



CAUTION

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Archives and Records Staff

MF115425

DIRL
Lease A to 1/28/22
B to 5/24/22
C to 6/12/22
D to 5/24/22
E to 5/24/22

PSA#00701
INT 14563
INT 14564
INT 14565

Leasing: [Signature]

Analyst: [Signature]

Maps: [Signature]

GIS: UG

DocuShare: _____

State Lease	Control	Base File	County
MF115425	07-108845	142475	REEVES
MF115425	07-108845	142475	REEVES
MF115425	07-108863	142476	REEVES
MF115425	07-108863	142476	REEVES

Survey	T & P RY CO	
Block	57	
Block Name		
Township	2-S	
Section/Tract	12	
Land Part		
Part Description	E2 OF NW4, W2 OF NE4	
Acres	160	
Depth Below	Depth Above	Depth Other
6302, 6333		See Lease
Name	PETROHAWK PROPERTIES LP	
Lease Date	1/28/2013	
Primary Term	5 yrs	
Bonus (\$)	\$120,000.00	
Rental (\$)	\$0.00	
Lease Royalty	0.1250	



CONTENTS OF FILE NO. M- 115425

1 RAL Review Sheet	1/22/13	scanned WM 6.10.2024
2 Lease A	5/21/13	see MF065359 corrected
3 Lease B	6/28/13	assign # 11304
4 Lease C	8/1/13	scanned WM 10.16.2024
5 Lease D	7/16/13	(see MF088676 #130)
6 Lease E	8/1/13	(for PSA#00701)
7 Cover Letter @ Bonus @ Fees	8/1/13	scanned WM 12.3.2024
8 Final Letter	8/27/13	(See MF088364 for iNuts)
scanned LW 11.7.2014		scanned WM 8.26.2025
See #55 in M-88364 for the State LRP Unit # 7199		
scanned PJ 6-23-15		
See #63 in M-88364 for the Amendment to State LRP Unit # 7199		
scanned PJ 12-8-15		
9. Division Order	7-9-18	
scanned PJ 8-30-2018		
10. DRR Bonus & Forms	Lease A 1/21/20	
11. Letter accepting DRR	Lease A 1/21/20	
Scanned sm 01/28/2020		
12. DRR Form & checks	Lease B, D, & E 6/9/20	
13. Letter accepting DRR	Leases B, D, & E 6/9/20	
14. DRR Form & Bonus	Lease C 6/9/20	
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SCANNED JP 6/12/20		
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17. Surface Damages	11-1-22	
scanned PJ 4 NOV 2022		
18. Surface Damages	06/10/2024	

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-Jan-13

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

Applicant:	Petrohawk Prop.	County:	REEVES
Prim. Term:	5 years	Bonus/Acre	\$2,000.00
Royalty:	1/4	Rental/Acre	\$0.00

Consideration

Recommended: [Signature] Date: 1/25/13

Not Recommended: _____

Comments: Paid up 2nd & 3rd Yr / 4th Yr rental is \$2000.00 per ac. And pays up the 5th Yr. Depth restricted to: 1) Below the base of the Cherry Canyon FM for W/2 NE/4. 2) Below 6300 feet for E/2 NW/4.

Lease Form

Recommended: [Signature] Date: 1/25/13

Not Recommended: _____

Comments:

Louis Renaud, Deputy Commissioner Date: 2-13-13

Recommended: [Signature]

Not Recommended: _____

Bill Warnick, General Counsel Date: 2/15/13

Recommended: [Signature]

Not Recommended: _____

Larry Laine, Chief Clerk Date: 2/15/13

Approved: [Signature]

Not Approved: _____

Jerry Patterson, Commissioner Date: 2/20/13

Approved: [Signature]

Not Approved: _____

File No. 115425

RAL Renew Sheet

Date Filed: 1/22/13

Jerry E. Patterson, Commissioner

By Get

115425A

13-03308
FILED FOR RECORD
REEVES COUNTY, TEXAS
May 16, 2013 at 09:18:00 AM

ELS-0116

Notice of Confidentiality Rights: If you are a natural person, you may remove or strike any of the following information from this instrument before it is filed for record in the public records: your social security number or your driver's license number.

General Land Office
Relinquishment Act Lease Form
Revised, September 1997

The State of Texas



Austin, Texas



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

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 28th day of January, 2013, between the State of Texas, acting by and through its agent, LOWE ROYALTY PARTNERS, LP, represented herein by Mary Ralph Lowe, Managing Partner whose mailing address is 4400 POST OAK PARKWAY, SUITE 2550, HOUSTON, TEXAS 77027 said agent herein referred to as the owner of the soil (whether one or more), and PETROHAWK PROPERTIES, LP whose mailing address is 1360 POST OAK BOULEVARD, SUITE 150, HOUSTON, TEXAS 77056 hereinafter called Lessee.

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

TRACT 1: The W/2 of the NE/4 of Section 12, Block 57, Township 2, A-4883, T & P RR Co. Survey, containing 80 acres, more or less, LESS AND EXCEPT all depths from the surface of the earth down to 6,302' below the surface of the earth

TRACT 2: The E/2 of the NW/4 of Section 12, Block 57, Township 2, A-4786, T & P RR Co. Survey, containing 80 acres, more or less, LESS AND EXCEPT all depths from the surface of the earth down to 6,333' below the surface of the earth

FOR ADDITIONAL TERMS AND PROVISIONS, SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

containing 160.000 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: ONE HUNDRED EIGHT THOUSAND DOLLARS AND 00/100
Dollars (\$108,000.00)

To the owner of the soil: ONE HUNDRED EIGHT THOUSAND DOLLARS AND 00/100
Dollars (\$108,000.00)

Total bonus consideration: TWO HUNDRED SIXTEEN THOUSAND DOLLARS AND 00/100
Dollars (\$216,000.00)

The total bonus consideration paid represents a bonus of TWO THOUSAND DOLLARS AND 00/100

Dollars (\$2,000.00) per acre, on 108.000 net acres.

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

3. DELAY RENTALS. If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the Bank, at PAY DIRECTLY TO OWNER OF THE SOIL, 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:

0.000.00



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To the owner of the soil: _____

Dollars (\$ _____)

To the State of Texas: REFER TO ADDENDUM PARAGRAPH 40 (THIS IS A PAID UP LEASE)

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 1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be 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 1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is the greater; provided that the maximum pressure base in measuring the gas under this lease shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to tests made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

(C) PROCESSED GAS. Royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons shall be 1/4 part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office. All royalties due herein shall be based on one hundred percent (100%) of the total plant production of residue gas attributable to gas produced from this lease, and on fifty percent (50%), or that percent accruing to Lessee, whichever is the greater, of the total plant production of liquid hydrocarbons attributable to the gas produced from this lease; provided that if liquid hydrocarbons are recovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid hydrocarbons shall be fifty percent (50%) or the highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at arm's length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in the industry), whichever is the greater. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest market price paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area, or 2) the gross price paid or offered for such residue gas (or the weighted average gross selling price for the respective grades of liquid hydrocarbons), whichever is the greater. In no event, however, shall the royalties payable under this paragraph be less than the royalties which would have been due had the gas not been processed.

(D) OTHER PRODUCTS. Royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be "casinghead," "dry," or any other gas, by fractionating, burning or any other processing shall be 1/4 part of the gross production of such products, or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such market value to be determined as follows: 1) on the basis of the highest market price of each product for the same month in which such product is produced, or 2) on the basis of the average gross sale price of each product for the same month in which such products are produced; whichever is the greater.

5. MINIMUM ROYALTY. During any year after the expiration of the primary term of this lease, if this lease is maintained by production, the royalties paid under this lease in no event shall be less than an amount equal to the total annual delay rental herein provided; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of this lease a sum equal to the total annual rental less the amount of royalties paid during the preceding year. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre.

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



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Clerks Office

07.11.20

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

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

(B) HORIZONTAL. In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (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.

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

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

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

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

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

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

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

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

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

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

25. POLLUTION. In developing this area, Lessee shall use the highest degree of care and all proper safeguards to prevent pollution. Without limiting the foregoing, pollution of coastal wetlands, natural waterways, rivers and impounded water shall be prevented by the use of containment facilities sufficient to prevent spillage, seepage or ground water contamination. In the event of pollution, Lessee shall use all means at its disposal to recapture all escaped hydrocarbons or other pollutant and shall be responsible for all damage to public and private properties. Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries so as to protect livestock against loss, damage or injury; and upon completion or abandonment of any well or wells, Lessee shall fill and level all slush pits and cellars and completely clean up the drilling site of all rubbish

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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 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

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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.

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.

ADDENDUM PROVISIONS - #40, 41 AND 42

40. DELAY RENTALS. As stipulated in Paragraph #3 of this lease, the rentals for this lease have been PAID-UP for the second (2nd) and third (3rd) years of the primary term hereof. Lessee or its assigns shall have the right to keep this lease in force and effect for the fourth (4th) and fifth (5th) years of the primary term provided for herein by tendering a payment of two thousand dollars (\$2000.00) per net acre, such payment to be divided equally between the State of Texas and the owner of the soil and made prior to January 28, 2016, as to any acreage covered hereby and not otherwise being maintained by any other provision herein at such time.

41. If, at the expiration of the primary term, this lease is being maintained in force under any provision of the lease, or within 180 days prior to the expiration of the primary term Lessee has completed a well as a dry hole or commenced a well on the leased premises or lands pooled therewith, or Lessee is then engaged in operations on the leased premises or lands pooled therewith, Lessee agrees to begin a continuous drilling program within 180 days after the end of the primary term or within 180 days after completion of such well or the cessation of such operations, whichever is the later date; and thereafter to carry on the continuous drilling program on the leased premises or lands pooled therewith until all proration units have been drilled, allowing not more than 180 days to elapse between the completion of one well and the commencement of the succeeding well. Should Lessee fail to begin the continuous drilling program or subsequently default in the performance thereof, then in either event, this lease shall terminate as to all lands covered hereby, save and except for the proration unit surrounding each well then producing, capable of producing or upon which operations are being conducted, limited, respectively, to those depths from the surface down to the stratigraphic equivalent of the depth 100 feet below the base of the deepest penetrated formation. As used in this paragraph: i) the term "commission" means the Railroad Commission of the State of Texas or any successor agency, ii) the term "proration unit" means any acreage designated as a drilling unit or production unit in accordance with the rules of the commission (or any other governmental authority having jurisdiction) or any unit formed by pooling as provided in this lease or otherwise, iii) the terms "commenced" and "commencement" mean the date when a well is spudded, and iv) the terms "completed" and "completion" mean the date the initial potential test report is filed with the commission, if a productive well, or the date the plugging report is filed with the commission, if a dry hole, in either event no later than 60 days after the drilling rig has been released. Notwithstanding the partial termination of this lease, Lessee shall continue to have the rights of ingress and egress across all of the leased premises to and from lands that remain subject to this lease, or lands pooled therewith, for the purposes described in paragraph 1 hereof, together with easements and rights of way for roads, pipelines, flowlines and other facilities on or across all of the leased premises for the exploration, development, production, gathering or transportation of oil, gas and other products from the lands still subject to this lease or lands pooled therewith. The sole liability or penalty for the failure of Lessee to drill any well or wells required or permitted by this lease shall be the termination or partial termination of Lessee's rights under the lease as provided above.

42. Lessor does not warrant title to the leased premises, except that the Lessor warrants title to every person claiming by, through or under the Lessor, but not otherwise.



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

21705

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

STATE OF TEXAS

LOWE ROYALTY PARTNERS, LP

LESSEE: PETROHAWK PROPERTIES, LP

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

Mary Ralph Lowe

BY: MARY RALPH LOWE
Managing Partner and as Agent for the State of Texas

John W. Walsh
BY: John W. Walsh, Attorney-in-Fact

Date: JANUARY 28, 2013

Date: FEBRUARY 25, 2013

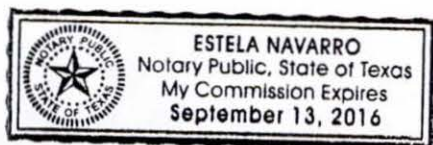
STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF HARRIS

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

Given under my hand and seal of office this the 25th day of February, 2013.



Estela Navarro
Notary Public in and for Texas

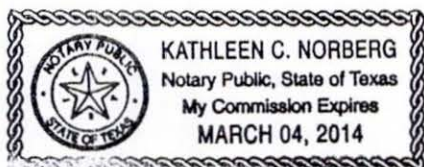
STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF HARRIS

BEFORE ME, the undersigned authority, on this day personally appeared Mary Ralph Lowe, known to me to be the person whose name is
subscribed to the foregoing instrument as Managing Partner of LOWE ROYALTY PARTNERS, LP, and acknowledged to me that she 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 28th day of JANUARY, 2013.



Kathleen C. Norberg
Notary Public in and for THE STATE OF TEXAS



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

2103

EXHIBIT "A"

Attached to and made a part of that certain Oil and Gas Lease
dated effective January 28, 2013 as entered into
by and between Lowe Royalty Partners, LP and Petrohawk Properties, LP.

GEOLOGICAL REQUIREMENTS

Please furnish the following information to the addresses as indicated below:

**WELL & GEOLOGICAL
INFORMATION TO:**

Maralo, LLC
Attn: Daniel Stephens
4400 Post Oak Parkway
Suite 2550
Houston, Texas 77027
713-622-5420 ext. 214
dstephens@maralo.com

**REGULATORY DATA
AND FORMS TO:**

Maralo, LLC
Attn: Kathy Norberg
4400 Post Oak Parkway
Suite 2550
Houston, Texas 77027
713-622-5420 ext. 207
knorberg@maralo.com

**LAND INFORMATION
and AGREEMENTS**

TO:
Maralo, LLC
Attn: Kathy Norberg
4400 Post Oak Parkway
Suite 2550
Houston, Texas 77027
713-622-5420 ext. 207
knorberg@maralo.com

**DIVISION ORDER AND
TITLE DOCUMENTS**

TO:
Maralo, LLC
Attn: Kathy Norberg
4400 Post Oak Parkway
Suite 2550
Houston, Texas 77027
713-622-5420 ext. 207
knorberg@maralo.com

Required Data: (One Copy Each)

1. All regulatory body forms
2. Daily and final mud logs (daily logs can be faxed to (713)960-1672 or emailed to dstephens@maralo.com)
3. Field and final prints and LAS format floppy disc of all open hole logs and any other logs
4. Test and treatment reports
5. Copy of Title Opinion(s)
6. Leases, LPR's, Unit/Com Agreements, etc

Daily Requirements:

	<u>When</u>	<u>To</u>
DRILLING REPORT via E-MAIL	Daily by 9:00 a.m.	knorberg@maralo.com and dstephens@maralo.com

Other Requirements:

1. Open Hole Log Delivery:
Email .LAS file to dstephens@maralo.com and dgreen@maralo.com.
2. Monthly production and sales reports should be sent to Kathy Norberg at 4400 Post Oak Parkway, Suite 2550, Houston, Texas 77027 or emailed to knorberg@maralo.com.
3. All land related information/documents should be sent to Kathy Norberg at 4400 Post Oak Parkway, Suite 2550, Houston, Texas 77027 or e-mailed to knorberg@maralo.com.
4. All title opinions, including division order title opinions, should be sent to Kathy Norberg at 4400 Post Oak Parkway, Suite 2550, Houston, Texas 77027 or e-mailed to knorberg@maralo.com.



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21.10.9

SEISMIC REQUIREMENTS

Should you or your contractor conduct seismic operations on the leased premises the following shall apply:

1. Lessor does not warrant title to the leased premises, except by, through or under Lessor and Lessee will be solely responsible for all of its operations hereunder. In connection therewith, Lessee shall pay Lessor for and indemnify and hold Lessor harmless against any and all loss, damage, liability, cost or expense, including fines, penalties, and reasonable attorney's fees, on account of injuries to or death of persons, damage to property of any kind, pollution or other damage to the environment or the violation of any law, rule or regulation, arising wholly or partially out of or in connection with or resulting from the exercise of any of the rights granted herein or any action hereunder by Lessee its agents, employees, contractors, subcontractors or other representatives, and in the event of any suit or other proceeding against Lessor on account thereof, Lessee shall, at Lessor's request, appear and defend same, and Lessee shall pay any assessment or judgment which may be rendered against Lessor therein.
2. Lessee will notify Lessor when and where operations are to begin.
3. Lessee will provide evidence of adequate insurance.
4. Lessor has the right to approve the contractor and subcontractors.

If Lessor owns the surface of the leased premises Lessee will restore the leased premises to its former condition insofar as reasonable. Every effort will be made by contractor to minimize damages.



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Inst No. 13-03308
DIANNE O. FLOREZ
COUNTY CLERK

2013 May 16 at 09:18 AM

REEVES COUNTY, TEXAS

By: AC Aurora Calanchi, DEPUTY

01739

File No. 115425
Lease 1A
Date Filed: 5/21/13
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 Dillon's Lease dated January 28, 2013, filed for record in my office this 16th day of May 2013 at 9:18 A.M. under Clerk's File No. 13-03308, 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 16th day of May, 2013.
By Aurora Calanchi Deputy. DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

2013

115425 B

Notice of Confidentiality Rights: If you are a natural person, you may remove or strike any of the following information from this instrument before it is filed for record in the public records: your social security number or your driver's license number.

ELS-01168

General Land Office
Relinquishment Act Lease Form
Revised, September 1997

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 24th day of May, 2013, between the State of Texas, acting by and through its agent, JULIA LUCINDA C. RAMAN, a single woman, dealing herein with her separate property whose address is 3205B TWINBERRY COVE, AUSTIN, TEXAS 78746 said agent herein referred to as the owner of the soil (whether one or more), and PETROHAWK PROPERTIES, LP whose address is POST OFFICE BOX 22719, HOUSTON, TEXAS 77027-9998 hereinafter called Lessee.

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

The W/2 of the NE/4 of Section 12, Block 57, Township 2, A-4883, T&P RR Co. Survey, Reeves County, Texas, containing 80.00 acres, more or less, **LESS AND EXCEPT** all depths from the surface of the earth down to 6,302' beneath the surface of the earth

All depths from 6,303' beneath the surface of the earth and below being leased herein.

The E/2 of the NW/4 of Section 12, Block 57, Township 2, A-4786, T&P RR Co. Survey, Reeves County, Texas, containing 80.00 acres, more or less, **LESS AND EXCEPT** all depths from the surface of the earth down to 6,333' beneath the surface of the earth

All depths from 6,334' beneath the surface of the earth and below being leased herein.

containing 160.000 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: FOUR THOUSAND DOLLARS AND 00/100
Dollars (\$4,000.00)

To the owner of the soil: FOUR THOUSAND DOLLARS AND 00/100
Dollars (\$4,000.00)

Total bonus consideration: EIGHT THOUSAND DOLLARS AND 00/100
Dollars (\$8,000.00)

The total bonus consideration paid represents a bonus of TWO THOUSAND DOLLARS AND 00/100
Dollars (\$2000.00) per acre, on 4.00 net acres.

21000



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

3. **DELAY RENTALS.** If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the _____ Bank, at _____ PAY DIRECTLY TO OWNER OF THE SOIL, 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: REFER TO ADDENDUM PARAGRAPH 40 (THIS IS A PAID UP LEASE)
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 1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be 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 1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is the greater; provided that the maximum pressure base in measuring the gas under this lease shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to tests made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

(C) **PROCESSED GAS.** Royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons shall be 1/4 part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office. All royalties due herein shall be based on one hundred percent (100%) of the total plant production of residue gas attributable to gas produced from this lease, and on fifty percent (50%), or that percent accruing to Lessee, whichever is the greater, of the total plant production of liquid hydrocarbons attributable to the gas produced from this lease; provided that if liquid hydrocarbons are recovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid hydrocarbons shall be fifty percent (50%) or the highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at arm's length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in the industry), whichever is the greater. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest market price paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area, or 2) the gross price paid or offered for such residue gas (or the weighted average gross selling price for the respective grades of liquid hydrocarbons), whichever is the greater. In no event, however, shall the royalties payable under this paragraph be less than the royalties which would have been due had the gas not been processed.

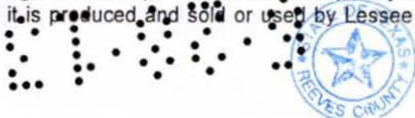
(D) **OTHER PRODUCTS.** Royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be "casinghead," "dry," or any other gas, by fractionating, burning or any other processing shall be 1/4 part of the gross production of such products, or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such market value to be determined as follows: 1) on the basis of the highest market price of each product for the same month in which such product is produced, or 2) on the basis of the average gross sale price of each product for the same month in which such products are produced; whichever is the greater.

5. **MINIMUM ROYALTY.** During any year after the expiration of the primary term of this lease, if this lease is maintained by production, the royalties paid under this lease in no event shall be less than an amount equal to the total annual delay rental herein provided; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of this lease a sum equal to the total annual rental less the amount of royalties paid during the preceding year. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre.

6. **ROYALTY IN KIND.** Notwithstanding any other provision in this lease, at any time or from time to time, the owner of the soil or the Commissioner of the General Land Office may, at the option of either, upon not less than sixty (60) days notice to the holder of the lease, require that the payment of any royalties accruing to such royalty owner under this lease be made in kind. The owner of the soil'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.



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

(B) HORIZONTAL. In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (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.

(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.

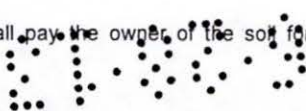
19. WARRANTY CLAUSE. The owner of the soil warrants and agrees to defend title to the leased premises. If the owner of the soil defaults in payments owed on the leased premises, then Lessee may redeem the rights of the owner of the soil in the leased premises by paying any mortgage, taxes or other liens 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.



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

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

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

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

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

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

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

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

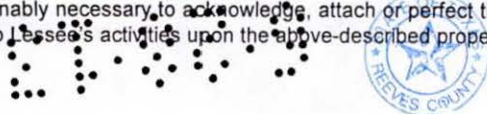
29. FILING OF ASSIGNMENTS AND RELEASES. If all or any part of this lease is assigned or released, such assignment or release must be recorded in the county where the land is situated, and the recorded instrument, or a copy of the recorded instrument certified by the County Clerk of the county in which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

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

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

32. FORFEITURE. If Lessee shall fail or refuse to make the payment of any sum within thirty days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or if Lessee should refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if Lessee shall knowingly violate any of the material provisions of this lease, or if this lease is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under this lease shall be subject to forfeiture by the Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease under the terms of the Relinquishment Act. However, nothing herein shall be construed as waiving the automatic termination of this lease by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto.

33. LIEN. In accordance with Texas Natural Resources Code 52.136, the State shall have a first lien upon all oil and gas produced from the area covered by this lease to secure payment of all unpaid royalty and other sums of money that may become due under this lease. By acceptance of this lease, Lessee grants the State, in addition to the lien provided by Texas Natural Resources Code 52.136 and any other applicable statutory lien, an express contractual lien on and security interest in all leased minerals in and extracted from the leased premises, all proceeds which may accrue to Lessee from the sale of such leased minerals, whether such proceeds are held by Lessee or by a third party, and all fixtures on and improvements to the leased premises used in connection with the production or processing of such leased minerals in order to secure the payment of all royalties or other amounts due or to become due under this lease and to secure payment of any damages or loss that 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.



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Original filed in
Reeves County
Clerks Office

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.

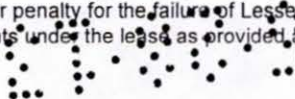
38. EXECUTION. This oil and gas lease must be signed and acknowledged by the Lessee before it is filed of record in the county records and in the General Land Office of the State of Texas. Once the filing requirements found in Paragraph 39 of this lease have been satisfied, the effective date of this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

ADDENDUM PROVISIONS - #40 AND 41

40. DELAY RENTALS. As stipulated in Paragraph #3 of this lease, the rentals for this lease have been PAID-UP for the second (2nd) and third (3rd) years of the primary term hereof. Lessee or its assigns shall have the right to keep this lease in force and effect for the fourth (4th) and fifth (5th) years of the primary term provided for herein by tendering a payment of two thousand dollars (\$2000.00) per net acre, such payment to be divided equally between the State of Texas and the owner of the soil and made prior to May 24, 2016, as to any acreage covered hereby and not otherwise being maintained by any other provision herein at such time.

41. If, at the expiration of the primary term, this lease is being maintained in force under any provision of the lease, or within 180 days prior to the expiration of the primary term Lessee has completed a well as a dry hole or commenced a well on the leased premises or lands pooled therewith, or Lessee is then engaged in operations on the leased premises or lands pooled therewith, Lessee agrees to begin a continuous drilling program within 180 days after the end of the primary term or within 180 days after completion of such well or the cessation of such operations, whichever is the later date; and thereafter to carry on the continuous drilling program on the leased premises or lands pooled therewith until all proration units have been drilled, allowing not more than 180 days to elapse between the completion of one well and the commencement of the succeeding well. Should Lessee fail to begin the continuous drilling program or subsequently default in the performance thereof, then in either event, this lease shall terminate as to all lands covered hereby, save and except for the proration unit surrounding each well then producing, capable of producing or upon which operations are being conducted, limited, respectively, to those depths from the surface down to the stratigraphic equivalent of the depth 100 feet below the base of the deepest penetrated formation. As used in this paragraph: i) the term "commission" means the Railroad Commission of the State of Texas or any successor agency, ii) the term "proration unit" means any acreage designated as a drilling unit or production unit in accordance with the rules of the commission (or any other governmental authority having jurisdiction) or any unit formed by pooling as provided in this lease or otherwise, iii) the terms "commenced" and "commencement" mean the date when a well is spudded, and iv) the terms "completed" and "completion" mean the date the initial potential test report is filed with the commission, if a productive well, or the date the plugging report is filed with the commission, if a dry hole, in either event no later than 60 days after the drilling rig has been released. Notwithstanding the partial termination of this lease, Lessee shall continue to have the rights of ingress and egress across all of the leased premises to and from lands that remain subject to this lease, or lands pooled therewith, for the purposes described in paragraph 1 hereof, together with easements and rights of way for roads, pipelines, flowlines and other facilities on or across all of the leased premises for the exploration, development, production, gathering or transportation of oil, gas and other products from the lands still subject to this lease or lands pooled therewith. The sole liability or penalty for the failure of Lessee to drill any well or wells required or permitted by this lease shall be the termination or partial termination of Lessee's rights under the lease as provided above.



Original filed in
Reeves County
Clerks Office

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

STATE OF TEXAS

LESSEE: PETROHAWK PROPERTIES, LP

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

Julia Lucinda C. Raman

BY: JULIA LUCINDA C. RAMAN
Individually and as Agent for the State of Texas

Date: 6/5/13

John W. Walsh
BY: JOHN W. WALSH
TITLE: Attorney-in-Fact

Date: 6/19/13

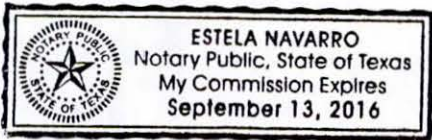
STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF HARRIS

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

Given under my hand and seal of office this the 19th day of June, 2013.



