



CAUTION

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Archives and Records Staff

MF114853

#6790 - 28.018 UNIT ACRES

State Lease
MF114853

Control
56-030328

Base File

County
LEE

POU EXPIRED ~~JK~~

Survey

HIGHWAYS & PUBLIC TRANSPORTATION DE

Block

Block Name

Township

Section/Tract

Land Part

US-77

Part Description

HIGHWAY RIGHT-OF-WAY

Acres

~~54~~ 28.018

Depth Below

Depth Above

Depth Other
See Lease

Leasing: _____

Analyst: _____

Maps: ~~JK~~

GIS: Uls

DocuShare: _____

Name

VENADO OIL & GAS, LLC

Lease Date

4/2/2013

Primary Term

3 yrs

Bonus (\$)

\$26,095.50

Rental (\$)

\$0.00

Lease Royalty

0.2250

M
F
1
1
4
8
5
3

CONTENTS OF FILE NO. MF- 114853

1. Application & checklist	2/20/13
2. OIL & GAS LEASE	4/3/13
3. Cover letter, bonus, fees	2/20/13
4. Plat	2/20/13
5. Affidavit of Highest Consideration	2/20/13
6. Source Deed Records	2/20/13
7. Adjacent lease schedule	2/20/13
8. Final letter	4/23/13
9. Unit #6790 Designation	4.2.14
Scanned	sm 12/16/14
10. Division Order	8/24/15
scanned	pt 10-9-2017
See MF 114627#7 Assign #10435	
Petro Legacy oral (to) Armor 10-25-17	
scanned	pt 10-31-2017

ED

GLO USE ONLY
STATE LEASE
MF-114853



RECEIVED
2/20/13

APPLICATION & CHECKLIST FOR HIGHWAY RIGHT OF WAY LEASE

Revised Sept 2011

LESSEE Venado Oil & Gas, LLC

ADDRESS 12600 Hill Country Blvd., Building R, Suite 250, Austin, TX 78738

[Lessee name and address must be written as they will appear on the Lease.]

HIGHEST ADJACENT BONUS PER ACRE PAID \$ 483.25

NET ACRES

54.00

TOTAL CONSIDERATION TO COMMISSIONER OF GENERAL LAND OFFICE

\$ 26,095.50 Paid 2/19/2013
[bonus amount] [date]

\$ 391.43 Paid 2/19/2013
[sales fee] [date]

TERM [General Land Office will determine the Term based on remaining term of adjacent leases] 3 Years

HIGHEST ADJACENT LEASE ROYALTY RATE 22.50%

HIGHEST ADJACENT LEASE SHUT-IN ROYALTY \$12.50 per net mineral acre
[Note: Shut-in royalty will be highest in adjacent leases with a minimum of \$1200/well.]

\$1200/well

TOTAL GROSS ACRES IN PROPOSED LEASE 54.00 TOTAL NET ACRES IN PROPOSED LEASE 54.00

COUNTY Lee

ALL NAMES OF ROAD/HIGHWAY/STREET BEING LEASED:

U.S. Highway 77

FULL DESCRIPTION [Abstract, Block, Township, Section]

54.00 acres of U.S. Highway 77 out of the L. Kleberg Sur., A-182, the T. Toby Sur., A-326, & the E.G. Head Sur., A-160, Lee County, TX

Do you control all minerals or leasehold adjacent to the highway/roadway? Yes ☒ No ☐

If no, what percent of minerals or leasehold adjacent to the roadway do you control? _____

Is the highway/roadway on Relinquishment Act Lands? Yes ☐ No ☒

The second page of this Application is a Checklist that must be filled out and all items furnished before a Highway Right of Way Lease will be prepared.

For questions:
George Martin
Texas General Land Office
1700 N Congress
Austin TX 78701
512-475-1512
george.martin@glo.texas.gov

L. Kleberg Survey, A-182,
T. Toby Survey, A-326,
and the E.G. Head Survey,
A-160



APPLICATION & CHECKLIST FOR HIGHWAY RIGHT OF WAY LEASE

Revised Sept 2011

CHECKLIST

- ☒ 1. Cover letter
- ☒ 2. Application for Highway Right of Way (HROW) Lease
- ☒ 3. Plat showing boundaries and dimensions of right of way tract with highway/roadway labeled. [This will be used to prepare an exhibit to the lease.]
- ☒ 4. Processing fee – check attached
- ☒ 5. Check to Commissioner of General Land Office for total consideration.
- ☒ 6. Check to Commissioner of General Land Office for 1-1/2% sales fee.
- ☐ 7. Executed Waivers of Preferential Right to Lease, if necessary. *N/A*
- ☒ 8. Executed Affidavit of Consideration
- ☒ 9. Copies of all highway deeds, clipped together
- ☒ 10. Copies of adjacent leases, clipped together.
Put tabs on the leases with the highest bonus per acre, highest royalty, highest shut-in royalty and highlight those items on the tabbed page.
- ☒ 11. Exhibit "A" to be attached to the lease describing the area being leased (see Guidelines 8.)

Include all the above information in one package and mail or deliver to:

George Martin
Texas General Land Office
1700 N Congress, Suite 840
Austin TX 78701

If you are pooling or unitizing at any time after the State lease has been issued, the following must be provided to the GLO:

- ☐ 1. Filled out Information for Highway Right-of-Way Unit Declaration
- ☐ 2. Copy of recorded unit designation
- ☐ 3. Copy of unit plat

For questions about pooling:

Beverly Boyd
Texas General Land Office
512-463-6521
beverly.boyd@glo.texas.gov

File No. MF 14853
Application + checklist

Date Filed: 2/20/13

Jerry E. Patterson, Commissioner

By J.E.A.

The State of Texas



Austin, Texas

PAID-UP
OIL AND GAS LEASE NO. (MF 114853)
GENERAL LAND OFFICE
AUSTIN, TEXAS

THIS AGREEMENT made and entered into by and between the Commissioner of the General Land Office of the State of Texas, whose address is Stephen F. Austin Building, 1700 North Congress, Austin, Texas, 78701, hereinafter called "Lessor", hereunto authorized by the School Land Board, pursuant to the provisions of Chapters 32 and 52 of the Natural Resources Code (hereinafter called N.R.C.), and amendments thereto, and all applicable rules promulgated by the School Land Board and **Venado Oil & Gas, LLC**, whose address is **12600 Hill County Blvd., Bldg. R, Suite 250, Austin, TX 78738** hereinafter called "Lessee".

1. Lessor, in consideration of **Twenty Six Thousand Ninety Five Dollars and 50/100 (\$ 26,095.50)**, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease, and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, and all other hydrocarbons, produced from the land covered hereby. The land covered hereby, herein called "said land" is located in the County of **Lee**, State of Texas, and is described as follows:

54.00 acres of land, more or less, known as, situated in said **Lee** County, Texas, more particularly described in Exhibit "A" attached hereto and made a part hereof together with a plat, attached hereto as Exhibit "B", depicting said right-of-way and surrounding area for purposes of illustration only.

For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain **54.00 acres** whether actually containing more or less, and the above recital of acreage shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. PRIMARY TERM: This lease, which is a "paid up" lease requiring no rentals, shall remain in force for a term of **three years**, from **April 3rd, 2013** 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.

3. ROYALTIES: As royalty Lessee covenants and agrees:

(a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its well, the equal **22.5%** part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such **22.5%** part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, to bear none of the cost of treating oil to render it marketable pipe line oil;

(b) To pay Lessor on gas and casing head gas produced from said land (1) when sold by lessee **22.5%** of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of **22.5%** of such gas and casing head gas.

(c) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred

(d) Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee.

(e) If at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check of lessee, as royalty, the sum of **\$ 1,200.00 per well**. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

(f) All royalties not taken in kind shall be paid to the Commissioner of the General Land Office at Austin, Texas, in the following manner:

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

4. POOLING: (a) 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. Units pooled for oil hereunder shall not exceed 160 acres each in area, and units pooled for gas hereunder shall not exceed in area 640 acres each plus a tolerance often percent (10%) thereof, unless oil or gas units of a greater size are allowed under or prescribed by rules of the Railroad Commission of Texas. 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, as 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) the 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 there from 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 for 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 any 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.

(b) Neither unit production of oil or gas, nor unit operations, nor payment of shut-in royalties from a unit gas well, shall serve to hold the lease in force as to any area outside the unit, regardless of whether the production, maintenance of a shut-in gas well, or operations are actually located on the State tract or not.

(c) Lessee agrees to file with the General Land Office a copy of any unit designation, which this lease is included within ninety (90) days of such designation.

5. RELEASE: Lessee may relinquish the rights granted hereunder to the State at any time by recording the relinquishment in the county where this area is situated and filing the recorded relinquishment or certified copy of same in the General Land Office within ninety (90) days after its execution accompanied by the prescribed filing fee. Such relinquishment will not have the effect of releasing Lessee from any liability theretofore accrued in favor of the State.

6. REWORK: If at any time or times during the primary term operations are conducted on said land and if all operations are discontinued, this lease shall thereafter terminate at the end of the primary term or on the ninetieth day after discontinuance of all operations, whichever is the later date, unless on such later date either (1) Lessee is conducting operations or (2) the shut-in well provisions of paragraph 3 or the provisions of paragraph 9 are applicable. 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 production of oil or gas, or production of oil or gas in paying quantities.

7. MINERAL USE: Lessee shall have the use, free from royalty, of oil and gas produced from said land in all operations hereunder.

8. NOTICE: 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 sixty (60) 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 sixty (60) days after 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 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 (1) 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 (2) any part of said land included in a pooled unit on which there are operations.

9. FORCE MAJEURE: 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 shall be extended until the first anniversary date hereof occurring ninety (90) 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.

10. LESSER ESTATE CLAUSE: If this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessors interest is herein specified or not), or no interest therein, then the royalties, and other monies accruing from any part as to which this 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.

11. ASSIGNMENTS: This lease may be transferred at any time. All transfers must reference the lease by file number and must be recorded in the county where the land covered hereby is located, and the recorded transfer or a copy certified to by the County Clerk of the county where the transfer is recorded must be filed in the General Land Office within ninety (90) days of the execution date, as provided by N.R.C. Section 52.026, accompanied by the prescribed filing fee. Every transferee 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 transferee of the lease, including any liabilities to the State for unpaid royalties.

12. WELL INFORMATION: Lessee agrees to forthwith furnish Lessor, upon written request, with copies of all drilling logs, electrical logs, cores and core records and other information pertaining to all wells drilled by lessee either on the leased premises or acreage pooled therewith, when requested to do so. Said information shall remain confidential as required by statute.

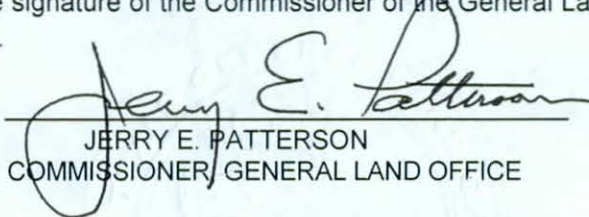
13. SURFACE: Notwithstanding anything herein to the contrary, it is agreed that Lessee will not conduct any exploration or drilling on the surface of the leased premises or use the surface in the exercise of any rights herein granted. Any development of said land shall be by means of a directional well located off the leased premises, or by pooling of said land with other land, lease or leases as hereinabove provided.

14. COMPENSATORY ROYALTY: Lessee shall pay a compensatory royalty if this lease is not being held by production on the leased premises, by production from a pooled unit, or by payment of shut-in royalties in accordance with the terms of this lease, and if oil or gas is sold or delivered in paying quantities from a well located within 2,500 feet of the leased premises and completed in a producible reservoir underlying the area leased hereunder or in any case in which drainage is occurring. Such compensatory royalty shall be paid at the royalty rate provided in this lease based on the value of production from the well as provided in the lease on which such well is located. The compensatory royalty shall be paid in the same proportion that the acreage of this lease has to the acreage of the proration unit surrounding the draining well plus the acreage of this lease. The compensatory royalty shall be paid monthly to the Commissioner of the General Land Office on or before the last day of the month after the month in which the oil or gas is sold and delivered from the well causing the drainage or from the well located within 2500 feet of the leased premises and completed in a producible reservoir under this lease. Notwithstanding anything herein to the contrary, compensatory royalty payable hereunder shall

be no less than an amount equal to double the shut-in, and shall maintain this lease in effect for so long as such payments are made as provided herein.

