

MF115341

<i>State Lease</i>	<i>Control</i>	<i>Base File</i>	<i>County</i>
MF115341	07-110057	143591	REEVES

<i>Survey</i>	T & P RY CO	
<i>Block</i>	55	
<i>Block Name</i>		
<i>Township</i>	5-S	
<i>Section/Tract</i>	16	
<i>Land Part</i>	ALL	
<i>Part Description</i>		
<i>Acres</i>	640	
<i>Depth Below</i>	<i>Depth Above</i>	<i>Depth Other</i>
<i>Name</i>	EOG RESOURCES, INC.	
<i>Lease Date</i>	4/29/2013	
<i>Primary Term</i>	3 yrs	
<i>Bonus (\$)</i>	\$496,000.00	
<i>Rental (\$)</i>	\$0.00	
<i>Lease Royalty</i>	0.1250	

Leasing: 

Analyst: 

Maps: _____

GIS: 

DocuShare: _____



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<u>Scanned SM 7/8/13</u>		

RAL REVIEW SHEET

Transaction # 7777

Geologist:

Lessor: Brackenridge Foundation

Lease Date: 4/29/2013

UL ☐

Lessee: EOG Resources

Gross Acres: 1880

Net Acres: 1880

LEASE DESCRIPTION

County	PIN#	Base File No	Part	Sec.	Block	Twp	Survey	Abst#
REEVES	07-110100	143592	all	24	55	05S	T & P RY CO	5049
REEVES	07-110057	143591	all	16	55	05S	T & P RY CO	5048
REEVES	07-110119	143594	N/2	26	55	05S	T & P RY CO	5051
REEVES	07-110128	143593	S/2 less	26	55	05S	T & P RY CO	5050

TERMS OFFERED

Primary Term: 3 years

Bonus/Acre: \$1,500.00

Rental/Acre: \$25.00

Royalty: 1/4

TERMS RECOMMENDED

Primary Term: 3 years

Bonus/Acre: \$1,500.00

Rental/Acre: \$25.00

Royalty: 1/4

COMPARISONS

MF #	Lessee	Date	Term	Bonus/Ac.	Rental/Ac.	Royalty	Distance
MF111080	Stack Enterprises, LLC	4/5/2010	3 years	\$300.00	\$1.00	1/4	Last Lease
Pending	EOG Resources	5-1-13	5 yrs	\$1500.00	\$1.00	1/4	1/2 Mile North

Comments: Rentals will be paid up front so this lease will be paid up. Less 40. ac in N/2 around Denman State 26 #1 well. Also expire MF111080. ** Three leases - one lease per Sec. **

Approved: *DR 5.6.13*

RELINQUISHMENT ACT LEASE APPLICATION

Texas General Land Office

Jerry Patterson, Commissioner

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

DATE: 22-Apr-13

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

Applicant:	EOG Resources	County:	REEVES
Prim. Term:	5 years	Bonus/Acre	\$1,500.00
Royalty:	1/4	Rental/Acre	\$0.00

Consideration

Recommended: RLH Date: 4/30/13

Not Recommended: _____

Comments: Paid Up 2nd & 3rd yr / 4th Yr \$1500.00 per ac pays up 5th Yr

Lease Form

Recommended: RLH Date: 4/30/13

Not Recommended: _____

Comments:

Louis Renaud, Deputy Commissioner

Date: 4-30-13

Recommended: CLR

Not Recommended: _____

Bill Warnick, General Counsel

Date: 5/2/13

Recommended: WFW

Not Recommended: _____

Larry Laine, Chief Clerk

Date: 5/6/13

Approved: ON

Not Approved: _____

Jerry Patterson, Commissioner

Date: 5/8/13

Approved: Jerry E. Patterson

Not Approved: _____

File No. 115341

RAL Sleet

Date Filed: 5/6/13

Jerry E. Patterson, Commissioner

By Git

✓ 1000
P. 0759-0777

The State of Texas



MF115341

Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 29th day of April, 2013, between the State of Texas, acting by and through its agent, THE GEORGE W. BRACKENRIDGE FOUNDATION

1 Riverwalk Place, 700 N. St Mary's Street, Suite 875, San Antonio, Texas 78205
(Give Permanent Address)

said agent herein referred to as the owner of the soil (whether one or more), and EOG RESOURCES, INC.

P.O. Box 2267, Midland, Texas 79702 hereinafter called Lessee.
(Give Permanent Address)

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

Section 16, Block 55, T-5-S, T. & P. RR. Co., A-5048, Reeves County, Texas

containing 640 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Four Hundred Ninety-Six Thousand and 00/100ths
Dollars (\$ 496,000.00)

To the owner of the soil: Four Hundred Ninety-Six Thousand and 00/100ths
Dollars (\$ 496,000.00)

Total bonus consideration: Nine Hundred Ninety-Two Thousand and 00/100ths
Dollars (\$ 992,000.00)

The total bonus consideration paid represents a bonus of One Thousand Five Hundred Fifty and 00/100ths Dollars (\$ 1,550.00) per acre, on 640 net acres.

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



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3. DELAY RENTALS. This is a paid up Lease. See Addendum Paragraph 41. If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the _____

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

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

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

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

(A) OIL. Royalty payable on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also as all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, shall be 25% part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity in the general area where produced and when run, or 2) the highest market price thereof offered or paid in the general area where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is the greater. Lessee agrees that before any gas produced from the leased premises is sold, used or processed in a plant, it will be run free of cost to the royalty owners through an adequate oil and gas separator of conventional type, or other equipment at least as efficient, so that all liquid hydrocarbons recoverable from the gas by such means will be recovered. The requirement that such gas be run through a separator or other equipment may be waived, in writing, by the royalty owners upon such terms and conditions as they prescribe.

(B) NON PROCESSED GAS. Royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (A) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons or other products) shall be 25% part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is the greater; provided that the maximum pressure base in measuring the gas under this lease shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to tests made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

(C) PROCESSED GAS. Royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons shall be 25% part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office. All royalties due herein shall be based on one hundred percent (100%) of the total plant production of residue gas attributable to gas produced from this lease, and on fifty percent (50%), or that percent accruing to Lessee, whichever is the greater, of the total plant production of liquid hydrocarbons attributable to the gas produced from this lease; provided that if liquid hydrocarbons are recovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid hydrocarbons shall be fifty percent (50%) or the highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at arm's length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in the industry), whichever is the greater. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest market price paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area, or 2) the gross price paid or offered for such residue gas (or the weighted average gross selling price for the respective grades of liquid hydrocarbons), whichever is the greater. In no event, however, shall the royalties payable under this paragraph be less than the royalties which would have been due had the gas not been processed.