Estela Navarro
Notary Public in and for Texas

STATE OF TEXAS

(ACKNOWLEDGMENT)

COUNTY OF Trauls

BEFORE ME, the undersigned authority, on this day personally appeared JULIA LUCINDA C. RAMAN known to me to be the person whose
name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein
expressed, in the capacity stated, and as her free act and deed.

Given under my hand and seal of office this the 5 day of June, 2013.



Kathy Bernard
Notary Public in and for Texas

Inst No. 13-04427
DIANNE O. FLOREZ
COUNTY CLERK

2013 Jun 24 at 02:17 PM

REEVES COUNTY, TEXAS

By: AC Aurora Calanchi, DEPUTY



File No. 115425
Lease B
Date Filed: 6/28/13
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 & Gas Lease dated May 24, 2013, filed for record in my office this 24th day of June 2013 at 2:17 P.M. under Clerk's File No. 1374427, to be recorded in the Official Public Record Records of Reeves County, Texas.

TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas this 24th day of June, 20 2013

By Mary Clark Deputy, DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

00013

Notice of Confidentiality Rights: If you are a natural person, you may remove or strike any of the following information from this instrument before it is filed for record in the public records: your social security number or your driver's license number.

General Land Office
Relinquishment Act Lease Form
Revised, September 1997

ELS-0116D

MF115425C

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 12th day of June, 2013, between the State of Texas, acting by and through its agent, ESTATE OF ANN CREMIN FIALA, represented herein by Teresa Chouteau Smythe, Independent Executrix whose address is 12922 AVENIDA VAQUERO STREET, HOUSTON, TEXAS 77077 said agent herein referred to as the owner of the soil (whether one or more), and PETROHAWK PROPERTIES, LP whose address is POST OFFICE BOX 22719, HOUSTON, TEXAS 77027-9998 hereinafter called Lessee.

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

The W/2 of the NE/4 of Section 12, Block 57, Township 2, A-4883, T&P RR Co. Survey, Reeves County, Texas, containing 80.00 acres, more or less, **LESS AND EXCEPT** all depths from the surface of the earth down to 6,302' beneath the surface of the earth

All depths from 6,303' beneath the surface of the earth and below being leased herein.

The E/2 of the NW/4 of Section 12, Block 57, Township 2, A-4786, T&P RR Co. Survey, Reeves County, Texas, containing 80.00 acres, more or less, **LESS AND EXCEPT** all depths from the surface of the earth down to 6,333' beneath the surface of the earth

All depths from 6,334' beneath the surface of the earth and below being leased herein.

containing 160.000 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: FOUR THOUSAND DOLLARS AND 00/100

Dollars (\$4,000.00)

To the owner of the soil: FOUR THOUSAND DOLLARS AND 00/100

Dollars (\$4,000.00)

Total bonus consideration: EIGHT THOUSAND DOLLARS AND 00/100

Dollars (\$8,000.00)

The total bonus consideration paid represents a bonus of TWO THOUSAND DOLLARS AND 00/100

Dollars (\$2000.00) per acre, on 4.000 net acres.



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

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

3. **DELAY RENTALS.** If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the _____ Bank, at _____ PAY DIRECTLY TO OWNER OF THE SOIL 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: REFER TO ADDENDUM PARAGRAPH 40 (THIS IS A PAID UP LEASE)
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 1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be 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 1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is the greater; provided that the maximum pressure base in measuring the gas under this lease shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to tests made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

(C) **PROCESSED GAS.** Royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons shall be 1/4 part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office. All royalties due herein shall be based on one hundred percent (100%) of the total plant production of residue gas attributable to gas produced from this lease, and on fifty percent (50%), or that percent accruing to Lessee, whichever is the greater, of the total plant production of liquid hydrocarbons attributable to the gas produced from this lease; provided that if liquid hydrocarbons are recovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid hydrocarbons shall be fifty percent (50%) or the highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at arm's length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in the industry), whichever is the greater. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest market price paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area, or 2) the gross price paid or offered for such residue gas (or the weighted average gross selling price for the respective grades of liquid hydrocarbons), whichever is the greater. In no event, however, shall the royalties payable under this paragraph be less than the royalties which would have been due had the gas not been processed.

(D) **OTHER PRODUCTS.** Royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be "casinghead," "dry," or any other gas, by fractionating, burning or any other processing shall be 1/4 part of the gross production of such products, or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such market value to be determined as follows: 1) on the basis of the highest market price of each product for the same month in which such product is produced, or 2) on the basis of the average gross sale price of each product for the same month in which such products are produced; whichever is the greater.

5. **MINIMUM ROYALTY.** During any year after the expiration of the primary term of this lease, if this lease is maintained by production, the royalties paid under this lease in no event shall be less than an amount equal to the total annual delay rental herein provided; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of this lease a sum equal to the total annual rental less the amount of royalties paid during the preceding year. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre.

6. **ROYALTY IN KIND.** Notwithstanding any other provision in this lease, at any time or from time to time, the owner of the soil or the Commissioner of the General Land Office may, at the option of either, upon not less than sixty (60) days notice to the holder of the lease, require that the payment of any royalties accruing to such royalty owner under this lease be made in kind. The owner of the soil'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.



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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 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

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

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

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

(B) HORIZONTAL. In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (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.

(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.



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

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

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

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

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

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

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

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

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

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

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

32. FORFEITURE. If Lessee shall fail or refuse to make the payment of any sum within thirty days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or if Lessee should refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if Lessee shall knowingly violate any of the material provisions of this lease, or if this lease is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under this lease shall be subject to forfeiture by the Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease under the terms of the Relinquishment Act. However, nothing herein shall be construed as waiving the automatic termination of this lease by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto.

33. LIEN. In accordance with Texas Natural Resources Code 52.136, the State shall have a first lien upon all oil and gas produced from the area covered by this lease to secure payment of all unpaid royalty and other sums of money that may become due under this lease. By acceptance of this lease, Lessee grants the State, in addition to the lien provided by Texas Natural Resources Code 52.136 and any other applicable statutory lien, an express contractual lien on and security interest in all leased minerals in and extracted from the leased premises, all proceeds which may accrue to Lessee from the sale of such leased minerals, whether such proceeds are held by Lessee or by a third party, and all fixtures on and improvements to the leased premises used in connection with the production or processing of such leased minerals in order to secure the payment of all royalties or other amounts due or to become due under this lease and to secure payment of any damages or loss that 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.

Reeves County
Clerks Office

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.

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.

ADDENDUM PROVISIONS - #40 AND 41

40. DELAY RENTALS. As stipulated in Paragraph #3 of this lease, the rentals for this lease have been PAID-UP for the second (2nd) and third (3rd) years of the primary term hereof. Lessee or its assigns shall have the right to keep this lease in force and effect for the fourth (4th) and fifth (5th) years of the primary term provided for herein by tendering a payment of two thousand dollars (\$2000.00) per net acre, such payment to be divided equally between the State of Texas and the owner of the soil and made prior to June 12, 2016, as to any acreage covered hereby and not otherwise being maintained by any other provision herein at such time.

41. If, at the expiration of the primary term, this lease is being maintained in force under any provision of the lease, or within 180 days prior to the expiration of the primary term Lessee has completed a well as a dry hole or commenced a well on the leased premises or lands pooled therewith, or Lessee is then engaged in operations on the leased premises or lands pooled therewith, Lessee agrees to begin a continuous drilling program within 180 days after the end of the primary term or within 180 days after completion of such well or the cessation of such operations, whichever is the later date; and thereafter to carry on the continuous drilling program on the leased premises or lands pooled therewith until all proration units have been drilled, allowing not more than 180 days to elapse between the completion of one well and the commencement of the succeeding well. Should Lessee fail to begin the continuous drilling program or subsequently default in the performance thereof, then in either event, this lease shall terminate as to all lands covered hereby, save and except for the proration unit surrounding each well then producing, capable of producing or upon which operations are being conducted, limited, respectively, to those depths from the surface down to the stratigraphic equivalent of the depth 100 feet below the base of the deepest penetrated formation. As used in this paragraph: i) the term "commission" means the Railroad Commission of the State of Texas or any successor agency, ii) the term "proration unit" means any acreage designated as a drilling unit or production unit in accordance with the rules of the commission (or any other governmental authority having jurisdiction) or any unit formed by pooling as provided in this lease or otherwise, iii) the terms "commenced" and "commencement" mean the date when a well is spudded, and iv) the terms "completed" and "completion" mean the date the initial potential test report is filed with the commission, if a productive well, or the date the plugging report is filed with the commission, if a dry hole, in either event no later than 60 days after the drilling rig has been released. Notwithstanding the partial termination of this lease, Lessee shall continue to have the rights of ingress and egress across all of the leased premises to and from lands that remain subject to this lease, or lands pooled therewith, for the purposes described in paragraph 1 hereof, together with easements and rights of way for roads, pipelines, flowlines and other facilities on or across all of the leased premises for the exploration, development, production, gathering or transportation of oil, gas and other products from the lands still subject to this lease or lands pooled therewith. The sole liability or penalty for the failure of Lessee to drill any well or wells required or permitted by this lease shall be the termination or partial termination of Lessee's rights under the lease as provided above.



Original filed in
Reeves County
Clerks Office

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

STATE OF TEXAS
ESTATE OF ANN CREMIN FIALA

LESSEE: PETROHAWK PROPERTIES, LP
By: P-H Energy, LLC, Its General Partner

Teresa Chouteau Smythe
BY: TERESA CHOUTEAU SMYTHE
As Independent Executrix and as Agent for the State of Texas

John W. Walsh
BY: JOHN W. WALSH
TITLE: Attorney-in-Fact

Date: 6-26-13

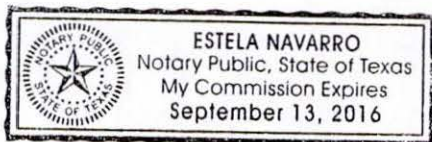
Date: July 23, 2013

STATE OF TEXAS
COUNTY OF HARRIS

(CORPORATION ACKNOWLEDGMENT)

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

Given under my hand and seal of office this the 23rd day of July, 2013.



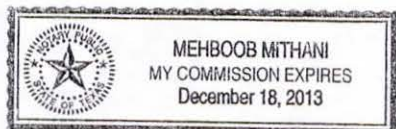
Estela Navarro
Notary Public in and for Texas

STATE OF TEXAS
COUNTY OF HARRIS

(ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared Teresa Chouteau Smythe known to me to be the person whose
name is subscribed to the foregoing instruments as Independent Executrix of the ESTATE OF ANN CREMIN FIALA and acknowledged to me that she
executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of estate.

Given under my hand and seal of office this the 27th day of JUNE, 2013.



Mehboob Mithani
Notary Public in and for TEXAS

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
the record in my office this _____ day of _____, 2013.
My under Clerk's file No. _____, to be recorded in the
Records of Reeves County, Texas.
TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas
this _____ day of _____, 2013.
By: Dianne O. Florez, County Clerk
REEVES COUNTY, TEXAS

Inst No. 13-05323
DIANNE O. FLOREZ
COUNTY CLERK
2013 Jul 25 at 02:50 PM
REEVES COUNTY, TEXAS
By: Amesha Zaidi, DEPUTY
True and Correct
copy of
Original filed in
Reeves County
Clerks Office



File No. 115425

Lease

Date Filed: 8/1/13

Jerry E. Patterson, Commissioner

By GH

511

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 W & G Oil Lease dated June 12, 2013 filed for record in my office this 25th day of June, 2013 at 11:41 a.m. Public Records under Clerk's File No. 13-0532 to be recorded in the

Records of Reeves County, Texas.

DO CERTIFY WHICH Witness my hand and official seal at Pecos, Texas this 25th day of June, 2013.

By Dianne Florez Deputy.

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

115425 D

Notice of Confidentiality Rights: If you are a natural person, you may remove or strike any of the following information from this instrument before it is filed for record in the public records: your social security number or your driver's license number.

ELS-0116A

General Land Office
Relinquishment Act Lease Form
Revised, September 1997

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 24th day of May, 2013, between the State of Texas, acting by and through its agent, WALTER C. CREMIN, III, husband of Cheryl A. Cremin, dealing herein with his separate property whose address is 406 PATTON AVENUE, KERRVILLE, TEXAS 78028 said agent herein referred to as the owner of the soil (whether one or more), and PETROHAWK PROPERTIES, LP whose address is POST OFFICE BOX 22719, HOUSTON, TEXAS 77027-9998 hereinafter called Lessee.

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

The W/2 of the NE/4 of Section 12, Block 57, Township 2, A-4883, T&P RR Co. Survey, Reeves County, Texas, containing 80.00 acres, more or less, **LESS AND EXCEPT** all depths from the surface of the earth down to 6,302' beneath the surface of the earth

All depths from 6,303' beneath the surface of the earth and below being leased herein.

The E/2 of the NW/4 of Section 12, Block 57, Township 2, A-4786, T&P RR Co. Survey, Reeves County, Texas, containing 80.00 acres, more or less, **LESS AND EXCEPT** all depths from the surface of the earth down to 6,333' beneath the surface of the earth

All depths from 6,334' beneath the surface of the earth and below being leased herein.

containing 160.000 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: TWO THOUSAND DOLLARS AND 00/100
Dollars (\$2,000.00)

To the owner of the soil: TWO THOUSAND DOLLARS AND 00/100
Dollars (\$2,000.00)

Total bonus consideration: FOUR THOUSAND DOLLARS AND 00/100
Dollars (\$4,000.00)

The total bonus consideration paid represents a bonus of TWO THOUSAND DOLLARS AND 00/100
Dollars (\$2000.00) per acre, on 2.00 net acres.



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

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

3. **DELAY RENTALS.** If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the _____ Bank, at _____ PAY DIRECTLY TO OWNER OF THE SOIL, 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: REFER TO ADDENDUM PARAGRAPH 40 (THIS IS A PAID UP LEASE)
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 1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be 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 1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is the greater; provided that the maximum pressure base in measuring the gas under this lease shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to tests made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

(C) **PROCESSED GAS.** Royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons shall be 1/4 part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office. All royalties due herein shall be based on one hundred percent (100%) of the total plant production of residue gas attributable to gas produced from this lease, and on fifty percent (50%), or that percent accruing to Lessee, whichever is the greater, of the total plant production of liquid hydrocarbons attributable to the gas produced from this lease; provided that if liquid hydrocarbons are recovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid hydrocarbons shall be fifty percent (50%) or the highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at arm's length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in the industry), whichever is the greater. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest market price paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area, or 2) the gross price paid or offered for such residue gas (or the weighted average gross selling price for the respective grades of liquid hydrocarbons), whichever is the greater. In no event, however, shall the royalties payable under this paragraph be less than the royalties which would have been due had the gas not been processed.

(D) **OTHER PRODUCTS.** Royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be "casinghead," "dry," or any other gas, by fractionating, burning or any other processing shall be 1/4 part of the gross production of such products, or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such market value to be determined as follows: 1) on the basis of the highest market price of each product for the same month in which such product is produced, or 2) on the basis of the average gross sale price of each product for the same month in which such products are produced; whichever is the greater.

5. **MINIMUM ROYALTY.** During any year after the expiration of the primary term of this lease, if this lease is maintained by production, the royalties paid under this lease in no event shall be less than an amount equal to the total annual delay rental herein provided; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of this lease a sum equal to the total annual rental less the amount of royalties paid during the preceding year. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre.

6. **ROYALTY IN KIND.** Notwithstanding any other provision in this lease, at any time or from time to time, the owner of the soil or the Commissioner of the General Land Office may, at the option of either, upon not less than sixty (60) days notice to the holder of the lease, require that the payment of any royalties accruing to such royalty owner under this lease be made in kind. The owner of the soil'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.

Reeves County
Clerks Office

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 logs, 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 hereby expressly provided for. Lessee shall have an electrical and/or radioactivity survey made on the bore-hole section, from the base of the surface casing to the total depth of well, of all wells drilled on the above described premises and shall transmit a true copy of the log of each survey on each well to the General Land Office within fifteen (15) days after the making of said survey.

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

11. DRY HOLE/CESSATION OF PRODUCTION DURING PRIMARY TERM. If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if during the primary term hereof and after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall not terminate if on or before the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or pays or tenders the next annual delay rental in the same manner as provided in this lease. If, during the last year of the primary term or within sixty (60) days prior thereto, a dry hole be completed and abandoned, or the production of oil or gas should cease for any cause, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term; and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking operations pursuant to Paragraph 13, using the expiration of the primary term as the date of cessation of production under Paragraph 13. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in oil or gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided herein on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in oil or gas well and upon the failure to make such payment, this lease shall ipso facto terminate. If at the expiration of the primary term or any time thereafter a shut-in oil or gas well is located on the leased premises, payments may be made in accordance with the shut-in provisions hereof.

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

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

14. SHUT-IN ROYALTIES. For purposes of this paragraph, "well" means any well that has been assigned a well number by the state agency having jurisdiction over the production of oil and gas. If, at any time after the expiration of the primary term of a lease that, until being shut in, was being maintained in force and effect, a well capable of producing oil or gas in paying quantities is located on the leased premises, but oil or gas is not being produced for lack of suitable production facilities or lack of a suitable market, then Lessee may pay as a shut-in oil or gas royalty an amount equal to double the annual rental provided in the lease, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre. To be effective, each initial shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term, (2) 60 days after the Lessee ceases to produce oil or gas from the leased premises, or (3) 60 days after Lessee completes a drilling or reworking operation in accordance with the lease provisions; whichever date is latest. Such payment shall be made one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil. If the shut-in oil or gas royalty is paid, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one year from the end of the primary term, or from the first day of the month following the month in which production ceased, and, after that, if no suitable production facilities or suitable market for the oil or gas exists, Lessee may extend the lease for 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 the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 14 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Texas Natural Resources Code 52.151-52.154, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction. If at any time after the effective date of the partial termination provisions hereof, the applicable field rules are changed or the well or wells located thereon are reclassified so that less acreage is thereafter allocated to said well or wells for production purposes, this lease shall thereupon terminate as to all acreage not thereafter allocated to said well or wells for production purposes. Notwithstanding the termination of this lease as to a portion of the lands covered hereby, Lessee shall nevertheless continue to have the right of ingress to and egress from the lands still subject to this lease for all purposes described in Paragraph 1 hereof, together with easements and rights-of-way for existing roads, existing pipelines and other existing facilities on, over and across all the lands described in Paragraph 1 hereof ("the retained lands"), for access to and from the retained lands and for the gathering or transportation of oil, gas and other minerals produced from the retained lands.

(B) HORIZONTAL. In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (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.

(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.

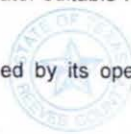
19. WARRANTY CLAUSE. The owner of the soil warrants and agrees to defend title to the leased premises. If the owner of the soil defaults in payments owed on the leased premises, then Lessee may redeem the rights of the owner of the soil in the leased premises by paying any mortgage, taxes or other liens 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.



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

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

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

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

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

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

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

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

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

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

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

32. FORFEITURE. If Lessee shall fail or refuse to make the payment of any sum within thirty days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or if Lessee should refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if Lessee shall knowingly violate any of the material provisions of this lease, or if this lease is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under this lease shall be subject to forfeiture by the Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease under the terms of the Relinquishment Act. However, nothing herein shall be construed as waiving the automatic termination of this lease by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto.

33. LIEN. In accordance with Texas Natural Resources Code 52.136, the State shall have a first lien upon all oil and gas produced from the area covered by this lease to secure payment of all unpaid royalty and other sums of money that may become due under this lease. By acceptance of this lease, Lessee grants the State, in addition to the lien provided by Texas Natural Resources Code 52.136 and any other applicable statutory lien, an express contractual lien on and security interest in all leased minerals in and extracted from the leased premises, all proceeds which may accrue to Lessee from the sale of such leased minerals, whether such proceeds are held by Lessee or by a third party, and all fixtures on and improvements to the leased premises used in connection with the production or processing of such leased minerals in order to secure the payment of all royalties or other amounts due or to become due under this lease and to secure payment of any damages or loss that 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.

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.

ADDENDUM PROVISIONS - #40 AND 41

40. DELAY RENTALS. As stipulated in Paragraph #3 of this lease, the rentals for this lease have been PAID-UP for the second (2nd) and third (3rd) years of the primary term hereof. Lessee or its assigns shall have the right to keep this lease in force and effect for the fourth (4th) and fifth (5th) years of the primary term provided for herein by tendering a payment of two thousand dollars (\$2000.00) per net acre, such payment to be divided equally between the State of Texas and the owner of the soil and made prior to May 24, 2016, as to any acreage covered hereby and not otherwise being maintained by any other provision herein at such time.

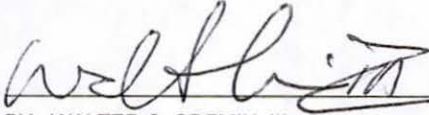
41. If, at the expiration of the primary term, this lease is being maintained in force under any provision of the lease, or within 180 days prior to the expiration of the primary term Lessee has completed a well as a dry hole or commenced a well on the leased premises or lands pooled therewith, or Lessee is then engaged in operations on the leased premises or lands pooled therewith, Lessee agrees to begin a continuous drilling program within 180 days after the end of the primary term or within 180 days after completion of such well or the cessation of such operations, whichever is the later date; and thereafter to carry on the continuous drilling program on the leased premises or lands pooled therewith until all proration units have been drilled, allowing not more than 180 days to elapse between the completion of one well and the commencement of the succeeding well. Should Lessee fail to begin the continuous drilling program or subsequently default in the performance thereof, then in either event, this lease shall terminate as to all lands covered hereby, save and except for the proration unit surrounding each well then producing, capable of producing or upon which operations are being conducted, limited, respectively, to those depths from the surface down to the stratigraphic equivalent of the depth 100 feet below the base of the deepest penetrated formation. As used in this paragraph: i) the term "commission" means the Railroad Commission of the State of Texas or any successor agency, ii) the term "proration unit" means any acreage designated as a drilling unit or production unit in accordance with the rules of the commission (or any other governmental authority having jurisdiction) or any unit formed by pooling as provided in this lease or otherwise, iii) the terms "commenced" and "commencement" mean the date when a well is spudded, and iv) the terms "completed" and "completion" mean the date the initial potential test report is filed with the commission, if a productive well, or the date the plugging report is filed with the commission, if a dry hole, in either event no later than 60 days after the drilling rig has been released. Notwithstanding the partial termination of this lease, Lessee shall continue to have the rights of ingress and egress across all of the leased premises to and from lands that remain subject to this lease, or lands pooled therewith, for the purposes described in paragraph 1 hereof, together with easements and rights of way for roads, pipelines, flowlines and other facilities on or across all of the leased premises for the exploration, development, production, gathering or transportation of oil, gas and other products from the lands still subject to this lease or lands pooled therewith. The sole liability or penalty for the failure of Lessee to drill any well or wells required or permitted by this lease shall be the termination or partial termination of Lessee's rights under the lease as provided above.

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

STATE OF TEXAS

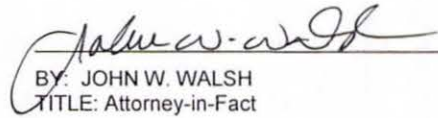
LESSEE: PETROHAWK PROPERTIES, LP

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



BY: WALTER C. CREMIN, III
Individually and as Agent for the State of Texas

Date: 5/29/13

BY: JOHN W. WALSH
TITLE: Attorney-in-Fact

Date: 6/19/13

STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF HARRIS

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

Given under my hand and seal of office this the 19th day of June, 2013.




Notary Public in and for Texas

STATE OF TEXAS

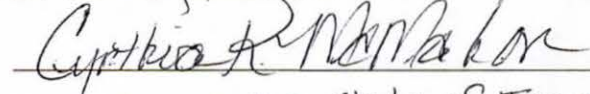
(ACKNOWLEDGMENT)

COUNTY OF Harris

BEFORE ME, the undersigned authority, on this day personally appeared WALTER C. CREMIN, III known to me to be the person whose
name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein
expressed, in the capacity stated, and as his free act and deed.

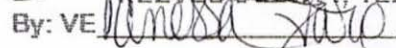
Given under my hand and seal of office this the 29th day of May, 2013.




Notary Public in and for the state of Texas

Inst No. 13-04843
DIANNE O. FLOREZ
COUNTY CLERK

2013 Jul 10 at 02:21 PM
REEVES COUNTY, TEXAS

By:  DEPUTY



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

01017

File No. 115425

Lease D

Date Filed: 7/16/13

Jerry E. Patterson, Commissioner

By GH

Notice of Confidentiality Rights: If you are a natural person, you may remove or strike any of the following information from this instrument before it is filed for record in the public records: your social security number or your driver's license number.

General Land Office
Relinquishment Act Lease Form
Revised, September 1997

ELB-0116C

115425E

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 24th day of May, 2013, between the State of Texas, acting by and through its agent, MARIANNE C. TAYLOR, wife of Wade B. Taylor, dealing herein with her separate property whose address is 1250 COUNTY ROAD 139, HUTTO, TEXAS 78634 said agent herein referred to as the owner of the soil (whether one or more), and PETROHAWK PROPERTIES, LP whose address is POST OFFICE BOX 22719, HOUSTON, TEXAS 77027-9998 hereinafter called Lessee.

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

The W/2 of the NE/4 of Section 12, Block 57, Township 2, A-4883, T&P RR Co. Survey, Reeves County, Texas, containing 80.00 acres, more or less, **LESS AND EXCEPT** all depths from the surface of the earth down to 6,302' beneath the surface of the earth

All depths from 6,303' beneath the surface of the earth and below being leased herein.

The E/2 of the NW/4 of Section 12, Block 57, Township 2, A-4786, T&P RR Co. Survey, Reeves County, Texas, containing 80.00 acres, more or less, **LESS AND EXCEPT** all depths from the surface of the earth down to 6,333' beneath the surface of the earth

All depths from 6,334' beneath the surface of the earth and below being leased herein.

containing 160.000 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: TWO THOUSAND DOLLARS AND 00/100

Dollars (\$2,000.00)

To the owner of the soil: TWO THOUSAND DOLLARS AND 00/100

Dollars (\$2,000.00)

Total bonus consideration: FOUR THOUSAND DOLLARS AND 00/100

Dollars (\$4,000.00)

The total bonus consideration paid represents a bonus of TWO THOUSAND DOLLARS AND 00/100

Dollars (\$2000.00) per acre, on 2.00 net acres.



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

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

3. **DELAY RENTALS.** If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the _____ Bank, at _____ PAY DIRECTLY TO OWNER OF THE SOIL, 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: REFER TO ADDENDUM PARAGRAPH 40 (THIS IS A PAID UP LEASE)
Dollars (\$ _____)

Total Delay Rental: _____
Dollars (\$ _____)



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

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

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

(A) **OIL.** Royalty payable on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also as all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, shall be 1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land 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 1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is the greater; provided that the maximum pressure base in measuring the gas under this lease shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to tests made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

(C) **PROCESSED GAS.** Royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons shall be 1/4 part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office. All royalties due herein shall be based on one hundred percent (100%) of the total plant production of residue gas attributable to gas produced from this lease, and on fifty percent (50%), or that percent accruing to Lessee, whichever is the greater, of the total plant production of liquid hydrocarbons attributable to the gas produced from this lease; provided that if liquid hydrocarbons are recovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid hydrocarbons shall be fifty percent (50%) or the highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at arm's length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in the industry), whichever is the greater. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest market price paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area, or 2) the gross price paid or offered for such residue gas (or the weighted average gross selling price for the respective grades of liquid hydrocarbons), whichever is the greater. In no event, however, shall the royalties payable under this paragraph be less than the royalties which would have been due had the gas not been processed.