15. FORFEITURE: If Lessee shall fail or refuse to make payment of any sum within thirty (30) 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, or 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 this lease is pooled or assigned and the unit designation or 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. However, nothing herein shall be construed as waiving the automatic termination of this lease by operations of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights there under 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.

IN TESTIMONY WHEREOF, witness the signature of the Commissioner of the General Land Office of the State of Texas under the seal of the General Land Office.


JERRY E. PATTERSON
COMMISSIONER, GENERAL LAND OFFICE

Approved:

ML: 
DC: 
CC: 

EXHIBIT "A"

Attached to and made a part of Oil and Gas Lease from the Commissioner of the General Land Office of the State of Texas, as Lessor, to Venado Oil and Gas, LLC, as Lessee, covering U.S. Highway 77 Right of Way in Lee County, Texas, described as:

54.00 acres of land, more or less, out of the Lewis Kleberg Survey, Abstract Number 182, the Thomas Toby Survey (also known as the R.J. Townes Survey), Abstract Number 326, and the E.G. Head Survey, Abstract Number 160, in Lee County, Texas, and consisting of all of the following U.S. Highway 77 right of way described as:

Beginning on the common property line between the west or northwest right of way of U.S. Highway 77 at the southwest corner of the present-day Martin W. Albrecht, et al 47.5620 acre tract (identified by the Lee County Central Appraisal District as Property ID Number 10271) also being the southwest corner of the 47.5620 acre tract more fully described in the Warranty Deed with Vendor's Lien executed March 6, 1995, recorded in Volume 749, Page 421, Real Property Records of Lee County, Texas, from Cleo Barbati to Martin W. Albrecht, et al.

Thence, continuing in a southwest direction and crossing the entire width of the right of way of U.S. Highway 77 to the southeast corner of the present-day Chase-Meadows Family Revocable Trust, et al 21.67 acre tract (identified by the Lee County Central Appraisal District as Property ID Number 34489) which also is the southeast corner of the 106.00 acre tract conveyed in a Warranty Deed dated December 22, 1958, recorded in Volume 128, Page 398, Deed Records of Lee County, Texas, from A.L. Dube and wife, Henrietta Dube to the Veterans' Land Board of the State of Texas;

Thence, continuing in a north or northwest direction along the western or northwestern boundary line of the U.S. Highway 77 right of way approximately 15,200 feet to the northeast corner of the present-day Randy L. Jatzlau, et al 65.96 acre tract (identified by the Lee County Central Appraisal District as Property ID Number 72682) on the common line between the E.G. Head Survey, Abstract Number 160, and the W.M. Head Survey, A-156;

Thence, continuing in an east or northeast direction and crossing the entire width of the right of way of U.S. Highway 77 to the north or northwest corner of the present-day Boettcher Family, Ltd. 49.666 acre tract (identified by the Lee County Central Appraisal District as Property ID Number 15721) on the common line between the E.G. Head Survey, Abstract Number 160, and the W.M. Head Survey, A-156.

Thence, continuing in a south or southeast direction along the eastern or southeastern boundary line of the U.S. Highway 77 right of way a distance of approximately 15,200 feet to the POINT OF BEGINNING.

And comprising 54.00 acres, of land, more or less, of U.S. Highway 77 right of way to include all of the right of way whether accurately described above.

Said 54.00 acres of land, more or less, in Lee County, Texas, contains, but is not limited to, all of the 53.20 acres of land, more or less, described in the following Right-Of-Way Deeds:

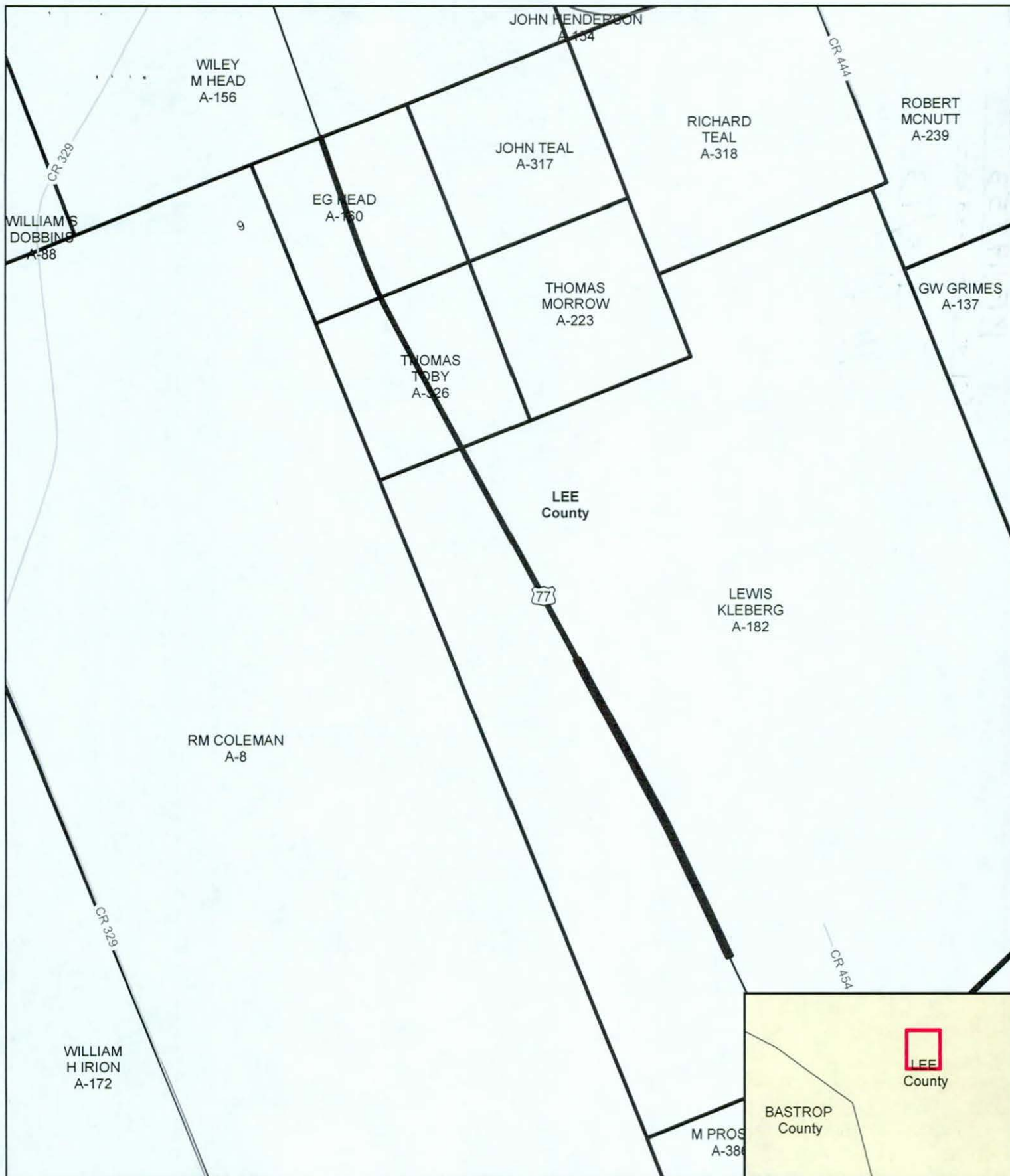
10.88 acres of land, more or less, out of the Lewis Kleberg Survey, Abstract Number 182, conveyed in a Right-of-Way Deed dated April 11, 1933, recorded in Volume 65, Page 432, Deed Records of Lee County, Texas, from William Saegert, Sr. to the State of Texas, acting through the State Highway Commission; and

2.00 acres of land, more or less, out of the Lewis Kleberg Survey, Abstract Number 182, conveyed in a Right-Of-Way Deed dated March 11, 1935, recorded in Volume 66, Page 443, Deed Records of Lee County, Texas, from William Saegert, Sr. to the State of Texas, acting through the State Highway Commission; and

23.68 acres of land, more or less, being 1.730 acres out of the Lewis Kleberg Survey, Abstract Number 182, and 21.950 acres out of the R.J. Townes Survey, Abstract Number 326, being described in two (2) tracts of land conveyed in a Right-Of-Way Deed dated March 21, 1935, recorded in Volume 66, Page 459, Deed Records of Lee County, Texas, from Dr. W.E. York and wife, Annie York to the State of Texas, acting through the State Highway Commission; and

11.41 acres of land, more or less, out of the Lewis Kleberg Survey, Abstract Number 182, conveyed in a Right-Of-Way Deed dated October 22, 1934, recorded in Volume 65, Page 602, Deed Records of Lee County, Texas, from William Saegert, Jr. and wife, Minnie Saegert to the State of Texas, acting through the State Highway Commission; and

5.23 acres of land, more or less, out of the Lewis Kleberg Survey, Abstract Number 182, conveyed in a Right-Of-Way Deed dated March 6, 1935, recorded in Volume 66, Page 444, Deed Records of Lee County, Texas, from William Saegert, Jr. and wife, Minnie A. Saegert to the State of Texas, acting through the State Highway Commission.



Highway Right-of-Way
Plat of US 77
MF114853
54.00 acres
Lee County, Texas

2,000 1,000 0 2,000 Feet



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.



Map Generated by:
Zeke Guillen
IS/BAS/GIS
March 2013

File No. MF 114853
Oil & Gas Lease

Date Filed: 4/3/13

Jerry E. Patterson, Commissioner

By M. A.

THOMAS W. SCHLEIER & ASSOCIATES
INDEPENDENT PETROLEUM LANDMEN
101 EAST NOLTE, SUITE 209
SEGUIN, TEXAS 78155
FAX: (830) 372-2842
(830) 379-6454

February 18, 2013

George Martin
Texas General Land Office
1700 N. Congress Ave., Suite 840
Austin, TX 78701

Re: Highway Right of Way Lease (HROW):
Cover Letter of Application for an Oil and Gas Lease covering
54.00 acres, more or less, of U.S. Highway 77 right of way
in Lewis Kleberg Survey, A-182, and other surveys in Lee County, Texas

Dear Mr. Martin:

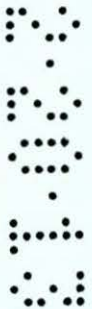
I am sending you this Letter of Application because our client requests an Oil and Gas Lease covering 54.00 acres of U.S. Highway 77 right of way in Lee County, Texas. Our client is:

Venado Oil & Gas, LLC
12600 Hill Country Blvd.
Building R, Suite 250
Austin, TX 78738
Attn: J.D. Braddock
Phone: 512-735-9010

Our research indicates that this entire right of way is available for the negotiation of a new Oil and Gas Lease. Also, none of this 54.00 acre tract is either on or a part of any Relinquishment Act Land.

In connection with this Letter of Application, I submit the following attached information as shown in the Application & Checklist for Highway Right Of Way Lease:

1. This is the required cover letter.
2. Completed Application & Checklist for Highway Right-Of-Way Lease with attached and filled-out Application & Check List.
3. A plat of the 54.00 acres ("the subject tract") of U.S. Highway 77 right-of-way (colored in red and labeled) which my client proposes to lease. This plat shows the approximate dimensions of the right of way to be leased.



This plat also shows Oil & Gas Leases covering tracts of adjacent mineral owners which abut this right-of-way including: lessor names, original lessee names, lease expiration dates, royalty amounts and the gross and net acreage covered. These abutting tracts have been assigned individual numbers and the subject tract to be leased is labeled Tract #1.

Also attached is a spreadsheet entitled "Schedule of Leases" listing information about the Leases covering tracts of adjacent mineral owners which abut the subject tract that Venado Oil & Gas presently owns. The assigned tract numbers are the same as shown on the map. This spreadsheet also lists each mineral owner's name and contact information, lessee's name and contact information, tract gross acres, bonus paid per net mineral acre for the primary term, bonus being paid per net mineral acre for the Lessee's option term, lease royalty, term, expiration date and recording information.

4. Processing fee: Attached is Thomas W. Schleier & Associates Check #51942 in the amount of **\$500.00** payable to the Commissioner of the General Land Office, as the processing fee.