(D) OTHER PRODUCTS. Royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be "casinghead," "dry," or any other gas, by fractionating, burning or any other processing shall be 25% part of the gross production of such products, or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such market value to be determined as follows: 1) on the basis of the highest market price of each product for the same month in which such product is produced, or 2) on the basis of the average gross sale price of each product for the same month in which such products are produced; whichever is the greater.

5. MINIMUM ROYALTY. During any year after the expiration of the primary term of this lease, if this lease is maintained by production, the royalties paid under this lease in no event shall be less than an amount equal to the total annual delay rental herein provided; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of this lease a sum equal to the total annual rental less the amount of royalties paid during the preceding year. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be Twenty-Five Dollars (\$25.00) per acre.

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

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

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

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

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

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

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

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

11. DRY HOLE/CESSATION OF PRODUCTION DURING PRIMARY TERM. If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if during the primary term hereof and after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall not terminate if on or before the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or pays or tenders the next annual delay rental in the same manner as provided in this lease. If, during the last year of the primary term or within sixty (60) days prior thereto, a dry hole be completed and abandoned, or the production of oil or gas should cease for any cause, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term; and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking

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operations pursuant to Paragraph 13, using the expiration of the primary term as the date of cessation of production under Paragraph 13. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in oil or gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided herein on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in oil or gas well and upon the failure to make such payment, this lease shall ipso facto terminate. If at the expiration of the primary term or any time thereafter a shut-in oil or gas well is located on the leased premises, payments may be made in accordance with the shut-in provisions hereof.

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

32. FORFEITURE. If Lessee shall fail or refuse to make the payment of any sum within thirty days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or if Lessee should refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if Lessee shall knowingly violate any of the material provisions of this lease, or if this lease is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under this lease shall be subject to forfeiture by the

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Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease under the terms of the Relinquishment Act. However, nothing herein shall be construed as waiving the automatic termination of this lease by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto.

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

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

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

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

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

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

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

LESSEE

EOG RESOURCES, INC.

BY: _____

Gary L. Pitts, Vice President and General Manager

Date: April 9, 2013

May

STATE OF TEXAS

BY: _____

Individually and as agent for the State of Texas

Date: _____

STATE OF TEXAS

THE GEORGE W. BRACKENRIDGE FOUNDATION

BY: _____

Victoria B. Rico, Chairman

Individually and as agent for the State of Texas

Date: April May 2, 2013

STATE OF TEXAS

BY: _____

Individually and as agent for the State of Texas

Date: _____

STATE OF TEXAS

BY: _____

Individually and as agent for the State of Texas

Date: _____



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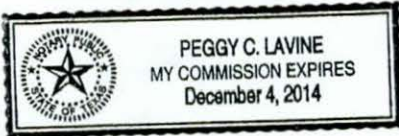
STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF Midland

BEFORE ME, the undersigned authority, on this day personally appeared Gary L. Pitts
known to me to be the person whose name is subscribed to the foregoing instruments as Vice-President and General Manager
of EOG RESOURCES, INC. and acknowledged to me that he
executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this the 8th day of May, 2013.



Peggy C. Lavine
Notary Public in and for TEXAS

STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF BEXAR

BEFORE ME, the undersigned authority, on this day personally appeared VICTORIA B. RICO
known to me to be the person whose name is subscribed to the foregoing instruments as Chairman
of THE GEORGE W. BRACKENRIDGE FOUNDATION and acknowledged to me that he
executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this the 2 day of May, 2013.



Jason Tiemeier
Notary Public in and for TEXAS

STATE OF _____

(INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____

known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the
purposes and consideration therein expressed.

Given under my hand and seal of office this the _____ day of _____, 20____.

Notary Public in and for _____

STATE OF _____

(INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____

known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the
purposes and consideration therein expressed.

Given under my hand and seal of office this the _____ day of _____, 20____.

Notary Public in and for _____

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ADDENDUM

(Attached to and made a part of that certain Oil and Gas Lease dated, April 29, 2013, between The State of Texas, acting by and through its agent, the parties named and appearing on the signature pages of this instrument, as Lessor, and EOG Resources, Inc., covering 640 acres, more or less, in Reeves County, Texas)

40. Conflicts. Notwithstanding anything to the contrary in the foregoing printed form of Oil and Gas Lease, it is agreed and understood that the following provisions shall supplement or modify the foregoing as applicable.
41. Prepaid Delay Rentals. This is a paid up lease and the delay rentals were tendered as a portion of the bonus consideration set forth in Paragraph 1 of the Lease. The delay rentals in the amount of Twenty-Five Dollars (\$25.00) per acre have been pre-paid by the Lessee to perpetuate this lease into the second year of its primary term. Similarly, delay rentals, in the amount of Twenty-Five Dollars (\$25.00), have been pre-paid by Lessee to perpetuate this lease into the final year of its primary term. Lessee has made these payments to perpetuate this lease throughout the primary term, regardless if operations are commenced on the leased premises which would have made the payment of delay rentals unnecessary. Payment of all delay rentals have been paid to owners of the soil and the Commissioner of the General Land Office in the proportionate amounts as reflected in Paragraph 1 of the Lease.
42. Obligations of Lessee to the Owner of the Soil. Lessee agrees that all of the obligations, covenants and duties of Lessee under this lease and in favor of the General Land Office or the Commissioner thereof, shall also extend to the owner of the soil, including, without limitation, the right to receive timely royalties, all reports and records in connection therewith, reports on reserves, all notices of any kind as provided in the lease, and all instruments of record affecting the lease. Further, any rights of the General Land Office or the Commissioner thereof to receive any information in connection with production from or drilling operations on the lands covered by this lease shall also extend to the owner of the soil. Lessee shall simultaneously deliver to the owner of the soil a duplicate copy of any document, correspondence or filings respecting said lands or this lease that lessee delivers to the General Land Office or the Commissioner thereof. Lessee shall make the owner of the soil a party to any proceeding with the School Land Board and send the owner of the soil copies of any applications regarding the pooling of said lands. Lessee shall copy the owner of the soil on any correspondence, permits or filing with the Texas Railroad Commission. Lessor agrees that all of the above data and documentation shall be held in confidence, unless otherwise authorized by Lessee.
43. Retained Acreage and Continuous Development. The introductory sentence to Paragraph 16 is hereby deleted in its entirety and replaced with the following:

“Notwithstanding any of the provisions herein to the contrary, in order to maintain this lease in force and effect after the primary



term as to such of said lands not then ascribed to a producing well or shut-in well pursuant to the provisions of Subparagraph 16 (A) below, Lessee must continuously drill wells on said lands, with no cessation of more than ninety (90) consecutive days between the completion of one well and the commencement of a subsequent well, all to the end that Lessee maintains a continuous development program on said lands after the end of the primary term. Commencement of the first well in the continuous development program shall be on or before the last to occur of (i) the expiration of the primary term, or (ii) ninety (90) days after the date of completion (as hereinafter defined) of the last well commenced on said lands within the primary term. Upon Lessee's failure to continuously drill wells after the primary term in accordance with the above time schedule, the provisions of paragraphs 12 and 13 above shall control the time for commencement of subsequent drilling or reworking operations on any of said lands on which a producing well or shut-in well may then be located and retained by Lessee under the terms of this lease."