(D) **OTHER PRODUCTS.** Royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be "casinghead," "dry," or any other gas, by fractionating, burning or any other processing shall be 1/4 part of the gross production of such products, or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such market value to be determined as follows: 1) on the basis of the highest market price of each product for the same month in which such product is produced, or 2) on the basis of the average gross sale price of each product for the same month in which such products are produced; whichever is the greater.

5. **MINIMUM ROYALTY.** During any year after the expiration of the primary term of this lease, if this lease is maintained by production, the royalties paid under this lease in no event shall be less than an amount equal to the total annual delay rental herein provided; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of this lease a sum equal to the total annual rental less the amount of royalties paid during the preceding year. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre.

6. **ROYALTY IN KIND.** Notwithstanding any other provision in this lease, at any time or from time to time, the owner of the soil or the Commissioner of the General Land Office may, at the option of either, upon not less than sixty (60) days notice to the holder of the lease, require that the payment of any royalties accruing to such royalty owner under this lease be made in kind. The owner of the soil'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 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 the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 14 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Texas Natural Resources Code 52.151-52.154, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction. If at any time after the effective date of the partial termination provisions hereof, the applicable field rules are changed or the well or wells located thereon are reclassified so that less acreage is thereafter allocated to said well or wells for production purposes, this lease shall thereupon terminate as to all acreage not thereafter allocated to said well or wells for production purposes. Notwithstanding the termination of this lease as to a portion of the lands covered hereby, Lessee shall nevertheless continue to have the right of ingress to and egress from the lands still subject to this lease for all purposes described in Paragraph 1 hereof, together with easements and rights-of-way for existing roads, existing pipelines and other existing facilities on, over and across all the lands described in Paragraph 1 hereof ("the retained lands"), for access to and from the retained lands and for the gathering or transportation of oil, gas and other minerals produced from the retained lands.

(B) HORIZONTAL. In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (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.

(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.

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

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

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

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

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

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

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

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

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

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

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

32. **FORFEITURE.** If Lessee shall fail or refuse to make the payment of any sum within thirty days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or if Lessee should refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if Lessee shall knowingly violate any of the material provisions of this lease, or if this lease is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under this lease shall be subject to forfeiture by the Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease under the terms of the Relinquishment Act. However, nothing herein shall be construed as waiving the automatic termination of this lease by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto.

33. **LIEN.** In accordance with Texas Natural Resources Code 52.136, the State shall have a first lien upon all oil and gas produced from the area covered by this lease to secure payment of all unpaid royalty and other sums of money that may become due under this lease. By acceptance of this lease, Lessee grants the State, in addition to the lien provided by Texas Natural Resources Code 52.136 and any other applicable statutory lien, an express contractual lien on and security interest in all leased minerals in and extracted from the leased premises, all proceeds which may accrue to Lessee from the sale of such leased minerals, whether such proceeds are held by Lessee or by a third party, and all fixtures on and improvements to the leased premises used in connection with the production or processing of such leased minerals in order to secure the payment of all royalties or other amounts due or to become due under this lease and to secure payment of any damages or loss that 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.

Reeves County
Clerks Office

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.

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.

ADDENDUM PROVISIONS - #40 AND 41

40. DELAY RENTALS. As stipulated in Paragraph #3 of this lease, the rentals for this lease have been PAID-UP for the second (2nd) and third (3rd) years of the primary term hereof. Lessee or its assigns shall have the right to keep this lease in force and effect for the fourth (4th) and fifth (5th) years of the primary term provided for herein by tendering a payment of two thousand dollars (\$2000.00) per net acre, such payment to be divided equally between the State of Texas and the owner of the soil and made prior to May 24, 2016, as to any acreage covered hereby and not otherwise being maintained by any other provision herein at such time.

41. If, at the expiration of the primary term, this lease is being maintained in force under any provision of the lease, or within 180 days prior to the expiration of the primary term Lessee has completed a well as a dry hole or commenced a well on the leased premises or lands pooled therewith, or Lessee is then engaged in operations on the leased premises or lands pooled therewith, Lessee agrees to begin a continuous drilling program within 180 days after the end of the primary term or within 180 days after completion of such well or the cessation of such operations, whichever is the later date; and thereafter to carry on the continuous drilling program on the leased premises or lands pooled therewith until all proration units have been drilled, allowing not more than 180 days to elapse between the completion of one well and the commencement of the succeeding well. Should Lessee fail to begin the continuous drilling program or subsequently default in the performance thereof, then in either event, this lease shall terminate as to all lands covered hereby, save and except for the proration unit surrounding each well then producing, capable of producing or upon which operations are being conducted, limited, respectively, to those depths from the surface down to the stratigraphic equivalent of the depth 100 feet below the base of the deepest penetrated formation. As used in this paragraph: i) the term "commission" means the Railroad Commission of the State of Texas or any successor agency, ii) the term "proration unit" means any acreage designated as a drilling unit or production unit in accordance with the rules of the commission (or any other governmental authority having jurisdiction) or any unit formed by pooling as provided in this lease or otherwise, iii) the terms "commenced" and "commencement" mean the date when a well is spudded, and iv) the terms "completed" and "completion" mean the date the initial potential test report is filed with the commission, if a productive well, or the date the plugging report is filed with the commission, if a dry hole, in either event no later than 60 days after the drilling rig has been released. Notwithstanding the partial termination of this lease, Lessee shall continue to have the rights of ingress and egress across all of the leased premises to and from lands that remain subject to this lease, or lands pooled therewith, for the purposes described in paragraph 1 hereof, together with easements and rights of way for roads, pipelines, flowlines and other facilities on or across all of the leased premises for the exploration, development, production, gathering or transportation of oil, gas and other products from the lands still subject to this lease or lands pooled therewith. The sole liability or penalty for the failure of Lessee to drill any well or wells required or permitted by this lease shall be the termination or partial termination of Lessee's rights under the lease as provided above.

Reeves County
Clerks Office

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

STATE OF TEXAS

LESSEE: PETROHAWK PROPERTIES, LP
By: P-H Energy, LLC, Its General Partner

Marianne C. Taylor
BY: MARIANNE C. TAYLOR
Individually and as Agent for the State of Texas

John W. Walsh
BY: JOHN W. WALSH
TITLE: Attorney-in-Fact

Date: 6/24/2013

Date: July 23, 2013

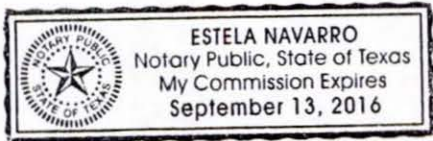
STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF HARRIS

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

Given under my hand and seal of office this the 23rd day of July, 2013.



Estela Navarro
Notary Public in and for Texas

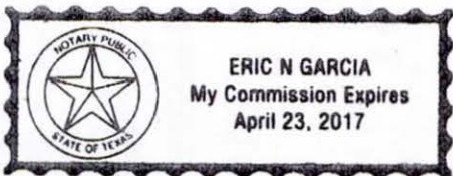
STATE OF TEXAS

(ACKNOWLEDGMENT)

COUNTY OF Williamson

BEFORE ME, the undersigned authority, on this day personally appeared MARIANNE C. TAYLOR known to me to be the person whose
name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein
expressed, in the capacity stated, and as her free act and deed.

Given under my hand and seal of office this the 24th day of June, 2013.



Eric Garcia
Notary Public in and for Chase Bank

Inst No. 13-05322
DIANNE O. FLOREZ
COUNTY CLERK
2013 Jul 25 at 02:50 PM
REEVES COUNTY, TEXAS
By: VE [Signature] DEPUTY
True and Correct
copy of
Original filed in
Reeves County
Clerks Office

011

File No. 115425
Lease E
Date Filed: 8/1/13
Jerry E. Patterson, Commissioner
By GH

THE STATE OF TEXAS
COUNTY OF REEVES

I, Dianne O. Flores, Clerk of the County Court in and for said County and State do hereby certify that the foregoing is a true and correct copy of
Oil & Gas Lease dated August 1, 2013 as
filed for record in my office this 21st day of August, 2013, in be recorded in the
Book 1303224 Page 161770

Records of Reeves County, Texas.

NO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas
this 21st day of August, 2013.

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

IBERIA BANK

13711153

5384

84-7041/2652

EXPLORATION LAND SERVICES LLCP.O. BOX 52105
LAFAYETTE, LA 70505

5/20/2013

PAY TO THE ORDER OF Texas General Land Office

\$ **875.00

Eight Hundred Seventy-Five and 00/100*****

DOLLARS

Texas General Land Office
1700 Congress Avenue
Stephen F. Austin Building RM847
Austin, TX 78701

MEMO

Filing - 7 Leases; Processing - 7 Tracts



AUTHORIZED SIGNATURE

⑈005384⑈

EXPLORATION LAND SERVICES LLC

5384

Texas General Land Office			5/20/2013		
Date	Type	Reference	Original Amt.	Balance Due	Discount
5/20/2013	Bill	Filing&ProcessingFee	875.00	875.00	
				Check Amount	Payment
					875.00
					875.00

121
13711153

Iberia Bank

Filing - 7 Leases; Processing - 7 Tracts

X 875.00

EXPLORATION LAND SERVICES, LLC

P O Box 52105 • Lafayette, Louisiana 70505-2105 • Phone: 337.234.3500 • Fax: 337.234.3525 • Email: contact@explorationland.com

May 20, 2013

Via FedEx

Mr. Drew Reid
Texas General Land Office
1700 Congress Avenue
Stephen F. Austin Building, RM 847
Austin, Texas 78701

Re: Oil, Gas and Mineral Leases
Reeves & Culberson Counties, Texas

Dear Drew:

Enclosed herewith, please find certified copies of seven (7) Oil and Gas Leases taken in the name of the State of Texas, in favor of Petrohawk Properties, LP, listed as follows:

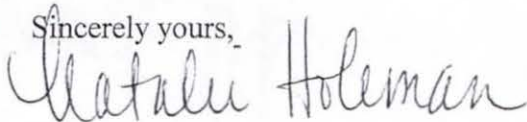
<u>Lease No.</u>	<u>Date</u>	<u>Lessor</u>
ELS-0080B	03/07/2013	Neil Christian Henrichsen
ELS-0113B	02/11/2013	Crane County Development Company (MF 111315)
ELS-0116	01/28/2013	> Lowe Royalty Partners, LP
ELS-0117B	02/11/2013	Suzanne Marie Reynolds
ELS-0118	03/25/2013	William Edward LaSell, et al
ELS-0119	03/26/2013	James E. Andrews
ELS-0120	03/21/2013	Charles W. Seltzer Trust

Also enclosed, please find a check in the amount of \$875.00. This amount covers the filing fees for the seven leases @ \$25/per lease. It also covers the filing fees for the tracts under ELS-0116, ELS-0119 and ELS-0120 @ \$100/per tract. This covers all required fees associated with the above listed leases. Be advised that the filing fees for tracts listed under ELS-0080B and ELS-0117B were paid by check number 5216, issued March 12, 2013 and the filing fees for the tracts listed under ELS-0113B (MF-111315) were paid by check number 5161, issued February 25, 2013. Also be advised that the filing fee for the tract listed under ELS-0118 is one of the same tracts covered by ELS-0116, therefore the filing fee for that tract will be included with the check enclosed herewith.

Please sign and return the copy of the check to me in the enclosed prepaid envelope.

I trust that you will not hesitate to call me with any questions that you may have concerning this matter.

Sincerely yours,


Natalie Holeman

encl.

IBERIABANK

4547

84-7041/2652

EXPLORATION LAND SERVICES LLCP.O. BOX 52105
LAFAYETTE, LA 70505

13713956

7/15/2013

PAY TO THE ORDER OF Texas General Land Office

\$ **550.00

Five Hundred Fifty and 00/100*****

DOLLARS

Texas General Land Office
1700 Congress Avenue
Stephen F. Austin Building RM847
Austin, TX 78701

MEMO

Filing-8 leases; Processing-3 Tracts & 1 Assign



AUTHORIZED SIGNATURE

⑈004547⑈

EXPLORATION LAND SERVICES LLC

4547

Texas General Land Office

Date Type Reference
7/15/2013 Bill Filing&ProcessingFeeOriginal Amt.
550.00Balance Due
550.00

7/15/2013

Discount

Payment
550.00

Check Amount

550.00

13713956

Iberia Bank

Filing-8 leases; Processing-3 Tracts & 1 Assign

550.00

EXPLORATION LAND SERVICES, LLC

P O Box 52105 • Lafayette, Louisiana 70505-2105 • Phone: 337.234.3500 • Fax: 337.234.3525 • Email: contact@explorationland.com

July 15, 2013

Via FedEx

Mr. Drew Reid
Texas General Land Office
1700 Congress Avenue
Stephen F. Austin Building, RM 847
Austin, Texas 78701

Re: Oil, Gas and Mineral Leases
Reeves County, Texas

Dear Drew:

Enclosed herewith, please find certified copies of eight (8) Oil and Gas Leases and one (1) Assignment of Oil and Gas Leases and Bill of Sale taken in the name of the State of Texas, in favor of Petrohawk Properties, LP, listed as follows:

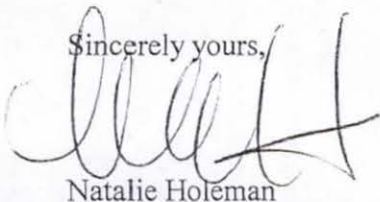
<u>Lease No.</u>	<u>Date</u>	<u>Lessor</u>
ELS-0116A	05/24/2013	Walter C. Cremin, III
ELS-0123	05/24/2013	Stanley N. Staples
ELS-0124B	06/13/2013	Cox Family Trust
ELS-0125C	06/10/2013	John E. Bley
ELS-0125D	06/10/2013	Robert M. Bley
ELS-0127A	06/13/2013	R.B. McGowen, III
ELS-0127B	06/13/2013	Jack Louis McGowen
ELS-0127C	06/13/2013	R.B. McGowen, Jr.
HK-0087	06/21/2013	Unit Petroleum Company

Also enclosed, please find a check in the amount of \$550.00. This amount covers the filing fees for the eight leases & one assignment @ \$25/per lease. It also covers the filing fees for the tracts listed under ELS-0123; ELS-0124B & ELS-0127A, B & C @ \$100/tract. This covers all required fees associated with the above listed leases. Be advised that the filing fees for tracts listed under ELS-00116A were paid by check number 5384, issued May 20, 2013, and the filing fees for the tracts listed under ELS-0125C & D were paid by check number 5474, issued June 27, 2013.

Please sign and return the copy of the check to me in the enclosed prepaid envelope.

I trust that you will not hesitate to call me with any questions that you may have concerning this matter.

Sincerely yours,



Natalie Holeman

encl.

EXPLORATION LAND SERVICES, LLC

P O Box 52105 • Lafayette, Louisiana 70505-2105 • Phone: 337.234.3500 • Fax: 337.234.3525 • Email: contact@explorationland.com

July 31, 2013

Via FedEx

Mr. Drew Reid
Texas General Land Office
1700 Congress Avenue
Stephen F. Austin Building, RM 847
Austin, Texas 78701

Re: Oil, Gas and Mineral Leases/Assignments
Reeves County, Texas

Dear Drew:

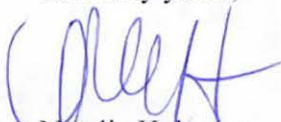
Enclosed herewith, please find certified copies of six (6) Oil and Gas Leases and five (5) Assignments of Oil and Gas Leases taken in the name of the State of Texas, in favor of Petrohawk Properties, LP, listed as follows:

<u>Lease No.</u>	<u>Date</u>	<u>Lessor</u>
ELS-0116C	05/24/2013	Marianne C. Taylor
ELS-0116D	06/12/2013	Estate of Ann Cremin Fiala
ELS-0122B	06/25/2013	Margaret Hall Samuel
ELS-0124A	06/04/2013	Dorr Petroleum Land Management, LLC
ELS-0126A	06/13/2013	R.B. McGowen, III, et ux
ELS-0126B	06/13/2013	Jack Louis McGowen, et ux
HK-0085	06/14/2013	Talisman GOM, L.P.
HK-0089	06/21/2013	Brian K. Powers
HK-0092	06/21/2013	Icon Petroleum, Inc.
HK-0093	06/21/2013	Tumbleweed Exploration, LLC
HK-0102	06/25/2013	Petrohawk Properties, LP

Also enclosed, please find a check in the amount of \$1,375.00. This amount covers the filing fees for the six leases & five assignments @ \$25/per (mineral file number) lease. It also covers the filing fees for tracts 9-16 listed under ELS-0126A & B @ \$100/tract; the fees for tracts 1-8 were previously paid for by check number 4049, issued July 23, 2012. This covers all required fees associated with the above listed leases. Be advised that the filing fees for tracts listed under ELS-0116C & D were paid by check number 5384, issued May 20, 2013, the filing fees for the tracts listed under ELS-0122B were paid by check number 5474, issued June 27, 2013; the filing fees for the tracts listed under ELS-0124A were paid by check number 4547, issued July 15, 2013.

Please sign and return the copy of the check to me in the enclosed prepaid envelope. I trust that you will not hesitate to call me with any questions that you may have concerning this matter.

Sincerely yours,


Natalie Holeman

encl.



EXPLORATION LAND SERVICES LLC
P.O. BOX 52105
LAFAYETTE, LA 70505

IBERIABANK

13714813

4575

84-7041/2652

7/31/2013

PAY TO THE ORDER OF Texas General Land Office

\$ **1,275.00

One Thousand Two Hundred Seventy-Five and 00/100*****

DOLLARS

Texas General Land Office
1700 Congress Avenue
Stephen F. Austin Building RM847
Austin, TX 78701

MEMO

Filing-6 Leases,5 Assignments; Processing-8 Tracts

AUTHORIZED SIGNATURE

11004

EXPLORATION LAND SERVICES LLC

4575

Date	Type	Reference	Original Amt.	Balance Due	7/31/2013 Discount	Payment
7/31/2013	Bill	Filing&ProcessingFee	1,275.00	1,275.00		1,275.00
					Check Amount	1,275.00

13714813

121

Iberia Bank

Filing-6 Leases,5 Assignments; Processing-8 Tr

1,275.00

PETROHAWK ENERGY CORPORATION**160999**

1360 POST OAK BLVD., SUITE 1900CT • HOUSTON, TX 77056 inquiry@bhpbilliton.com

CHECK NO.

REFERENCE	INVOICE DATE	INVOICE NO.	INVOICE AMT.	PRIOR PAYMENT	DISCOUNT	AMOUNT PAID
EPL07MAY2013-1	5/6/13	CKREQ-GENERA L.LAND.OFFICE-0 5/06/13 SOIL OWNER: LOWE ROYALTY PARTNERS, LP. TRACT 1: 9/	108,000.00	13710665 A		108,000.00 121
437294 COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE				CHECK DATE 05/07/13	TOTAL	\$108,000.00

BOLO-200

WARNING: DO NOT ACCEPT THIS DOCUMENT UNLESS YOU CAN SEE A WATERMARK.

PETROHAWK ENERGY CORPORATION

Bank of America

ACCOUNTS PAYABLE DISBURSEMENT ACCOUNT

64 - 1278 / 611 GA

1360 POST OAK BLVD., SUITE 1900CT

HOUSTON, TX 77056

inquiry@bhpbilliton.com

DATE

05/07/13

160999

13710665

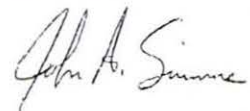
PAY One Hundred Eight Thousand Dollars And Zero Cents*****

AMOUNT

\$*****108,000.00

TO THE
ORDER
OFCOMMISSIONER OF THE TEXAS GENERAL LAND OFFICE
ATTENTION MINERAL LEASING
1700 N CONGRESS AVE
AUSTIN, TX 78701 USA

VOID AFTER 180 DAYS



160999

MAY 9, 2013 REQUEST

SECTION 34, BLK 58, T1, A-4659, T&P RR CO SURVEY, CULBERSON COUNTY, TEXAS

THE WESTERN 248 ACRES OF THE N/2

Lessor	Gross Ac	Interest	Net Ac.	Bonus Per Acre	Bonus to Lessor	Bonus to State	Lease Bonus
CRANE COUNTY DEVELOPMENT COMPANY	248	0.00243333	0.60346584	\$400.00	\$120.70	\$120.70	\$241.39
WILLIAM PRESLEY PANNILL	248	0.00243333	0.60346584	\$400.00	\$120.70	\$120.70	\$241.39
TOTALS		0.00486666	1.20693168		\$241.39	\$241.39	\$482.77

SECTION 12, BLOCK 57, TOWNSHIP 2, A-4786, T & P RR CO. SURVEY, CONTAINING 80 ACRES, REEVES COUNTY, TEXAS

E/2 OF THE NW/4

Lessor	Gross Ac	Interest	Net Ac.	Bonus Per Acre	Bonus to Lessor	Bonus to State	Lease Bonus
WILLIAM EDWARD LASELL	80	1/14	5.71428571	\$2,000.00	\$5,714.29	\$5,714.29	\$11,428.57
MARGARET ELLEN LASELL	80	1/14	5.71428571	\$2,000.00	\$5,714.29	\$5,714.29	\$11,428.57
JEAN HARRY LASELL	80	1/14	5.71428571	\$2,000.00	\$5,714.29	\$5,714.29	\$11,428.57
CAROL LOUISE HOWARD	80	1/14	5.71428571	\$2,000.00	\$5,714.29	\$5,714.29	\$11,428.57
BERTHA JEAN OYLER	80	1/14	5.71428571	\$2,000.00	\$5,714.29	\$5,714.29	\$11,428.57
LEANORA GRACE HOTKER	80	1/14	5.71428571	\$2,000.00	\$5,714.29	\$5,714.29	\$11,428.57
JOHN PHILIP LASELL	80	1/14	5.71428571	\$2,000.00	\$5,714.29	\$5,714.29	\$11,428.57
TOTALS		2/7	40.00000000		\$40,000.00	\$40,000.00	\$80,000.00

SECTION 12, BLOCK 57, TOWNSHIP 2, A-4883, T & P RR CO. SURVEY, REEVES COUNTY, TEXAS

TRACT 1: THE W/2 OF THE NE/4 CONTAINING 80 ACRES

TRACT 2: THE E/2 OF THE NW/4 CONTAINING 80 ACRES

Lessor	Gross Ac	Interest	Net Ac.	Bonus Per Acre	Bonus to Lessor	Bonus to State	Lease Bonus
✓ LOWE ROYALTY PARTNERS (TRACT 1)	80	9/10	72.00000000	\$2,000.00	\$72,000.00	\$72,000.00	\$144,000.00
LOWE ROYALTY PARTNERS (TRACT 2)	80	9/20	36.00000000	\$2,000.00	\$36,000.00	\$36,000.00	\$72,000.00
TOTALS			108.00000000		\$108,000.00	\$108,000.00	\$216,000.00

164325

PETROHAWK ENERGY CORPORATION

1360 POST OAK BLVD., SUITE 1900CT • HOUSTON, TX 77056 inquiry@bhpbilliton.com

CHECK NO.

REFERENCE	INVOICE DATE	INVOICE NO.	INVOICE AMT.	PRIOR PAYMENT	DISCOUNT	AMOUNT PAID
L12JUN2013- 1	6/10/13	CKREQ-GENERA L.LAND.OFC.ST.O F.TX-06/10/13-2 SOIL OWNERS: WALTER C. CREMIN, III & JULIA LUCINDA ELS-0116	6,000.00	13712355 4000 B 2000 D		6,000.00 121
437294 COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE				CHECK DATE 06/13/13	TOTAL	\$6,000.00

166590

CHECK NO.

REFERENCE	INVOICE DATE	INVOICE NO.	INVOICE AMT.	PRIOR PAYMENT	DISCOUNT	AMOUNT PAID
EPL09JUL2013-1	7/8/13	CKREQ-GENERA L.LAND.OFC.STA TE.OF.TEXAS-07/ 08/13-60	4,000.00		13713665 C	4,000.00 121
SOIL OWNER:ESTATE OF ANN CREMIN FIALA						
437294 COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE				CHECK DATE 07/09/13	TOTAL	\$4,000.00

PETROHAWK ENERGY CORPORATION

1360 POST OAK BLVD., SUITE 1900CT • HOUSTON, TX 77056 inquiry@bhpbilliton.com

166588

CHECK NO.