5. Total Consideration: The right of way to be leased was conveyed to the State of Texas in **five** Deeds, as summarized in the below table.

VOL. & PG.	ACRES IN ROW DEED	X	STATE MINERAL = OWNERSHIP	=	NET ACRES OWNED
065/432	10.88	X	1.00	=	10.88
066/443	2.00	X	1.00	=	2.00
066/459	1.73	X	1.00	=	1.73
065/602	11.41	X	1.00	=	11.41
066/444	5.23	X	1.00	=	5.23
066/450	<u>21.95</u>	X	1.00	=	<u>21.95</u>
TOTAL:	53.20	X	1.00	=	53.20

ROUNDED: 54.00

54.00

Analysis of the above Deeds indicates that the State 53.20 gross acres and 53.20 net mineral acres under the U.S. Highway 77 right of way to be covered by the proposed lease. This amount is rounded to 54.00 acres, more or less.

According to the attached of Affidavit of Lease Consideration, the highest bonus paid for an abutting Oil and Gas Lease is **\$483.25** per net mineral acre. As a result, the Total Consideration for this lease is estimated to be:

ACRES IN LEASE	X	BONUS PER ACRE	=	TOTAL CONSIDERATION
54.00 acres	X	\$483.25	=	\$26,095.50

Attached is Thomas W. Schleier & Associates Check #51943 in the amount of **\$26,095.50** payable to the Commissioner of the General Land Office as the Total Consideration.

6. Sales Fee of 1 1/2%: The Sales Fee for this Lease is:

TOTAL CONSIDERATION	X	PER CENT	=	SALES FEE
\$26,095.50	X	1 1/2%	=	\$391.43

Attached is Thomas W. Schleier & Associates Check #51944 in the amount of **\$391.43** payable to the Commissioner of the General Land Office as the Sales Fee.

7. Executed Waivers of Preferential Right to Lease: All mineral interests of the 11 tracts abutting the 54.00 acres of Highway right of way to be covered by the proposed Oil and Gas Lease were leased to either Compass Resources Operating or Venado Oil & Gas, LLC. Compass assigned all right, title and interest in its leases to KA Compass LLC who later assigned all its right, title and interest in its leases to Venado Oil & Gas, Inc. Presently, all abutting tract are under lease to Venado Oil & Gas, Inc. who is considered the adjacent mineral owner. As a result, no abutting tracts are unleased and the Preferential Right to Lease provision of this application process does not apply. As a result, executed Waivers of Preferential Right to Lease are unnecessary.

8. Affidavit of of Highest Consideration Paid Highway Right of Way Leases: An executed notarized Affidavit of Lease Considerations is attached. This Affidavit gives details about the bonus and royalty amounts paid by Venado Oil & Gas, Inc. or Compass Resources to obtain the abutting leases which now are owned by Venado Oil & Gas, LP - 100.00%.

9. Copies of All Highway Deeds: Copies of the highway deeds filed in the Lee County Courthouse covering the right of way to be leased are attached and clipped together. Also, copies of supporting Deeds are attached to the appropriate Highway Deed. Our search of the Lee County public records found only these attached deeds which cover the right of way to be leased. It is possible that the State Highway Department did not file all of the deeds so we have rounded upward the total acres to be covered by the proposed Oil, Gas and Mineral Lease.

10. Copies of all Oil & Gas Leases covering lands abutting the subject tract. I have attached the recorded Memorandums evidencing the individual Oil & Gas Lease to the unrecorded executed lease form itself. I have attached tabs on the appropriate leases with the (a) highest bonus per acre, (b) the highest royalty and (c) the highest shut-in royalty amount. All Leases are paid-up and there are no delay rentals to be paid.

Please note that these Leases have a Lessee's option to extend the primary term by paying the Lessor a bonus. Venado Oil & Gas has paid the bonus and has extended the primary term of several Leases.

11. Exhibit "A" to be attached to this proposed Oil & Gas Lease showing the description of the right-of-way to be leased. This description includes the highway name, survey name, abstract number, and other pertinent information.

If you require additional information, please call me at 830-379-6454 or contact me by e-mail me at the below address.

Thank you very much for your assistance.

Sincerely,



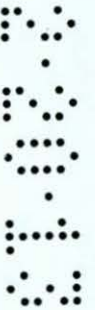
Robert Fulkerson

Landman

paultex@thomaswschleier.com

enc

/rpf

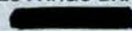


121

CASH ONLY IF ALL CheckLock™ SECURITY FEATURES LISTED ON BACK INDICATE NO TAMPERING OR COPYING

Thomas W. Schleier & Assoc.
101 E. Nolte 209
Seguin, TX 78155-5834

WELLS FARGO BANK, NA



13706896

51943

2/18/2013

PAY TO THE ORDER OF Texas General Land Office

\$ **26,095.50

Twenty-Six Thousand Ninety-Five and 50/100*****

DOLLARS

Texas General Land Office
Stephen F. Austin Building
1700 North Congress Avenue
Austin, TX 78701-1495

▲ TAMPER RESISTANT TONER AREA ▲

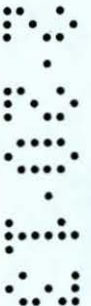
Void After 90 Days

MEMO Hwy. 77 ROW, Lee Co., Tx.

Judy Schleier

051943





121

CASH ONLY IF ALL CheckLock™ SECURITY FEATURES LISTED ON BACK INDICATE NO TAMPERING OR COPYING

Thomas W. Schleier & Assoc.

101 E. Nolte 209
Seguin, TX 78155-5834

WELLS FARGO BANK, NA

51944

13706897

2/18/2013

PAY TO THE ORDER OF Texas General Land Office

\$ **391.43

Three Hundred Ninety-One and 43/100*****

DOLLARS

Texas General Land Office
Stephen F. Austin Building
1700 North Congress Avenue
Austin, TX 78701-1495

▲ TAMPER RESISTANT TONER AREA ▲

Void After 90 Days

MEMO Hwy. 77 ROW, Lee Co., Tx.

Judy Schleier

⑈051944⑈



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121

CASH ONLY IF ALL CheckLock™ SECURITY FEATURES LISTED ON BACK INDICATE NO TAMPERING OR COPYING

Thomas W. Schleier & Assoc.

101 E. Nolte 209
Seguin, TX 78155-5834

WELLS FARGO BANK, NA

51942

13706898

2/18/2013

PAY TO THE ORDER OF Texas General Land Office

\$ **500.00

Five Hundred and 00/100*****

DOLLARS

Texas General Land Office
Stephen F. Austin Building
1700 North Congress Avenue
Austin, TX 78701-1495

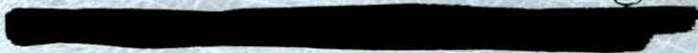
▲ TAMPER RESISTANT TONER AREA ▲

VOID AFTER 90 DAYS

MEMO Hwy. 77 ROW, Lee Co., Tx.

Judy Schleier

⑈051942⑈



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01:00:03

3

File No. MF 114853
Cover letter, bonus,
fees
Date Filed: 2/20/13
Jerry E. Patterson, Commissioner
By [Signature]

Date to GIS 4-5-13

SLB Date 4-3-13

Approx due date 4-12-13

Lease Number 114853

County Lee

Road Name US Hwy 77

Acreage 54.00 Ac

Abstract 1. L. Kleberg A-182
2. T. Tobey A-326
3. EC Head A-160
4. _____

Completed by _____

T Drive date _____

Proofed by GIS W

Proofed by Energy JK

U.S. Highway 77 -- 54 Acre ROW

Lee County, Texas

October 17, 2012



File No. MF 14853
Plat

Date Filed: 2/20/13

Jerry E. Patterson, Commissioner

By M.A.

U.S. Highway 77 - 52 Acre ROW
Lee County, Texas
October 17, 2012

AFFIDAVIT OF HIGHEST CONSIDERATION PAID
HIGHWAY RIGHT OF WAY LEASES

THE STATE OF TEXAS

COUNTY OF GUADALUPE

BEFORE ME, the undersigned authority, on this day personally appeared Robert Fulkerson, Affiant, known to me to be a creditable person and of lawful age, who being by me first duly sworn deposes and says:

My name is Robert Fulkerson and my office address is 101 E. Nolte, Suite 209, Seguin, Texas 78155. I am personally familiar with and knowledgeable of the terms and conditions of the oil and gas leases which adjoin 54.00 acres of land, more or less, consisting of U.S. Highway 77 right of way out of the Lewis Kleberg Survey, Abstract Number 182, the Thomas Toby Survey (also known as the R.J. Townes Survey), Abstract Number 326, and the E.G. Head Survey, Abstract Number 160, in Lee County, Texas, more fully described on the EXHIBIT A" attached hereto and made a part hereof. And that the highest and best terms for any lease adjoining lands described in EXHIBIT "A" are as follows:

Bonus Consideration Paid (Per Acre): \$483.25

Primary Term: Three (3) Years

Royalty Rate: 22.50%

Delay Rentals: None - All Leases are Paid-Up

The above statements are within my personal knowledge and are true and correct.

Further, Affiant sayeth not.

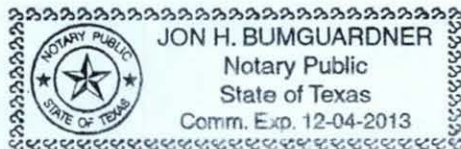


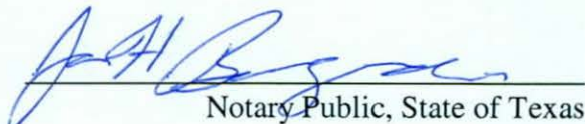
Robert Fulkerson

THE STATE OF TEXAS

COUNTY OF GUADALUPE

Sworn to and subscribed before me on the 19th day of February, 2012, by Robert Fulkerson.




Notary Public, State of Texas

File No: MF 14853
Affidavit of Highest
Consideration

Date Filed: 2/20/13

Jerry E. Patterson, Commissioner

By: J. E. Patterson

DR 65

432

5MGBA

(CORPORATE SEAL)

Attest:

Paul J. Hartling,
Grand Secretary.

GRAND LODGE OF THE ORDER
OF THE SONS OF HERMAN
IN THE STATE OF TEXAS
By Fritz Schille,
Grand Pres.

STATE OF TEXAS,
COUNTY OF MEHAR.

Before me, H. J. Windlinger, a Notary Public in and for said County and State, on this day personally appeared Fritz Schille, Grand President, known to me (or proved to me on the oath of _____) to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office, this the 27th day of March A. D. 1935.

(L.S.)

H. J. Windlinger,

Notary Public, Bexar County, Texas.

Filed for record the 11th day of October A. D. 1934 at 5:53 o'clock P. M. and duly recorded the 18th day of October A. D. 1934 at 3 o'clock P. M.

Mrs. J. J. Kierstschin,

County Clerk, Lee County, Texas.

By *H. J. Windlinger* Deputy.

RIGHT OF WAY DEED

STATE OF TEXAS,
COUNTY OF LEE.

KNOW ALL MEN BY THESE PRESENTS: THAT William Saegert, Sr., of the County of Lee, in the State of Texas, for and in consideration of the sum of Two Hundred and Fifty and no/100 & one hundredths, six foot six inch high, by five foot wide, to me in hand paid by the State of Texas, acting through the State Highway Commission, receipt of which is hereby acknowledged, have this day sold, and do by these presents grant, bargain, sell, and convey unto the State of Texas, all that certain tract or parcel of land situated in the County of Lee, State of Texas, and being part of a survey originally granted to _____, by Patent No. _____, Vol. _____, Abstract No. _____, and being a part of a tract of _____ acres conveyed by _____ to _____, by deed dated the _____ day of _____, 19____, and recorded in Volume No. _____ page No. _____ of the Deed Records of _____ County, Texas; said tract or parcel of land herein conveyed, being more particularly described as follows: A strip of land out of the William Saegert, Sr. tract in the Lewis Kleberg 2472 acres No. 122. Said strip of land is that part of the William Saegert, Sr. tract that lies within the hereinafter described right-of-way limits of State Highway No. 44. Beginning at the South line of said tract, Sta. 1574/26.7 a two hundred foot right-of-way 100 feet on each side of, parallel and adjacent to the surveyed center line of State Highway No. 44, N. 24 degrees 05 minutes W. to Sta. 1574/00; Thence an hundred foot right-of-way 50 feet on each side, of parallel and adjacent to said center line, N. 24 degrees 05 minutes W. to the P. C. Sta. 1589/00 of a 0 degree 30 minutes curve whose central angle is a 2 degree 58 minutes to the left; Thence around said curve with said hundred foot right-of-way to the P. T. Sta., 1603/73.3; Thence N. 26 degrees 57 minutes W. continuing said hundred foot right-of-way to the north line of said tract, Sta. 1619/22.7. Said strip of land contains 10.56 acres. And it is further agreed that the said Wm. Saegert, Sr. in consideration of the benefits above set out, will remove from the property above described such fences, buildings and other obstructions as may be found upon said property. TO HAVE

AND TO HOLD the above described premises, together with all and singular the rights and hereditaments thereto in anywise belonging unto the said State of Texas and its assigns; And I hereby binds my heirs, executors and administrators to forever warrant and defend the rights and title to said premises unto the said State of Texas against every person whomsoever lawfully claiming or to claim the same or any part thereof.

