

MF114646

<i>State Lease</i>	<i>Control</i>	<i>Base File</i>	<i>County</i>
MF114646	56-030943		MADISON

**Canceled**

Date 6/13/13  
Lease Admin. cmrj  
GIS MC

<i>Survey</i>	HIGHWAYS & PUBLIC TRANSPORTATION DE
<i>Block</i>	
<i>Block Name</i>	
<i>Township</i>	
<i>Section/Tract</i>	
<i>Land Part</i>	
<i>Part Description</i>	HIGHWAY RIGHT-OF-WAY
<i>Acres</i>	8.46
<i>Depth Below</i>	<i>Depth Above</i> <i>Depth Other</i>

*Leasing:* \_\_\_\_\_

*Analyst:* \_\_\_\_\_

*Maps:* \_\_\_\_\_

*GIS:* \_\_\_\_\_

*DocuShare:* \_\_\_\_\_

<i>Name</i>	WOODBINE ACQUISITION, LLC
<i>Lease Date</i>	11/6/2012
<i>Primary Term</i>	
<i>Bonus (\$)</i>	\$2,538.00
<i>Rental (\$)</i>	\$0.00
<i>Lease Royalty</i>	0.2500

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F1003066

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1. Ltr from Clark Jobe 6/13/13

Scanned sm 12/12/14

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June 13, 2013

*By Hand Delivery*

Mr. Ladell Collier, P.G.  
Mineral Leasing, Energy Resources  
General Land Office  
1700 No. Congress Avenue, 8<sup>th</sup> Floor  
Austin, Texas 78701

Re: Pooling Applications of Woodbine Acquisition LLC  
for the Bubba Wilson Unit, Wilson 191 Unit, J. Habarta #1 Unit and Lott-Lee Unit  
Brazos & Madison Counties, Texas

Dear Mr. Collier:

Thank you for taking the time to visit with Austin Adams and Jay Todd from Woodbine Acquisition LLC to discuss the need to reconfigure the units in which certain Navasota River acreage has been pooled. Enclosed are the applications that we believe will provide the General Land Office with an opportunity to receive its fair share of production under the Navasota River in this area. The following information forms a part of Woodbine's applications and is incorporated into those applications by reference. I have also included for your reference an overview map from the General Land Office's GIS that shows the general layout of the units along the river.

**Bubba Wilson Horizontal Oil Unit**

An application to create the Bubba Wilson Horizontal Oil Unit is enclosed. This application includes acreage that was previously committed to the Dunman-Wilson 1H temporary unit. It also includes part of the acreage in the Dunman-Wilson "A" 2H Unit, which is a permanent. And it also includes some acreage in between the Dunman-Wilson 1H Unit and the Dunman-Wilson "A" 2H Unit which was previously stranded.

Woodbine proposes that the State share in production in the Bubba Wilson Horizontal Oil Unit on an acreage basis. Because of the inability to pool certain interests to the east of this unit, Woodbine also proposes that the oil production from the Dunman-Wilson No. 1H Well and the Dunman-Wilson "A" No. 2H well, and any future well, be apportioned to the Bubba Wilson Horizontal Oil Unit on the basis of the proportionate part of each wellbore, from first take point to last take point, that lies within the unit.

Mr. Ladell Collier

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With this application, Woodbine requests that the Dunman-Wilson "A" 2H Unit (Unit No. 5860) be cancelled. We also request that the Dunman-Wilson 1H Unit (Unit No. 5044) be cancelled.

In order to simplify the accounting for both the GLO Audit Staff and Woodbine Acquisition LLC, we propose that the effective date of the new Bubba Wilson Horizontal Oil Unit and the cancellation date of the other units be set at January 17, 2013. Woodbine proposes that the new participation percentages be applied from that date forward and that production accounting not be adjusted for prior periods.

To assist with your review of this proposed reconfiguration, attached to this transmittal letter is a schedule showing the State's proposed Net Revenue Interest in the Bubba Wilson Horizontal Oil Unit as compared with the Net Revenue Interest in the existing Dunman-Wilson unit.

#### **J. Habarta #1 Unit**

An application to create the J. Habarta #1 Unit is enclosed. This application is for a vertical well.

Petromark Minerals, Inc. was the original operator of the J. Habarta No. 1 well when the well was drilled. Woodbine became the operator in July 2011.

Woodbine proposes that the State share in this unit on an acreage basis. Woodbine proposes that the effective date of the unit be set at August 1, 2013, assuming favorable action by the School Land Board in July, in order to be consistent with accounting changes on other units involved in this reconfiguration. Woodbine is willing to compensate the State for the royalty due on its proportionate share for the past production from this unit from the date that Woodbine became the operator of the well. Woodbine will tender a payment of back royalties from July 2011 through December 2012 with its executed pooling agreement. As soon as the royalty for the period from January through July 2013 is determined in the normal course of accounting, Woodbine will tender a check for the royalty due on the State's proportionate share for that period. Because of the reconfiguration, Woodbine proposes that the State accept these royalty payments without assessment of any penalty or interest. From the production period beginning August 1, 2013 forward, Woodbine will make royalty payments in the normal course.