REFERENCE	INVOICE DATE	INVOICE NO.	INVOICE AMT.	PRIOR PAYMENT	DISCOUNT	AMOUNT PAID
EPL09JUL2013-1	7/8/13	CKREQ-GENERA L.LAND.OFC.STA TE.OF.TEXAS-07/ 08/13-59 SOIL OWNERS: MARIANNE C. TAYLOR	2,000.00	13713663	E	2,000.00 121
437294 COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE				CHECK DATE 07/09/13	TOTAL	\$2,000.00

JUNE 17, 2013 REQUEST

SECTION 34, BLOCK 58, TOWNSHIP 1, ABSTRACT 4659, T&P RR CO. SURVEY, CULBERSON COUNTY, TEXAS,
THE WESTERN 248 ACRES OF THE N/2

Lessor	Gross Ac	Interest	Net Ac.	Bonus Per Acre	Bonus to Lessor	Bonus to State	Lease Bonus
WAVERLY MINERALS AND TIMBER, LTD	248	0.004866667	1.20693332	\$400.00	\$241.39	\$241.39	\$482.77
TOTALS			1.20693332		\$241.39	\$241.39	\$482.77

SECTION 48, BLOCK 57, TOWNSHIP 1, ABSTRACT 4241, T&P RR CO. SURVEY, REEVES COUNTY, TEXAS,
THE N/2 OF THE NE/4 OF THE SE/4

Lessor	Gross Ac	Interest	Net Ac.	Bonus Per Acre	Bonus to Lessor	Bonus to State	Lease Bonus
JOHN RICHARD SAMUEL, ET UX	20	1/2	10.00000000	\$1,500.00	\$7,500.00	\$7,500.00	\$15,000.00
TOTALS			10.00000000		\$7,500.00	\$7,500.00	\$15,000.00

SECTION 12, BLOCK 57, TOWNSHIP 2, ABSTRACT 4883, T&P RR CO. SURVEY, REEVES COUNTY, TEXAS,
TRACT 1: THE W/2 OF THE NE/4, CONTAINING 80 ACRES
TRACT 2: THE E/2 OF THE NW/4, CONTAINING 80 ACRES

Lessor	Gross Ac	Interest	Net Ac.	Bonus Per Acre	Bonus to Lessor	Bonus to State	Lease Bonus
WALTER C. CREMIN, III (TRACT 1)	80	1/60	1.33333333	\$2,000.00	\$1,333.33	\$1,333.33	\$2,666.67
JULIA LUCINDA C. RAMAN (TRACT 1)	80	1/30	2.66666667	\$2,000.00	\$2,666.67	\$2,666.67	\$5,333.33
WALTER C. CREMIN, III (TRACT 2)	80	1/120	0.66666667	\$2,000.00	\$666.67	\$666.67	\$1,333.33
JULIA LUCINDA C. RAMAN (TRACT 2)	80	1/60	1.33333333	\$2,000.00	\$1,333.33	\$1,333.33	\$2,666.67
TOTALS			6.00000000		\$6,000.00	\$6,000.00	\$12,000.00

SECTION 20, BLOCK 57, TOWNSHIP 2, ABSTRACT 4225, T&P RR CO. SURVEY, REEVES COUNTY, TEXAS,
THE S/2 OF THE SW/4 OF THE NW/4 OF THE NE/4

Lessor	Gross Ac	Interest	Net Ac.	Bonus Per Acre	Bonus to Lessor	Bonus to State	Lease Bonus
WALTER W. MATHEWS	5	1/3	1.66666667	\$1,500.00	\$1,250.00	\$1,250.00	\$2,500.00
CLIFFORD W. MATHEWS	5	1/3	1.66666667	\$1,500.00	\$1,250.00	\$1,250.00	\$2,500.00
DONN M. MAHIN	5	1/3	1.66666667	\$1,500.00	\$1,250.00	\$1,250.00	\$2,500.00
TOTALS			1.66666667		\$3,750.00	\$3,750.00	\$7,500.00

Total Amount paid by check \$17,491.39

File No. 115425

Cover Letter @ Bonus @ Fees

Date Filed: 8/1/13

Jerry E. Patterson, Commissioner

By GM

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

August 27, 2013

Micah Strother
Petrohawk Properties
1360 Post Oak, Suite 150
Houston, Texas 77056

Re: **State Lease MF 115425**

Five RAL leases covering 160 ac., Sec. 12, Blk. 57, T-2, T&P
Ry. Co. Survey, Reeves Co, TX

Dear Mr. Strother:

The certified copies of the Relinquishment Act leases covering the referenced tract have been approved and filed in our records under Mineral File numbers as set out on Page 2. **Please refer to these numbers when making payments to the State and in all future correspondence concerning the leases. Failure to include the mineral file numbers may delay processing of any payments towards the leases.**

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 remittances are set out on Page 2 and have been applied to the State's portion of the cash bonus. In addition, we are in receipt of the filing and processing fees.

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

<u>State Lease No.</u>	<u>Lessor as agent for State of TX</u>	<u>Dated</u>	<u>Recorded Vol/Page</u>	<u>Bonus Amount</u>
MF115425A	Lowe Royalty Partners, LP	01/28/13	13-03308	\$108,000.00
MF115425B	Julia Lucinda C. Raman	05/24/13	13-04427	\$4,000.00
MF115425C	Estate of Ann Cremin Fiala	06/12/13	13-05323	\$4,000.00
MF115425D	Walter C. Cremin, III	05/24/13	13-04843	\$2,000.00
MF115425E	Marianne C. Taylor	05/24/13	13-05322	\$2,000.00

File No. 115425Final LetterDate Filed: 8/27/13

Jerry E. Patterson, Commissioner

By GH

MF 115425

EXHIBIT A

BHP

Date: 4/5/2018

CREDIT TO

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

BHP
 Land Administration
 P.O. Box 22719
 Houston, TX 77227-9927
 T (877) 311-1443
 F (888) 484-3189
 PetroleumOwnerRelations
 Request@bhpbilliton.com

Special Clauses/Comments:

Issue Date: 4/5/2018
Property Name: STATE LRP 57-T2-12 W103H
Property #: P1M794/00501
Production: ALL PRODUCTS 389-36140
Operator: BHP BILLITON PETROLEUM (TXLA OPERATING)
Legal Description: T&P RR CO ABST/ID# 4786 Grantee H. LASELL Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES); T&P RR CO ABST/ID# 4883 Grantee V. REICHARD Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES); T&P RR CO ABST/ID# 5701 Grantee P. THOMAS Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES); T&P RR CO ABST/ID# 4829 Grantee M. PETERSON Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES); T&P RR CO ABST/ID# 4924 Grantee F.H. SCHULER Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES)

Decimal	Type	Status	Reason	Start Date
0.00006471	RI	PAY		3/1/2018
0.00019413	RI	PAY		3/1/2018
0.00012942	RI	PAY		3/1/2018
0.00086279	RI	PAY		3/1/2018
0.00004314	RI	PAY		3/1/2018
0.00258837	RI	PAY		3/1/2018
0.07835687	RI	PAY		3/1/2018
0.00781274	RI	PAY		3/1/2018
0.00194128	RI	PAY		3/1/2018
0.00194128	RI	PAY		3/1/2018
0.00004314	RI	PAY		3/1/2018
0.00012942	RI	PAY		3/1/2018
0.00019413	RI	PAY		3/1/2018
0.00086279	RI	PAY		3/1/2018
0.00039060	RI	PAY		3/1/2018
0.00078121	RI	PAY		3/1/2018
0.00019413	RI	PAY		3/1/2018
0.01952116	RU	PAY		3/1/2018
0.00012942	RI	PAY		3/1/2018
0.00086279	RI	PAY		3/1/2018
0.02109266	RI	PAY		3/1/2018
0.00019413	RI	PAY		3/1/2018
0.00078121	RI	PAY		3/1/2018
0.00039060	RI	PAY		3/1/2018

0.00004314	RI	PAY	3/1/2018
0.00006471	RI	PAY	3/1/2018
0.00327860	RI	PAY	3/1/2018

PLEASE KEEP THIS COPY FOR YOUR RECORDS
HANNS - 50377(P1M794_NotAmended)

EXHIBIT A

BHP

Date: 4/20/2018

CREDIT TO

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

BHP
 Land Administration
 P.O. Box 22719
 Houston, TX 77227-9927
 T (877) 311-1443
 F (888) 484-3189
 PetroleumOwnerRelations
 Request@bhpbilliton.com

Special Clauses/Comments:

Issue Date: 4/20/2018
 Property Name: STATE LRP 57-T2-12 W104H
 Property #: P1M793/00501
 Production: ALL PRODUCTS 389-36151
 Operator: BHP BILLITON PETROLEUM (TXLA OPERATING)
 Legal Description: T&P RR CO ABST/ID# 4786 Grantee H. LASELL Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES); T&P RR CO ABST/ID# 4883 Grantee V. REICHARD Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES); T&P RR CO ABST/ID# 5701 Grantee P. THOMAS Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES); T&P RR CO ABST/ID# 4829 Grantee M. PETERSON Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES); T&P RR CO ABST/ID# 4924 Grantee F.H. SCHULER Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES)

Decimal	Type	Status	Reason	Start Date
0.00086279	RI	PAY		3/1/2018
0.00012942	RI	PAY		3/1/2018
0.00019413	RI	PAY		3/1/2018
0.00006471	RI	PAY		3/1/2018
0.00781274	RI	PAY		3/1/2018
0.07835687	RI	PAY		3/1/2018
0.00258837	RI	PAY		3/1/2018
0.00004314	RI	PAY		3/1/2018
0.00078121	RI	PAY		3/1/2018
0.00039060	RI	PAY		3/1/2018
0.00086279	RI	PAY		3/1/2018
0.00019413	RI	PAY		3/1/2018
0.00012942	RI	PAY		3/1/2018
0.00004314	RI	PAY		3/1/2018
0.00194128	RI	PAY		3/1/2018
0.00194128	RI	PAY		3/1/2018
0.00019413	RI	PAY		3/1/2018
0.01952116	RU	PAY		3/1/2018
0.00012942	RI	PAY		3/1/2018
0.02109266	RI	PAY		3/1/2018
0.00086279	RI	PAY		3/1/2018
0.00039060	RI	PAY		3/1/2018
0.00078121	RI	PAY		3/1/2018
0.00019413	RI	PAY		3/1/2018

0.00327860	RI	PAY	3/1/2018
0.00006471	RI	PAY	3/1/2018
0.00004314	RI	PAY	3/1/2018

PLEASE KEEP THIS COPY FOR YOUR RECORDS
HANNS - 50403(P1M793_NotAmended)

EXHIBIT A**BHP**

Date: 4/20/2018

CREDIT TO

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

BHP
 Land Administration
 P.O. Box 22719
 Houston, TX 77227-9927
 T (877) 311-1443
 F (888) 484-3189
 PetroleumOwnerRelations
 Request@bhpbilliton.com

Special Clauses/Comments:

Issue Date: 4/20/2018
 Property Name: STATE LRP 57-T2-12 W105H
 Property #: P1M846/00501
 Production: ALL PRODUCTS 389-36141
 Operator: BHP BILLITON PETROLEUM (TXLA OPERATING)
 Legal Description: T&P RR CO ABST/ID# 4786 Grantee H. LASELL Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES); T&P RR CO ABST/ID# 4883 Grantee V. REICHARD Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES); T&P RR CO ABST/ID# 5701 Grantee P. THOMAS Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES); T&P RR CO ABST/ID# 4829 Grantee M. PETERSON Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES); T&P RR CO ABST/ID# 4924 Grantee F.H. SCHULER Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES)

Decimal	Type	Status	Reason	Start Date
0.00006471	RI	PAY		3/1/2018
0.00019413	RI	PAY		3/1/2018
0.00012942	RI	PAY		3/1/2018
0.00086279	RI	PAY		3/1/2018
0.00004314	RI	PAY		3/1/2018
0.00258837	RI	PAY		3/1/2018
0.07835687	RI	PAY		3/1/2018
0.00781274	RI	PAY		3/1/2018
0.00194128	RI	PAY		3/1/2018
0.00194128	RI	PAY		3/1/2018
0.00004314	RI	PAY		3/1/2018
0.00012942	RI	PAY		3/1/2018
0.00019413	RI	PAY		3/1/2018
0.00086279	RI	PAY		3/1/2018
0.00039060	RI	PAY		3/1/2018
0.00078121	RI	PAY		3/1/2018
0.00019413	RI	PAY		3/1/2018
0.01952116	RU	PAY		3/1/2018
0.00012942	RI	PAY		3/1/2018
0.00086279	RI	PAY		3/1/2018
0.02109266	RI	PAY		3/1/2018
0.00019413	RI	PAY		3/1/2018
0.00078121	RI	PAY		3/1/2018
0.00039060	RI	PAY		3/1/2018

0.00004314	RI	PAY	3/1/2018
0.00006471	RI	PAY	3/1/2018
0.00327860	RI	PAY	3/1/2018

PLEASE KEEP THIS COPY FOR YOUR RECORDS
HANNS - 50402(P1M846_NotAmended)



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

July 6, 2018

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

Re: State Lease Nos. MF088364, MF088676, MF101575, MF115425, MF115426 and
MF115586 State LRP 57-T2-12 W103H, W104H and W105H

Dear Mr. Brown:

The Texas General Land Office (GLO) has received your Division Orders for the referenced units. These Division Orders have been filed in the appropriate mineral files.

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

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

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

Thank you,

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

File No. MF115425Reeves CountyDivision OrderDate Filed: 7-9-18

George P. Bush, Commissioner

By V.H.



Texas General Land Office
George P. Bush, Commissioner
1700 North Congress Avenue
Austin, Texas 78701-1495

DEEP RIGHTS RETENTION PAYMENT FORM

Complete a separate form for each State Mineral File (MF). Multiple undivided interest leases, in the common mineral file, for which retention is being requested, may be listed together.

Mail or Deliver with Attention to: Energy Resources

STATE LEASE # MF 115425A		County REEVES	Gross Acres 160	Net Acres 108	Tract Part (Ex. NW/4) W/2NE/4, E/2NW/4
Section: 12	Block: 57	Survey: T&P RR CO		Township: 2	Abstract: 4883, 4786
Agent for State (Lessor) LOWE ROYALTY PARTNERS LP			Operator BPX OPERATING COMPANY		

FOR EACH WELL, PROVIDE THE FOLLOWING:

- "As-Drilled" Plat (horizontal wells must have lateral length set out on the plat)
- P-15 as submitted to RRC where required by RRC Field Rules

Contact Tanya Curcuruto	Date January 13, 2020
Negotiator	Company BPX Energy, Inc.
Title +1 281 810 6466	Company 1700 Platte Street, Suite 150
Telephone Number tanya.curcuruto@bpx.com	Mailing Address Denver, Colorado 80202
E-Mail Address	City, State, Zip

Deep Rights Retention Bonus Work-Up
Type of State Lease: (RAL, Fee, Free Royalty) RAL
Total Eligible Acres: 108
Total Amount Due: \$54,000
Check # 8005000302
<i>If there are undivided interests; there may be multiple checks</i>

For General Land Office Use Only:	Received: 1/15/2020	Payment Register No.: 20704949
Amount: \$54,000 ⁰²	Lease Type: RAL	Unit No.:

AGENT FOR STATE (LESSOR)

(if multiple undivided interests are included; list below)

Lease MF# & Undivided Interest Alpha #	Name of Agent for State of Texas	Original Bonus to State in \$	Bonus Amount Due One half (½) of Original (based on acres being retained)	Undivided Interest Net Acres
Deep Rights Retention Bonus Due to State TOTAL:				
Undivided Interest Net Acres TOTAL:				

Copy and Complete Additional Sheets as Necessary

WELL INFORMATION

Copy and Complete Additional Sheets as Necessary

<u>WELL NAME & NO.</u> STATE LRP 57-T2-12 1H		<u>API</u> 423893478700	<u>DISTRICT</u> 8	<u>RRC ID</u> 278910	<u>SPUD DATE</u> 3/31/2015	<u>COMPLETION DATE</u> 4/17/2015
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>E/2E/2</u> Section: <u>12</u> Block: <u>57</u> Township: <u>2</u> Survey: <u>T&P RR CO/PETERSON, MRS M</u> Abstract: <u>4829</u>			OIL ☐ VERTICAL GAS ☒ HORIZONTAL ☒ FIELD NAME & NUMBER: <u>PHANTOM, 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 160.715	<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 80.375	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 80.34	<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 10130.09			
<u>HORIZONTAL WELLS</u> 4663	<u>TOTAL LENGTH OF LATERAL</u>	<u>LENGTH OF LATERAL ON STATE LAND</u>	<u>LENGTH OF LATERAL ON PRIVATE LAND</u>			
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> 8/2019	<u>VOLUME</u> 32449 MCF, 2354 BBL	<u>MONTH/YEAR</u> 9/2019	<u>VOLUME</u> 10076 MCF, 3056 BBL	<u>MONTH/YEAR</u> 10/2019	<u>VOLUME</u> 446 MCF, 208 BBL

<u>WELL NAME & NO.</u> STATE LRP 57-T2-12 W103H		<u>API</u> 423893614000	<u>DISTRICT</u> 8	<u>RRC ID</u> 285099	<u>SPUD DATE</u> 9/21/2017	<u>COMPLETION DATE</u> 11/1/2017
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>W/2E/2</u> Section: <u>12</u> Block: <u>57</u> Township: <u>2</u> Survey: <u>T&P RR CO/LA SELL, J/GEHLE, F C</u> Abstract: <u>4786</u>			OIL ☐ VERTICAL GAS ☒ HORIZONTAL ☒ FIELD NAME & NUMBER: <u>PHANTOM, 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 160.715	<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 160.715	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 0	<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 10133.69			
<u>HORIZONTAL WELLS</u> 4516	<u>TOTAL LENGTH OF LATERAL</u>	<u>LENGTH OF LATERAL ON STATE LAND</u>	<u>LENGTH OF LATERAL ON PRIVATE LAND</u>			
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> 8/2019	<u>VOLUME</u> 29565 MCF, 6318 BBL	<u>MONTH/YEAR</u> 9/2019	<u>VOLUME</u> 43805 MCF, 8557 BBL	<u>MONTH/YEAR</u> 10/2019	<u>VOLUME</u> 39238 MCF, 9577 BBL

<u>WELL NAME & NO.</u>		<u>API</u>	<u>DISTRICT</u>	<u>RRC ID</u>	<u>SPUD DATE</u>	<u>COMPLETION DATE</u>
STATE LRP 57-T2-12 W104H		423893615100	8	285118	10/31/2017	12/13/2017
<u>WELL LOCATION: Land Part (Ex. NW/4):</u> <u>E/2W/2</u>			OIL VERTICAL			
Section: <u>12</u> Block: <u>57</u> Township: <u>2</u>			GAS x HORIZONTAL x			
Survey: <u>T&P RR CO/LA SELL, J / GEHLE, F C</u> Abstract: <u>4786</u>			FIELD NAME & NUMBER: <u>PHANTOM, 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u>	<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u>	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u>		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u>		
160.715	150.608	10.1075		10134.17		
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u>	<u>LENGTH OF LATERAL ON STATE LAND</u>		<u>LENGTH OF LATERAL ON PRIVATE LAND</u>		
4509						
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>
	8/2019	32427 MCF, 5812 BBL	9/2019	40142 MCF, 5184 BBL	10/2019	39453 MCF, 8538 BBL

<u>WELL NAME & NO.</u>		<u>API</u>	<u>DISTRICT</u>	<u>RRC ID</u>	<u>SPUD DATE</u>	<u>COMPLETION DATE</u>
STATE LRP 57-T2-12 W105H		423893614100	8	285100	11/5/2017	11/27/2017
<u>WELL LOCATION: Land Part (Ex. NW/4):</u> <u>W/2W/2</u>			OIL VERTICAL			
Section: <u>12</u> Block: <u>57</u> Township: <u>2</u>			GAS x HORIZONTAL x			
Survey: <u>T&P RR CO/PETERSON, MRS M</u> Abstract: <u>4829</u>			FIELD NAME & NUMBER: <u>PHANTOM, 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u>	<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u>	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u>		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u>		
160.715	50.3725	110.343		10146.30		
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u>	<u>LENGTH OF LATERAL ON STATE LAND</u>		<u>LENGTH OF LATERAL ON PRIVATE LAND</u>		
4859						
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>
	8/2019	28465 MCF, 7789 BBL	9/2019	56068 MCF, 11643 BBL	10/2019	36961 MCF, 3236 BBL

bpx energy

BPX Operating Company
Attn: BP GBS Americas - P2P Treasury
Payments
150 West Warrenville Road, Building 605, 3rd
Floor
Naperville, IL 60563

20704949

PAGE 1 OF 1

12/05/19

X01LH

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

VENDOR NUMBER: 0069000250

TRACE NUMBER: 2000003245

DOCUMENT NO.	INVOICE DATE	INVOICE NO.	GROSS AMOUNT	DISCOUNT NO.	NET AMOUNT
1900003748 DEPTH EXT AGMT 2006773001 DEPTH EXT AGMT 2006773001 MF115425A 110B Payment	12/04/19	A-26	54,000.00		54,000.00
TOTALS			54,000.00		54,000.00

INQUIRIES CONCERNING THIS PAYMENT SHOULD BE
DIRECTED TO OUR OFFICE. PLEASE CALL
(800) 284-2244

IN ORDER TO AFFECT TIMELY INVOICE PAYMENT PLEASE PLACE
YOUR VENDOR NUMBER ON ALL FUTURE INVOICE TO BP.
*** YOUR VENDOR NUMBER IS 0069000250

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS

CHECK NO. 8005000302 ATTACHED BELOW

bpx energy

BPX Operating Company
Attn: BP GBS Americas - P2P Treasury Payments
150 West Warrenville Road, Building 605, 3rd Floor
Naperville, IL 60563

62-20
311

CHECK NO. 8005000302

12/05/19

PAY TO THE
ORDER OF

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

*****\$54,000.00

NOT VALID AFTER 6 MONTHS

Fifty four thousand and 00/100 Dollars

TRACE NUMBER: 2000003245

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

Laura A. Hersh
Authorized Signature

8005000302



Tanya Curcuruto

Land Negotiator
Permian BU

BP America Production Company
BPX Energy Inc.
1700 Platte Street
Suite 150
Denver, Colorado 80202
USA

Direct 281-810-6466
Mobile 720-621-4205
Tanya.Curcuruto@bpx.com

January 13, 2020

Texas General Land Office
Attention: Susan Draughn
1700 N. Congress Avenue
Austin, TX 78701

Via FedEx

Re: January 2020 Deep Rights Retention Payment
MF# 115425A
QLS# 2006773001

Dear Ms. Draughn:

Enclosed please find a deep rights retention payment due January 28, 2020, and accompanying Deep Rights Retention Payment Form.

Lessee tenders this one-half bonus payment (the "deeper depths payment") pursuant to Paragraph 16(B) of the subject lease in order to ensure that the lease is maintained in full force and effect as to the "deeper depths" (as such term is defined in Paragraph 16(B) of the lease) for at least an additional two (2) years. Lessor's tender of this deeper depths payment is not, and should not be interpreted as, an acknowledgement or admission by lessee that the deeper depths payment is, in fact, required in order to maintain the subject lease in full force and effect as to such deeper depths. Instead, this payment is tendered in an abundance of caution in order to ensure that the subject lease is maintained as to such deeper depths regardless of any potential conflict between Paragraph 16(B) and any provision(s) contained in the addendum related to the termination and/or retention of leasehold depths.

Please do not hesitate to contact me at 281-810-6466 or Tanya.Curcuruto@bpx.com should you have any questions.

Respectfully,

A handwritten signature in black ink, appearing to read 'Tanya Curcuruto', with a stylized, cursive script.

Tanya Curcuruto

Enclosures



STATEMENT OF PRODUCTIVITY OF ACREAGE
ASSIGNED TO PRORATION UNITS

Form P-15

Tracking No.: 147213

This facsimile P-15 was generated electronically
from data submitted to the RRC.

The undersigned states that he is authorized to make this statement; that he has knowledge of the facts concerning the BHP BILLITON PET(TXLA OP) CO ,

STATE LRP 57-T2-12 , No. 1H ; that such well is
LEASE OPERATOR WELL

completed in the PHANTOM (WOLFCAMP) Field, REEVES County,

Texas and that the acreage claimed, and assigned to such well for proration purposes as authorized by special rule and as shown on the attached certified plat embraces _____

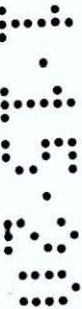
642.86 acres which can reasonably be considered to be productive of hydrocarbons.

- CERTIFICATE -

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge,

Date 12/22/2015 Signature Diann Flowers

Telephone (713) 983-2508 Title Regulatory Supervisor
AREA CODE

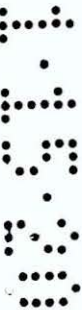


P-15 STATEMENT OF PRODUCTIVITY OF ACREAGE

OPERATOR: BHP BILLITON PET (TXLA OP) CO (068596)
COUNTY: REEVES – DISTRICT 08
FIELD NAME: PHANTOM (WOLFCAMP)
LEASE NAME: STATE LRP 57-T2-12
LEASE ACRES: 642.86

<u>LEASE ID</u>	<u>DRILLING PERMIT #</u>	<u>WELL NO.</u>	<u>DEDICATED ACRES</u>
PENDING	803900	1H	642.86

TOTAL ALLOCATED:	642.86
TOTAL AVAILABLE:	0

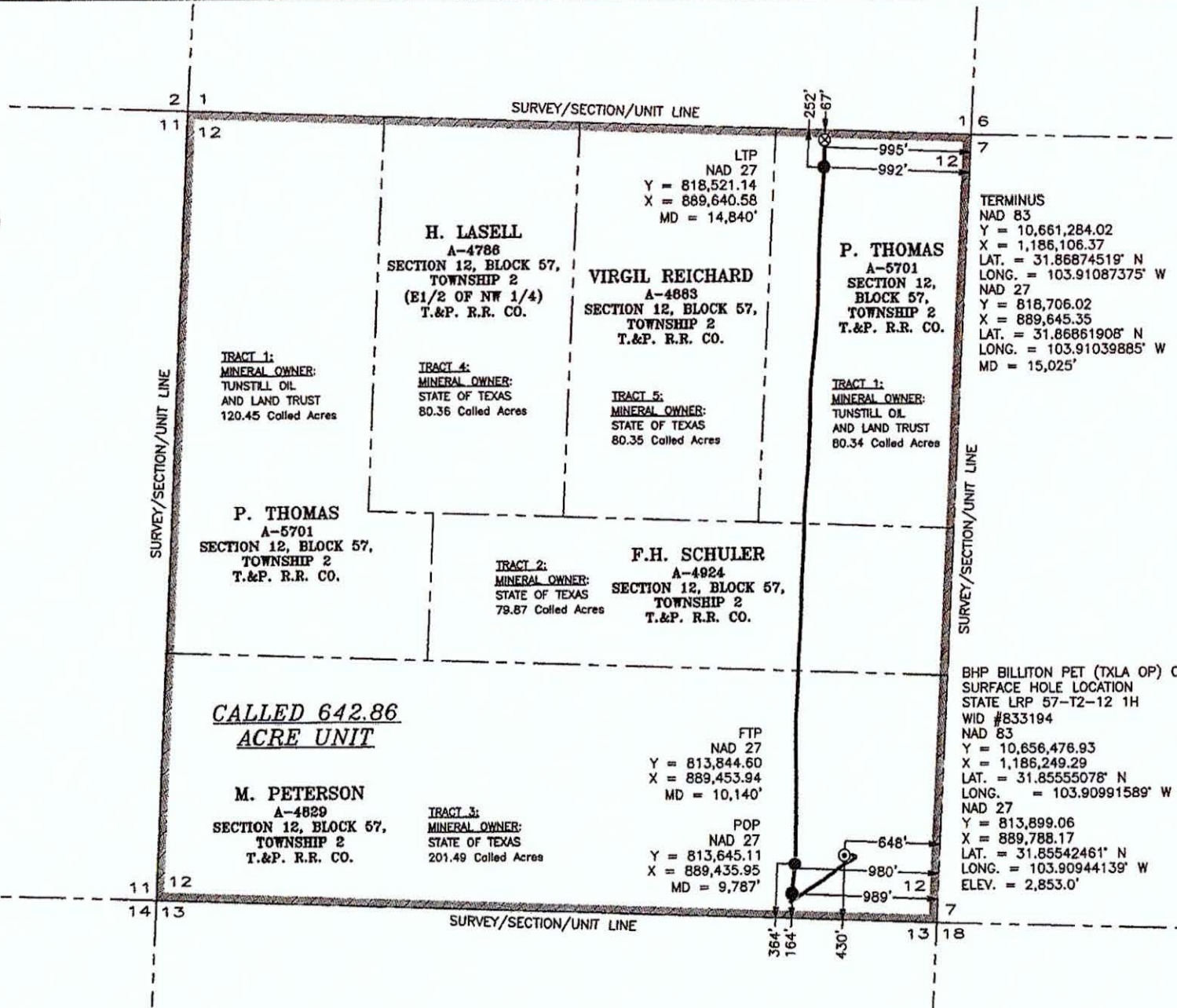


11520



NAD 83 GRID
TEXAS CENTRAL ZONE

0 500 1000
1" = 1000 FEET



GENERAL NOTES

- COORDINATES SHOWN ARE BASED ON TEXAS COORDINATE SYSTEM OF NAD 27 "TEXAS CENTRAL ZONE" (EPSG 32039), AND BASED ON "ORLA" NGS MONUMENT (Y = 798,953.59, X = 876,026.84)
- VERTICAL DATUM IS NAVD 88 (EPSG 5103)
- COMBINED SCALE FACTOR = 0.999860235
- LATITUDE AND LONGITUDE ARE NAD 27 (EPSG 4267) AS SHOWN
- AREA, DISTANCES, AND COORDINATES ARE "GRID"
- UNITS ARE UNITED STATES SURVEY FOOT
- ALL LEASE AND TRACT INFORMATION SHOWN HERE ON IS DONE SO BY LIMITED DEED RECORD INFORMATION ONLY. ALL ACREAGES SHOWN ARE BY DEED AND LEASE CALL, EXCEPT WHERE NOTED. THIS IS NOT IN ANY WAY A "BOUNDARY SURVEY".