Witness my hand, this the 11th. day of April A. D. 1935.

Wm. Seagert, Sr.

STATE OF TEXAS,
COUNTY OF LEE.

Before me, H. F. Schlosshan, a Notary Public in and for said County and State, on this day personally appeared William Seagert, Sr. known to me (or proved to me on the oath of) to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office, this the 11th. day of April A. D. 1935.

(L.S.)

H. F. Schlosshan.

Notary Public, Lee County, Texas.

Filed for record the 11th. day of October A. D. 1934 at 3:34 o'clock P. M. and duly recorded the 18th. day of October A. D. 1934 at 3:30 o'clock P. M.

Mrs. L. J. Miereschin.

County Clerk, Lee County, Texas.

By H. L. Harburger Deputy.

RIGHT OF WAY DEED

STATE OF TEXAS,
COUNTY OF LEE.

KNOW ALL MEN BY THESE PRESENTS: THAT We, Walter Eweremann, and wife, of the County of Lee, in the State of Texas, for and in consideration of the sum of One and 00/100 Dollars, to us in hand paid by the State of Texas, acting through the State Highway Commission receipt of which is hereby acknowledged, have this day sold, and do by these presents grant, bargain, sell and convey unto the State of Texas, all that certain tract or parcel of land situated in the County of Lee, State of Texas, and being part of a survey originally granted to Louis Kleberg, by Patent No. Vol. Abstract No., and being a part of a tract of acres conveyed by to by deed dated the day of 19, and recorded in Volume No. page No. of the Deed Records of Lee County, Texas; said tract or parcel of land herein conveyed, being more particularly described as follows: The property herein conveyed is a part of and out of the Louis Kleberg Survey, Block L, in Lee County, Texas. Being two small triangular tracts of land needed for additional right-of-way for State Highway No. 44, in Lee County, Texas, as surveyed by the Resident Engineer of the State Highway Department through property belonging to Walter Eweremann, and the tracts are more particularly described as follows: Tract No. 1. Beginning at a point in the west right-of-way line of said Highway No. 44, 50 feet distant at right angles from center line station 1519+70. Thence in a southerly direction approximately 160 feet to a point; Thence N. 30, 58' E. 65 feet to a point 50 feet distant at right angles from center line station 1518+70; Thence N. 15 43' E. 100 feet to the place of beginning. The above described Tract No. 1 contains 0.04 acres, more or less, Tract No. 2. Beginning at a point in the west right-of-way line of said Highway No. 44, 50 feet distant at right angles from center line station 1522+18; Thence S. 13 43' E. 200 feet to a point 50 feet distant

D/R 66

443

RIGHT-OF-WAY DEED

STATE OF TEXAS,
COUNTY OF LEE.

KNOW ALL MEN BY THESE PRESENTS: THAT William Saegert, Sr., of the County of Lee in the State of Texas, for and in consideration of the sum of Fifty Dollars, to me in hand paid by the State of Texas, acting through the State Highway Commission, receipt of which is hereby acknowledged, have this day sold, and do by these presents grant, bargain, sell and convey unto the State of Texas, all that certain tract or parcel of land situated in the County of Lee, State of Texas, and being part of a survey originally granted to _____, by Patent No. _____, Vol. _____, Abstract No. _____, and being a part of a tract of _____ acres conveyed by _____ to _____ by deed dated the _____ day of _____ 19____, and recorded in Volume No. _____, page No. _____, of the Deed Records of _____ County, Texas; said tract or parcel of land herein conveyed, being more particularly described as follows: A strip of land out of the William Saegert, Sr. tract in the Lewis Kleberg 2472 acres, Abstract No. 182. Said strip of land is that portion of the William Saegert, Sr., tract that lies within the right of way limits of State Highway No. 44, as hereinafter described. Beginning at station 1385/00, thence N. 24 05' W. a one hundred and twenty foot right of way, seventy feet to the right of, and fifty feet to the left of, parallel and adjacent to the surveyed center-line of State Highway No. 44, to station 1598/00, which is the point of curvature of 0 30' curve whose intersection angle is 2 52' Lt., and whose point of intersection lies at station 1600/86.8, whose back tangent bears N. 26 57' W; thence around said curve, a one hundred and twenty foot right of way, seventy feet to the right of, and fifty feet to the left of, parallel and adjacent to said center line to station 1603/73.3, which is the point of tangency of the aforementioned curve; thence N. 26 57' W. a one hundred and fifty-five foot right of way, eighty feet to the right of, and seventy-five feet to the left of, parallel and adjacent to said center-line to station 1608/92.1; thence N. 26 57' W. a one hundred and twenty-five foot right of way, fifty feet to the right of, and seventy-five feet to the left of, parallel and adjacent to said center-line to station 1612/00; thence N. 26 57' W. a one hundred and fifty-five foot right of way, eighty feet to the right of and seventy-five feet to the left of, parallel and adjacent to said center-line to station 1616/00; thence N. 26 57' W. in such a manner as to complete a one hundred and twenty-five foot right of way, fifty feet to the right of, and seventy-five feet to the left of, parallel and adjacent to said center-line to the north line of said tract, station 1619/92.7 on said center-line. This strip of land contains 2.00 acres exclusive of right of way otherwise deeded to the State Highway Department of Texas. And it is further agreed that the said William Saegert, Sr., in consideration of the benefits above set out, will remove from the property above described such fences, buildings and other obstructions as may be found upon said property. TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and hereditaments thereto in anywise belonging unto the said State of Texas and its assigns; And I hereby bind my heirs, executors and administrators to forever warrant and defend the rights and title to said premises unto the said State of Texas against every person whomsoever lawfully claiming or to claim the same or any part thereof. Witness my hand, this the 11th. day of March A. D. 1935.

Wm. Saegert, Sr.

STATE OF TEXAS,
COUNTY OF LEE.

Before me, R. N. Schlosshan, a Notary Public in and for said County and State, on this day personally appeared Wm. Saegert, Sr. known to me (or proved to me on

10/R 66

444

the oath of _____ to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office, this the 11th. day of March A. D. 1935.

(L.S.)

H. F. Schlossman.

Notary Public, Lee County, Texas.

Filed for record the 19th. day of March A. D. 1935 at 3:45 o'clock P. M. and duly recorded the 20th. day of March A. D. 1935 at 9 o'clock A. M.

W. E. Marburger.

County Clerk, Lee County, Texas.

By Linda Davis Deputy.

RIGHT-OF-WAY DEED

STATE OF TEXAS,
COUNTY OF LEE.

KNOW ALL MEN BY THESE PRESENTS: THAT William Saegert, Jr., and wife, of the County of Lee in the State of Texas, for and in consideration of the sum of Ninety-One & 55/100 Dollars, to us in hand paid by the State of Texas, acting through the State Highway Commission, receipt of which is hereby acknowledged, have this day sold, and do by these presents grant, bargain, sell and convey unto the State of Texas, all that certain tract or parcel of land situated in the County of Lee, State of Texas, and being part of a survey originally granted to _____ by Patent No. _____ Vol. _____, Abstract No. _____, and being a part of a tract of _____ acres conveyed by _____ to _____ by deed dated the _____ day of _____ 19____, and recorded in Volume No. _____, page No. _____, of the Deed Records of _____ County, Texas; said tract or parcel of land herein conveyed, being more particularly described as follows: A strip of land out of the William Saegert, Jr. Track in the Lewis Kleberg 8472 acres, Abstract No. 182. Said strip of land is that portion of the William Saegert, Jr. Track that lies within the right of way limits of State Highway No. 44, as hereinafter described. Beginning at the intersection of the west right of way line with the property line of William Saegert, Sr., and William Saegert Jr. seventy-five feet to the left of the center-line of State Highway No. 44, opposite about station 1618/00; thence N. 26 57' W. in such manner as to complete a one hundred and twenty-five foot right of way, fifty feet to the right of, and seventy-five feet to the left of, parallel and adjacent to said center-line to station 1625/00; thence N. 26 57' W. a one hundred and fifty foot right of way, fifty feet to the right of, and one hundred feet to the left of, parallel and adjacent to said center-line to station 1634/00; thence N. 26 57' W. a one hundred and thirty foot right of way, fifty feet to the right of, and eighty feet to the left of, parallel and adjacent to said center-line to station 1639/00; thence N. 26 57' W. a one hundred and thirty foot right of way, eighty feet to the right of, and fifty feet to the left of, parallel and adjacent to said center-line to station 1645/00; thence N. 26 57' W. a two hundred and twenty foot right of way, one hundred feet to the right of, and one hundred and twenty feet to the left of, parallel and adjacent to said center-line to station 1647/00; thence N. 26 57' W. a two hundred foot right of way, one hundred feet to the right of and one hundred feet to the left of parallel and adjacent to said center-line to station 1656/00; thence N. 26 57' W. a one hundred and eighty foot right of way, one hundred feet to the right of, and eighty feet to the left of, parallel and adjacent to said center-line to station 1660/00; thence N. 26 57' W. a one hundred and thirty foot right of way, fifty

D/R 66

459

Karcher his heirs and assigns forever and I do hereby bind myself my heirs executors and administrators to Warrant and Forever Defend all and singular the said premises unto the said A. H. Karcher his heirs and assigns forever against every person whomsoever lawfully claiming of to claim the same or any part thereof.

WITNESS MY HAND this the 21st. day of March A. D. 1935.

Caleb Scott.

THE STATE OF TEXAS,
COUNTY OF LEE.

BEFORE ME, the undersigned authority a Notary Public in and for the County of Lee and State of Texas, on this day personally appeared Caleb Scott, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed. GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 21st. day of March 1935.

(L.S.)

John S. Gimmang.

Notary Public, Lee County, Texas.

Filed for record the 21st. day of March A. D. 1935 at 11:15 o'clock A. M. and duly recorded the 21st. day of March A. D. 1935 at 4:15 o'clock P. M.

W. E. Marburger.

County Clerk, Lee County, Texas.

By Leon J. Davis Deputy.

RIGHT-OF-WAY DEED

STATE OF TEXAS,
COUNTY OF LEE.

KNOW ALL MEN BY THESE PRESENTS: THAT Dr. W. E. York, and wife of the County of Lee in the State of Texas, for and in consideration of the sum of One & 00/100 Dollars, to us in hand paid by the State of Texas, acting through the State Highway Commission, receipt of which is hereby acknowledged, have this day sold, and do by these presents grant, bargain, sell and convey unto the State of Texas all that certain tract or parcel of land situated in the County of Lee, State of Texas, and being part of a survey originally granted to ____, by Patent No. ____, Vol. ____, Abstract No. ____, and being a part of a tract of __ acres conveyed by __ to __ by deed dated the __ day of __ 19 __, and recorded in Volume No. __, page No. __, of the Deed Records of __ County, Texas; said tract or parcel of land herein conveyed, being more particularly described as follows: A strip of land out of the Dr. W. E. York tract in the Lewis Kleberg 2472 acres, Abstract No. 183. Said strip of land is that portion of the Dr. W. E. York tract that lies within the right of way limits of State Highway No. 44, as hereinafter described. Beginning at a point in the property line of Dr. W. E. York and William Saegert, Jr., fifty feet to the right of station 1630/00, on the located center line of State Highway No. 44. Thence along said property line S. 21 12' E. to the southwest corner of the Dr. W. E. York tract one thousand and ten feet; thence along the south line of said tract to a point fifty feet to the right of said center line opposite about station 1619/85 of said location a distance of one hundred and ten feet; Thence N. 26 57' W. to a point fifty feet to the right of station 1615/00 on said center line a distance of five hundred and fifteen feet; Thence N. 63 03' E. fifty feet; Thence N. 26 57' W. three hundred feet; Thence N. 40 59' W. to point of beginning, two hundred and ten feet. Said strip of land contains 1.73 acres. 2. A strip of land out of the Dr. W. E. York tract in the E. J. Townes Labor, Abstract No. 386, and the E. Q.