Paragraph 16(B) is hereby amended and restated to read as follows:

"In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term, it shall further terminate as to all depths, SAVE and EXCEPT those depths from the surface down to 100 feet below the deepest producing perforations for a vertical well (as reflected on the Railroad Commission Completion Report) or 100 feet below the deepest producing interval for a horizontal well (measured by the True Vertical Depth as reflected on the RRC W-2) (hereinafter the "deeper depths") in each well located on acreage retained in Paragraph 16(A) above, unless on or before two (2) years after the primary or extended term Lessee paid an amount equal to 1/2 of the bonus originally paid as consideration for this lease (as specified on Page 1, hereof). If such amount is paid, this lease shall be in force and effect as to such deeper depths, and said termination shall be delayed for an additional period of two (2) years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths covered by this lease."

The terms and provisions of Paragraphs 12 and 13 above are subject to the provisions of Paragraph 16, as amended by this paragraph.

44. Removal of Equipment. The owner of the soil may dispose of any machinery, fixtures or casing which are not timely removed by Lessee, pursuant to the terms of Paragraph 26, as the owner of the soil sees fit, without liability to Lessee.



45. Royalty Payments. Lessee's obligation to make timely payment of royalty on production of oil or gas to the General Land Office, as set forth in Paragraph 9, including, without limitation, Lessee's obligation to pay any penalties or interest for the delinquent payment of royalties, shall also extend to the owner of the soil.
46. Accounting. Lessee shall keep true, accurate and complete books, records, accounts, contracts and data sufficient to support and to verify calculation of royalty payable and other payments under this lease, and compliance with all terms, covenants and operations of Lessee. The owner of the soil shall have the right at all reasonable times and upon reasonable notice, personally or by representative, to inspect at the office of Lessee, books, accounts, contracts, records and data within the possession or control of Lessee pertaining to the production, transportation or sale of oil or gas produced from said lands, including (without limitation) statements from third parties, which verify price, value or quantity of oil or gas produced on said lands. If the owner of the soil retains an independent auditor on behalf of the owner of the soil, to inspect books, accounts, contracts, records and data within the possession or control of Lessee, and such audit report reflects that the royalties required in the lease have been improperly paid, then Lessee shall pay to the owner of the soil the underpayment plus interest at the statutory rate, along with reimbursement of all fees and costs actually incurred by Lessor in respect to the audit.
47. Additional Lien. The Lessee grants to the owner of the soil a lien and security interest, similar but subordinate to the lien retained by the State of Texas in Paragraph 33, and to the extent each is attributable to the interests of the owner of the soil, in all of: (i) the oil and gas produced from said lands pursuant to this lease; (ii) all proceeds of sale of such oil and gas and all accounts arising therefrom; and (iii) all as extracted collateral (the "Collateral"), to secure Lessee's payment of royalties and compliance with other terms and provisions of this lease. In addition to any other remedies provided in this lease, the owner of the soil, as a secured party, may, in the event that Lessee, as a debtor, defaults in any obligation of Lessee under this lease, proceed under the Texas Uniform Commercial Code (the "Code") as to the Collateral, in any manner permitted by the Code. In the event of default by Lessee, the owner of the soil shall have the right to take Lessee's obligations or to apply it on the amount owing to the owner of the soil hereunder. The Collateral includes the minerals to be financed at the well head of the wells and accounts for the sale thereof.
48. Well Commencement and Completion. A well shall be deemed to be commenced under the terms of this lease on the date the drill bit enters the earth for the drilling of a validly permitted well with a rig capable of reaching the intended objective. Reworking operations are deemed to be all operations designed to secure, restore or improve production by downhole mechanical means or chemical treatment through and at a previously drilled wellbore. A well shall be deemed to be completed under the provisions of this lease on the later of (i) three (3) days after a vertically, diagonally or horizontally drilled well reaches total depth (or length in the case of a horizontal

drainhole) in the event no attempt is made to complete the well as a producer of oil and/or gas by the running of production casing (a dry hole); (ii) thirty (30) days after the date the last string of production casing is cemented in a vertically or diagonally drilled well (as reflected by the cementing affidavit required to be filed with the Railroad Commission of Texas) in the event an attempt is made to complete such well as a producer of oil and/or gas; (iii) thirty (30) days after the date a horizontal drainhole well completed as a producer of oil or gas reaches the total length of its horizontal drainhole(s); or (iv) fifteen (15) days after the end of all fracture stimulation operations; provided, however, that such fracture stimulation operations commence within sixty (60) days after the release of the drilling rig.

49. Surface Operations. With respect to actual operations conducted by Lessee on said lands, it is agreed by and between Lessee and the owner of the soil as follows:

- (a) Lessee shall give the owner of the soil notice at least five (5) days prior to the commencement of all exploration, drilling or pipe line construction operations on said lands, such notice to reflect the approximate date of commencement of the intended operations, the nature of such operations and the approximate location of same. The notice required under this Subparagraph (a), as well as all other notices required to be given to the owner of the soil under the terms of this lease, shall be given or addressed to:

The Brackenridge Foundation
c/o Mr. Randy Boatright
P.O. Box 17962
San Antonio, TX 78217
Telephone: (210) 732-4900
Facsimile: (210) 733-1273
rjboat@flash.net

- (b) Lessee agrees that it will use only such entrances and roadways for entering upon and leaving said lands and such routes, roadways and approaches in going upon, over or about said lands as are designated in writing for its normal lease use by the owner of the soil who agrees, upon request and in consultation with Lessee, to designate a reasonable route for Lessee's purposes consistent with terrain, preservation of improvements and the conduct of the agricultural operations of the owner of the soil and its tenants. Lessee further agrees for itself and for all persons entering or leaving said lands in connection with Lessee's operations hereunder that it shall keep all outside and interior gates along the route or routes designated for Lessee's use securely closed except immediately before and immediately after each separate use, and further agrees that it will promptly repair any gate, fence or other improvement that may suffer damage or injury by reason of Lessee's operations. Lessee further agrees that it will maintain approaches, cattle guards and ranch roadways used in connection with its operations in a good



state of repair and will promptly cause to be repaired and restored any damage thereto occasioned by or resulting from Lessee's operations. In connection with any roads built by Lessee, Lessee agrees to construct such diversion terraces as may be reasonably necessary to prevent soil erosion. As to such existing roads as may be designated for Lessee's use, Lessee shall be responsible for and obligated to maintain such roads in a passable condition for use by Lessee, the owner of the soil and its surface tenant, during the term of this lease.