REVISION	DATE	BY	DETAILS
A	06/24/15	JK	MAKE PRELIMINARY PLAT

I HEREBY STATE THAT THIS PLAT
SHOWS THE SUBJECT LOCATION BASED
ON INFORMATION PROVIDED BY
THE CLIENT.

Robert Glen Maloy
ROBERT GLEN MALOY
REGISTERED PROFESSIONAL LAND SURVEYOR
LICENSE NO. 6028



PLAT OF:

AN AS-DRILLED WELL LOCATION FOR:
BHP BILLITON PET (TXLA OP) CO.
STATE LRP 57-T2-12 1H
WID# 833194

SITUATED IN THE M. PETERSON SURVEY, A-4829, SECTION 12, BLOCK 57, TOWNSHIP 2, THE F.H. SCHULER SURVEY, A-4924, SECTION 12, BLOCK 57, TOWNSHIP 2, AND THE P. THOMAS SURVEY, A-5701, SECTION 12, BLOCK 57, TOWNSHIP 2, BEING APPROXIMATELY 2.5 MILES NORTH OF ORLA, IN REEVES COUNTY, TEXAS.



BHP Billiton
1360 Post Oak Blvd. #150
Houston, Texas 77056

FRANK
SURVEYING COMPANY INC
550 Bailey Ave., 205 - Fort Worth, TX 76107
Ph: 817.349.9800 - Fax: 979.732.5271
TBPLS Firm No. 10193887
www.franksurveying.com
LAND SURVEYING/ENERGY/GIS SERVICES

DATE: 06/24/15
DRAWN BY: GG/JK
CHECKED BY: JK
FIELD CREW: RE/MR
PROJECT NO: 201408833
SCALE: 1" = 1000'
SHEET: 1 OF 1
REVISION: 0



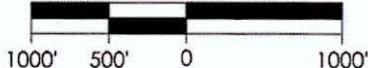
1000 LedgeLawn Dr.
Conway, Arkansas 72034

501.328.3316 f 501.328.3325 f
www.craftontull.com

LEGEND

- UL UNIT LINE
- AS-DRILLED WELL PATH
- SL SECTION LINE
- S.H.L. SURFACE HOLE LOCATION
- P.O.P. POINT OF PENETRATION
- F.T.P. FIRST TAKE POINT
- T.P. TURNING POINT
- L.T.P. LAST TAKE POINT
- B.H.L. BOTTOM HOLE LOCATION

GRAPHIC SCALE IN FEET



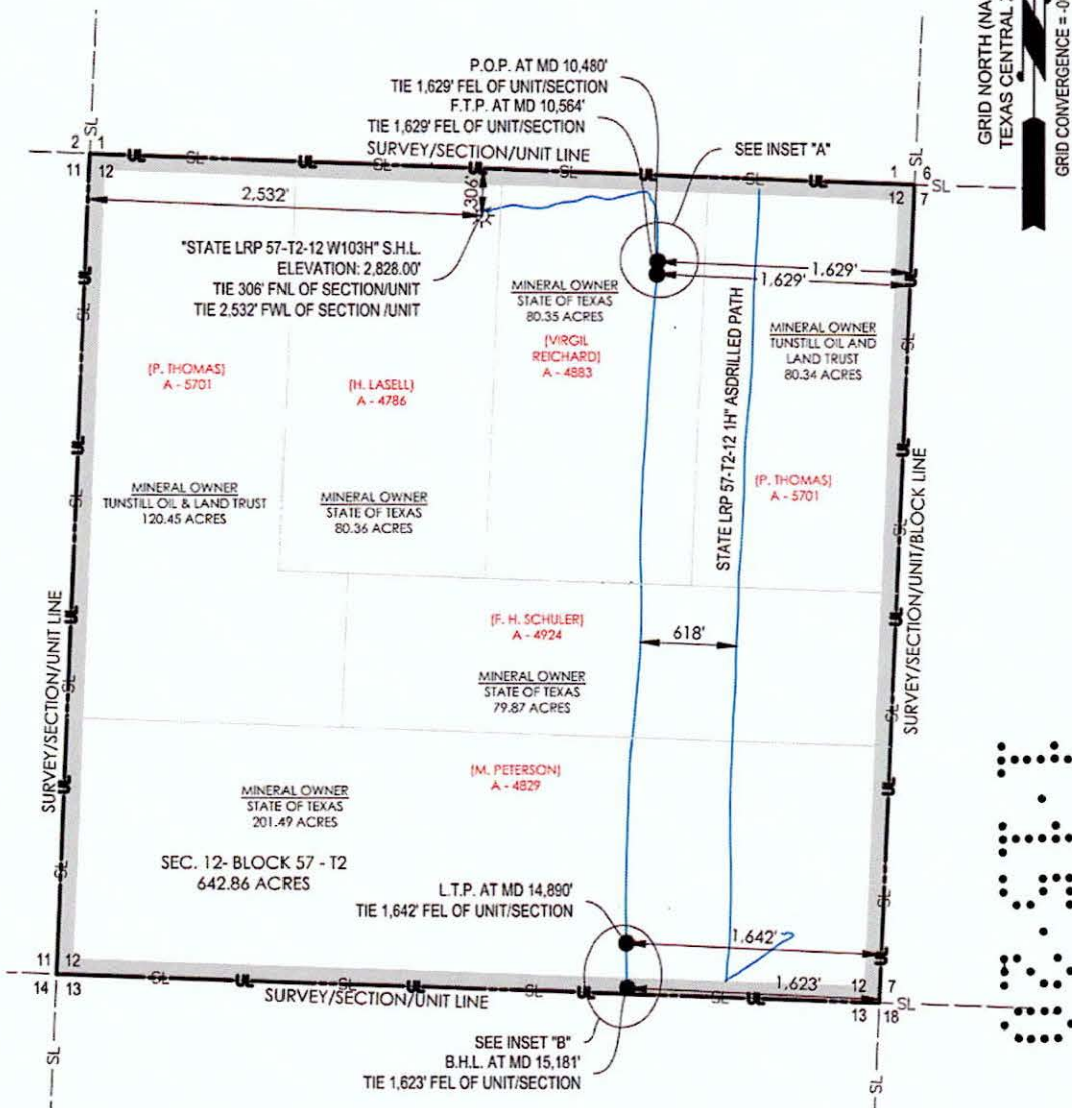
CONTACT INFORMATION:

Brad G. Russell
Crafton Tull
(10193715)
1000 LedgeLawn Dr.
Conway, AR 72034

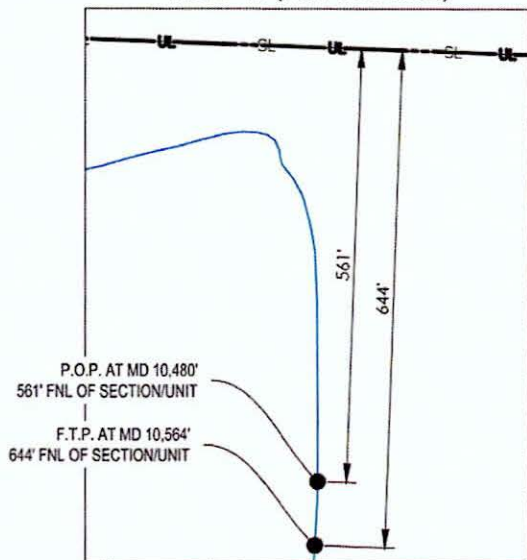
S.H.L. ELEVATION

WELL NAME	ELEVATION
STATE LRP 57-T2-12 W103H	2,828.00'

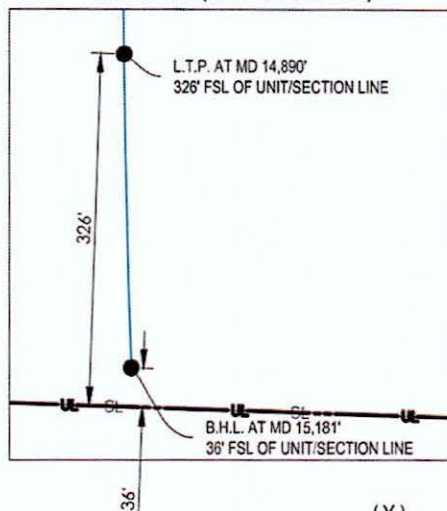
NOTE: S.H.L. APPROXIMATE LOCATION IS N 06°51'50" W,
2.99 MILES FROM ORLA, TEXAS.
S.H.L. LOCATED IN THE H. LASELL ABSTRACT 4786.
B.H.L. LOCATED IN THE M. PETERSON ABSTRACT 4829.



INSET "A" (NOT TO SCALE)



INSET "B" (NOT TO SCALE)



WELL BORE POSITIONS

REFERENCE	LAT. (NAD 83)	LONG. (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LAT. (NAD 27)	LONG. (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)
S.H.L.	31.86810157° N	103.91660171° W	10661107.22	1184321.47	31.86797554° N	103.91612718° W	31° 52' 04.712" N	103° 54' 58.058" W
P.O.P.	31.86739232° N	103.91293374° W	10660812.68	1185451.33	31.86726627° N	103.91245937° W	31° 52' 02.159" N	103° 54' 44.854" W
F.T.P.	31.86716417° N	103.91293613° W	10660729.75	1185447.92	31.86703811° N	103.91246177° W	31° 52' 01.337" N	103° 54' 44.862" W
L.T.P.	31.85528513° N	103.91312455° W	10656412.38	1185250.41	31.85515902° N	103.91265052° W	31° 51' 18.572" N	103° 54' 45.542" W
B.H.L.	31.85448835° N	103.91307287° W	10656122.15	1185257.12	31.85436223° N	103.91259886° W	31° 51' 15.704" N	103° 54' 45.356" W

GENERAL NOTES

1. THE LOCATIONS OF UNDERGROUND UTILITIES AS SHOWN HEREON ARE BASED ON REASONABLE VISUAL OBSERVATION. LOCATIONS OF UNDERGROUND UTILITIES/STRUCTURES MAY VARY FROM LOCATIONS SHOWN HEREIN. ADDITIONAL BURIED UTILITIES/STRUCTURES MAY BE ENCOUNTERED. NO EXCAVATIONS WERE MADE DURING THE PROGRESS OF THIS SURVEY TO LOCATE BURIED UTILITIES/STRUCTURES. BEFORE EXCAVATIONS ARE BEGUN, THE OFFICES OF THE VARIOUS UTILITIES SERVICING THIS AREA SHOULD BE CONTACTED FOR THEIR UTILITY LOCATION.

2. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS OBSERVATION, CAF = 0.999960581.

3. ACREAGES SHOWN HEREON BASED ON EXISTING STATE LRP 57-T2-12 1H PERMIT PLAT FILED WITH THE RRC ON FEBRUARY 26, 2015.

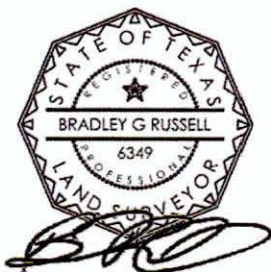
REVISION	BHP	BHP BILLITON PET (TXLA OP) CO
1 PRELIMINARY PLAT 12/6/17		
2 FINAL PLAT 5/10/18		
		STATE LRP 57-T2-12 W103H (MWN 834332)
		S.H.L. LOCATED IN THE H. LASELL ABSTRACT 4786. B.H.L. LOCATED IN THE M. PETERSON ABSTRACT 4829.
		REEVES COUNTY, TEXAS
		FINAL AS-DRILLED PLAT
	SCALE: 1" = 1000'	CHECKED BY: FRANS
	PLOT DATE: 05/11/2018	DRAWN BY: MN
		APPROVED BY: BR
		SHEET NO.: 1 OF 1

Date: mo. day yr.



WELL NAME	ELEVATION
STATE LRP 57-T2-12 W104H	2,827.75'

	UNIT LINE
	AS-DRILLED WELL PATH
	SECTION LINE
S.H.L.	SURFACE HOLE LOCATION
P.O.P.	POINT OF PENETRATION
F.T.P.	FIRST TAKE POINT
T.P.	TURNING POINT
L.T.P.	LAST TAKE POINT
B.H.L.	BOTTOM HOLE LOCATION

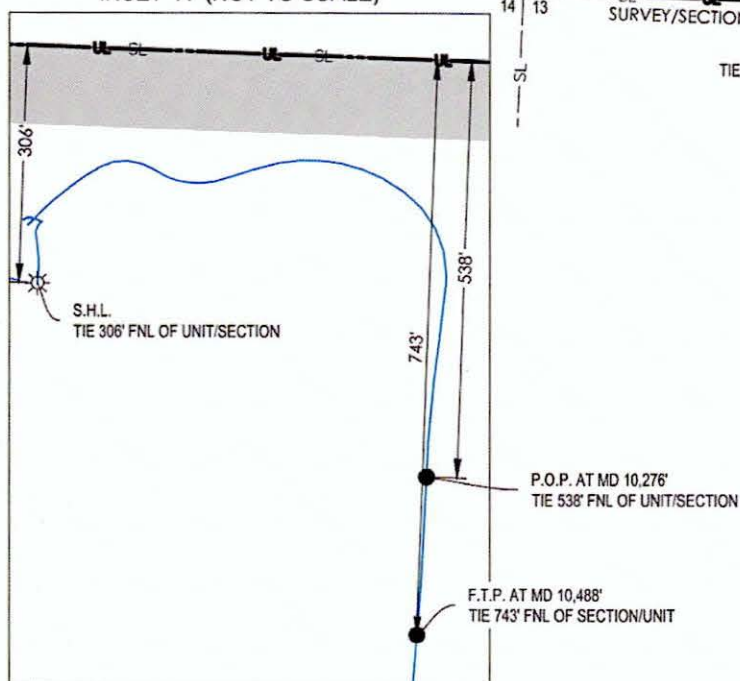


5/15/2018

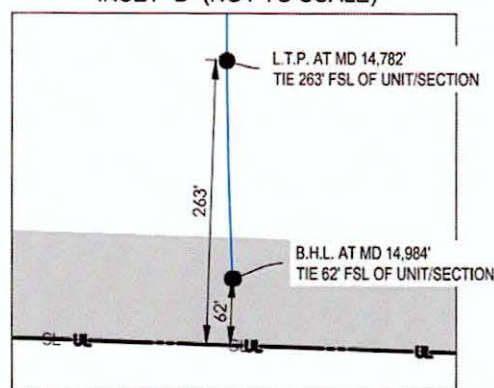
CONTACT INFORMATION:

Brad G. Russell
Crafton Tull
(10193715)
1000 Ledgelawn Dr.
Conway, AR 72034

INSET "A" (NOT TO SCALE)



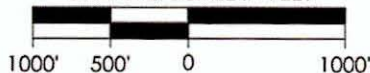
INSET "B" (NOT TO SCALE)



WELL BORE POSITIONS

REFERENCE	LAT. (NAD 83)	LONG. (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LAT. (NAD 27)	LONG. (NAD 27)	LAT. (NAD 27)	LONG. (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)
S.H.L.	31.86810162" N	103.91667427" W	10661107.97	1184298.96	31.86797559" N	103.91619974" W	31° 52' 04.712" N	103° 54' 58.319" W	818530.00	887837.78
P.O.P.	31.86745839" N	103.91503987" W	10660857.75	1184798.57	31.86733235" N	103.91456542" W	31° 52' 02.396" N	103° 54' 52.436" W	818279.78	888337.38
F.T.P.	31.86689515" N	103.91505810" W	10660653.14	1184786.32	31.86676911" N	103.91458366" W	31° 52' 00.369" N	103° 54' 52.501" W	818075.18	888325.13
L.T.P.	31.85511304" N	103.91538484" W	10656372.40	1184546.94	31.85498694" N	103.91491072" W	31° 51' 17.953" N	103° 54' 53.679" W	813794.56	888085.66
B.H.L.	31.85455884" N	103.91534674" W	10656170.51	1184552.27	31.85443274" N	103.91487263" W	31° 51' 15.958" N	103° 54' 53.541" W	813592.62	888090.99

GRAPHIC SCALE IN FEET



GENERAL NOTES

GENERAL NOTES:
1. THE LOCATIONS OF UNDERGROUND UTILITIES AS SHOWN HEREON ARE BASED ON REASONABLE VISUAL OBSERVATION. LOCATIONS OF UNDERGROUND UTILITIES/ STRUCTURES MAY VARY FROM LOCATIONS SHOWN HEREIN. ADDITIONAL BURIED UTILITIES/ STRUCTURES MAY BE ENCOUNTERED. NO EXCAVATIONS WERE MADE DURING THE PROGRESS OF THIS SURVEY TO LOCATE BURIED UTILITIES/ STRUCTURES. BEFORE EXCAVATIONS ARE BEGUN, THE OFFICES OF THE VARIOUS UTILITIES SERVICING THIS AREA SHOULD BE CONTACTED FOR THEIR UTILITY LOCATION.

2. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS OBSERVATION. CAF = 0.999960705

3. ACRES SHOWN HEREON BASED ON EXISTING STATE LRP 57-T2-12 1H PERMIT PLAT FILED WITH THE RRC ON FEBRUARY 26, 2015

REVISION		BHP				BHP BILLITON PET (TXLA OP) CO			
1	PRELIMINARY PLAT 12/21/17	STATE LRP 57-T2-12 W104H (MWN 834335) S.H.L. LOCATED IN THE H. LASSELL ABSTRACT 4786. B.H.L. LOCATED IN THE M. PETERSON ABSTRACT 4629. REEVES COUNTY, TEXAS FINAL AS-DRILLED PLAT							
2	FINAL PLAT 3/02/18								
3	POP MOVED 5/15/18								
		SCALE: 1" = 1000'	PLOT DATE: 05/11/2018	CHECKED BY: FRANS	APPROVED BY: L.DOW				
				DRAWN BY: MJN	SHEET NO.: 1 OF 1				



1000 LedgeLawn Dr.
Conway, Arkansas 72034

501.328.3316 | 501.328.3325 f
www.craftontull.com

REEVES COUNTY, TEXAS

S.H.L. ELEVATION

WELL NAME	ELEVATION
STATE LRP 57-T2-12 W105H	2,827.69'

NOTE: S.H.L. APPROXIMATE LOCATION IS N 06°51'50" W,
2.99 MILES FROM ORLA, TEXAS.
S.H.L. LOCATED IN THE H. LASELL ABSTRACT 4786.
B.H.L. LOCATED IN THE M. PETERSON ABSTRACT 4829.

LEGEND

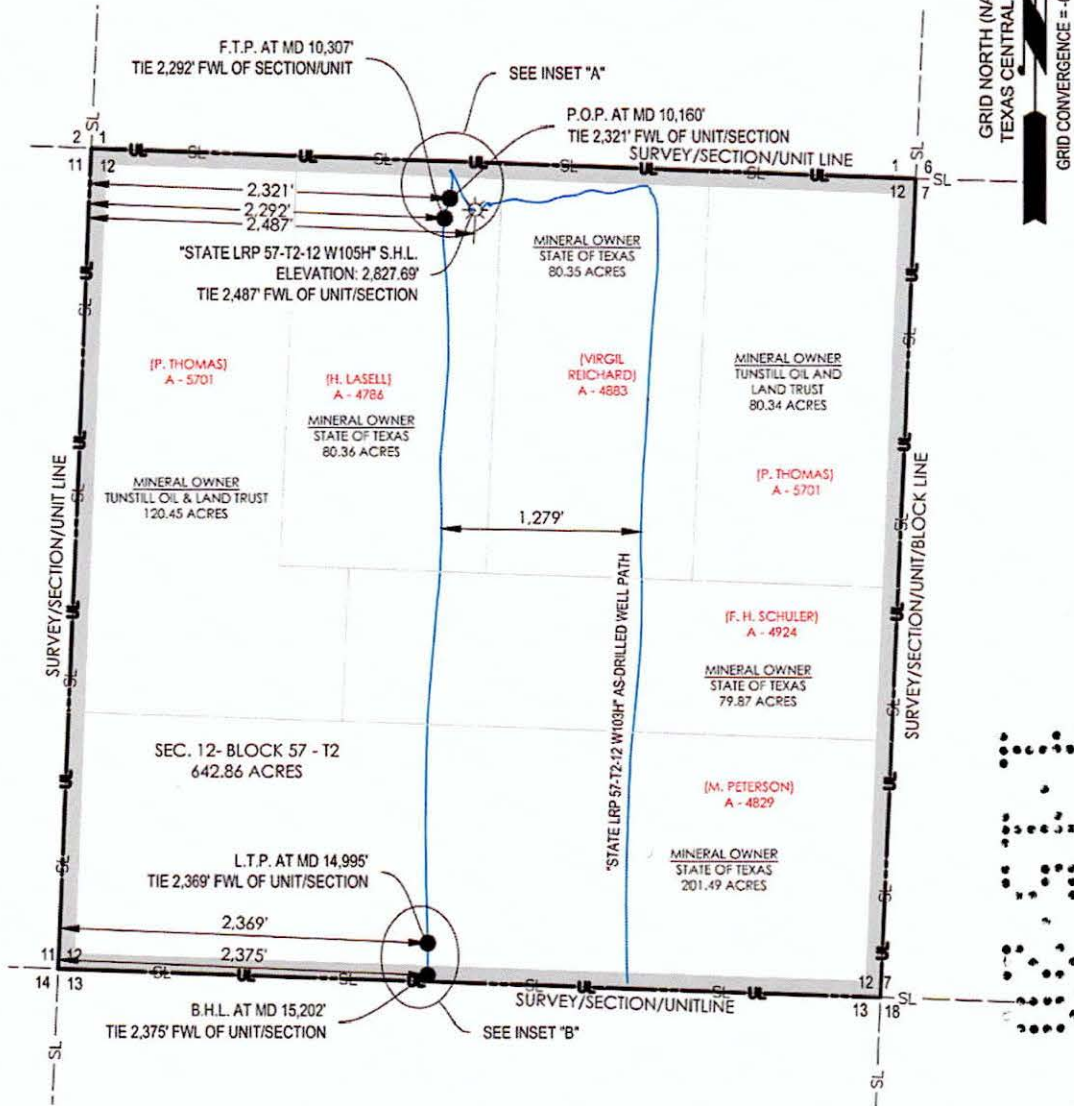
UL	UNIT LINE
AS-DRILLED WELL PATH	
SECTION LINE	
S.H.L.	SURFACE HOLE LOCATION
P.O.P.	POINT OF PENETRATION
F.T.P.	FIRST TAKE POINT
T.P.	TURNING POINT
L.T.P.	LAST TAKE POINT
B.H.L.	BOTTOM HOLE LOCATION



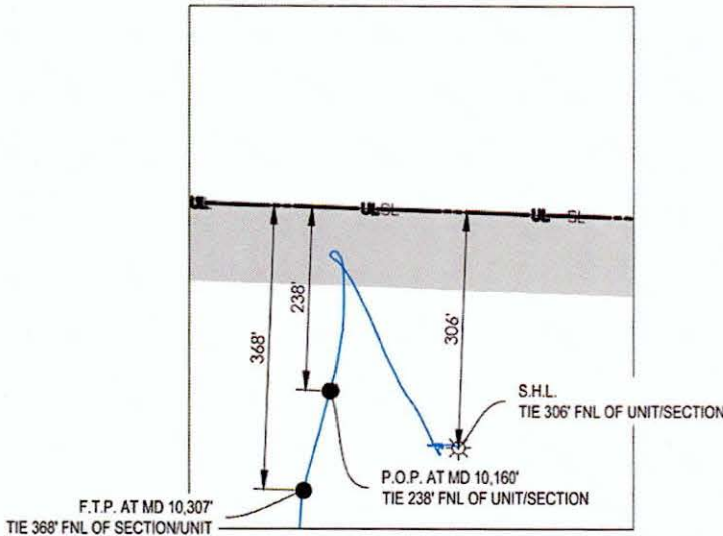
5/15/2018

CONTACT INFORMATION:

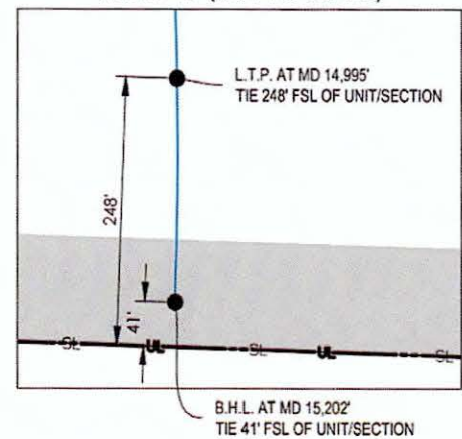
Brad G. Russell
Crafton Tull
(101)937115
1000 LedgeLawn Dr.
Conway, AR 72034



INSET "A" (NOT TO SCALE)



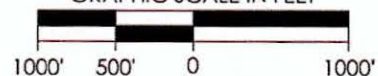
INSET "B" (NOT TO SCALE)



WELL BORE POSITIONS

REFERENCE	LAT. (NAD 83)	LONG. (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LAT. (NAD 27)	LONG. (NAD 27)	LAT. (NAD 27)	LONG. (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)
S.H.L.	31.86810208° N	103.91674631° W	10661108.86	1184276.61	31.86797605° N	103.91627177° W	31° 52' 04.714" N	103° 54' 58.578" W	818530.88	887815.43
P.O.P.	31.86828947° N	103.91728100° W	10661182.34	1184112.89	31.86816344° N	103.91680643° W	31° 52' 05.388" N	103° 55' 00.503" W	818604.37	887651.72
F.T.P.	31.86793298° N	103.91737760° W	10661053.68	1184078.74	31.86780695° N	103.91690304° W	31° 52' 04.105" N	103° 55' 00.851" W	818475.71	887617.56
L.T.P.	31.85507210° N	103.91724416° W	10656376.10	1183969.44	31.85494601° N	103.91676996° W	31° 51' 17.806" N	103° 55' 00.372" W	813798.27	887508.17
B.H.L.	31.85450336° N	103.91722822° W	10656169.15	1183967.72	31.85437727° N	103.91675404° W	31° 51' 15.758" N	103° 55' 00.315" W	813591.32	887506.45

GRAPHIC SCALE IN FEET



GENERAL NOTES

1. THE LOCATIONS OF UNDERGROUND UTILITIES AS SHOWN HEREON ARE BASED ON REASONABLE VISUAL OBSERVATION. LOCATIONS OF UNDERGROUND UTILITIES/ STRUCTURES MAY VARY FROM LOCATIONS SHOWN HEREIN. ADDITIONAL BURIED UTILITIES/ STRUCTURES MAY BE ENCOUNTERED. NO EXCAVATIONS WERE MADE DURING THE PROGRESS OF THIS SURVEY TO LOCATE BURIED UTILITIES/ STRUCTURES. BEFORE EXCAVATIONS ARE BEGUN, THE OFFICES OF THE VARIOUS UTILITIES SERVICING THIS AREA SHOULD BE CONTACTED FOR THEIR UTILITY LOCATION.

2. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS OBSERVATION. CAF = 0.99996705.

3. ACRES SHOWN HEREON BASED ON EXISTING STATE LRP 57-T2-12 1H PERMIT PLAT FILED WITH THE RRC ON FEBRUARY 26, 2015.

REVISION	BHP	BHP BILLITON PET (TXLA OP) CO
1 PRELIMINARY PLAT 12/6/17		
2 FINAL PLAT 5/15/2018		
		STATE LRP 57-T2-12 W105H (MWN 834338)
		S.H.L. LOCATED IN THE H. LASELL ABSTRACT 4786, B.H.L. LOCATED IN THE M. PETERSON ABSTRACT 4829.
		REEVES COUNTY, TEXAS
		FINAL AS-DRILLED PLAT
	SCALE: 1" = 1000'	CHECKED BY: FRANS
	PLOT DATE: 05/15/2018	DRAWN BY: MJN
		APPROVED BY: L.DOW
		SHEET NO.: 1 OF 1

03.21.1

10.

File No. MF115425

DRR bonus and Forms County

Date Filed: 1/21/20

George P. Bush, Commissioner

By SSD



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

January 21, 2020

Ms. Tanya Curcuruto
BPX Energy, Inc.
1700 Platte Street, Suite 150
Denver, CO 80202

RE: State Lease MF115425 – Relinquishment Act Lease
Deep Rights Retention, Lease A, Reeves County, Texas
80 acres, W/2NE/4 Section 12, Block 57, Township 2, T&P Ry. Co. Survey, A-4883
80 acres, E/2NW/4 Section 12, Block 57, Township 2, T&P Ry. Co. Survey, A-4786
Wells: State LPR 57-T2-12 1H, API 42-389-34787, 08-278910
State LPR 57-T2-12 W103H, API 42-389-36140, 08-285099
State LPR 57-T2-12 W104H, API 42-389-36151, 08-285118
State LPR 57-T2-12 W105H, API 42-389-36141, 08-285100
Unit: State LPR 57-T2-12 Unit, State Unit #7199

Dear Ms. Curcuruto:

The Deep Rights Retention check in the amount of \$54,000.00 for mineral file MF115425, Lease A, has been accepted, and will retain the deep rights until January 28, 2022.

If you have any questions, please feel free to contact me.

Best regards,

Susan S. Draughn, Landman
Energy Resources/Mineral Leasing
Direct: 512.463.6521
Email: susan.draughn@glo.texas.gov

File No. MF 115425
Letter accepting County
DRR - Lease A
Date Filed: 1/21/20
George P. Bush, Commissioner
By SSD



Texas General Land Office
George P. Bush, Commissioner
1700 North Congress Avenue
Austin, Texas 78701-1495

DEEP RIGHTS RETENTION PAYMENT FORM

Complete a separate form for each State Mineral File (MF). Multiple undivided interest leases, in the common mineral file, for which retention is being requested, may be listed together.

Mail or Deliver with Attention to: Energy Resources

STATE LEASE # MF 115425 <i>B, D + E</i>		County REEVES	Gross Acres 160.00	Net Acres 8.00	Tract Part (Ex. NW/4) W/2NE/4, E/2NW/4
Section: 12	Block: 57	Survey: T&P RR CO		Township: 2	Abstract: 4883, 4786
Agent for State (Lessor) Julia Lucinda C. Raman et al			Operator BPX OPERATING COMPANY		

FOR EACH WELL, PROVIDE THE FOLLOWING:

- "As-Drilled" Plat (horizontal wells must have lateral length set out on the plat)
- P-15 as submitted to RRC where required by RRC Field Rules

Contact Tanya Curcuruto	Date April 28, 2020
Land Negotiator	Company BPX Energy, Inc.
Title +1 281 810 6466	Mailing Address 1700 Platte Street, Suite 150
Telephone Number tanya.curcuruto@bpx.com	City, State, Zip Denver, Colorado 80202
E-Mail Address	

Deep Rights Retention Bonus Work-Up
Type of State Lease: (RAL, Fee, Free Royalty) RAL
Total Eligible Acres: 8.00
Total Amount Due: \$4,000.00
Check # 8005000584-585, 8005000587
<i>If there are undivided interests; there may be multiple checks</i>

For General Land Office Use Only:		
Received: _____	Payment Register No.: _____	
Amount: \$ _____	Lease Type: _____	Unit No.: _____

AGENT FOR STATE (LESSOR)

(if multiple undivided interests are included; list below)

Lease MF# & Undivided Interest Alpha #	Name of Agent for State of Texas	Original Bonus to State in \$	Bonus Amount Due One half (½) of Original (based on acres being retained)	Undivided Interest Net Acres
MF115425B	Julia Lucinda C. Raman	\$4,000.00	\$2,000.00	4.00
MF115425D	Walter C. Cremin III	\$2,000.00	\$1,000.00	2.00
MF115425E	Marianne C. Taylor	\$2,000.00	\$1,000.00	2.00
Deep Rights Retention Bonus Due to State TOTAL:			\$4,000.00	
Undivided Interest Net Acres TOTAL:				8.00

Copy and Complete Additional Sheets as Necessary

WELL INFORMATION

Copy and Complete Additional Sheets as Necessary

<u>WELL NAME & NO.</u> STATE LRP 57-T2-12 1H		<u>API</u> 423893478700	<u>DISTRICT</u> 8	<u>RRC ID</u> 278910	<u>SPUD DATE</u> 3/31/2015	<u>COMPLETION DATE</u> 4/17/2015
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>E/2E/2</u> Section: <u>12</u> Block: <u>57</u> Township: <u>2</u> Survey: <u>T&P RR CO/PETERSON, MRS M</u> Abstract: <u>4829</u>			OIL ☐ VERTICAL GAS ☒ HORIZONTAL ☒ FIELD NAME & NUMBER: <u>PHANTOM, 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 160.715	<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 80.375	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 80.34	<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 10130.09			
<u>HORIZONTAL WELLS</u> 4700	<u>TOTAL LENGTH OF LATERAL</u>	<u>LENGTH OF LATERAL ON STATE LAND</u>	<u>LENGTH OF LATERAL ON PRIVATE LAND</u>			
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> 12/2019	<u>VOLUME</u> 8975 MCF, 2059 BBL	<u>MONTH/YEAR</u> 1/2020	<u>VOLUME</u> 9471 MCF, 2476 BBL	<u>MONTH/YEAR</u> 2/2020	<u>VOLUME</u> 13599 MCF, 4645 BBL

<u>WELL NAME & NO.</u> STATE LRP 57-T2-12 W103H		<u>API</u> 423893614000	<u>DISTRICT</u> 8	<u>RRC ID</u> 285099	<u>SPUD DATE</u> 9/21/2017	<u>COMPLETION DATE</u> 11/1/2017
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>W/2E/2</u> Section: <u>12</u> Block: <u>57</u> Township: <u>2</u> Survey: <u>T&P RR CO/LA SELL, J/GEHLE, F C</u> Abstract: <u>4786</u>			OIL ☐ VERTICAL GAS ☒ HORIZONTAL ☒ FIELD NAME & NUMBER: <u>PHANTOM, 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 160.715	<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 160.715	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 0	<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 10133.69			
<u>HORIZONTAL WELLS</u> 4326	<u>TOTAL LENGTH OF LATERAL</u>	<u>LENGTH OF LATERAL ON STATE LAND</u>	<u>LENGTH OF LATERAL ON PRIVATE LAND</u>			
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> 12/2019	<u>VOLUME</u> 42487 MCF, 5043 BBL	<u>MONTH/YEAR</u> 1/2020	<u>VOLUME</u> 37935 MCF, 5855 BBL	<u>MONTH/YEAR</u> 2/2020	<u>VOLUME</u> 28787 MCF, 8454 BBL

<u>WELL NAME & NO.</u> STATE LRP 57-T2-12 W104H		<u>API</u> 423893615100	<u>DISTRICT</u> 8	<u>RRC ID</u> 285118	<u>SPUD DATE</u> 10/31/2017	<u>COMPLETION DATE</u> 12/13/2017
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>E/2W/2</u> Section: <u>12</u> Block: <u>57</u> Township: <u>2</u> Survey: <u>T&P RR CO/LA SELL, J / GEHLE, F C</u> Abstract: <u>4786</u>			OIL VERTICAL GAS x HORIZONTAL x FIELD NAME & NUMBER: <u>PHANTOM, 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 160.715		<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 150.608	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 10.1075		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 10134.17	
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u> 4294	<u>LENGTH OF LATERAL ON STATE LAND</u>		<u>LENGTH OF LATERAL ON PRIVATE LAND</u>		
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> 12/2019	<u>VOLUME</u> 52853 MCF, 14761 BBL	<u>MONTH/YEAR</u> 1/2020	<u>VOLUME</u> 37895 MCF, 5332 BBL	<u>MONTH/YEAR</u> 2/2020	<u>VOLUME</u> 21539 MCF, 1582 BBL

<u>WELL NAME & NO.</u> STATE LRP 57-T2-12 W105H		<u>API</u> 423893614100	<u>DISTRICT</u> 8	<u>RRC ID</u> 285100	<u>SPUD DATE</u> 11/5/2017	<u>COMPLETION DATE</u> 11/27/2017
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>W/2W/2</u> Section: <u>12</u> Block: <u>57</u> Township: <u>2</u> Survey: <u>T&P RR CO/PETERSON, MRS M</u> Abstract: <u>4829</u>			OIL VERTICAL GAS x HORIZONTAL x FIELD NAME & NUMBER: <u>PHANTOM, 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 160.715		<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 50.3725	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 110.343		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 10146.30	
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u> 4688	<u>LENGTH OF LATERAL ON STATE LAND</u>		<u>LENGTH OF LATERAL ON PRIVATE LAND</u>		
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> 12/2019	<u>VOLUME</u> 41033 MCF, 4759 BBL	<u>MONTH/YEAR</u> 1/2020	<u>VOLUME</u> 38872 MCF, 8331 BBL	<u>MONTH/YEAR</u> 2/2020	<u>VOLUME</u> 19992 MCF, 2234 BBL

STATEMENT OF PRODUCTIVITY OF ACREAGE
ASSIGNED TO PRORATION UNITS

Form P-15

Tracking No.: 147213

This facsimile P-15 was generated electronically
from data submitted to the RRC.

The undersigned states that he is authorized to make this statement; that he has knowledge of the facts concerning the BHP BILLITON PET(TXLA OP) CO ,
OPERATOR
STATE LRP 57-T2-12 , No. 1H ; that such well is
LEASE WELL
completed in the PHANTOM (WOLFCAMP) Field, REEVES County,
Texas and that the acreage claimed, and assigned to such well for proration purposes as
authorized by special rule and as shown on the attached certified plat embraces _____
642.86 acres which can reasonably be considered to be productive of hydrocarbons.

- CERTIFICATE -

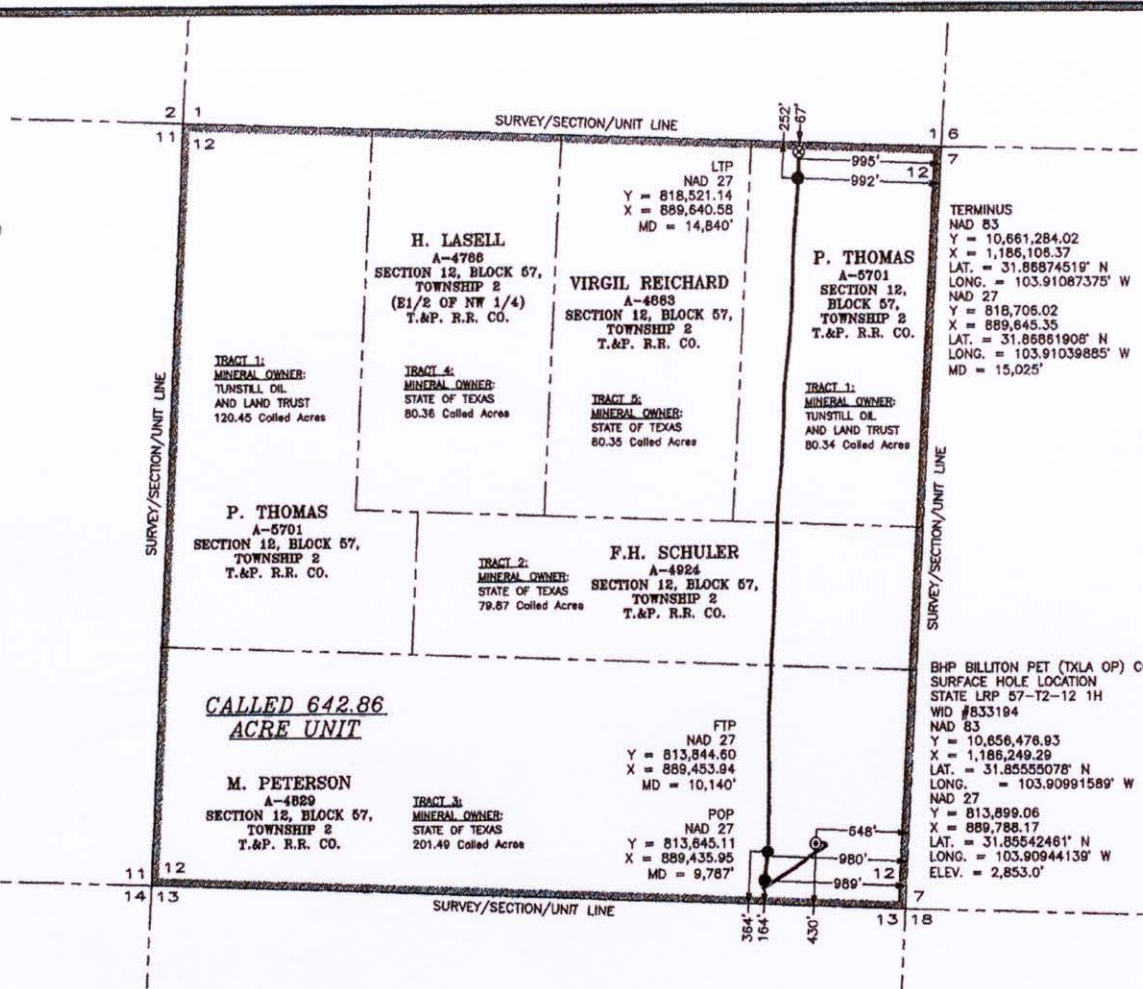
I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge,

Date 12/22/2015 Signature Diann Flowers
Telephone (713) 983-2508 Title Regulatory Supervisor
AREA CODE

P-15 STATEMENT OF PRODUCTIVITY OF ACREAGE

OPERATOR: BHP BILLITON PET (TXLA OP) CO (068596)
COUNTY: REEVES – DISTRICT 08
FIELD NAME: PHANTOM (WOLFCAMP)
LEASE NAME: STATE LRP 57-T2-12
LEASE ACRES: 642.86

<u>LEASE ID</u>	<u>DRILLING PERMIT #</u>	<u>WELL NO.</u>	<u>DEDICATED ACRES</u>
PENDING	803900	1H	642.86
TOTAL ALLOCATED:			642.86
TOTAL AVAILABLE:			0



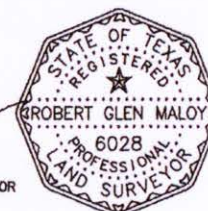
GENERAL NOTES

- COORDINATES SHOWN ARE BASED ON TEXAS COORDINATE SYSTEM OF NAD 27 "TEXAS CENTRAL ZONE" (EPSG 32039), AND BASED ON "ORLA" NGS MONUMENT (Y = 798,953.59, X = 878,028.84)
- VERTICAL DATUM IS NAVD 88 (EPSG 5103)
- COMBINED SCALE FACTOR = 0.999860235
- LATITUDE AND LONGITUDE ARE NAD 27 (EPSG 4267) AS SHOWN
- AREA, DISTANCES, AND COORDINATES ARE "GRID"
- UNITS ARE UNITED STATES SURVEY FOOT.
- ALL LEASE AND TRACT INFORMATION SHOWN HERE ON IS DONE SO BY LIMITED DEED RECORD INFORMATION ONLY. ALL ACREAGES SHOWN ARE BY DEED AND LEASE CALL, EXCEPT WHERE NOTED. THIS IS NOT IN ANY WAY A "BOUNDARY SURVEY".

REVISION	DATE	BY	DETAILS
A	06/24/15	JK	MAKE PRELIMINARY PLAT

I HEREBY STATE THAT THIS PLAT SHOWS THE SUBJECT LOCATION BASED ON INFORMATION PROVIDED BY THE CLIENT.

Robert Glen Maloy
ROBERT GLEN MALOY
REGISTERED PROFESSIONAL LAND SURVEYOR
LICENSE NO. 6028



PLAT OF:

AN AS-DRILLED WELL LOCATION FOR:
BHP BILLITON PET (TXLA OP) CO.
STATE LRP 57-T2-12 1H
WID# 833194

SITUATED IN THE M. PETERSON SURVEY, A-4829, SECTION 12, BLOCK 57, TOWNSHIP 2, THE F.H. SCHULER SURVEY, A-4924, SECTION 12, BLOCK 57, TOWNSHIP 2, AND THE P. THOMAS SURVEY, A-5701, SECTION 12, BLOCK 57, TOWNSHIP 2, BEING APPROXIMATELY 2.5 MILES NORTH OF ORLA, IN REEVES COUNTY, TEXAS.

bhpbilliton
BHP Billiton
1360 Post Oak Blvd. #150
Houston, Texas 77056

FRANK
SURVEYING COMPANY INC.
550 Bailey Ave., 205 - Fort Worth, TX 76107
Ph: 817.349.9800 - Fax: 979.732.5271
TBPLS Firm No. 10195887
www.franksurveying.com
LAND SURVEYING/ENERGY/GIS SERVICES

DATE: 06/24/15
DRAWN BY: GG/JK
CHECKED BY: JK
FIELD CREW: RE/MR
PROJECT NO: 201408833
SCALE: 1" = 1000'
SHEET: 1 OF 1
REVISION: 0

State of California, Department of Social Services Division of Child Welfare, Child Welfare Services Division of Child Welfare, Child Welfare Services Division of Child Welfare, Child Welfare Services		Clanton, Veronica Veronica Clanton (Reg Specialist)		veronica.clanton@bhpbilliton.com	
Signature		Name and title (type or print)		Email (include email address <i>only</i> if you affirmatively consent to its public release)	
1550Post Oak Blvd.		Houston, Texas 77056		713 2964759	
Address		City, State, Zip Code		Tel: Area Code Number	
				Date: mo. day yr.	
				05/25/2018	

SECTION VII. REMARKS



Crafton Tull
surveying

501.328.3314 • 501.328.3325
www.craftontull.com

1000 Ledgeland Dr.
Conway, Arkansas 72034

LEGEND

— UNIT LINE
— AS DRILLED WELL PATH
— SECTION LINE
— S.H.L. SURFACE HOLE LOCATION
— P.O.P. POINT OF PENETRATION
— F.T.P. FIRST TAKE POINT
— T.P. TURNING POINT
— L.T.P. LAST TAKE POINT
— B.H.L. BOTTOM HOLE LOCATION

GRAPHIC SCALE IN FEET
1000' 500' 0 1000'



5/11/2018

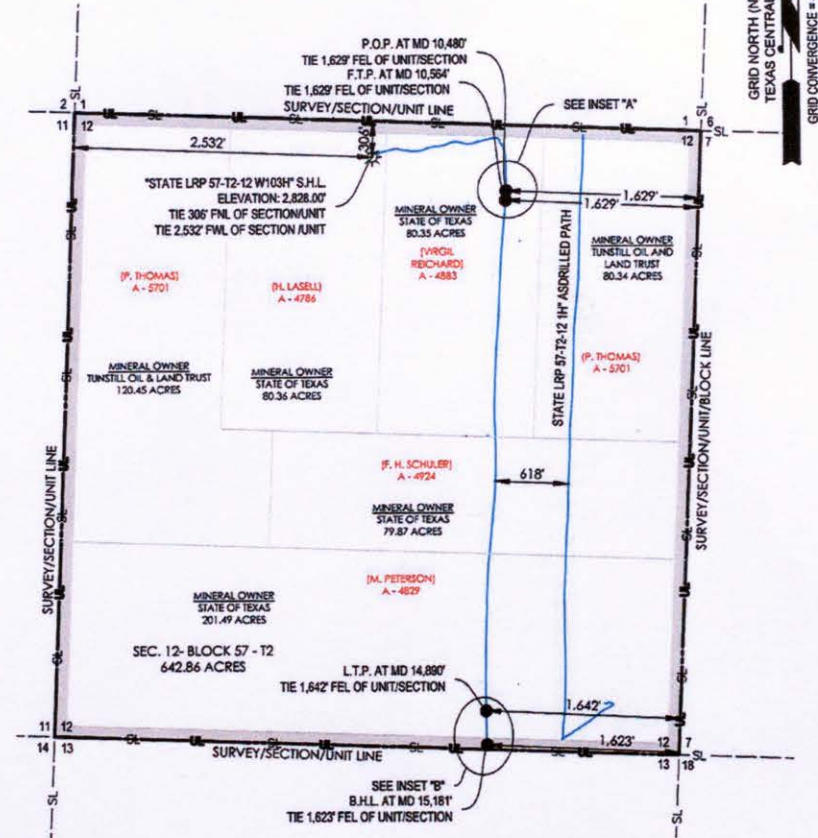
CONTACT INFORMATION:

Brad G. Russell
Crafton Tull
(501)937715
1000 Ledgeland Dr.
Conway, AR 72034

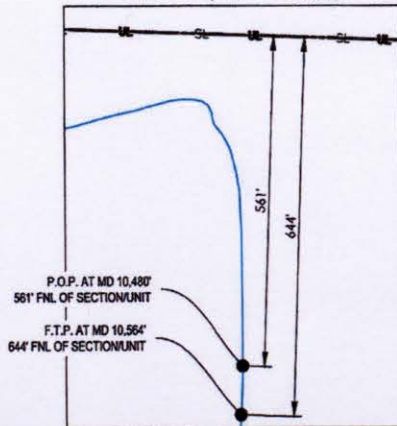
S.H.L. ELEVATION

WELL NAME	ELEVATION
STATE LRP 57-T2-12 W103H	2,828.00'

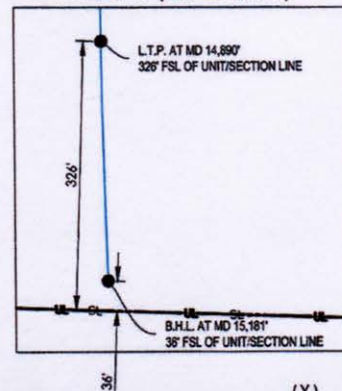
NOTE: S.H.L. APPROXIMATE LOCATION IS N 06°51'50" W,
2.99 MILES FROM ORLA, TEXAS.
S.H.L. LOCATED IN THE H. LASELL ABSTRACT 4786.
B.H.L. LOCATED IN THE M. PETERSON ABSTRACT 4829.



INSET "A" (NOT TO SCALE)



INSET "B" (NOT TO SCALE)



WELL BORE POSITIONS

REFERENCE	LAT. (NAD 83)	LONG. (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LAT. (NAD 27)	LONG. (NAD 27)	LAT. (NAD 27)	LONG. (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)
S.H.L.	31.86810157° N	103.91660171° W	10861107.22	1184321.47	31.86797554° N	103.91612718° W	31° 52' 04.712" N	103° 54' 58.058" W	818529.25	887860.29
P.O.P.	31.86739232° N	103.91293374° W	10860812.68	1184541.33	31.86728622° N	103.91245937° W	31° 52' 02.159" N	103° 54' 44.854" W	818234.72	888990.13
F.T.P.	31.86716417° N	103.91293613° W	10860729.75	1185447.92	31.86703811° N	103.91246177° W	31° 52' 01.337" N	103° 54' 44.862" W	818151.79	888986.71
L.T.P.	31.85528513° N	103.91312455° W	10856412.38	1185250.41	31.85515902° N	103.91265052° W	31° 51' 18.572" N	103° 54' 45.542" W	813834.54	888789.12
B.H.L.	31.85448835° N	103.91307287° W	10856122.15	1185257.12	31.85436223° N	103.91259886° W	31° 51' 15.704" N	103° 54' 45.356" W	813544.32	888795.83

GENERAL NOTES

1. THE LOCATIONS OF UNDERGROUND UTILITIES AS SHOWN HEREON ARE BASED ON REASONABLE VISUAL OBSERVATION. LOCATIONS OF UNDERGROUND UTILITIES/STRUCTURES MAY VARY FROM LOCATIONS SHOWN HEREIN. ADDITIONAL BURIED UTILITIES/STRUCTURES MAY BE ENCOUNTERED. NO EXCAVATIONS WERE MADE DURING THE PROGRESS OF THIS SURVEY TO LOCATE BURIED UTILITIES/STRUCTURES. BEFORE EXCAVATIONS ARE BEGUN, THE OFFICES OF THE VARIOUS UTILITIES SERVICING THIS AREA SHOULD BE CONTACTED FOR THEIR UTILITY LOCATION.

2. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83. U.S. FEET AS DETERMINED BY GPS OBSERVATION. CH# = 8-998650891.

3. ACRES SHOWN HEREON BASED ON EXISTING STATE LRP 57-T2-12 1H PERMIT PLAT FILED WITH THE RRIC ON FEBRUARY 26, 2015.

REVISION	BHP	BHP BILLITON PET (TXLA OP) CO
1. PRELIMINARY PLAT 12/6/17		
2. FINAL PLAT 5/10/18		
	STATE LRP 57-T2-12 W103H (MWN 834332)	
	S.H.L. LOCATED IN THE H. LASELL ABSTRACT 4786; B.H.L. LOCATED IN THE M. PETERSON ABSTRACT 4829.	
	REEVES COUNTY, TEXAS	
	FINAL AS-DRILLED PLAT	
	SCALE: 1" = 1000'	CHECKED BY: FRANS
	PLOT DATE: 05/11/2018	DRAWN BY: MN
		APPROVED BY: BR
		SHEET NO.: 1 OF 1

G:\852-7 (WELL PADS)\8527SV0585_STATE_LRP_57-T2-12_PAD_B\STATE LRP 57-T2-12 PAD B_WPP_PLATS.DWG 5/11/2018 10:56:00 AM MN1377

 Clanton, Veronica		Veronica Clanton (Reg Specialist)		veronica.clanton@bhpbilliton.com			
Signature		Name and title (type or print)		Email (include email address <i>only</i> if you affirmatively consent to its public release)			
1550Post Oak Blvd.		Houston, Texas 77056		713 2964759 05/25/2018			
Address		City	State	Zip Code	Tel: Area Code	Number	Date: mo. day yr.