O/R 66

430

Head Labor, Abstract No. 100. Said strip of land is that portion of the Dr. W. E. York tract that lies within the right of way limits of State Highway No. 44, as hereinafter described. Beginning at the south line of said tract station 1665/92, on the center line of the location of Texas State Highway No. 44; Thence N. 86 57' W. an one hundred and sixty foot right of way, eighty-five feet to the right of, and seventy-five feet to the left of, parallel and adjacent to said center line to station 1683/00 on said center line; Thence N. 86 57' W. an one hundred and fourty-five foot right of way, seventy feet to the right of, parallel and adjacent to said center line to station 1694/00, which is the P. C. of a 0 45' curve to the right, whose central angle is 8 46' and whose forward tangent bears N. 16 11' W; Thence around said curve containing said one hundred and fourty-five foot right of way to station 1695/00; Thence around said curve an two hundred and fifteen foot right of way, one hundred feet to the right of, and one hundred and fifteen feet to the left of, parallel and adjacent to said center line to the P. T. of said curve station 1705/06.9; Thence N. 16 11' W. an two hundred foot right of way, one hundred feet on each side of parallel and adjacent to said center line to station 1715/00; Thence N. 16 11' W. an one hundred and fourty foot right of way, seventy feet on each side of, parallel and adjacent to said center line to station 1720/00; Thence N. 16 11' W an two hundred and ten foot right of way, one hundred feet to the right of, and one hundred and ten feet to the left of, parallel and adjacent to said center line to the north line of said tract station 1724/06.5 on said center line. Said strip of land contains 21.95 acres. These two tracts cover land between station 1619/92.7 and station 1630/00, and between station 1665/92 and station 1724/06.5 included in deed by Dr. W. E. York and wife to the State Highway Department of Texas as recorded in Vol. 65, p. 585, of the Deed Records of Lee County and is a widening of the right of way covered by that deed. And it is further agreed that the said grantor in consideration of the benefits above set out, will remove from the property above described such fences, buildings and other obstructions as may be found upon said property. TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and hereditaments thereunto in anywise belonging unto the said State of Texas and its assigns; And we hereby bind our heirs, executors and administrators to forever warrant and defend the rights and title to said premises unto the said State of Texas against every person whomsoever lawfully claiming or to claim the same or any part thereof.

Witness our hands, this the 21st. day of March A. D. 1935.

W. E. York.
Annie York.

STATE OF TEXAS,
COUNTY OF LEE.

Before me, J. Alton York, a Notary Public in and for said County and State, on this day personally appeared W. E. York, known to me (or proved to me on the oath of) to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed. Given under my hand and seal of office, this the 21st. day of March A. D. 1935.
(L.S.) J. Alton York.

Notary Public in and for Lee County, Texas.

STATE OF TEXAS,
COUNTY OF LEE.

Before me, J. Alton York, a Notary Public in and for said County and State, on this day personally appeared Annie York, wife of W. E. York, known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me

OK 65

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5MGBA

STATE OF TEXAS,
COUNTY OF LEE.

BEFORE ME, the undersigned authority, a Notary Public in and for Lee County, Texas, on this day personally appeared E. T. Simms, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed. Given under my hand and seal of office, this the 14th, day of November 1934. (L.S.)

H. F. Schlossman,
Notary Public in and for Lee County, Texas.

Filed for record the 14th, day of November A. D. 1934 at 3 o'clock P. M. and duly recorded the 17th, day of November A. D. 1934 at 1:30 o'clock P. M.

Mrs. L. J. Mierischin,
County Clerk, Lee County, Texas.
By W. E. Dargatzis Deputy.

RIGHT-OF-WAY DEED

STATE OF TEXAS,
COUNTY OF LEE.

KNOW ALL MEN BY THESE PRESENTS: That William Saegert, Jr. of the County of Lee in the State of Texas, for and in consideration of the sum of Four Hundred Seventy one and 00/100 Dollars, (\$471.00, land; \$208.65, taxes), to me in hand paid by the State of Texas, acting through the State Highway Commission, receipt of which is hereby acknowledged, have this day sold, and do by these presents grant, bargain, sell and convey unto the State of Texas, all that certain tract or parcel of land situated in the County of Lee, State of Texas, and being part of a survey originally granted to, by Patent No. Vol. Abstract No. and being a part of a tract of acres conveyed by to by deed dated the day of 19, and recorded in Volume No. page No. of the Deed Records of County, Texas; said tract or parcel of land herein conveyed, being more particularly described as follows: A strip of land out of the William Saegert, Jr. tract in the Lewis Kleberg 2472 acres, Abstract No. 182, Beginning at a point where a line parallel to and fifty feet to the left of the located center line of State Highway No. 44, intersects the property line of Dr. W. E. York, and William Saegert, Jr. opposite Station 1680/40, said point being in said property line forty four feet North of the South West corner of the Dr. W. E. York Tract, measured along said property line; Thence North twenty-six degrees fifty seven minutes West to a point fifty feet left of said center line at Station 1625/00 four hundred and sixty feet; Thence South sixty three degrees and three minutes West fifty feet; Thence North twenty six degrees and fifty seven minutes West three hundred feet; Thence North sixty three degrees and three minutes East fifty feet; Thence North twenty-six degrees and fifty seven minutes West fifteen hundred and fifty feet; Thence South sixty-three degrees and three minutes West thirty feet; Thence North twenty six degrees and fifty seven minutes west four hundred feet; Thence North sixty three degrees and three minutes East twenty feet; Thence North twenty-six degrees and 57 minutes west six hundred and fifty feet; Thence North sixty three degrees and three minutes East ten feet; Thence North twenty six degrees and fifty seven minutes East to the North line of said tract fifteen hundred feet; Thence along the North line of said tract North seventy degrees and three minutes East to a point fifty feet to the right of said center line, one hundred and two feet; Thence South twenty six degrees and fifty seven minutes East to a point fifty feet to the right

of Station 1654/00 fourteen hundred and eighty four feet; Thence North sixty three degrees and three minutes East ten feet; Thence South twenty six degrees and fifty seven minutes East six hundred and fifty feet; Thence North sixty three degrees and three minutes East forty feet; Thence South twenty six degrees and fifty seven minutes East four hundred feet; Thence South sixty-three degrees and three minutes East fifty feet; Thence South twenty-six degrees and fifty-seven minutes East to the intersection with the property line of William Saegert, Jr. and Dr. W. E. York 1360 feet; Thence along said property line South twenty one degrees and twelve minutes East to the point of beginning, nine hundred sixty eight feet. Said strip of land contains 11.41 acres. And it is further agreed that the said _____ in consideration of the benefits above set out, will remove from the property above described such fences, buildings and other obstructions as may be found upon said property. TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and hereditaments thereto in anywise belonging unto the said State of Texas and its assigns; And William Saegert, Jr. hereby binds his heirs, executors and administrators to forever warrant and defend the rights and title to said premises unto the said State of Texas against every person whomsoever lawfully claiming or to claim the same or any part thereof.

Witness my hand, this the 22nd. day of October, A. D. 1934.

Wm. Saegert, Jr.

Minnie Saegert.

STATE OF TEXAS,
COUNTY OF LEE.

Before me, H. F. Schlosshan, a Notary Public in and for said County and State, on this day personally appeared Wm. Saegert, Jr. known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office, this the 22nd. day of October, A. D. 1934.

(L.S.)

H. F. Schlosshan.

Notary Public, Lee County, Texas.

STATE OF TEXAS,
COUNTY OF LEE.

Before me, a Notary Public in and for said County and State, on this day personally appeared Minnie Saegert, wife of Wm. Saegert, Jr. known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband and having the same fully explained to her, she, the said Minnie Saegert, acknowledged such instrument to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office, this the 16th. day of November A. D. 1934.

(L.S.)

H. F. Schlosshan.

Notary Public, Lee County, Texas.

Filed for record the 16th. day of November A. D. 1934 at 3:05 o'clock P. M. and duly recorded the 17th. day of November A. D. 1934 at 2 o'clock P. M.

Mrs. L. J. Miertschin.

County Clerk, Lee County, Texas.

By *H. E. J. Miertschin* Deputy.

O/R 66

444

the oath of _____ to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office, this the 11th, day of March A. D. 1935.

(L.S.)

R. V. Schlossman.

Notary Public, Lee County, Texas.

Filed for record the 19th, day of March A. D. 1935 at 3:45 o'clock P. M. and duly recorded the 20th, day of March A. D. 1935 at 9 o'clock A. M.

W. E. Markburger.

County Clerk, Lee County, Texas.

By Anna Davis Deputy.

RIGHT-OF-WAY DEED

STATE OF TEXAS,
COUNTY OF LEE.

KNOW ALL MEN BY THESE PRESENTS: THAT William Saegert, Jr., and wife, of the County of Lee in the State of Texas, for and in consideration of the sum of Ninety-one & 53/100 Dollars, to us in hand paid by the State of Texas, acting through the State Highway Commission, receipt of which is hereby acknowledged, have this day sold, and do by these presents grant, bargain, sell and convey unto the State of Texas, all that certain tract or parcel of land situated in the County of Lee, State of Texas, and being part of a survey originally granted to _____ by Patent No. _____, Vol. _____, Abstract No. _____, and being a part of a tract of _____ acres conveyed by _____ to _____ by deed dated the _____ day of _____, 19____, and recorded in Volume No. _____, page No. _____, of the Deed Records of _____ County, Texas; said tract or parcel of land herein conveyed, being more particularly described as follows: A strip of land out of the William Saegert, Jr. Tract in the Lewis Kleberg 8478 acres, Abstract No. 128. Said strip of land is that portion of the William Saegert, Jr. Tract that lies within the right of way limits of State Highway No. 44, as hereinafter described. Beginning at the intersection of the west right of way line with the property line of William Saegert, Sr., and William Saegert Jr. seventy-five feet to the left of the center-line of State Highway No. 44, opposite about station 1618/00, thence N. 26 57' W. in such manner as to complete a one hundred and twenty-five foot right of way, fifty feet to the right of, and seventy-five feet to the left of, parallel and adjacent to said center-line to station 1625/00; thence N. 26 57' W. a one hundred and fifty foot right of way, fifty feet to the right of, and one hundred feet to the left of, parallel and adjacent to said center-line to station 1634/00; thence N. 26 57' W. a one hundred and thirty feet right of way, fifty feet to the right of, and eighty feet to the left of, parallel and adjacent to said center-line to station 1636/00; thence N. 26 57' W. a one hundred and thirty feet right of way, eighty feet to the right of, and fifty feet to the left of, parallel and adjacent to said center-line to station 1643/00; thence N. 26 57' W. a two hundred and twenty feet right of way, one hundred feet to the right of, and one hundred and twenty feet to the left of, parallel and adjacent to said center-line to station 1647/00; thence N. 26 57' W. a two hundred foot right of way, one hundred feet to the right of and one hundred feet to the left of parallel and adjacent to said center-line to station 1656/00; thence N. 26 57' W. a one hundred and eighty foot right of way, one hundred feet to the right of, and eighty feet to the left of, parallel and adjacent to said center-line to station 1660/00; thence N. 26 57' W. a one hundred and thirty foot right of way, fifty

D/R 66

445

feet to the right of, and eighty feet to the left of, parallel and adjacent to mid center line to the north line of said track, station 1668/92.4. This strip of land contains, 5.33 acres exclusive of right of way otherwise deeded to the State Highway Department of Texas. And it is further agreed that the said William Saegert, Jr., and wife in consideration of the benefits above set out, will remove from the property above described such fences, buildings and other obstructions as may be found upon said property. TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and hereditaments thereto in and to the said State of Texas and its assigns; and we hereby bind our heirs, executors and administrators to forever warrant and defend the rights and title to said premises unto the said State of Texas against every person whomsoever lawfully claiming or to claim the same or any part thereof.