- (c) Lessee agrees that prior to the construction of any pipeline in connection with the transportation of oil or gas or associated hydrocarbons attributable to production from the lands covered by this lease, Lessee shall coordinate with the owner of the soil to designate a reasonable route for such pipeline for Lessee's purposes consistent with terrain, preservation of improvements and the conduct of the agricultural operations of the owner of the soil and its tenants.
- (d) Lessee will not cut or go over any fence or fences of the owner of the soil in connection with any operations on the said lands without first obtaining the owner of the soil's express consent thereto in writing; however, such consent shall not be unreasonably withheld. If the owner of the soil consents to the cutting of a fence, the cut must be made at the place designated by the owner of the soil and Lessee shall, prior to cutting any fence, brace the existing fence adequately on both sides of the proposed cut so that when the fence is cut there will be no slackening of the wires. If the cut in a fence is an outside fence of the owner of the soil, Lessee agrees to promptly repair the fence so cut to its original condition, or at the owner of the soil's election, Lessee shall install and maintain an adequate metal gate in such opening (which Lessee shall keep locked at all times when not in use) and, if the owner of the soil shall desire, Lessee shall also install and maintain a substantial iron cattle guard capable of turning cattle. If the cut is made in an inside fence, Lessee agrees to install a substantial metal gate or cattle guard, whichever shall be designated by the owner of the soil, in such opening. If no production is found on said lands, such gates and cattle guards may be removed by Lessee and the fence shall be restored to its original condition, but if production is found on said lands, such gates and cattle guards shall not be removed, but shall become the property of the owner of the soil, and shall be maintained by Lessee so long as Lessee may use same. Lessee agrees to promptly close all gates which Lessee, its agents, servants, and/or employees may use in Lessee's operations on said lands to prevent the escape of livestock.
- (e) Lessee agrees to use reasonable care in the conduct of all operations on said lands to prevent injury or damage to livestock, buildings, fences, water wells and all other property and improvements of the owner of the soil situated on said lands. Lessee agrees to pay the owner of the soil in Bexar County, Texas, for the actual damage, if any, resulting to ranch roads, fences, gates, cattle guards, houses, barns, water wells, windmills, tanks and other structures, trees, and improvements

and caused by Lessee's operations or occasioned by reason of such operations; and Lessee further agrees to pay the surface tenant for all actual damages to livestock, grass, crops and other personal property of the tenant resulting from Lessee's operations thereon. Lessee shall restore the surface of said lands to as near its original condition as is reasonably practicable after the completion of each operation conducted hereunder.

- (f) Lessee agrees that each drill site on said lands, including slush pits, derrick, tool house, tanks, separators, treaters and any and all other pertinent well and lease equipment above the surface will be located on or near the pad site, and kept enclosed with a suitable fence promptly after completion of any drilling operations and such fence shall be maintained by Lessee during the period of production resulting from such operations. Drill sites shall not exceed five (5) acres in size. Lessee further agrees that promptly after completion or abandonment of any well drilled on said lands it will clean up the well site and remove from said lands any and all oil spreads, junk material, pieces of iron, pipes, steel and other debris and foreign materials, and will level off all mounds, fill all pits, ruts and other excavations (first allowing sufficient time for the same to dry out) and will remove all deleterious materials and substances that might cause injury to a person or livestock so as to restore the surface, as nearly as may reasonably be done, and seed the abandoned area with a grass to be mutually agreed upon by Lessee and the owner of the soil. Lessee agrees that it will use its best efforts to prevent the escape of salt or other noxious water and will not permit the same to run into any surface water tank, water well, creek, ravine or upon any of said lands nor to penetrate, seep, or flow or to be injected into any subsurface fresh water stratum, but will contain and dispose of the same in keeping with prudent operations and applicable governmental rules and regulations. Lessee agrees that it will use its best efforts to prevent fires on said lands but should any fires result from Lessee's operations, Lessee agrees to use its best efforts to extinguish such fires. Lessee will also use its best efforts to prevent papers, boxes, sacks and other containers and waste materials of any kind from coming on said lands and littering the premises. No oil based drilling fluids or muds shall be circulated to or stored in unlined earthen pits; all such oil based or chemical fluids shall be maintained in mud or frac tanks located at the pad site.
- (g) As to any water well drilled by Lessee on said lands for use in Lessee's operations hereunder, Lessee agrees that the owner of the soil or its tenant may use such excess water as may be available from time to time for ranch operations. At such time as Lessee no longer needs water from the water well for any drilling, completing and/or fracing operations on said land, such well shall be delivered over to the owner of the soil at no cost to the owner of the soil, except for the salvage value of any wellhead equipment or pumps with which such well may be equipped. Lessee may use water from wells drilled by Lessee for ordinary lease operations, but without the express written consent of the owner of the soil first



obtained, Lessee shall not have the right to use any fresh water from said lands for any extraordinary operations, such as, but not limited to, secondary recovery operations. (For the purposes of this Subparagraph (f) the term extraordinary operations shall mean any operations other than drilling, completing, fracing and reworking operations.) Lessee shall not have the right to use water from the owner of the soil's wells, tanks, streams or from any other surface containment for any purpose.

- (h) It is agreed and understood that no employee, representative or contractor of Lessee, or any other person allowed to come upon said lands by Lessee shall be permitted to hunt, fish, swim, camp or picnic on said lands, and no dog, gun, firearm, fishing equipment or other sports paraphernalia will be permitted on the premises. If for sufficient cause shown by the owner of the soil or its tenant that any of Lessee's representatives or employees are or become objectionable to the owner of the soil, the owner of the soil may give written notice thereof to Lessee, and, if Lessee does not voluntarily remove or exclude any such party from said lands within ten (10) days after receipt of said notice, the owner of the soil shall have the right to eject such party from said lands and thereafter prohibit such party from thereafter entering upon said lands. Lessee shall make a good faith effort to see to it that all employees and contractors know of the limitations and responsibilities of Lessee under this lease.
- (i) In the conduct of seismic exploratory operations under this lease, all shot holes will be kept a sufficient distance away from the existing water wells so as not to cause any damage thereto and in no event shall any shot holes be drilled nearer than two hundred feet (200') to any water well without the express written consent of the owner of the soil. In the event any of the water wells shall be damaged or ruined as a result of such exploratory operations, Lessee shall be liable to the well owner for the damages occasioned thereby. Lessee agrees to promptly plug all shot holes, rake and pile all debris and restore the surface of the lands to substantially the same condition as it was before the commencement of such operations, and to construct terraces across any senderos or roads made by Lessee on said lands in such manner as may be necessary to prevent erosion. Lessee will notify the owner of the soil prior to entering said lands in order that any tenants can be notified of such operations and will submit a plat showing the location of any proposed seismic lines and crossings.
- (j) Prior to erecting any storage tanks, pipe lines, compressor stations or other usual lease facilities required by Lessee for producing oil and gas and operating this lease, Lessee shall advise the owner of the soil of Lessee's intentions. The owner of the soil and Lessee will then mutually select the site or sites for locating such equipment and pipe lines, taking into consideration the agricultural operations of the owner of the soil and its tenants, and Lessee's needs in conducting its operations under the terms of this lease in a reasonable manner.