#### **Thomason A 1H Production Sharing Agreement**

An application for the State to share in production from the Thomason A 1H Unit is enclosed. A pooling agreement for the Thomason A 1H Unit was approved at the November 6, 2012 School Land Board meeting, but Woodbine was unable to execute the agreement, because the inability to pool acreage in this area was discovered subsequent to the School Land Board action. In addition, additional title work indicated that the minerals underlying the acreage in State Highway 21 belong to the respective private mineral owners. That acreage was part of the prior application.

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While Woodbine is unable to pool the acreage underlying the entire length of the wellbore, Woodbine is willing to offer the State an opportunity to participate in production from the well on an acreage basis, as-if-pooled, under a Production Sharing Agreement.

Woodbine proposes that the effective date of the unit be set at August 1, 2013, assuming favorable action by the School Land Board in July, in order to be consistent with accounting changes on some of the other units involved in this reconfiguration. Woodbine is willing to compensate the State for the royalty due on its proportionate share for the past production from this unit from the date of first production. Woodbine will tender this amount of back royalties from the date of first production through December 2012 with its executed pooling agreement. As soon as the royalties for the period from January through July 2013 are determined in the normal course of accounting, Woodbine will tender a check for the amount due on the State's proportionate share for that period. Because of the reconfiguration, Woodbine proposes that the State accept these production payments without assessment of any penalty or interest. From the production period beginning August 1, 2013 forward, Woodbine will make production payments in the normal course.

#### **Thomason B 1H Production Sharing Agreement**

An application for the State to share in production from the Thomason B 1H Unit is enclosed. A pooling agreement for the Thomason B 1H Unit was approved at the November 6, 2012 School Land Board meeting, but Woodbine was unable to execute the agreement, because the inability to pool acreage in this area was discovered subsequent to the School Land Board action. In addition, additional title work indicated that the minerals underlying the acreage in State Highway 21 belong to the respective private mineral owners. That acreage was part of the prior application.

While Woodbine is unable to pool the acreage underlying the entire length of the wellbore, Woodbine is willing to offer the State an opportunity to participate in production from the well on an acreage basis, as-if-pooled, under a Production Sharing Agreement.

Woodbine proposes that the effective date of the unit be set at August 1, 2013, assuming favorable action by the School Land Board in July, in order to be consistent with accounting changes on some of the other units involved in this reconfiguration. Woodbine is willing to compensate the State for the royalty due on its proportionate share for the past production from this unit from the date of first production. Woodbine will tender this amount of back royalties from the date of first production through December 2012 with its executed pooling agreement. As soon as the royalties for the period from January through July 2013 are determined in the normal course of accounting, Woodbine will tender a check for the amount due on the State's proportionate share for that period. Because of the reconfiguration, Woodbine proposes that the State accept these production payments without assessment of any penalty or interest. From the production period beginning August 1, 2013 forward, Woodbine will make production payments in the normal course.

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**Lott Lee 2H Production Sharing Agreement**

An application for the State to share in production from the Lott Lee #2H well is enclosed. Woodbine is proposing to include the bulk of the riverbed acreage adjacent to the Lott-Lee leasehold in the Thomason A 1H and Thomason B 1H Production Sharing Agreements. The proposed path of the No. 2H well, however, crosses a streambed that is not included in the other proposed sharing agreements.

The No. 1 well on this lease was originally drilled by Endeavor Natural Gas, LP. The well does not cross acreage in which the State owns an interest. Woodbine is unable to obtain the consent of other working interest owners in the Lott-Lee lease to form a unit that includes the No. 1 well. However, Woodbine is offering to include the State in production from the proposed No. 2 well, in light of the fact that the wellbore path crosses a stream. Woodbine proposes a Production Sharing Agreement limited to the No. 2 wellbore.

The No. 2 well has not yet been drilled. Woodbine is proposing to include the State in production from this wellbore from the date of first production.

**Consideration in Lieu of Bonus**

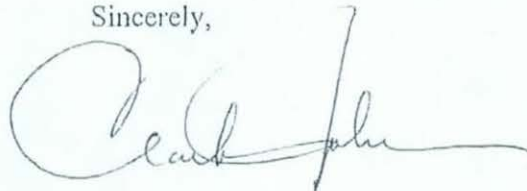
Consistent with prior recent applications, Woodbine proposes a consideration in lieu of bonus of \$300 per acre for the riverbed acreage.

Since the bonus has already been paid on the riverbed acreage included in the Dunman-Wilson 1H Unit and the Dunman-Wilson "A" 2H Unit, Woodbine proposes no consideration in lieu of bonus for the Bubba Wilson Horizontal Oil Unit.

Also enclosed are Check Nos. 27099, 27100, 27101, 27102 and 27103, each in the amount of \$500, totaling \$2,500 in the aggregate, in payment of the filing fees for the five enclosed applications. We would appreciate a receipt for this amount.