Acreage Designation

Filer is the owner or lessee of all or an undivided portion of the minerals under each tract listed below and has the legal right to drill on each tract traversed by the well that will have perforations or other take points open in the interval of the applied-for field(s). All tracts listed will actually be traversed by the wellbore or the filer has pooling authority or other contractual authority, such as a production sharing agreement, authorizing inclusion of the non-drillsite tract in the acreage assigned to the well.

SECTION V. LISTING OF ALL TRACTS CONTRIBUTING ACREAGE TO AN RRC DESIGNATED DRILLSITE DEVELOPMENTAL UNIT THAT IS NOT A SINGLE LEASE, POOLED UNIT, OR GROUP OF TRACTS UNITIZED BY CONTRACT FOR PURPOSES OF SECONDARY RECOVERY

[illegible]

Total Allocated Acreage >			< Total Lease Acreage
---------------------------	--	--	-----------------------

Filer is the owner or lessee, or has been authorized by the owner or lessee, of all or an undivided portion of the mineral estate under each tract for which filer is listed as operator below. For all leases operated by other entities, the number of assigned acres shown are reflected on current Commission records or the filer has been authorized by the current operator to change the assigned acreage of that operator as shown below.

SECTION VI. LISTING OF ALL WELLS IN THE APPLIED FOR FIELD ON THE SAME ACREAGE AS THE LEASE OR POOLED UNIT DESIGNATED FOR THE TRACTS LISTED IN SECTION V BY FILER

[illegible]

A. Total Wells & Acreage >

B. Total Assigned Horiz. Acreage >

C. Total Assigned Vert./Dir. Acreage >

A. Total Wells & Acreage >	
B. Total Assigned Horiz. Acreage >	
C. Total Assigned Vert./Dir. Acreage >	

SECTION VII. REMARKS

SECTION VII: REWARDS

S.H.L. ELEVATION	
WELL NAME	ELEVATION
STATE LRP 57-T2-12 W104H	2,827.75'

NOTE: S.H.L. APPROXIMATE LOCATION IS N 06°51'50" W,
2.99 MILES FROM ORLA, TEXAS.
S.H.L. LOCATED IN THE H. LASELL ABSTRACT 4786.
B.H.L. LOCATED IN THE M. PETERSON ABSTRACT 4829.

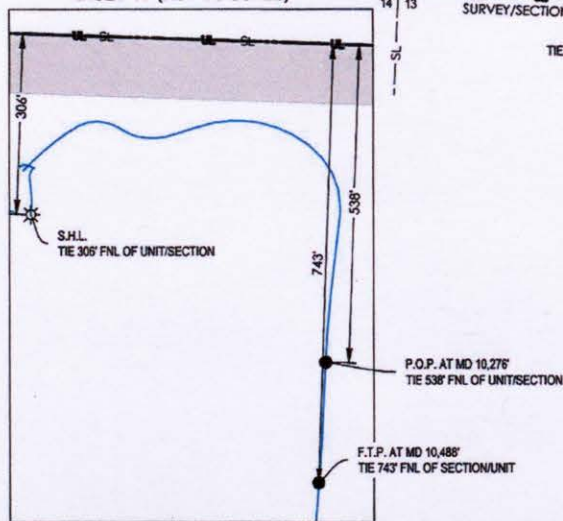
LEGEND

- UNIT LINE
- AS-DRILLED WELL PATH
- SECTION LINE
- S.H.L. SURFACE HOLE LOCATION
- P.O.P. POINT OF PENETRATION
- F.T.P. FIRST TAKE POINT
- T.P. TURNING POINT
- L.T.P. LAST TAKE POINT
- B.H.L. BOTTOM HOLE LOCATION

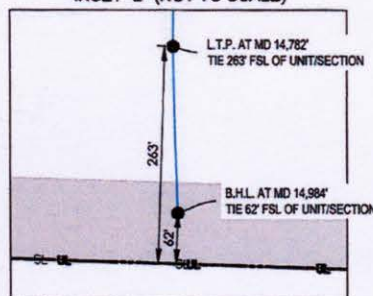


CONTACT INFORMATION:
Brad G. Russell
Crafton Tull
(601)937151
1000 Ledgeland Dr.
Conway, AR 72034

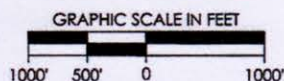
INSET "A" (NOT TO SCALE)



INSET "B" (NOT TO SCALE)



REFERENCE	WELL BORE POSITIONS				(Y)				(X)	
	LAT. (NAD 83)	LONG. (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LAT. (NAD 27)	LONG. (NAD 27)	LAT. (NAD 27)	LONG. (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)
S.H.L.	31.86810162° N	103.91667427° W	10681107.97	1184298.96	31.86797509° N	103.91619974° W	31° 52' 04.712" N	103° 54' 58.319" W	818530.00	887937.78
P.O.P.	31.86745839° N	103.91503987° W	10680857.75	1184798.57	31.86733235° N	103.91456542° W	31° 52' 02.396" N	103° 54' 52.436" W	818279.78	888337.38
F.T.P.	31.86688515° N	103.91505810° W	10680653.14	1184786.32	31.86676911° N	103.91458366° W	31° 52' 00.369" N	103° 54' 52.501" W	818075.18	888325.13
L.T.P.	31.85511304° N	103.91538484° W	10656372.40	1184546.94	31.85498694° N	103.91491072° W	31° 51' 17.953" N	103° 54' 53.679" W	813794.56	888085.66
B.H.L.	31.85458884° N	103.91534674° W	10656170.51	1184552.27	31.85443274° N	103.91487263° W	31° 51' 15.958" N	103° 54' 53.541" W	813592.68	888090.99



GENERAL NOTES

1. THE LOCATIONS OF UNDERGROUND UTILITIES AS SHOWN HEREON ARE BASED ON REASONABLE VISUAL OBSERVATION. LOCATIONS OF UNDERGROUND UTILITIES STRUCTURES MAY VARY FROM LOCATIONS SHOWN HEREIN. ADDITIONAL BURIED UTILITIES/STRUCTURES MAY BE ENCOUNTERED. NO EXCAVATIONS WERE MADE DURING THE PROGRESS OF THIS SURVEY TO LOCATE BURIED UTILITIES/STRUCTURES. BEFORE EXCAVATIONS ARE BEGUN, THE OFFICES OF THE VARIOUS UTILITIES SERVICING THIS AREA SHOULD BE CONTACTED FOR THEIR UTILITY LOCATION.

2. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS OBSERVATION, CAF = 0.9998075.

3. ACRESAGES SHOWN HEREON BASED ON EXISTING STATE LRP 57-T2-12 1H PERMIT PLAT FILED WITH THE RRC ON FEBRUARY 26, 2015.

REVISION		BHP	BHP BILLITON PET (TXLA OP) CO STATE LRP 57-T2-12 W104H (MWN 834335) S.H.L. LOCATED IN THE H. LASELL ABSTRACT 4786. B.H.L. LOCATED IN THE M. PETERSON ABSTRACT 4829. REEVES COUNTY, TEXAS FINAL AS-DRILLED PLAT			
1	PRELIMINARY PLAT 12/21/17					
2	FINAL PLAT 3/30/18					
3	POP MOVED 5/15/18					
SCALE: 1" = 1000'		CHECKED BY: FRANK		APPROVED BY: L.DOW		
PLOT DATE: 05/15/2018		DRAWN BY: MJN		SHEET NO.: 1 OF 1		

S.H.L. ELEVATION

WELL NAME	ELEVATION
STATE LRP 57-T2-12 W105H	2,827.69'

NOTE: S.H.L. APPROXIMATE LOCATION IS N 06°51'50" W,
2.99 MILES FROM ORLA, TEXAS.
S.H.L. LOCATED IN THE H. LASELL ABSTRACT 4786.
B.H.L. LOCATED IN THE M. PETERSON ABSTRACT 4829.

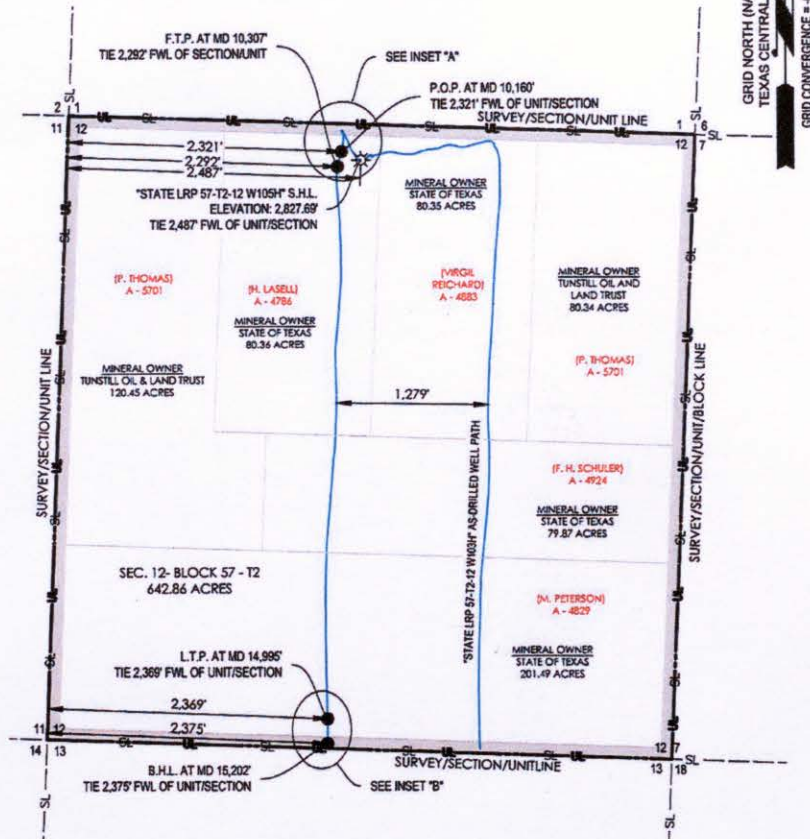
LEGEND

- UNIT LINE
- AS-DRILLED WELL PATH
- SECTION LINE
- S.H.L. SURFACE HOLE LOCATION
- P.O.P. POINT OF PENETRATION
- F.T.P. FIRST TAKE POINT
- T.P. TURNING POINT
- L.T.P. LAST TAKE POINT
- B.H.L. BOTTOM HOLE LOCATION

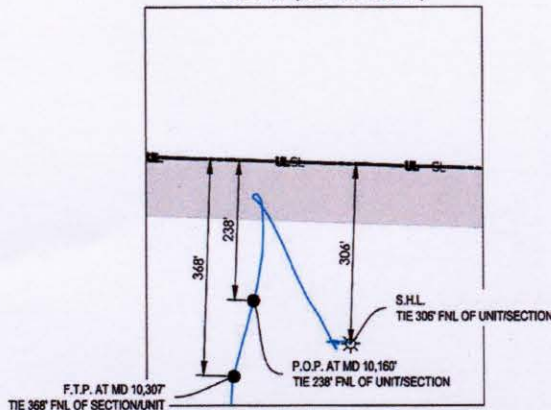


CONTACT INFORMATION:

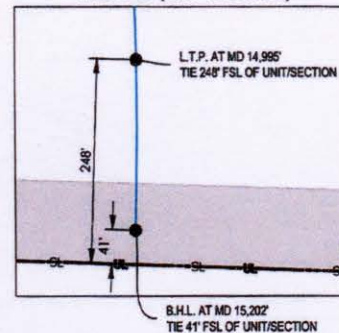
Brad G. Russell
Crafton Tull
(10193715)
1000 Ledgetown Dr.
Conway, AR 72034



INSET "A" (NOT TO SCALE)



INSET "B" (NOT TO SCALE)



WELL BORE POSITIONS

REFERENCE	LAT. (NAD 83)	LONG. (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LAT. (NAD 27)	LONG. (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)
S.H.L.	31.86810208° N	103.91674631° W	10661108.86	1184276.61	31.86797605° N	103.91627177° W	818530.88	887815.43
P.O.P.	31.86828947° N	103.91728100° W	10661182.34	1184112.89	31.86816344° N	103.91680643° W	818604.37	887651.72
F.T.P.	31.86793298° N	103.91737760° W	10661053.68	1184078.74	31.86780695° N	103.91690304° W	818475.71	887617.56
L.T.P.	31.85507210° N	103.91724416° W	10656376.10	1183969.44	31.85494601° N	103.91676996° W	813798.27	887508.17
B.H.L.	31.85450336° N	103.91722822° W	10656169.15	1183967.72	31.85437727° N	103.91675404° W	813591.32	887506.45

GRAPHIC SCALE IN FEET



GENERAL NOTES

1. THE LOCATIONS OF UNDERGROUND UTILITIES AS SHOWN HEREON ARE BASED ON REASONABLE VISUAL OBSERVATION. LOCATIONS OF UNDERGROUND UTILITIES/STRUCTURES MAY VARY FROM LOCATIONS SHOWN HEREIN. ADDITIONAL BURIED UTILITIES/STRUCTURES MAY BE ENCOUNTERED. NO EXCAVATIONS WERE MADE DURING THE PROGRESS OF THIS SURVEY TO LOCATE BURIED UTILITIES/STRUCTURES. BEFORE EXCAVATIONS ARE BEGUN, THE OFFICES OF THE VARIOUS UTILITIES SERVING THIS AREA SHOULD BE CONTACTED FOR THEIR UTILITY LOCATION.

2. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83 U.S. FEET AS DETERMINED BY GPS OBSERVATION. CNP + 0.0998675.

3. ACRES SHOWN HEREON BASED ON EXISTING STATE LRP 57-T2-12 1H PERMIT PLAT FILED WITH THE RRC ON FEBRUARY 28, 2015.

REVISION	BHP	BHP BILLITON PET (TXLA OP) CO
1 PRELIMINARY PLAT 12/8/17		
2 FINAL PLAT 5/15/2018		
	STATE LRP 57-T2-12 W105H (MWN 834338)	
	S.H.L. LOCATED IN THE H. LASELL ABSTRACT 4786, B.H.L. LOCATED IN THE M. PETERSON ABSTRACT 4829.	
	REEVES COUNTY, TEXAS	
	FINAL AS-DRILLED PLAT	
SCALE: 1" = 1000'	CHECKED BY: FRANS	APPROVED BY: LDOW
PLOT DATE: 05/15/2018	DRAWN BY: MJN	SHEET NO.: 1 OF 1

bpx energy



Tanya Curcuruto

Land Negotiator
Permian BU

BP America Production Company
BPX Energy Inc.
1700 Platte Street
Suite 150
Denver, Colorado 80202
USA

Direct 281-810-6466
Mobile 720-621-4205
Tanya.Curcuruto@bpx.com

April 28, 2020

Texas General Land Office
Attention: Susan Draughn
1700 N. Congress Avenue, Suite 840
Austin, TX 78701-1495

Via FedEx

Re: May 2020 Deep Rights Retention Payments
State Lost & Found 57-T2-20X17 Unit (MF #116531B, 115433A through C)
State LRP 57-T2-12 Unit (MF #115586A, 115425B, D & E)
State Ella Mae Hall 57-T2-14 Unit (MF #117077BB)

Dear Ms. Draughn:

Enclosed please find deep rights retention payments due May 2020 and accompanying Deep Rights Retention Payment Forms.

Please do not hesitate to contact me at 281-810-6466 or Tanya.Curcuruto@bpx.com should you have any questions.

Respectfully,

A handwritten signature in black ink, appearing to read "Tanya Curcuruto".

Tanya Curcuruto

Enclosures

BPX Energy companies: BPX Production Company; BPX Midstream LLC; BPX Operating Company; BPX Properties (GP) LLC; BPX Properties (LP) LLC; BPX (Permian) Gathering LLC; BPX (Eagle Ford) Gathering LLC; BPX Properties (NA) LP; BPX (KCS Resources) LLC; BPX (WSF Operating) Inc.; South Texas Shale LLC; Winwell Resources, L.L.C.

bpx energy

BPX Operating Company
Attn: BP GBS Americas - P2P Treasury
Payments
150 West Warrenville Road, Building 605, 3rd
Floor
Naperville, IL 60563

20708575

PAGE 1 OF 1

04/21/20

X01LH

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

VENDOR NUMBER: 0069000250

TRACE NUMBER: 2000010418

DOCUMENT NO.	INVOICE DATE	INVOICE NO.	GROSS AMOUNT	DISCOUNT NO.	NET AMOUNT
1900015404 16B DEPTH EXTENSION MF-115425B 16B Depth Extension MF-115425B	04/16/20	57	2,000.00		2,000.00
TOTALS			2,000.00		2,000.00

INQUIRIES CONCERNING THIS PAYMENT SHOULD BE
DIRECTED TO OUR OFFICE, PLEASE CALL
(800) 284-2244

IN ORDER TO AFFECT TIMELY INVOICE PAYMENT PLEASE PLACE
YOUR VENDOR NUMBER ON ALL FUTURE INVOICE TO BP.
*** YOUR VENDOR NUMBER IS 0069000250

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS

CHECK NO. 8005000584 ATTACHED BELOW

bpx energy

BPX Operating Company
Attn: BP GBS Americas - P2P Treasury Payments
150 West Warrenville Road, Building 605, 3rd Floor
Naperville, IL 60563

62-20
311

CHECK NO. 8005000584

20708575

04/21/20

PAY TO THE
ORDER OF

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

*****\$2,000.00

NOT VALID AFTER 6 MONTHS

Two thousand and 00/100 Dollars

TRACE NUMBER: 2000010418

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

Luzana H. Hersh
Authorized Signature

bpx energy

BPX Operating Company
Attn: BP GBS Americas - P2P Treasury
Payments
150 West Warrenton Road, Building 605, 3rd
Floor
Naperville, IL 60563

20708577

PAGE 1 OF 1

04/21/20

X01LH

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

VENDOR NUMBER: 0069000250

TRACE NUMBER: 2000010421

DOCUMENT NO.	INVOICE DATE	INVOICE NO.	GROSS AMOUNT	DISCOUNT NO.	NET AMOUNT
1900015410 16B DEPTH EXTENSION MF-115425D 16B Depth Extension MF-115425D	04/16/20	59	1,000.00		1,000.00
TOTALS			1,000.00		1,000.00

INQUIRIES CONCERNING THIS PAYMENT SHOULD BE
DIRECTED TO OUR OFFICE. PLEASE CALL
(800) 234-2244

IN ORDER TO AFFECT TIMELY INVOICE PAYMENT PLEASE PLACE
YOUR VENDOR NUMBER ON ALL FUTURE INVOICE TO BP.
*** YOUR VENDOR NUMBER IS 0069000250

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS

CHECK NO. 8005000587 ATTACHED BELOW

bpx energy

BPX Operating Company
Attn: BP GBS Americas - P2P Treasury Payments
150 West Warrenton Road, Building 605, 3rd Floor
Naperville, IL 60563

62-20
311

CHECK NO. 8005000587
20708577

04/21/20

PAY TO THE
ORDER OF

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

*****\$1,000.00

NOT VALID AFTER 6 MONTHS

One thousand and 00/100 Dollars

TRACE NUMBER: 2000010421

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

Laura A. Hersh
Authorized Signature

bpX energy

BPX Operating Company
Attn: BP GBS Americas - P2P Treasury
Payments
150 West Warrenville Road, Building 605, 3rd
Floor
Naperville, IL 60563

PAGE 1 OF 1

20708576

04/21/20

X01LH

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

VENDOR NUMBER: 0069000250

TRACE NUMBER: 2000010419

DOCUMENT NO.	INVOICE DATE	INVOICE NO.	GROSS AMOUNT	DISCOUNT NO.	NET AMOUNT
1900015406 16B DEPTH EXTENSION MF-115425E 16B Depth Extension MF-115425E	04/16/20	61	1,000.00		1,000.00
TOTALS			1,000.00		1,000.00

INQUIRIES CONCERNING THIS PAYMENT SHOULD BE
DIRECTED TO OUR OFFICE, PLEASE CALL
(800) 284-2244

IN ORDER TO AFFECT TIMELY INVOICE PAYMENT PLEASE PLACE
YOUR VENDOR NUMBER ON ALL FUTURE INVOICE TO BP.
*** YOUR VENDOR NUMBER IS 0069000250

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS

CHECK NO. 8005000585 ATTACHED BELOW

bpX energy

BPX Operating Company
Attn: BP GBS Americas - P2P Treasury Payments
150 West Warrenville Road, Building 605, 3rd Floor
Naperville, IL 60563

62-20
311

CHECK NO. 8005000585

20708576
04/21/20

PAY TO THE
ORDER OF

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

*****\$1,000.00

NOT VALID AFTER 6 MONTHS

One thousand and 00/100 Dollars

TRACE NUMBER: 2000010419

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

Laura H. Hersh
Authorized Signature

bpx energy

BPX Operating Company
Attn: BP GBS Americas - P2P Treasury
Payments
150 West Warrenville Road, Building 605, 3rd
Floor
Naperville, IL 60563

PAGE 1 OF 1

20708576

04/21/20

X01LH

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

VENDOR NUMBER: 0069000250

TRACE NUMBER: 2000010419

DOCUMENT NO.	INVOICE DATE	INVOICE NO.	GROSS AMOUNT	DISCOUNT NO.	NET AMOUNT
1900015406 16B DEPTH EXTENSION MF-115425E 16B Depth Extension MF-115425E	04/16/20	61	1,000.00		1,000.00
TOTALS			1,000.00		1,000.00

INQUIRIES CONCERNING THIS PAYMENT SHOULD BE
DIRECTED TO OUR OFFICE, PLEASE CALL
(800) 284-2244

IN ORDER TO AFFECT TIMELY INVOICE PAYMENT PLEASE PLACE
YOUR VENDOR NUMBER ON ALL FUTURE INVOICE TO BP.
*** YOUR VENDOR NUMBER IS 0069000250

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS

CHECK NO. 8005000585 ATTACHED BELOW

bpx energy

BPX Operating Company
Attn: BP GBS Americas - P2P Treasury Payments
150 West Warrenville Road, Building 605, 3rd Floor
Naperville, IL 60563

62-20
311

CHECK NO. 8005000585

20708576
04/21/20

PAY TO THE
ORDER OF

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

*****\$1,000.00

NOT VALID AFTER 6 MONTHS

One thousand and 00/100 Dollars

TRACE NUMBER: 2000010419

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

Laura H. Hersh
Authorized Signature

File No. MF 115425

DRR Form + checks County

Leases B, D, + E

Date Filed: 6/8/20

George P. Bush, Commissioner

By SSD



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

June 9, 2020

Ms. Tanya Curcuruto
BPX Energy, Inc.
1700 Platte Street, Suite 150
Denver, CO 80202

RE: State Lease MF115425 – Relinquishment Act Lease
Deep Rights Retention, Leases B, D, and E, Reeves County, Texas
160 acres, W/2 of the NE/4 of Section 12, Block 57, Township 2, A-4883, T&P RR Co.
Survey, and E/2 of the NW/4 of Section 12, Block 57, Township 2, A-4786, T&P RR Co.
Survey.
Wells: State LRP 57-T2-12 #1H, API 42-389-34787, RRC 08-278910
State LRP 57-T2-12 #W103H, API 42-389-36140, RRC 08-285099
State LRP 57-T2-12 #W104H, API 42-389-36151, RRC 08-285118
State LRP 57-T2-12 #W105H, API 42-389-36141, RRC 08-285100
Unit: State LRP 57-T2-12 Unit #7199

Dear Ms. Curcuruto:

The Deep Rights Retention checks in the amount of \$4,000.00 for mineral file MF115425, Leases B, D, and E, have been accepted, and will retain the deep rights until May 24, 2022.

If you have any questions, please feel free to contact me.

Best regards,

Susan S. Draughn, Landman
Energy Resources/Mineral Leasing
Direct: 512.463.6521
Email: susan.draughn@glo.texas.gov

File No. MF 115425

File No. 100-1-3-1
Letter accepting DRR County
leases B, D, & E

Date Filed: 6/9/20

George P. Bush, Commissioner

By George S. S. S.



Texas General Land Office
George P. Bush, Commissioner
1700 North Congress Avenue
Austin, Texas 78701-1495

DEEP RIGHTS RETENTION PAYMENT FORM

Complete a separate form for each State Mineral File (MF). Multiple undivided interest leases, in the common mineral file, for which retention is being requested, may be listed together.