- (k) Lessee shall have no right to use the surface or subsurface of the leased premises for purposes of conducting any operation that benefits, in whole or in part, adjoining lands or leases; all activities and equipment located on the surface of the leased premises shall directly relate to the drilling, completion, production, treatment and marketing of oil and gas produced from the leased premises only, or lands pooled therewith, to the extent such pooling is authorized by the School Land Board and the Commissioner of the General Land Office.

50. Information.

- (a) Production and Engineering. Lessee agrees to furnish the owner of the soil, upon request, a daily drilling report with respect to all wells being drilled on said lands. During Lessee's regular office hours, the owner of the soil shall have access to all information concerning the drilling, coring, testing and completing of all wells, including the driller's log and all electrical logs and surveys, production charts and records, concerning the production and marketing of oil and gas from lease lands. At Lessor's request, Lessee agrees to furnish the owner of the soil with final prints of all driller's logs, electrical logs and surveys obtained in the drilling of all wells on said lands, and copies of all core analysis and test results obtained from all wells. At Lessor's request, copies of all applications and reports filed by Lessee with the Texas Railroad Commission in connection with Lessee's operations hereunder shall also be mailed to the owner of the soil simultaneously with Lessee's mailing of such applications and reports to the Texas Railroad Commission. Lessee also agrees to divulge to the owner of the soil the size of chokes installed on all producing wells on said lands, together with appropriate pressure information to permit the owner of the soil to check the rate of production from all such wells. Such data shall be held in confidence by the owner of the soil, unless otherwise authorized by Lessee.
- (b) Geophysical. With respect to all geophysical data produced by or for Lessee from said lands (exclusive of data licensed by and to Lessee from a third party), Lessee shall immediately upon completion of all geophysical operations and the completion of processing all data obtained, furnish to the owner of the soil a plat reflecting the location of all shot holes or geophysical impulses and a copy of all raw geophysical data obtained from the geophysical survey together with a copy of the migrated or final processed geophysical data (the "Geophysical Data"). All Geophysical Data shall be furnished to the owner of the soil's representative for the owner of the soil's information and advisory purposes only as an accommodation to the owner of the soil. Such data shall be held in confidence by the owner of the soil, unless otherwise authorized by Lessee. The Geophysical Data to which the owner of the soil shall be entitled under the foregoing provisions shall be limited to data generated by or for Lessee across said lands only and shall not extend beyond the boundaries of said lands; and the owner of the soil shall not be entitled to any geophysical data purchased by Lessee from a



third party who may have heretofore acquired geophysical data over and across said lands.

- (c) Reports. Upon Lessor's written request, Lessee shall provide to the owner of the soil copies of all reports, filings or other correspondence to or from the General Land Office respecting said lands or this lease simultaneous with delivery or receipt by Lessee.
51. Title Opinions. Should Lessee have title to said lands, or any portion thereof, examined and have a title opinion(s) rendered, Lessee shall furnish to the owner of the soil c/o Mr. Randy Boatright, P.O. Box 17962, San Antonio, TX 78217, a copy of each such title opinion and any supplements thereto. A copy of each such opinion rendered shall be mailed to the owner of the soil at the above address within thirty (30) days after the date of each opinion. In addition, Lessee shall provide to the owner of the soil at the address above a copy of all prior title opinions and mineral title summaries covering said lands in the possession of Lessee. Lessee shall not be liable in any way for the contents of any such opinion rendered and delivered to the owner of the soil. All title information provided pursuant to this provision shall be held confidential by the owner of the soil.
52. No Warranty. The first sentence in Paragraph 19 is deleted in its entirety and replaced with the following:
- "The lease is made by the owner of the soil without warranty of title, either express, implied or statutory."
53. Counterpart Execution. This lease may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and all of which together shall constitute but one and the same instrument. For recording purposes, the separate signature pages and applicable acknowledgment certificates may be affixed to the body of one of such original counterparts without the necessity of recording the entirety of each separate counterpart.

IN WITNESS WHEREOF, this instrument is executed as of the dates of the acknowledgments appended hereto, but effective on the date first above written by each of the undersigned Individually, as owner of the soil, and as Agent for the State of Texas.

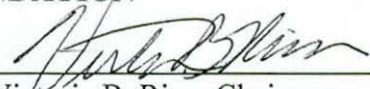
[Signature page follows]



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

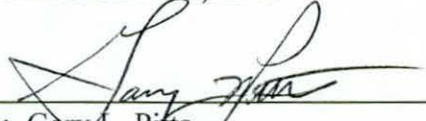
"LESSOR"

**THE GEORGE W. BRACKENRIDGE
FOUNDATION**

By: 
Victoria B. Rico, Chairman

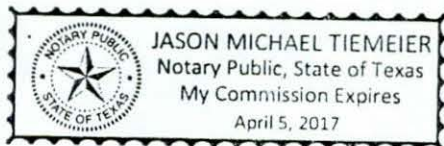
"LESSEE"

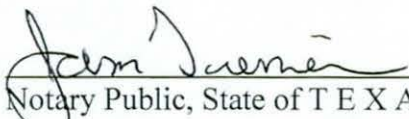
EOG RESOURCES, INC.

By:  
Name: Gary L. Pitts
Title: Vice-President and General Manager

STATE OF TEXAS §
 §
COUNTY OF _____ §

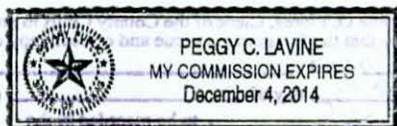
This instrument was acknowledged BEFORE ME on this the 2 day of May, 2013, by the said Victoria B. Rico, Chairman of **THE GEORGE W. BRACKENRIDGE FOUNDATION**.

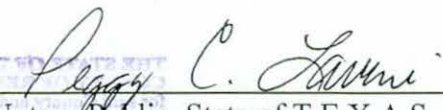



Notary Public, State of T E X A S

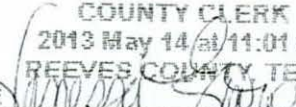
STATE OF TEXAS §
 §
COUNTY OF Midland §

This instrument was acknowledged BEFORE ME on this the 8th day of May, 2013, by the said Gary L. Pitts, Vice-President and General Manager of **EOG RESOURCES, INC.**, on behalf of said Company.