Witness our hands, this the 6th. day of March A. D. 1935.

Wm. Saegert, Jr.

Minna A. Saegert.

STATE OF TEXAS,
COUNTY OF LEE.

Before me, A. H. Karcher, a notary public in and for said county and State, on this day personally appeared Wm. Saegert, known to me (or proved to me on the oath of Wm. Saegert) to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office, this the 6 day of March A. D. 1935.

(L.S.)

A. H. Karcher.

Notary Public, Lee County, Texas.

STATE OF TEXAS,
COUNTY OF LEE.

Before me, A. H. Karcher, a Notary Public in and for said County and State, on this day personally appeared Minna A. Saegert, wife of Wm. Saegert, known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband and having the same fully explained to her, she the said Minna A. Saegert, acknowledged such instrument to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office, this the 6th. day of March A. D. 1935.

(L.S.)

A. H. Karcher.

Notary Public, Lee County, Texas.

Filed for record the 19th. day of March A. D. 1935 at 3:44 o'clock P. M. and duly recorded the 20th. day of March A. D. 1935 at 9:20 o'clock A. M.

W. E. Marburger.

County Clerk, Lee County, Texas.

By Lena Lewis Deputy.

RIGHT OF WAY LIEN RELEASE

STATE OF TEXAS,
COUNTY OF LEE.

WHEREAS, By deed dated the 20th. day of November 1925, and recorded in

File No. MF 114853
Source Peel Records

Date Filed: 2/20/13
Jerry E. Patterson, Commissioner
By M.A.

SCHEDULE OF LEASES:

Page 1

[illegible]

**SCHEDULE OF LEASES:
TRACTS ABUTTING 54.00 ACRES OF U.S. HIGHWAY 77 IN LEE COUNTY, TX
AS OF 10/16/2012**

[illegible]

SCHEDULE OF LEASES:
TRACTS ABUTTING 54.00 ACRES OF U.S. HIGHWAY 77 IN LEE COUNTY, TX
AS OF 10/16/2012

MAP TR.	MINERAL OWNER/ LESSOR'S NAME	LESSEE'S NAME	GROSS ACRES	LSE. BONUS PER ACRE	OPT. BONUS PER ACRE	LEASE ROYALTY	TERM/ YEARS	EXP. DATE	VOL/ PAGE	COMMENTS
6	Rebecca Prewett Burlin, et al Rural Route 1, Box 99 Lincoln, TX 78948 Unlisted telephone number	Venado Oil & Gas, LLC 12600 Hill Country Blvd. Building R, Suite 250 Austin, TX 78738 512-735-9010 (J.D. Braddock)	399.3320	\$250.00	\$250.00	22.50%	3/2*	6/24/2013	1025/1067	
7	Rebecca Prewett Burlin, et al Rural Route 1, Box 99 Lincoln, TX 78948 Unlisted telephone number	Venado Oil & Gas, LLC 12600 Hill Country Blvd. Building R, Suite 250 Austin, TX 78738 512-735-9010 (J.D. Braddock)	100.0000	\$250.00	\$250.00	22.50%	3/2*	6/24/2013	1025/1093	Lease comprised of 100 ac. of Tract 7 and 49.666 ac. of Tract 8
7	Randy L. Jatzlau & wife, Amybeth Jatzlau 6126 Wister Place Houston, TX 77008 713-869-8050	Venado Oil & Gas, LLC 12600 Hill Country Blvd. Building R, Suite 250 Austin, TX 78738 512-735-9010 (J.D. Braddock)	100.0000	\$225.00	\$225.00	20.00%	3/3*	8/13/2014	1031/759	
7	Billy Jatzlau 1259 PR 3232 Lexington, TX 78947 Unlisted telephone number	Venado Oil & Gas, LLC 12600 Hill Country Blvd. Building R, Suite 250 Austin, TX 78738 512-735-9010 (J.D. Braddock)	100.0000	\$225.00	\$225.00	20.00%	3/3*	8/13/2014	1031/755	
8	Rebecca Prewett Burlin, et al Rural Route 1, Box 99 Lincoln, TX 78948 Unlisted telephone number	Venado Oil & Gas, LLC 12600 Hill Country Blvd. Building R, Suite 250 Austin, TX 78738 512-735-9010 (J.D. Braddock)	49.6660	\$250.00	\$250.00	22.50%	3/2*	6/24/2013	1025/1093	Lease comprised of 100 ac. of Tract 7 and 49.666 ac. of Tract 8
8	Boettcher Family Ltd. 2507 East FM 696 Lexington, TX 78947 979-773-2340 (Phillip Boettcher)	Venado Oil & Gas, LLC 12600 Hill Country Blvd. Building R, Suite 250 Austin, TX 78738 512-735-9010 (J.D. Braddock)	49.6660	\$483.25	\$483.25	20.00%	3/3*	8/1/2014	1031/747	

Page 4

[illegible]

File No. MF 14853

Lease Schedule

~~of~~

Date Filed: 2/20/13

Jerry E. Patterson, Commissioner

By

M. A.

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

April 23, 2013

Mr. Robert Fulkerson
Thomas W. Schleier & Associates
Agent for Venado Oil & Gas, LLC
101 East Nolte, Suite 209
Seguin, Texas 78155

Dear Mr. Fulkerson,

Re: State of Texas HROW Lease # MF 114853

Enclosed you will find an original executed Highway Right-of-Way lease in Lee County.

Please proof read the lease before filing of record and refer to this lease number with all correspondence.

Please have your client provide the GLO with a copy of the Unit Designation after this lease has been added and the unit designation has been filed of record.

If you have any questions please feel free to contact me at my direct phone number, or email address listed below, or contact George Martin at his direct number (512) 475-1512.

Best regards,

Beverly Boyd
Energy Resources
Mineral Leasing
512-463-6521
beverly.boyd@glo.texas.gov

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

8
File No. MF 114853

Final Letter

Date Filed: 4/23/13

Jerry E. Patterson, Commissioner

By M.A.

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

UPA148117

Unit Number 6790
Operator Name Venado Oil & Gas, LLC Effective Date 02/01/2014
Customer ID C000060774 Unitized For Oil
Unit Name Prewett Unit Unit Term
County 1 Lee RRC District 1 03 Old Unit Number Inactive Status Date
County 2 RRC District 2
County 3 RRC District 3
County 4 RRC District 4
Unit type Permanent
State Net Revenue Interest 0.00895462
State Part in Unit 0.03979830
Unit Depth Specified Depths Well
From Depth 6280 TVD Formation Top of Austin Chalk
To Depth All depths below the top of the Austin Chalk Participation Basis Surface Acreage

If Exclusions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	Lease Royalty	Tract Royalty Participation	Royalty Rate Reduction Clause
MF114853	1	28.018000	704.000000	0.039798	0.22500000	0.008955	No

API Number
4228732617

Remarks:

HROW EAGLE FORD UNIT

Prepared By:

REW

Prepared Date:

4/2/14

GLO Base Updated By:

REW

GLO Base Date:

4/2/14

RAM Approval By:

VD

RAM Approval Date:

4/8/14

GIS By:

GIS Date:

Well Inventory By:

WMB

WI Date:

4/2/14

Pooling Committee Report

To: School Land Board

UPA148117

Date of Board Meeting:

Unit Number: 6790

Effective Date: 02/01/2014

Unit Expiration Date:

Applicant: Venado Oil & Gas, LLC

Attorney Rep:

Operator: Venado Oil & Gas, Llc, Austin

Unit Name: Prewett Unit

Field Name: Southern Bay (Eagle Ford)

County: Lee

<u>Lease Type</u>	<u>Lease Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres In Unit</u>	<u>Royalty Participation</u>
	MF114853	0.22500000	04/02/2016	3 years	54.000000	28.018000	0.00895462

Private Acres:	675.982000
State Acres:	28.018000
Total Unit Acres:	704.000000

<u>Participation Basis:</u>	Surface Acreage
Surface Acreage	
<u>State Acreage:</u>	3.98%
<u>State Net Revenue Interest:</u>	0.90%

<u>Unit Type:</u>	<u>Unitized for:</u>
Permanent	Oil
<u>Term:</u>	

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Yes	

DECLARATION OF POOLED UNIT
PREWETT UNIT

STATE OF TEXAS

§

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF LEE

§

WHEREAS, the undersigned Working Interest Owners are the present owners of the oil, gas and mineral leases and all amendments, ratifications, extensions or agreements pertaining to said leases described and identified in Exhibit "A", which is attached hereto and made a part hereof for all purposes, insofar as said leases cover the lands included within the hereinafter described unit; and

WHEREAS, each of the leases originally executed, or as amended, or as agreed to hereunder provides that the Lessee shall have the right and power to pool or combine, as to the oil and associated hydrocarbon rights therein and thereunder, the acreage covered thereby, or portions thereof, with other land, lease or leases in the immediate vicinity thereof in order to form an oil unit or units of the size and type hereinafter described, provided that the Lessee shall execute an instrument in writing identifying and describing such pooled acreage; and

WHEREAS, in the judgment of the undersigned, it is necessary and advisable to pool and combine the lands included within the hereinafter described unit and the leases described in Exhibit "A", attached hereto and made a part hereof for all purposes, insofar as said leases cover the lands included in the said unit, in order to properly develop and operate the premises for the production of oil and associated hydrocarbons and in order to promote the conservation of oil and associated hydrocarbons in, under and that may be produced from said unitized premises:

NOW, THEREFORE, the undersigned, acting under and by virtue of the power and authority conferred and granted by the provisions of the oil, gas and mineral leases described in said Exhibit "A", or the amendments thereto, do hereby pool and unitize the lands covered by the leases described and identified in Exhibit "A", together with the leases covering said lands, insofar, and only insofar as said lands and leases are included within the boundaries of the lands outlined on the plat attached hereto as Exhibit "B", which metes and bounds description thereof and accompanying plat is made a part hereof for all purposes, and to form a pooled and unitized area designated as the **PREWETT UNIT**, containing not more than **704.000** acres and limited to all depths below the top of the Austin Chalk Formation described as the stratigraphic equivalent of 6,280 feet, as found in the Dual Induction-Density-Neutron-Gamma Ray Log dated June 25, 1981, acquired in the Albrecht No. 1 well, API 42-287-30966, drilled by Tamarack Petroleum Company, Inc., located in the Lewis Kleberg Survey, Abstract 182, Lee County, Texas, for the purposes of developing and operating the pooled acreage for the production, storage, processing and marketing of oil and associated hydrocarbons, all as provided for in and authorized by said leases, and amendments if applicable.

The undersigned reserves the right to amend this Designation from time to time, and at any time.

This Declaration of Pooled unit may be executed in multiple original counterparts which when taken together, shall constitute one and the same instrument.

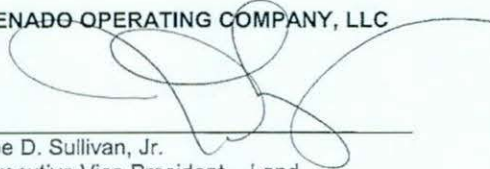
This agreement shall become effective upon the date signed, or from the date production of any of the pooled minerals is first obtained, whichever date is sooner.

EFFECTIVE on this the 1st day of February, 2014.

[SIGNATURE PAGE TO FOLLOW]

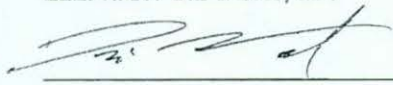
WORKING INTEREST OWNERS:

VENADO OPERATING COMPANY, LLC



Joe D. Sullivan, Jr.
Executive Vice President - Land

ELEPHANT OIL & GAS, LLC



By: *Nick Varal*
Its: *Executive Vice President*

LIBERTY ENERGY, LLC

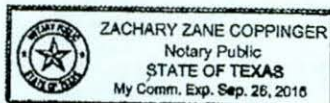
By: Sean P. O'Neil
Its: Managing Partner
As Old Ironsides Energy, LLC on behalf of
Liberty Energy, LLC, as its agent

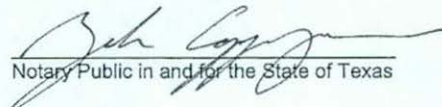
ACKNOWLEDGMENTS

STATE OF TEXAS

COUNTY OF TRAVIS

This instrument was acknowledged before me on January 31, 2014, by Joe D. Sullivan, Jr., Executive Vice President-Land of Venado Operating Company, LLC on behalf of said Limited Liability Company.





