survey Lines:        100.0 F SOUTH L
                       1979.0 F EAST L
```

'**' PRECEDING FIELD NAME INDICATES RULE (R37)

THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

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

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LEASE NAME HARPOON	WELL NUMBER 1401BH
LOCATION 30.5 miles NW direction from PECOS	TOTAL DEPTH 12000

Section, Block and/or Survey
SECTION ≺ 14 BLOCK ≺ C21 ABSTRACT ≺ 5470
SURVEY ≺ PSL/CASEY, L A

DISTANCE TO SURVEY LINES	DISTANCE TO NEAREST LEASE LINE
167 ft. NORTH 792 ft. EAST	1 ft.
DISTANCE TO LEASE LINES 167 ft. NORTH 7566 ft. WEST	DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below

FIELD(s) and LIMITATIONS:

* SEE FIELD DISTRICT FOR REPORTING PURPOSES *
** THIS PERMIT IS GRANTED PURSUANT TO STATEWIDE RULE 37(h)(2)(B) **
CASE NO. 0289350

FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH	WELL # NEAREST WE	DIST

This well shall be completed and produced in compliance with applicable special field or statewide spacing and density rules. If this well is to be used for brine mining, underground storage of liquid hydrocarbons in salt formations, or underground storage of gas in salt formations, a permit for that specific purpose must be obtained from Environmental Services prior to construction, including drilling, of the well in accordance with Statewide Rules 81, 95, and 97.

This well must comply to the new SWR 3.13 requirements concerning the isolation of any potential flow zones and zones with corrosive formation fluids. See approved permit for those formations that have been identified for the county in which you are drilling the well in.

No allowable will be assigned until acreage from the Armstrong 14 lease, section 12 lease, ne/4 sec 13 lease, n/2 se/4 sec 13 lease sw/4se/4 sec 13 lease, and se/4se4 sec 13 lease are reassigned to accommodate the completion of this well.

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

REEVES (389) County

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

This is a dynamic table that will be updated continuously. It is the operators responsibility to make sure that at time of spudding the well the most current table is being referenced.

4.

File No. MF114494

Rooves County

W-1 for Harpoon #1401BH

Date Filed: 02/05/15

George P. Bush, Commissioner

By [signature]