Notary Public, State of T E X A S

4611539.1
True and Correct
copy of
Original filed in
Reeves County
Clerks Office

Inst No. 13-03246
DIANNE O. FLOREZ
COUNTY CLERK
2013 May 14/11:01 AM
REEVES COUNTY, TEXAS
By: VE  DEPUTY

File No. 115341
Leay
Date Filed: 5/16/13
Jerry E. Patterson, Commissioner
By GH

THE STATE OF TEXAS
COUNTY OF REEVES

I, Dianne O. Florez, Clerk of the County Court in and for said County and State do hereby certify that the foregoing is a true and correct copy of Oil Field Gas Lease dated April 29, 2013, filed for record in my office this 14th day of May, 2013 at 1014 M, under Clerk's File No. 1303246, to be recorded in the Official Public Records

Records of Reeves County, Texas.
TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas this 14th day of May, 2013.

By [Signature] Deputy
DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS
50013



EOG Resources, Inc.
P. O. Box 2267
Midland, TX 79702

May 13, 2013

Mineral Leasing Division
Texas General Land Office
1700 North Congress Avenue, Room 600
Austin, Texas 78701-1495

Attention: Mr. Drew Reid

Re: State of Texas Oil and Gas Leases between the State of Texas, acting by and through its agent, The George W. Brackenridge Foundation and between the State of Texas, acting by and through its agent, Jobe Ranch Family Limited Partnership, acting by and through its General Partner, Jobe Ranch Management, LLC, and EOG Resources, Inc. covering various lands in Reeves County, Texas. EOG's Zena Prospect

Gentlemen:

Pursuant to your recent conversations with Brian Levea of this office, enclosed are copies of the executed leases (6 Leases) referenced above and checks as shown on attached list from EOG Resources, Inc. to the State of Texas, Commissioner of General Land Office.

Please furnish us your acceptance letter and the M File number as soon as possible.

Should you have any questions, or need anything further for your approval of these Oil and Gas Leases, please call either Brian Levea at 432/686-3633 or me at 432/686-3731 as soon as possible.

Very truly yours,

EOG RESOURCES, INC.

A handwritten signature in cursive script, appearing to read "Peggy C. Lavine".
Peggy C. Lavine
Land Associate

PCL/pcl
Enclosures
Reid, Drew, Brackenridge and Jobe leases Zena Prospect.docx

List of Attachments to letter dated 5-13-13 to Drew Reid

Leases in Reeves County, Texas	Check No.	Bonus	Rentals
Brackenridge Lease covering Section 16, Block 55, T-5-S, T&P RR Co Survey, 320 net acres	1192115089	\$ 480,000.00	\$ 16,000.00
Brackenridge Lease covering Section 24, Block 55, T-5-S, T&P RR Co Survey, 320 net acres	1192115087	\$ 480,000.00	\$ 16,000.00
Brackenridge Lease covering N/2 Section 26, Block 55, T-5-S, T&P RR Co Survey 300 net acres	1192115091	\$ 450,000.00	\$ 15,000.00
Jobe Ranch Lease covering Sections 26, 30, 34 and 40, Block 55, T-4, T&P RR Co Survey 1,280 net acres	1192115093	\$ 1,920,000.00	
Jobe Ranch Lease covering Sections 22, 34, S/2 of 44, Block 55, T-4 and Section 6, Block 55, T-5, T&P RR Co Survey 1,120 net acres	1192115094	\$ 1,680,000.00	
Jobe Ranch Lease covering Sections 2, 12, S/2 of 18, N/2 of 22, Block 55, T-5 and the NE/4 of 2, Block 54, T-5, T&P RR Co Survey 1,040 net acres	1192115095	\$ 1,560,000.00	



EOG Resources, Inc.
P. O. Box 2267
Midland, TX 79702

May 15, 2013

Mineral Leasing Division
Texas General Land Office
1700 North Congress Avenue, Room 600
Austin, Texas 78701-1495

Attention: Mr. Drew Reid

Re: State of Texas Oil and Gas Leases between the State of Texas, acting by and through its agent, The George W. Brackenridge Foundation and between the State of Texas, acting by and through its agent, Jobe Ranch Family Limited Partnership, acting by and through its General Partner, Jobe Ranch Management, LLC, and EOG Resources, Inc. covering various lands in Reeves County, Texas. EOG's Zena Prospect. See attached list.

Gentlemen:

Pursuant to your recent conversations with Brian Levea of this office, enclosed are **Certified Copies** of the executed leases (6 Leases) referenced above from EOG Resources, Inc. to the State of Texas, Commissioner of General Land Office. I will furnish you copies of the recorded leases as soon as they are available.

Please furnish us your acceptance letter. The GLO MF numbers are on each lease.

Should you have any questions, or need anything further for your approval of these Oil and Gas Leases, please call either Brian Levea at 432/686-3633 or me at 432/686-3731 as soon as possible.

Very truly yours,

EOG RESOURCES, INC.


Peggy C. Lavine
Land Associate

PCL/pcl
Enclosures

Reid, Drew, Brackenridge and Jobe leases Zena Prospect Certified Copies .docx

List of Attachments to letter dated 5-13-13 to
Drew Reid

Leases in Reeves County, Texas	Check No.	Bonus	Rentals	GLO Numbers
Brackenridge Lease covering Section 16, Block 55, T-5-S, T&P RR Co Survey, 320 net acres	1192115089	\$ 480,000.00	\$ 16,000.00	MF-115341
Brackenridge Lease covering Section 24, Block 55, T-5-S, T&P RR Co Survey, 320 net acres	1192115087	\$ 480,000.00	\$ 16,000.00	MF-115342
Brackenridge Lease covering N/2 Section 26, Block 55, T-5-S, T&P RR Co Survey 300 net	1192115091	\$ 450,000.00	\$ 15,000.00	MF-115343
Jobe Ranch Lease covering Sections 26, 30, 34 and 40, Block 55, T-4, T&P RR Co Survey 1,280	1192115093	\$ 1,920,000.00		MF-115338
Jobe Ranch Lease covering Sections 22, 34, S/2 of 44, Block 55, T-4 and Section 6, Block 55, T-5, T&P RR Co Survey 1,120 net acres	1192115094	\$ 1,680,000.00		MF-115339
Jobe Ranch Lease covering Sections 2, 12, S/2 of 18, N/2 of 22, Block 55, T-5 and the NE/4 of 2, Block 54, T-5, T&P RR Co Survey 1,040 net	1192115095	\$ 1,560,000.00		MF-115340

EOG Resources, Inc.
P.O. Box 4362
Houston, TX 77210-4362

13710818

CHECK NO. 1192115089

VENDOR NO. 034232

PAGE 1 OF 1

DATE 05/07/13

STATE OF TEXAS
COMMISSIONER OF GENERAL LAND
OFFICE
1700 N CONGRESS
AUSTIN, TX 78701

VOUCHER NO.	INVOICE NO.	INVOICE DATE	DESCRIPTION	NET AMOUNT
161824	MAY0613C	05/06/13	LEASE BONUS <i>Bonus</i>	480,000.00 <i>121</i>
			TOTAL CHECK AMOUNT	USD <i>X</i> 480,000.00

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS.