Thank you for your assistance with this application. If I can assist your review by providing additional information, please give me a call.

Sincerely,



Clark Jobe  
Attorney for Woodbine Acquisition LLC

Enclosures

**Attachment A**  
**Comparison of Net Revenue Interests**

Royalty Comparison	Percent
Before Reconfiguration	1.35558
After Reconfiguration	1.592177

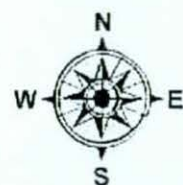
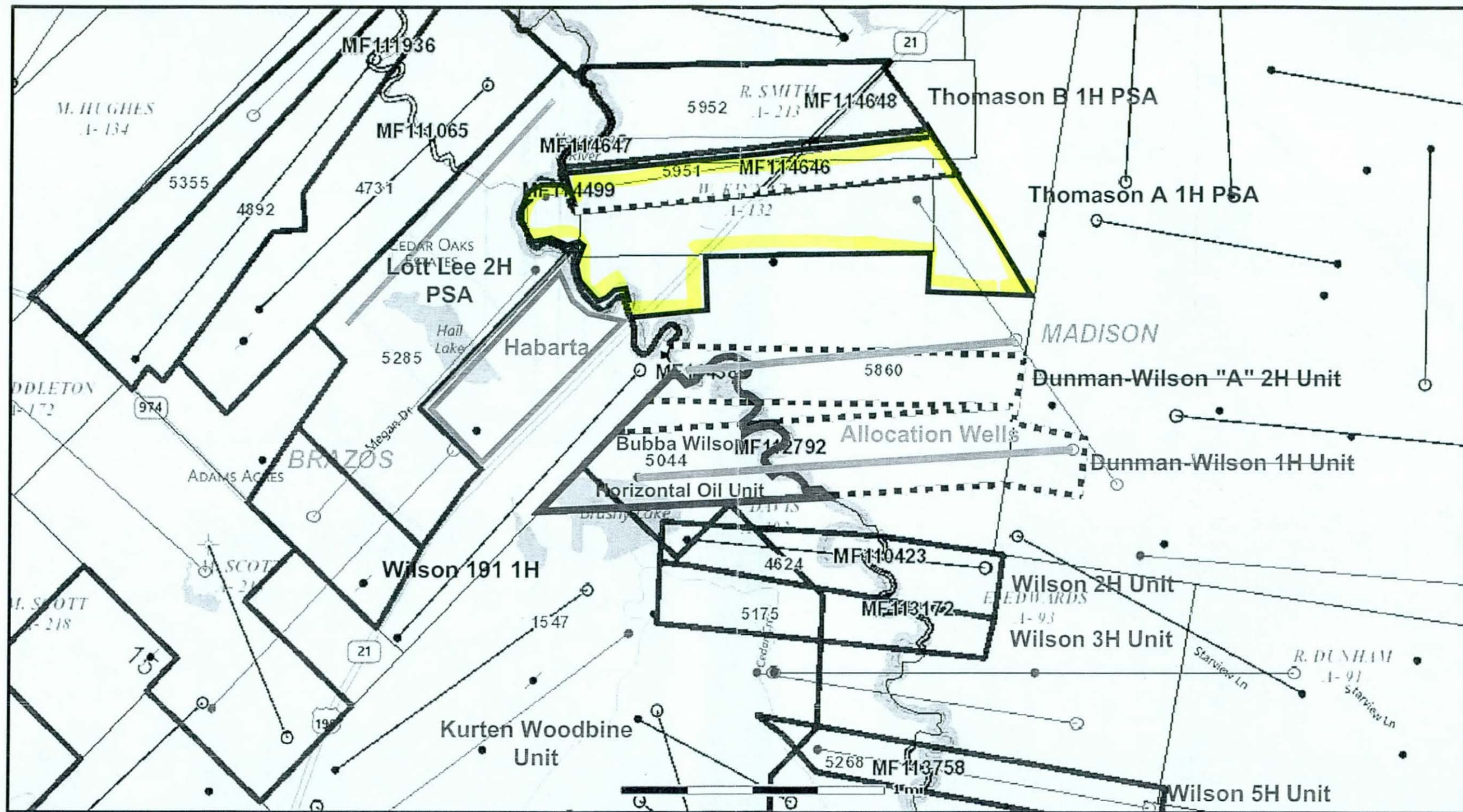
**Detail**

**Before Reconfiguration**

Dunman-Wilson 1H	0.357143
Dunman-Wilson "A" 2H	0.998438
<b>Total</b>	<b>1.35558</b>

**After Reconfiguration**

Thomason A	0.197137	0.20
Thomason B	0.278291	0.28
Lott-Lee	0.125592	- 0.13
Habarta	0.57454	- 0.57
Bubba Wilson share of Dunman-Wilson 1H	<del>0.287014</del>	
Bubba Wilson share of Dunman-Wilson "A" 2H	0.129603	
<b>Total</b>	<b>1.592177</b>	



Brazos & Madison Counties  
**Navasota River Area**

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: Mar 05, 2013

**Overview**