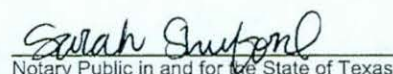
Notary Public in and for the State of Texas

STATE OF TEXAS

COUNTY OF DALLAS

This instrument was acknowledged before me on January 27, 2014, by Nick Varal, as Executive Vice President of Elephant Oil & Gas, LLC on behalf of said Limited Liability Company.





Notary Public in and for the State of Texas

COMMONWEALTH OF MASSACHUSETTS

COUNTY OF SUFFOLK

This instrument was acknowledged before me on _____, by Sean P. O'Neil, as Managing Partner of Old Ironsides Energy, LLC on behalf of Liberty Energy, LLC, as its agent.

Notary Public

WORKING INTEREST OWNERS:

VENADO OPERATING COMPANY, LLC

Joe D. Sullivan, Jr.
Executive Vice President – Land

ELEPHANT OIL & GAS, LLC

By:
Its:

LIBERTY ENERGY, LLC

By: Sean P. O'Neil
Its: Managing Partner
As Old Ironsides Energy, LLC on behalf of
Liberty Energy, LLC, as its agent

ACKNOWLEDGMENTS

STATE OF TEXAS

COUNTY OF TRAVIS

This instrument was acknowledged before me on _____, by Joe D. Sullivan, Jr., Executive Vice President-Land of Venado Operating Company, LLC on behalf of said Limited Liability Company.

Notary Public in and for the State of Texas

STATE OF TEXAS

COUNTY OF DALLAS

This instrument was acknowledged before me on _____, by _____, as _____ of Elephant Oil & Gas, LLC on behalf of said Limited Liability Company.

Notary Public in and for the State of Texas

COMMONWEALTH OF MASSACHUSETTS

COUNTY OF SUFFOLK

This instrument was acknowledged before me on February 10th, 2014, by Sean P. O'Neil, as Managing Partner of Old Ironsides Energy, LLC on behalf of Liberty Energy, LLC, as its agent.

Notary Public

CORNELIA DEEG-DEANGELIS
Notary Public
Commonwealth of Massachusetts
My Commission Expires
July 10, 2020

1011130 PG 566

EXHIBIT "A"

Attached to and made a part of that certain
DECLARATION OF POOLED UNIT dated
February 1, 2014, for the PREWETT UNIT
LEE COUNTY, TEXAS

LEASE NO.: TX-HSE-000794-000
LESSOR: Jamie Woodward, et al
LESSEE: Compass Resources Operating, LLC
LEASE DATE: February 28, 2008
RECORDING: Volume 1020, Page 703
DESCRIPTION: 845.82 acres of land, more or less, out of the William Dobbins Survey, A-88, Wiley M. Head Survey, A-156, and the R. M. Coleman Survey, A-8, Lee County, Texas.

LEASE NO.: TX-HSE-000796-000
LESSOR: John Edwards Prewett, Jr, et al
LESSEE: Compass Resources Operating, LLC
LEASE DATE: June 25, 2008
RECORDING: Volume 1025, Page 1080
DESCRIPTION: 415.122 acres of land, more or less, out of the Lewis Kleberg Survey, A-182, the R. M. Coleman Survey, A-8, and the R. J. Townes Survey, A-326, Lee County, Texas.

LEASE NO.: TX-HSE-000797-000
LESSOR: John Edwards Prewett, Jr, et al
LESSEE: Compass Resources Operating, LLC
LEASE DATE: June 25, 2008
RECORDING: Volume 1025, Page 1067
DESCRIPTION: 399.332 acres of land, more or less, out of the Lewis Kleberg Survey, A-182, Wiley M. Head Survey, A-156, E. G. Head Labor Survey, A-160, and the R. J. Townes or Thomas Toby Labor Survey, A-326, Lee County, Texas.

LEASE NO.: TX-HSE-000798-001
LESSOR: John Edwards Prewett, Jr, et al
LESSEE: Compass Resources Operating, LLC
LEASE DATE: June 25, 2008
RECORDING: Volume 1025, Page 1093
DESCRIPTION: 149.666 acres of land, more or less, out of the E. G. Head Survey, A-160, and the Thomas Toby Survey, A-326, Lee County, Texas.

LEASE NO.: TX-HSE-000838-001
LESSOR: Randy L. Jatzlau and wife, Amybeth Jatzlau
LESSEE: Compass Resources Operating, LLC
LEASE DATE: August 14, 2008
RECORDING: Volume 1031, Page 759
DESCRIPTION: 100.0 acres of land, more or less, out of the E. G. Head Survey, A-160, and the Thomas Toby Survey, A-326, Lee County, Texas.

LEASE NO.: TX-HSE-000838-002
LESSOR: Billy Jatzlau
LESSEE: Compass Resources Operating, LLC
LEASE DATE: August 14, 2008
RECORDING: Volume 1031, Page 755
DESCRIPTION: 100.0 acres of land, more or less, out of the E. G. Head Survey, A-160, and the Thomas Toby Survey, A-326, Lee County, Texas.

LEASE NO.: TX-HSE-000868-000
LESSOR: Edwin A. Albrecht
LESSEE: Venado Oil & Gas, LLC
LEASE DATE: December 7, 2011
RECORDING: Volume 1088, Page 461 (Memorandum of Oil and Gas Lease)
DESCRIPTION: 310.0 acres of land, more or less, out of the Lewis Kleberg Survey, A-182, and the T. Toby Survey, A-326, Lee County, Texas.

LEASE NO.: TX-HSE-001642-000
LESSOR: General Land Office of the State of Texas
LESSEE: Venado Oil & Gas, LLC
LEASE DATE: April 3, 2013
RECORDING: Volume 1113, Page 487
DESCRIPTION: 54.0 acres of land, more or less, out of the Lewis Kleberg Survey, A-182, the Thomas Toby Survey (also known as R. J. Townes Survey), A-326, and the E. G. Head Survey, A-160, Lee County, Texas.

LEASE NO.: TX-HSE-001774-000
LESSOR: Norvel Siegmund and wife, Ruth Siegmund
LESSEE: Venado Oil & Gas, LLC
LEASE DATE: September 17, 2013
RECORDING: Volume 1126, Page 661 (Memorandum of Oil and Gas Lease)
DESCRIPTION: 1.0 acre of land, more or less, out of the Lewis Kleberg Survey, A-182, Lee County, Texas.

The above described Oil, Gas and Mineral Leases are limited to the lands lying within the Prewett Unit as set forth on Exhibit "B" attached hereto, covering 704.000 acres of land, more or less, situated in the Lewis Kleberg Survey, A-182, the R. M. Coleman Survey, A-8, the E. G. Head Survey, A-160, and the Thomas Toby Survey, A-326, Lee County, Texas.

END OF EXHIBIT A

EXHIBIT "B"
Attached to and made a part of that certain
DECLARATION OF POOLED UNIT
PREWETT UNIT
Dated February 1, 2014

STATE OF TEXAS
COUNTY OF LEE

VENADO OIL & GAS
PREWETT UNIT
UNIT DESCRIPTION

BEING 704.000 acres of land, a part of the Lewis Kleberg Survey, Abstract 182, the R.M. Coleman Survey, Abstract 8, the Thomas Toby Survey, Abstract 326, the E.G. Head Survey, Abstract 160, Lee County, Texas, and consisting of the following tracts:

Tract 1: 125.799 acres being part of a 845.82 acre tract conveyed to Lorie Ann Woodward Cantu, et al, by deed recorded in volume 1014, page 698 of the Real Property Records of Lee County, Texas;

Tract 2: 55.112 acres being part of a 100.000 acre tract conveyed to Randy L. Jatzlau, et ux by deed recorded in volume 935, page 134 of the Real Property Records of Lee County, Texas;

Tract 3: 28.018 acres being part of a 21.95 acre tract conveyed to State of Texas, by deed recorded in volume 66, page 459, being all of a 5.23 acre tract conveyed to the State of Texas by deed recorded in volume 66, page 444, being part of a 1.4 acre tract conveyed to the State of Texas by deed recorded in volume 65, page 563 of the Deed Records of Lee County, Texas;

Tract 4: 26.951 acres being part of a residue of a 129.96 acre tract conveyed to Melissa Burlin, by deed recorded in volume 787, page 381 of the Real Property Records of Lee County, Texas;

Tract 5: 37.870 acres being part of a residue of a 129.96 acre Third Tract conveyed to Melissa Burlin, by deed recorded in volume 787, page 381 of the Real Property Records of Lee County, Texas;

Tract 6: 74.812 acres being part of a 291.036 acre Tract Two conveyed to John Edwards Prewett, Jr., by deed recorded in volume 787, page 375 of the Real Property Records of Lee County, Texas;

Tract 7: 1.071 acres being all of a 1.06 acre Tract Three conveyed to John Edwards Prewett, Jr., by deed recorded in volume 787, page 735 of the Real Property Deed Records of Lee County, Texas;

Tract 8: 16.297 acres being all of a 17.5 acre tract conveyed to Edwin A. Albrecht, et ux, by deed recorded in volume 133, page 320, of the Deed Records of Lee County, Texas;

Tract 9: 158.703 acres being part of a 310 acre First Tract conveyed to Bernice Saegert Albrecht, et vir, by deed recorded in volume 121, page 288 of the Deed Records of Lee County, Texas;

Tract 10: 126.238 acres being part of a 215.578 acre First Tract conveyed to Melissa Burlin, by deed recorded in volume 787, page 381 of the Real Property Records of Lee County, Texas;

Tract 11: 52.129 acres, being part of a 123.026 acre Tract One conveyed to John Edwards Prewett, Jr., by deed recorded in volume 787, page 375 of the Real Property Records of Lee County, Texas;

Tract 12: 1.000 acre, being all of a 1.000 acre tract conveyed to Norvel Siegmund, et ux., by deed recorded in volume 504, page 334 of the Real Property Records of Lee County, Texas;

Said **704.000 acre** unit being more particularly described as follows:

BEGINNING at a 5/8 inch rebar found for the South corner of the Thos Morrow Survey, Abstract 223, the East corner of the Thomas Toby Survey Abstract 326, in the Northwest line of the Lewis Kleberg Survey Abstract 182, the South corner of a 60 acre tract conveyed to Leonite English, et al by deed in volume L, page 361 in District Court Records, the East corner of said 129.96 acre Burlin Third Tract, the Northwest line of said 215.578 acre Burlin First Tract and a point in the Northeast line hereof;

THENCE across said 215.578 acre Burlin First Tract, **South 50 deg. 00 min. 00 sec. East** at 3467.14 feet pass a point in the Southeast line of said 215.578 acre Burlin First Tract, the Northwest line of said 123.026 acre Prewett Tract One, continuing for a total distance of **3742.63 feet** for the East corner hereof; said point bears South 26 deg. 26 min. 04 sec. West 361.51 feet from a 5/8 inch rebar found for the East corner of said 215.578 acre Burlin tract; and for a reference hereof;

THENCE across said 123.026 acre Prewett Tract One, **South 40 deg. 00 min. 00 sec. West** at 2739.34 feet pass a point in the Northeast margin of US Highway 77, the Southwest line of said 123.026 acre Prewett Tract One; said point bears South 28 deg. 40 min. 57 sec. East 250.46 feet from a concrete ROW monument; continuing across US Highway 77 at 2873.52 feet to the Southwest Margin of US Highway 77, the Northeast line of said 310 acre Albrecht First Tract, continuing across said 310 acre Albrecht First Tract for a total distance of **3718.61 feet** to a point for the South corner hereof; said point bears South 22 deg. 50 min. 25 sec. East 973.70 feet from a Concrete ROW Marker found for reference hereof;