EOG Resources, Inc.
P.O. Box 4362
Houston, TX 77210-4362

13710818

CHECK NO. 1192115089

VENDOR NO. 034232

PAGE 1 OF 1

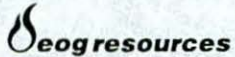
DATE 05/07/13

STATE OF TEXAS
COMMISSIONER OF GENERAL LAND
OFFICE
1700 N CONGRESS
AUSTIN, TX 78701

VOUCHER NO.	INVOICE NO.	INVOICE DATE	DESCRIPTION	NET AMOUNT
161824	MAY0613C	05/06/13	LEASE BONUS	480,000.00
			TOTAL CHECK AMOUNT	USD 480,000.00

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS.

THE FACE OF THIS CHECK IS PRINTED BLUE - THE BACK CONTAINS A SIMULATED WATERMARK



EOG Resources, Inc.
P.O. Box 4362
Houston, TX 77210-4362

VENDOR NO. 034232

13710818

No. 1192115089

05/07/13

Four hundred eighty thousand and 00/100 Dollars

*****\$480,000.00

NOT VALID AFTER 90 DAYS

PAY TO THE
ORDER OF

STATE OF TEXAS
COMMISSIONER OF GENERAL LAND
OFFICE
1700 N CONGRESS
AUSTIN, TX 78701

OPERATIONS ACCOUNT



1192115089

EOG Resources, Inc.
P.O. Box 4362
Houston, TX 77210-4362

13710821

CHECK NO. 1192115088

VENDOR NO. 034232

PAGE 1 OF 1

DATE 05/07/13

STATE OF TEXAS
COMMISSIONER OF GENERAL LAND
OFFICE
1700 N CONGRESS
AUSTIN, TX 78701

VOUCHER NO.	INVOICE NO.	INVOICE DATE	DESCRIPTION	NET AMOUNT
161820	MAY0613B	05/06/13	LEGAL & OTHER <i>Rental</i>	16,000.00 <i>121</i>
TOTAL CHECK AMOUNT				USD <i>X</i> 16,000.00

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS.

EOG Resources, Inc.
P.O. Box 4362
Houston, TX 77210-4362

13710821

CHECK NO. 1192115088

VENDOR NO. 034232

PAGE 1 OF 1

DATE 05/07/13

STATE OF TEXAS
COMMISSIONER OF GENERAL LAND
OFFICE
1700 N CONGRESS
AUSTIN, TX 78701

VOUCHER NO.	INVOICE NO.	INVOICE DATE	DESCRIPTION	NET AMOUNT
161820	MAY0613B	05/06/13	LEGAL & OTHER	16,000.00
TOTAL CHECK AMOUNT				USD 16,000.00

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS.

THE FACE OF THIS CHECK IS PRINTED BLUE - THE BACK CONTAINS A SIMULATED WATERMARK



EOG Resources, Inc.
P.O. Box 4362
Houston, TX 77210-4362

VENDOR NO. 034232

No. 1192115088
05/07/13

Sixteen thousand and 00/100 Dollars

*****\$16,000.00

NOT VALID AFTER 90 DAYS

PAY TO THE
ORDER OF

STATE OF TEXAS
COMMISSIONER OF GENERAL LAND
OFFICE
1700 N CONGRESS
AUSTIN, TX 78701

OPERATIONS ACCOUNT

1192115088

File No. 115341

Conr Lott & P. Bawls & P. Feig

Date Filed: 5/14/13

Jerry E. Patterson, Commissioner

By GH

2013 5 14

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

June 4, 2013

Peggy Lavine
EOG Resources Inc.
PO Box 2267
Midland, Texas 79702

Re: **State Lease MF 115341**

RAL Lease dated April 29, 2013 recorded in Doc. 13-03246, covering 640 ac., Sec. 16, Blk. 55, T-5, T&P Ry Co. Survey, Reeves Co., TX, George Brackenridge Foundation, agent for State of TX, Lessor

Dear Ms. Lavine:

The certified copy of the Relinquishment Act lease covering the above referenced tract has been approved and filed in our records under Mineral File numbers **MF-115341**. **Please refer to this lease number when making payments to the State and in all future correspondence concerning the lease. Failure to include the mineral file number may delay processing of any payments towards the lease.**

There are several contractual and statutory responsibilities for the Lessee which are material provisions of the lease as outlined in the agreement such as Section 10(B) which requires submission of written notice for all drilling, production and related activities. When forms are filed with the Texas Railroad Commission, they are required to be submitted to the General Land Office as well. Examples are W-1, Application to Drill; W-2, Oil Well Completion Report and Log; G-1, Gas Well Completion Report and Log; W-3, Plugging Report; G-5, Gas Well Classification Report; G-10, Gas Well Status Report; W-10, Oil Well Status Report; W-12, Inclination Report; electric logs; directional surveys.

Chapter 52 of the Texas Natural Resources Codes specifies that the surface owner's right to receive a portion of the revenues generated by the lease shall be in lieu of all damages to the soil. Therefore, any payments made for surface use or damages other than the authorized damages set out in the lease form must be shared equally with the state.

Your remittance of **\$496,000.00** has been applied to the State's portion of the cash bonus. However, we are not in receipt of the \$100 processing fee or the \$25 filing fee which we request you submit as soon as possible.

Sincerely yours,

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

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

File No. 115341

4

Final letter

Date Filed: 6/4/13

Jerry E. Patterson, Commissioner

By GH

Drew Reid - Re: EOG Relinquishment Act Leases

From: <Brian_Levea@eogresources.com>
To: "Drew Reid" <Drew.Reid@GLO.TEXAS.GOV>
Date: 5/2/2013 2:56 PM
Subject: Re: EOG Relinquishment Act Leases
CC: <Pat_Tower@eogresources.com>, <Brett_Brasher@eogresources.com>, <Peggy_L...>
Attachments: OGL-GWB-Sec 16.pdf; OGL-GWB-Sec 24.pdf; OGL-GWB-Sec 26.pdf

Same general terms of \$1500 per net acre and a 1/4 royalty. They would only give us a 3 year term and would not allow us a paid up lease. We are paying a \$25 per acre rental up front for years 2 and 3. This amounts to an extra \$94,000.00 to Brackenridge/GLO.

Attached are the leases for review. Let me know what you think.

Brian Levea, RPL
 EOG Resources, Inc.
 P.O. Box 2267
 Midland, Texas 79702
 Phone: (432) 686-3633
 Fax: (432) 686-3773
 E-mail: brian_levea@eogresources.com

C# 523
 T# 7777
 07-110100
 07-110119-N12 110128 9/2
 07-110057

From: "Drew Reid" <Drew.Reid@GLO.TEXAS.GOV>
To: <Brian_Levea@eogresources.com>
Date: 05/02/2013 02:45 PM
Subject: Re: EOG Relinquishment Act Leases

Brain,

Please get me a copy of the lease or leases.
 I have not seen this. I assume (hope) it is the same terms as the Jobe leases.

Drew

>>> <Brian_Levea@eogresources.com> 5/2/2013 2:39 PM >>>
 Bill Chalfant has been working this for us and the approval request may have come through him. Let me know if you have not received anything and I will get you copies.

Brian Levea, RPL
 EOG Resources, Inc.
 P.O. Box 2267

Midland, Texas 79702
Phone: (432) 686-3633
Fax: (432) 686-3773
E-mail: brian_levea@eogresources.com

From: "Drew Reid" <Drew.Reid@GLO.TEXAS.GOV>
To: <Brian_Levea@eogresources.com>,
Date: 05/02/2013 02:38 PM
Subject: Re: EOG Relinquishment Act Leases

Brain,

The four leases covering the below mentioned tracts have all expired.
Also, I do not see any paper for a work up on the Brackenridge tracts.

Drew

>>> <Brian_Levea@eogresources.com> 5/2/2013 1:22 PM >>>
Drew,

EOG is getting ready to take leases on the following tracts of land in Reeves County, Texas:

Section 22, 26, 30, 34, 36, 40 and the S/2 of 44, Block 55, T-4
NE/4 of Section 2, Block 54, T-5
Section 2, 6, 12, S/2 of 18, and the N/2 of Section 22, Block 55, T-5

All of the above tracts were leased by Chesapeake/Shell from the Jobe Ranch until April 29, 2013.
EOG is also getting ready to lease the following tracts of land in Reeves County, Texas:

Sections 16, 24 and 26 (save and except the 40 acre proration unit for the Denman State well), Block 55, T-5

The above was leased by Energen from the Brackenridge foundation until April 5, 2013.

We have diligenced these tracts in every way that we have access to and it appears that the previous leases are no longer in effect. Could you confirm this for me prior to our purchase of the leases?

We do not have any warranty of title in the leases, so we are looking to double check the status before we purchase. We plan to close on the Brackenridge leases tomorrow (Friday, May 3, 2013) and the Jobe leases on Monday, May 6, 2013.

Your help is greatly appreciated.

Brian Levea, RPL
EOG Resources, Inc.
P.O. Box 2267
Midland, Texas 79702
Phone: (432) 686-3633

Fax: (432) 686-3773

E-mail: brian_levea@eogresources.com

File No. 115341

Lease Negotiation Email

Date Filed: 5/2/13

Jerry E. Patterson, Commissioner

By GA



EOG Resources, Inc.
5509 Champions Drive
Midland, Texas 79706
(432) 686-3600

June 19, 2013

Mr. Drew Reid
State of Texas
General Land Office
1700 North Congress Avenue, Room 600
Austin, Texas 78701-1495

Re: GLO Lease Nos. MF 115338, MF 115339 and MF 115340, all from the State of Texas, acting by and through its agent, Jobe Ranch Family Limited Partnership, acting by and through its General Partner, Jobe Ranch Management, LLC to EOG Resources, Inc. dated May 3, 2013 and GLO Lease Nos. MF-115341, MF-115342 and MF-115343 all from the State of Texas, acting by and through its agent, The George W. Brackenridge Foundation to EOG Resources, Inc. dated April 29, 2013

Dear Mr. Reid:

Enclosed for your records are copies of the referenced Leases that have been recorded in the Reeves County, Texas Records as follows:

MF-115338	Volume 1000, Page 0678
MF-115339	Volume 1000, Page 0647
MF-115340	Volume 1000, Page 0709
MF-115341	Volume 1000, Page 0759
MF-115342	Volume 1000, Page 0740
MF-115343	Volume 1000, Page 0778

We have already furnished you copies of the Certified Leases; this is so you will have a copy of each lease that reflects the volume and page. Also enclosed is our Check 1192128450 in the amount of \$750.00 which is processing and filing fees for all the referenced leases.

Mr. Drew Reid
June 19, 2013

Page Two

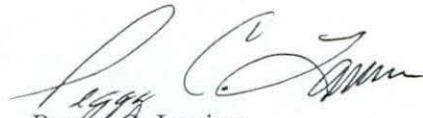
Re: GLO Lease Nos. MF 115338, MF 115339 and MF 115340, all from the State of Texas, acting by and through its agent, Jobe Ranch Family Limited Partnership, acting by and through its General Partner, Jobe Ranch Management, LLC to EOG Resources, Inc. dated May 3, 2013 and GLO Lease Nos. MF-115341, MF-115342 and MF-115343 all from the State of Texas, acting by and through its agent, The George W. Brackenridge Foundation to EOG Resources, Inc. dated April 29,

Should you have any questions, please contact either Brian Levea at 432/686-3633 or me at 432/686-3731 or peggy_lavine@eogresources.com.

Thank you and all your staff for the help you have given to us.

Sincerely,

EOG RESOURCES, INC.



Peggy C. Lavine
Land Associate

PCL
Enclosures

EOG RESOURCES, INC.
P.O. BOX 4362
HOUSTON, TEXAS 77210-4362

13712713

CHECK No. 1192128450

VENDOR No. 034232

06/17/13

PAGE 1 OF 2

2100034 01 SD T 5816 009 -P00034



STATE OF TEXAS
COMMISSIONER OF GENERAL LAND
OFFICE
1700 N CONGRESS
AUSTIN, TX 78701

VOUCHER NO.	INVOICE NO.	INVOICE DATE	DESCRIPTION	NET AMOUNT
301317	JUN1713	06/17/13	89984-89989 MF-115338 MF-115339 MF-115340 MF-115341 MF-115342 MF-115343	750.00 121 \$125.00 to each lease
TOTAL CHECK AMOUNT				USD 750.00

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS.



EOG RESOURCES, INC.
P.O. BOX 4362
HOUSTON, TEXAS 77210-4362

VENDOR No. 034232

13712713
No. 1192128450

06/17/13

\$\$\$\$\$\$\$\$\$\$\$\$750.00

NOT VALID AFTER 90 DAYS

PAY TO THE
ORDER OF

STATE OF TEXAS
COMMISSIONER OF GENERAL LAND
OFFICE
1700 N CONGRESS
AUSTIN, TX 78701

Seven Hundred Fifty and 00/100 Dollars

Alchyl
AUTHORIZED SIGNATURE

OPERATIONS ACCOUNT

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

1192128450

6.

File No. 115341

Chr. Ree's

Date Filed: 6.26.13

Jerry Patterson, Commissioner

By DR