THENCE continuing across said 310 acre Albrecht First Tract, **North 50 deg. 00 min. 00 sec. West** at 2492.51 pass a point in the Southwest line of the Kleberg Survey, the Northeast line of the Coleman Survey, the Southwest line of said 310 acre Albrecht First Tract, the Northeast line of said 291.036 acre Prewett Tract Two, continuing across said 291.036 acre Prewett tract at 6315.83 feet pass a point in the Northwest line of said 291.036 acre Prewett Tract Two, the Southeast line of said 845.82 acre Cantu Tract Four, said point bears North 23 deg. 35 min. 11 sec. East 1905.46 feet from a 5/8 inch rebar found for reference hereof; continuing a total distance of **8246.69 feet** to a point for the West corner hereof;

said point bears North 56 deg. 10 min. 20 sec. East 1882.15 feet from a 5/8 inch rebar found for reference hereof;

THENCE across said 845.82 acre Cantu tract, **North 40 deg. 00 min. 00 sec. East** at 3053.61 feet pass a point in the Northeast line of the Coleman Survey, the Southwest line of the Head Survey, the Southwest line of said 100.000 acre Jatzlau tract, the Northeast line of said 845.82 acre Cantu tract, continuing across said 100.000 acre Jatzlau tract for a total distance of **3718.61 feet** to a point for the North corner hereof; said point bears North 74 deg. 56 min. 43 sec. West 514.00 feet from a 5/8 inch rebar with cap marked "4428" found for reference hereof;

THENCE across said 100.000 acre Jatzlau tract, **South 50 deg. 00 min. 00 sec. East** at 867.02 feet pass a point in the Southwest margin of US Highway 77, the Northeast line of said 100.000 acre Jatzlau tract, continuing across said US Highway 77 at 1300.91 feet pass a point in the Northeast margin of Hwy 77, the Southeast line of the Head Survey, the Northwest line of the Toby Survey, the Southwest line of a 129.96 acre Burlin Second Tract, the Northwest line of said 129.96 acre Burlin Third Tract; continuing across said 129.96 acre Burlin tract for a total distance of **4504.05 feet** to the **PLACE OF BEGINNING** and containing **704.000 acres** of land.

Bearings and distances are Grid, NAD 83, Texas State Plane Coordinate System, Central Zone. Reference is hereby made to a plat attached hereto and made a part hereof.

I hereby certify that this description is an accurate representation of an on the ground survey completed in January 2014.

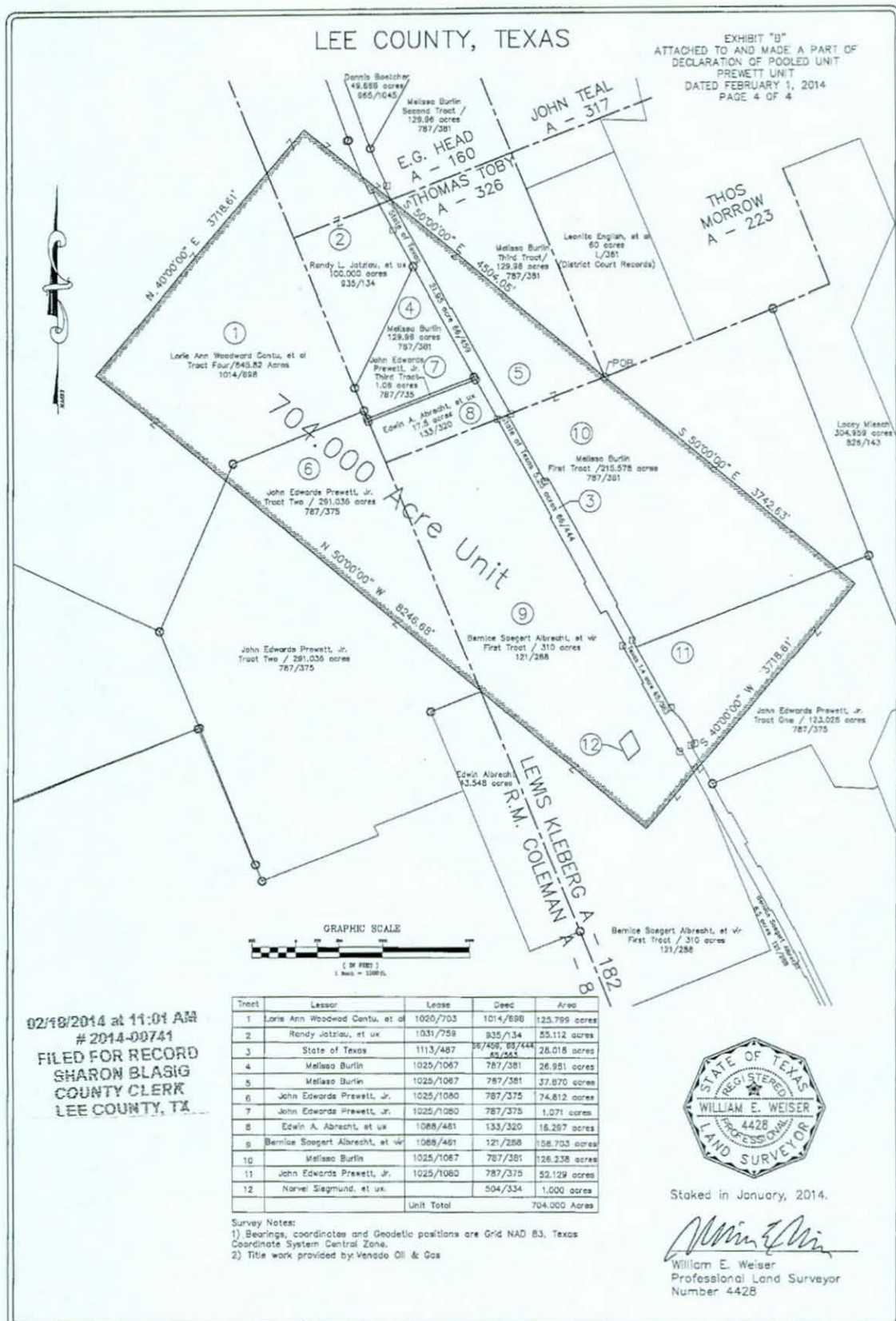


A handwritten signature in black ink, appearing to read "William E. Weiser", written over a horizontal line.

William E. Weiser
Professional Land Surveyor
Number 4428
Date of Signature: 01-23-14

LEE COUNTY, TEXAS

EXHIBIT "B"
ATTACHED TO AND MADE A PART OF
DECLARATION OF POOLED UNIT
PREWETT UNIT
DATED FEBRUARY 1, 2014
PAGE 4 OF 4



02/18/2014 at 11:01 AM
#2014-09741
FILED FOR RECORD
SHARON BLASIG
COUNTY CLERK
LEE COUNTY, TX

Tract	Lessor	Lessee	Deed	Area
1	Lorie Ann Woodward Cantu, et al	1020/703	1014/698	123,799 acres
2	Randy Jatzlau, et ux	1031/759	935/734	83,112 acres
3	State of Texas	1113/487	26/466, 85/744	26,018 acres
4	Melissa Burlin	1025/1067	787/381	26,951 acres
5	Melissa Burlin	1025/1067	787/381	37,870 acres
6	John Edwards Prewett, Jr.	1025/1080	787/375	74,812 acres
7	John Edwards Prewett, Jr.	1025/1080	787/375	1,071 acres
8	Edwin A. Abrecht, et ux	1068/481	133/320	18,287 acres
9	Bernice Soegert Abrecht, et ux	1068/481	121/288	158,703 acres
10	Melissa Burlin	1025/1067	787/381	126,338 acres
11	John Edwards Prewett, Jr.	1025/1080	787/375	52,129 acres
12	Narvel Siegmund, et ux		504/334	1,000 acres
Unit Total				704,000 Acres

Survey Notes:
1) Bearings, coordinates and Geodetic positions are Grid NAD 83, Texas
Coordinate System Central Zone.
2) Title work provided by Venado Oil & Gas



Staked in January, 2014.

William E. Weiser
William E. Weiser
Professional Land Surveyor
Number 4428

Venado Oil & Gas

PREWETT Unit

704,000 Acre Unit

Prepared By Weiser Becker Surveyors, P. C.
P.O. Box 706 Giddings, Texas 78942 979-542-4444

Drawn By: STW

Date: 08-22-13

Scale: 1"= 1000'

Book 516

Revised: 01/23/14

Rev.

Dwg # 6150 Unit.dwg

W.O. # 6150

9.

File No. MF-114853
Unit #6790 Designation

Date Filed: 4-2-14
Jerry E. Patterson, Commissioner

By W



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

August 24, 2015

Zak Z. Coppinger
Venado Oil & Gas, LLC
12600 Hill Country Blvd.
Building R, Suite 250
Austin, TX 78738

Re: State Lease No. MF114853 Prewett Unit

Dear Mr. Coppinger:

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

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

MF114853

**DIVISION ORDER**

To: Venado Oil & Gas, LLC
 Attn: Division Order Processing
 12600 Hill Country Blvd
 Bldg R, Suite 250
 Austin, TX 78738
 512/7359000

Date: May 07, 2014
 Effective Date: February 1, 2014

The undersigned severally and not jointly certifies it is the legal owner of the interest set out below of all the oil, gas, condensate, casinghead gas and other hydrocarbons produced from the property described below:

Owner Name/Address

General Land Office of the
 State of Texas
 1700 North Congress
 Austin TX 78701

Owner: TEX0009
 Tax Id:

PROPERTY	PROPERTY NAME	COUNTY/PARISH	ST	LEGAL DESCRIPTION	REVENUE INTEREST	INT TYPE	PROD
100028-0000	Prewett Unit (NT-K-03) OPERATOR: Venado Oil & Gas, LLC	LEE	TX	704 acre Unit as described in Dec.of Pooled Unit, Vol. 1130 Pg 564	0.00895461	RI	ALL

THIS AGREEMENT DOES NOT AMEND ANY LEASE OR OPERATING AGREEMENT BETWEEN THE INTEREST OWNERS AND THE LESSEE OR OPERATOR OR ANY OTHER CONTRACTS FOR THE PURCHASE OF OIL OR GAS.

The following provisions apply to each interest owner ("owner") who executes this agreement:

The undersigned will be paid in accordance with the division of interests set out above. The payor shall pay all parties at the price agreed to by the operator for oil, gas, condensate, casinghead gas and other hydrocarbons to be sold pursuant to this division order. Purchaser shall compute quantity and make corrections for gravity and temperature and make deductions for impurities.

From the effective date, payment is to be made monthly by payor's check, based on this division of interest for oil during the preceding calendar month from the property listed above, less taxes required by law to be deducted and remitted by payor as purchaser. Payments of less than \$100 may be accrued before disbursement until the total amount equals \$100 or more, or until 12 months proceeds accumulate, whichever occurs first. Payee agrees to refund to payor any amounts attributable to an interest or part of an interest that payee does not own.

The owner agrees to indemnify and hold payor harmless from all liability resulting from payments made to the owner in accordance with such division of interest, including but not limited to attorney fees or judgments in connection with any suit that affects the owner's interest to which payor is made a party.

In the event of a claim or dispute that affects title to the division of interest credited herein, payor is authorized to withhold payments accruing to such interest, without interest unless otherwise required by applicable statute, until the claim or dispute is settled.

The owner agrees to notify payor in writing of any change in the division of interest, including changes of interest contingent on payment of money or expiration of time.

In addition to the legal rights provided by the terms and provisions of this division order, an owner may have certain statutory rights under the laws of this state.

IMPORTANT: TO AVOID DELAY IN PAYMENT, YOUR SOCIAL SECURITY NUMBER OR TAX IDENTIFICATION NUMBER MUST BE SHOWN BELOW. FAILURE TO FURNISH YOUR SOCIAL SECURITY OR TAX IDENTIFICATION NUMBER WILL RESULT IN 35% WITHHOLDING TAX IN ACCORDANCE WITH FEDERAL LAW AND ANY TAX WITHHELD WILL NOT BE REFUNDABLE BY PAYOR. BE SURE YOUR CORRECT ADDRESS IS SHOWN.

OWNERS SIGN HERE

TAX ID/SOCIAL SECURITY NO.

Daytime phone: _____ Email: _____

Fax: _____

INTEREST/FUNDS RELEASED FOR PAYMENT BY _____ DATE: _____ VERIFIED BY: _____ DATE: _____

File No. MF 114853Division OrderDate Filed: 8-24-2015

Jerry E. Patterson, Commissioner

By VH

2.10.14