Mail or Deliver with Attention to: Energy Resources

STATE LEASE # MF 115425C		County REEVES	Gross Acres 160.00	Net Acres 4.00	Tract Part (Ex. NW/4) W/2NE/4, E/2NW/4
Section: 12	Block: 57	Survey: T&P RR CO		Township: 2	Abstract: 4883, 4786
Agent for State (Lessor) Estate of Ann Cremin Fiala			Operator BPX OPERATING COMPANY		

FOR EACH WELL, PROVIDE THE FOLLOWING:

- "As-Drilled" Plat (horizontal wells must have lateral length set out on the plat)
- P-15 as submitted to RRC where required by RRC Field Rules

Contact Tanya Curcuruto	Date May 14, 2020
Land Negotiator	Company BPX Energy, Inc.
Title +1 281 810 6466	Mailing Address 1700 Platte Street, Suite 150
Telephone Number tanya.curcuruto@bpx.com	City, State, Zip Denver, Colorado 80202
E-Mail Address	

Deep Rights Retention Bonus Work-Up
Type of State Lease: (RAL, Fee, Free Royalty) RAL
Total Eligible Acres: 4.00
Total Amount Due: \$2,000.00
Check # 8005000619
<i>If there are undivided interests; there may be multiple checks</i>

For General Land Office Use Only:	Received: _____	Payment Register No.: _____
Amount: \$ _____	Lease Type: _____	Unit No.: _____

AGENT FOR STATE (LESSOR)				
(if multiple undivided interests are included; list below)				
Lease MF# & Undivided Interest Alpha #	Name of Agent for State of Texas	Original Bonus to State in \$	Bonus Amount Due One half (½) of Original (based on acres being retained)	Undivided Interest Net Acres
Deep Rights Retention Bonus Due to State TOTAL:				
Undivided Interest Net Acres TOTAL:				

Copy and Complete Additional Sheets as Necessary

WELL INFORMATION

Copy and Complete Additional Sheets as Necessary

<u>WELL NAME & NO.</u> STATE LRP 57-T2-12 1H		<u>API</u> 423893478700	<u>DISTRICT</u> 8	<u>RRC ID</u> 278910	<u>SPUD DATE</u> 3/31/2015	<u>COMPLETION DATE</u> 4/17/2015
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>E/2E/2</u> Section: <u>12</u> Block: <u>57</u> Township: <u>2</u> Survey: <u>T&P RR CO/PETERSON, MRS M</u> Abstract: <u>4829</u>			OIL _____ VERTICAL _____ GAS <u>x</u> _____ HORIZONTAL <u>x</u> _____ FIELD NAME & NUMBER: <u>PHANTOM, 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 160.715	<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 80.375	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 80.34		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 10130.09		
<u>HORIZONTAL WELLS</u> 4700	<u>TOTAL LENGTH OF LATERAL</u>	<u>LENGTH OF LATERAL ON STATE LAND</u>		<u>LENGTH OF LATERAL ON PRIVATE LAND</u>		
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> 12/2019	<u>VOLUME</u> 8975 MCF, 2059 BBL	<u>MONTH/YEAR</u> 1/2020	<u>VOLUME</u> 9471 MCF, 2476 BBL	<u>MONTH/YEAR</u> 2/2020	<u>VOLUME</u> 13599 MCF, 4645 BBL

<u>WELL NAME & NO.</u> STATE LRP 57-T2-12 W103H		<u>API</u> 423893614000	<u>DISTRICT</u> 8	<u>RRC ID</u> 285099	<u>SPUD DATE</u> 9/21/2017	<u>COMPLETION DATE</u> 11/1/2017
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>W/2E/2</u> Section: <u>12</u> Block: <u>57</u> Township: <u>2</u> Survey: <u>T&P RR CO/LA SELL, J/GEHLE, F C</u> Abstract: <u>4786</u>			OIL _____ VERTICAL _____ GAS <u>x</u> _____ HORIZONTAL <u>x</u> _____ FIELD NAME & NUMBER: <u>PHANTOM, 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 160.715	<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 160.715	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 0		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 10133.69		
<u>HORIZONTAL WELLS</u> 4326	<u>TOTAL LENGTH OF LATERAL</u>	<u>LENGTH OF LATERAL ON STATE LAND</u>		<u>LENGTH OF LATERAL ON PRIVATE LAND</u>		
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> 12/2019	<u>VOLUME</u> 42487 MCF, 5043 BBL	<u>MONTH/YEAR</u> 1/2020	<u>VOLUME</u> 37935 MCF, 5855 BBL	<u>MONTH/YEAR</u> 2/2020	<u>VOLUME</u> 28787 MCF, 8454 BBL

<u>WELL NAME & NO.</u> STATE LRP 57-T2-12 W104H		<u>API</u> 423893615100	<u>DISTRICT</u> 8	<u>RRC ID</u> 285118	<u>SPUD DATE</u> 10/31/2017	<u>COMPLETION DATE</u> 12/13/2017
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>E/2W/2</u> Section: <u>12</u> Block: <u>57</u> Township: <u>2</u> Survey: <u>T&P RR CO/LA SELL, J / GEHLE, F C</u> Abstract: <u>4786</u>			OIL _____ VERTICAL _____ GAS <u>x</u> _____ HORIZONTAL <u>x</u> _____ FIELD NAME & NUMBER: <u>PHANTOM, 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 160.715		<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 150.608		<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 10.1075		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 10134.17
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u> 4294		<u>LENGTH OF LATERAL ON STATE LAND</u>		<u>LENGTH OF LATERAL ON PRIVATE LAND</u>	
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> 12/2019	<u>VOLUME</u> 52853 MCF, 14761 BBL	<u>MONTH/YEAR</u> 1/2020	<u>VOLUME</u> 37895 MCF, 5332 BBL	<u>MONTH/YEAR</u> 2/2020	<u>VOLUME</u> 21539 MCF, 1582 BBL

<u>WELL NAME & NO.</u> STATE LRP 57-T2-12 W105H		<u>API</u> 423893614100	<u>DISTRICT</u> 8	<u>RRC ID</u> 285100	<u>SPUD DATE</u> 11/5/2017	<u>COMPLETION DATE</u> 11/27/2017
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>W/2W/2</u> Section: <u>12</u> Block: <u>57</u> Township: <u>2</u> Survey: <u>T&P RR CO/PETERSON, MRS M</u> Abstract: <u>4829</u>			OIL _____ VERTICAL _____ GAS <u>x</u> _____ HORIZONTAL <u>x</u> _____ FIELD NAME & NUMBER: <u>PHANTOM, 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 160.715		<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 50.3725		<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 110.343		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 10146.30
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u> 4688		<u>LENGTH OF LATERAL ON STATE LAND</u>		<u>LENGTH OF LATERAL ON PRIVATE LAND</u>	
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> 12/2019	<u>VOLUME</u> 41033 MCF, 4759 BBL	<u>MONTH/YEAR</u> 1/2020	<u>VOLUME</u> 38872 MCF, 8331 BBL	<u>MONTH/YEAR</u> 2/2020	<u>VOLUME</u> 19992 MCF, 2234 BBL

STATEMENT OF PRODUCTIVITY OF ACREAGE
ASSIGNED TO PRORATION UNITS

Form P-15

Tracking No.: 147213

This facsimile P-15 was generated electronically
from data submitted to the RRC.

The undersigned states that he is authorized to make this statement; that he has knowledge of the facts concerning the BHP BILLITON PET(TXLA OP) CO ,

STATE LRP 57-T2-12 , No. 1H ; that such well is
LEASE OPERATOR WELL

completed in the PHANTOM (WOLFCAMP) Field, REEVES County,

Texas and that the acreage claimed, and assigned to such well for proration purposes as authorized by special rule and as shown on the attached certified plat embraces _____

642.86 acres which can reasonably be considered to be productive of hydrocarbons.

- CERTIFICATE -

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge,

Date 12/22/2015 Signature Diann Flowers

Telephone (713) 983-2508 Title Regulatory Supervisor
AREA CODE

P-15 STATEMENT OF PRODUCTIVITY OF ACREAGE

OPERATOR: BHP BILLITON PET (TXLA OP) CO (068596)
COUNTY: REEVES – DISTRICT 08
FIELD NAME: PHANTOM (WOLFCAMP)
LEASE NAME: STATE LRP 57-T2-12
LEASE ACRES: 642.86

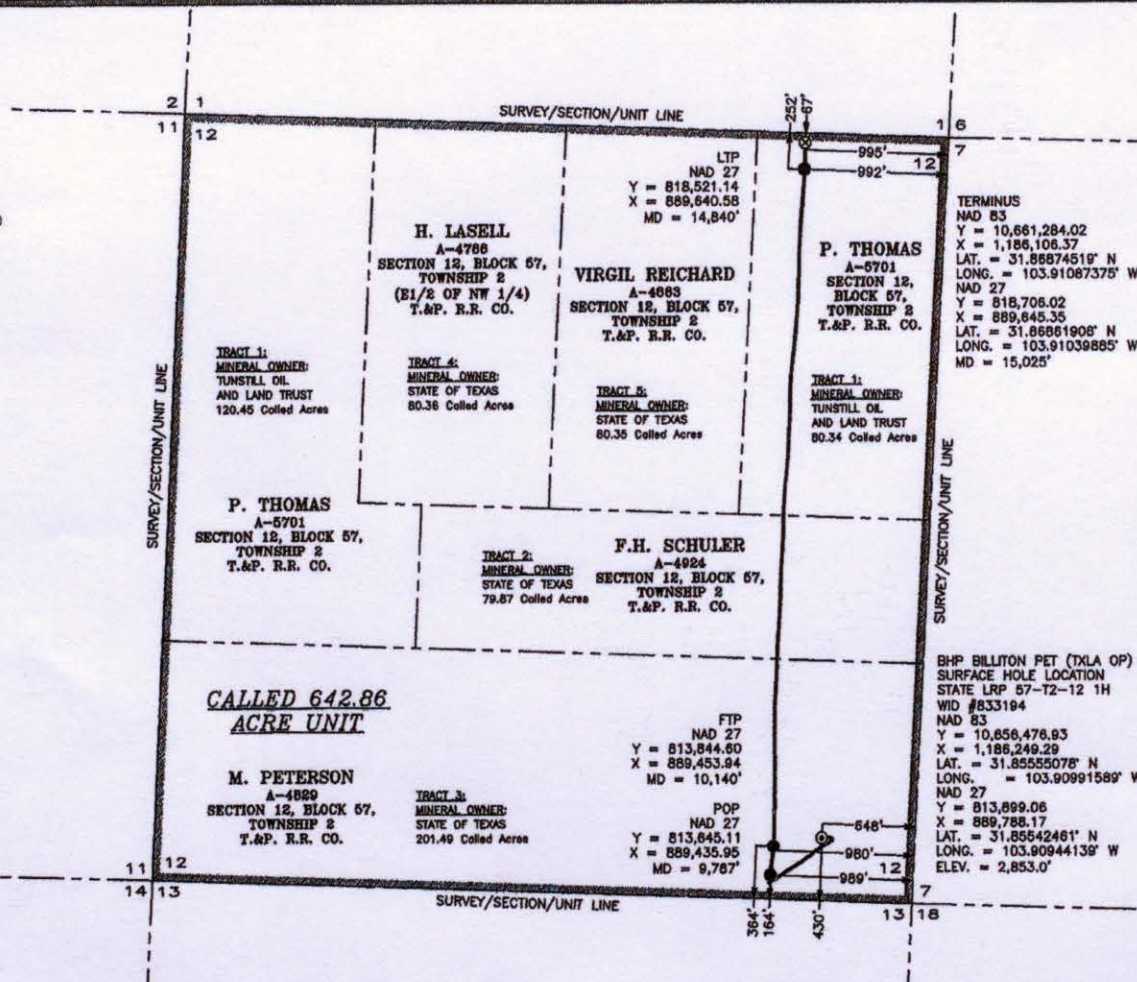
<u>LEASE ID</u>	<u>DRILLING PERMIT #</u>	<u>WELL NO.</u>	<u>DEDICATED ACRES</u>
PENDING	803900	1H	642.86

TOTAL ALLOCATED:	642.86
TOTAL AVAILABLE:	0



NAD 83 GRID
TEXAS CENTRAL ZONE

0 500 1000
1" = 1000 FEET



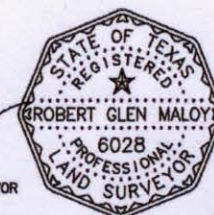
GENERAL NOTES

1. COORDINATES SHOWN ARE BASED ON TEXAS COORDINATE SYSTEM OF NAD 27 "TEXAS CENTRAL ZONE" (EPSG 32039), AND BASED ON "ORLA" NGS MONUMENT (Y = 798,953.59, X = 878,026.84)
2. VERTICAL DATUM IS NAVD 88 (EPSG 5103)
3. COMBINED SCALE FACTOR - 0.999860235
4. LATITUDE AND LONGITUDE ARE NAD 27 (EPSG 4267) AS SHOWN
5. AREA, DISTANCES, AND COORDINATES ARE "GRID"
6. UNITS ARE UNITED STATES SURVEY FOOT.
7. ALL LEASE AND TRACT INFORMATION SHOWN HERE ON IS DONE SO BY LIMITED DEED RECORD INFORMATION ONLY. ALL ACREAGES SHOWN ARE BY DEED AND LEASE CALL, EXCEPT WHERE NOTED. THIS IS NOT IN ANY WAY A "BOUNDARY SURVEY".

REVISION	DATE	BY	DETAILS
A	06/24/15	JK	MAKE PRELIMINARY PLAT

I HEREBY STATE THAT THIS PLAT SHOWS THE SUBJECT LOCATION BASED ON INFORMATION PROVIDED BY THE CLIENT.

Robert Glen Maloy
ROBERT GLEN MALOY
REGISTERED PROFESSIONAL LAND SURVEYOR
LICENSE NO. 6028



PLAT OF:

AN AS-DRILLED WELL LOCATION FOR:
BHP BILLITON PET (TXLA OP) CO.
STATE LRP 57-T2-12 1H
WID# 833194

SITUATED IN THE M. PETERSON SURVEY, A-4829, SECTION 12, BLOCK 57, TOWNSHIP 2, THE F.H. SCHULER SURVEY, A-4924, SECTION 12, BLOCK 57, TOWNSHIP 2, AND THE P. THOMAS SURVEY, A-5701, SECTION 12, BLOCK 57, TOWNSHIP 2, BEING APPROXIMATELY 2.5 MILES NORTH OF ORLA, IN REEVES COUNTY, TEXAS.



BHP Billiton
1360 Post Oak Blvd. #150
Houston, Texas 77056

FRANK
SURVEYING COMPANY INC
550 Bailey Ave., 205 - Fort Worth, TX 76107
Ph: 817.349.9800 - Fax: 979.752.5271
TBPLS Firm No. 1019987
www.franksurveying.com
LAND SURVEYING/ENERGY/GIS SERVICES

DATE: 06/24/15
DRAWN BY: GG/JK
CHECKED BY: JK
FIELD CREW: RE/MR
PROJECT NO: 201408833
SCALE: 1" = 1000'
SHEET: 1 OF 1
REVISION: 0

RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Form P-16

Page 1

Rev. 01/2016

Acreage Designation

SECTION I. OPERATOR INFORMATION

Operator Name: BHP Billiton Pet(TX LA OP) Co.

Operator P-5 No.: 068596

Operator Address: 1360 Post Oak Blvd. Ste. 150, Houston, Texas 77056

SECTION II. WELL INFORMATION

District No.: 08

County: REEVES

Well No.: W103H

API No.: 42-389-36140

Total Lease Acres: 642.86

Drilling Permit No.: 828485

Lease Name: State LRP 57-T2-12

Lease No.:

Field Name: Phantom (Wolfcamp)

Field No.: 71052900

Purpose of Filing:

☐ Drilling Permit Application
(Form W-1)☐ Completion Report
(Form G-1/W-2)

Filer is the owner or lessee, or has been authorized by the owner or lessee, of all or an undivided portion of the mineral estate under each tract for which filer is listed as operator below. For all leases operated by other entities, the number of assigned acres shown are reflected on current Commission records or the filer has been authorized by the current operator to change the assigned acreage of that operator as shown below.

SECTION III. LISTING OF ALL WELLS IN THE APPLIED-FOR FIELD ON THE SAME ACREAGE AS THE LEASE, POOLED UNIT, OR UNITIZED TRACT DESIGNATED IN SECTION II ABOVE BY FILER

UNUNITIZED TRACT DESIGNATED IN SECTION 17 ABOVE BY FILE#							
RRC ID No. or Lease No.	Well No.	H-Horizontal D-Directional V-Vertical	Lease Name	API No.	Acres Assigned	SWR 38 Except. (Y/N)	Operator Name and Operator No. (if different from filing operator)
DP# 828485	W103H	H	State LRP 57-T2-12	42-389-36140	214.86		
DP# 828524	W104H	H	State LRP 57-T2-12	42-389-36151	214		
DP# 828525	W104H	H	State LRP 57-T2-12	42-389-36141	214		

SECTION IV. REMARKS / PURPOSE OF FILING (see instructions)

Attach Additional Pages As Needed. ☒ No additional pages ☐ Additional Pages: _____ (No. of additional pages)

CERTIFICATION: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that this report was prepared by me or under my supervision or direction, that I am authorized to make this report, and that the information contained in this report is true, correct, and complete to the best of my knowledge.

Reprints: 1-800-354-9700
 300 North Zeeb Road, Suite 100, Zeeb, MI 49689
 Fax: 517/861-0100
 E-mail: reprints@wiley.com

Clanton, Veronica

Veronica Clanton (Reg Specialist)

veronica.clanton@bhpbilliton.com

Signature

Name and title (type or print)

Email (include email address *only* if you affirmatively consent to its public release)

1550 Post Oak Blvd.

Houston, Texas 77056

713

2964759

05/25/2018

Address

City,	State,	Zip Code
-------	--------	----------

Tel: Area Code

Number

Date: mo. day yr.

SECTION VII. REMARKS



501.328.3316† 501.328.3325†
www.craftontul.com

REEVES COUNTY, TEXAS

S.H.L. ELEVATION

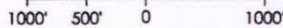
WELL NAME	ELEVATION
STATE LRP 57-T2-12 W103H	2,828.00'

NOTE: S.H.L. APPROXIMATE LOCATION IS N 06°51'50" W,
2.99 MILES FROM ORLA, TEXAS.
S.H.L. LOCATED IN THE H. LASELL ABSTRACT 4786.
B.H.L. LOCATED IN THE M. PETERSON ABSTRACT 4829.

LEGEND

- | | |
|---|-----------------------|
|  | UNIT LINE |
|  | AS-DRILLED WELL PATH |
|  | SECTION LINE |
| S.H.L. | SURFACE HOLE LOCATION |
| P.O.P. | POINT OF PENETRATION |
| F.T.P. | FIRST TAKE POINT |
| T.P. | TURNING POINT |
| L.T.P. | LAST TAKE POINT |
| B.H.L. | BOTTOM HOLE LOCATION |

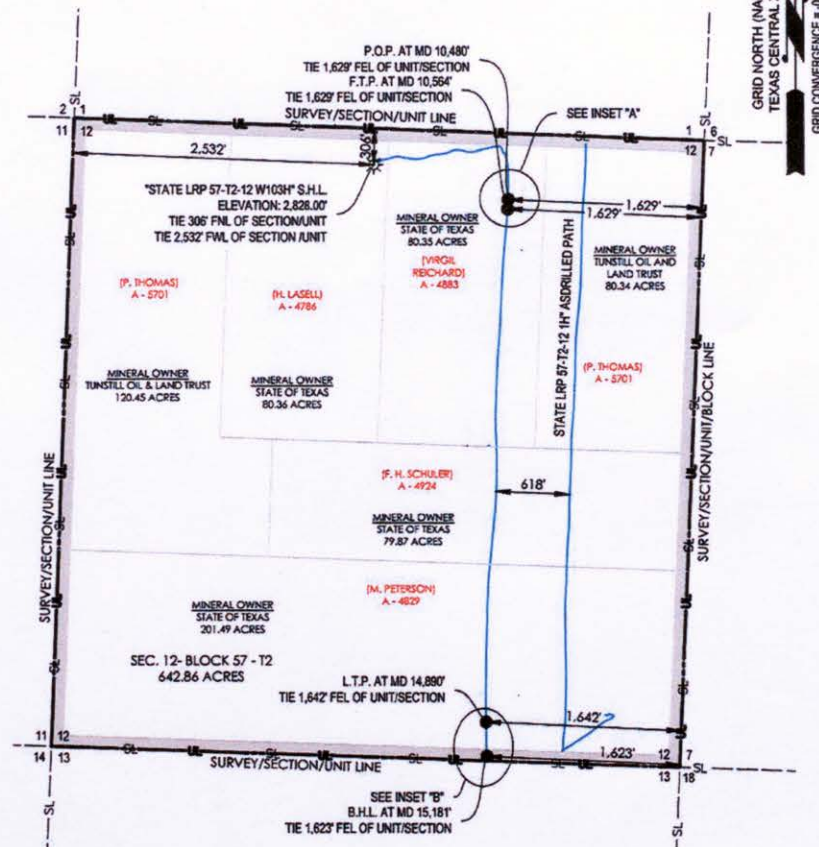
GRAPHIC SCALE IN FEET



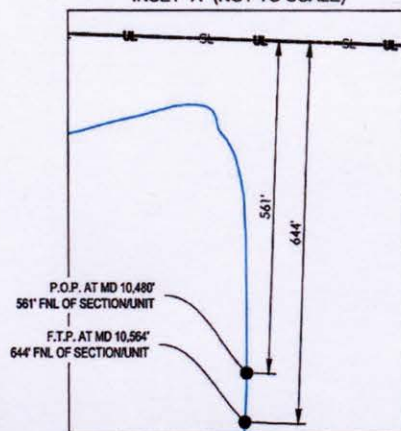
5/11/2018

CONTACT INFORMATION:

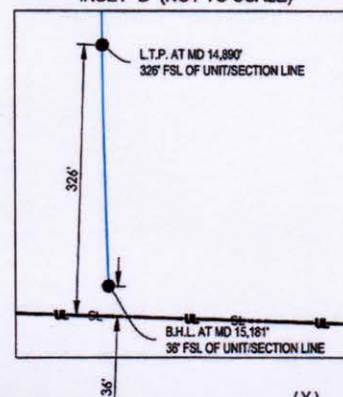
Brad G. Russell
Crafton Tull
(10193715)
1000 Ledgeview Dr.
Conway, AR 72034



INSET "A" (NOT TO SCALE)



INSET "B" (NOT TO SCALE)



WELL BORE POSITIONS

REFERENCE	LAT. (NAD 83)	LONG. (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LAT. (NAD 27)	LONG. (NAD 27)	LAT. (NAD 27)	LONG. (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)
S.H.L.	31.86810152° N	103.91660171° W	10681107.22	1184321.47	31.86797554° N	103.91612718° W	31° 52' 04.712" N	103° 54' 58.058" W	818529.25	887860.29
P.O.P.	31.86739334° N	103.91293374° W	1098012.68	1185451.33	31.86726627° N	103.91249937° W	31° 52' 02.159" N	103° 54' 48.854" W	818234.72	888930.13
F.T.P.	31.86716417° N	103.91293613° W	10680729.75	1185447.92	31.86703811° N	103.91246177° W	31° 52' 01.337" N	103° 54' 44.862" W	818151.79	888986.71
L.T.P.	31.85526513° N	103.9134257° W	10656412.38	1185250.41	31.85519902° N	103.91265052° W	31° 51' 18.527" N	103° 54' 45.542" W	813634.54	888789.12
B.H.L.	31.85448835° N	103.91370728° W	10656122.15	1185257.12	31.85436223° N	103.91258886° W	31° 51' 15.704" N	103° 54' 45.356" W	813544.32	888795.83

GENERAL NOTES

1. THE LOCATIONS OF UNDERGROUND UTILITIES AS SHOWN HEREON ARE BASED ON REASONABLE VISUAL OBSERVATION. LOCATIONS OF UNDERGROUND UTILITIES/ STRUCTURES MAY VARY FROM LOCATIONS SHOWN HEREIN. ADDITIONAL BURIED UTILITIES/ STRUCTURES MAY BE ENCOUNTERED. NO EXCAVATIONS WERE MADE DURING THE PROGRESS OF THIS SURVEY TO LOCATE BURIED UTILITIES/ STRUCTURES. BEFORE EXCAVATIONS ARE BEGUN, THE OFFICES OF THE VARIOUS UTILITIES SERVICING THIS AREA SHOULD BE CONTACTED FOR THEIR UTILITY LOCATION.

2. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD'83, U.S. FEET AS DETERMINED BY GPS OBSERVATION, CAF = 0.999865691.

3. ACREAGES SHOWN HEREON BASED ON EXISTING STATE LRP 57-72-12 1H PERMIT PLAT FILED WITH THE RRC ON FEBRUARY 26, 2015.

REVISION

1	PRELIMINARY PLAT 12/6/17
2	FINAL PLAT 5/10/18

BHP

BHP BILLITON PET (TXLA OP) CO

STATE LRP 57-T2-12 W103H (MWN 834332)

S.H.L. LOCATED IN THE H. LASSELL ABSTRACT 4786. B.U.L. LOCATED IN THE M. PETERSON ABSTRACT 4829.
REEVES COUNTY, TEXAS
FINAL AS-DRILLED PLAT

FINAL AS-DRILLED PLAT

SCALE: 1" = 1000'

CHECKED BY:

APPROVED BY:

SHEET NO.: 1 OF 1

SECTION VII. REMARKS

S.H.L. ELEVATION	
WELL NAME	ELEVATION
STATE LRP 57-T2-12 W104H	2,827.75'

NOTE: S.H.L. APPROXIMATE LOCATION IS N 06°51'50" W,
2.99 MILES FROM ORLA, TEXAS.
S.H.L. LOCATED IN THE H. LASELL ABSTRACT 4786.
B.H.L. LOCATED IN THE M. PETERSON ABSTRACT 4829.

LEGEND

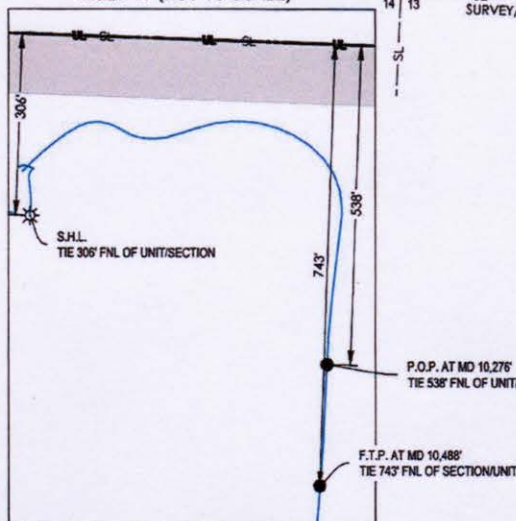
- UNIT LINE
- AS-DRILLED WELL PATH
- SECTION LINE
- S.H.L. SURFACE HOLE LOCATION
- P.O.P. POINT OF PENETRATION
- F.T.P. FIRST TAKE POINT
- T.P. TURNING POINT
- L.T.P. LAST TAKE POINT
- B.H.L. BOTTOM HOLE LOCATION



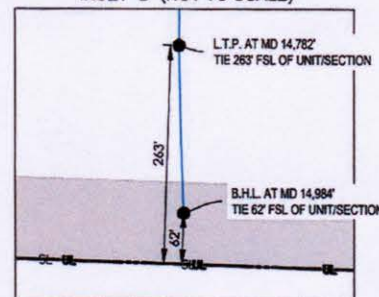
CONTACT INFORMATION:

Brad G. Russell
Crafton Tull
(919)7715
1000 Ledgewood Dr.
Conway, AR 72034

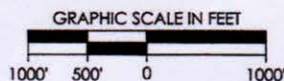
INSET "A" (NOT TO SCALE)



INSET "B" (NOT TO SCALE)



WELL BORE POSITIONS									
REFERENCE	LAT. (NAD 83)	LONG. (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LAT. (NAD 27)	LONG. (NAD 27)	LAT. (NAD 27)	LONG. (NAD 27)	NORTHING (NAD 27)
S.H.L.	31.86810162° N	103.91667427° W	10661107.97	1184298.96	31.86797559° N	103.91619974° W	31° 52' 04.712" N	103° 54' 58.319" W	818530.00
P.O.P.	31.86745839° N	103.91503987° W	10660857.75	1184798.57	31.86733235° N	103.91456542° W	31° 52' 02.396" N	103° 54' 52.436" W	818279.78
F.T.P.	31.86688515° N	103.91505810° W	10660653.14	1184786.32	31.86676911° N	103.91458366° W	31° 52' 00.369" N	103° 54' 52.501" W	818075.18
L.T.P.	31.85511304° N	103.91538484° W	10658372.40	1184548.94	31.85498694° N	103.91491072° W	31° 51' 17.953" N	103° 54' 53.679" W	813794.56
B.H.L.	31.85455884° N	103.91534674° W	10656170.51	1184552.27	31.85443274° N	103.91487263° W	31° 51' 15.958" N	103° 54' 53.541" W	813592.08



GENERAL NOTES

1. THE LOCATIONS OF UNDERGROUND UTILITIES AS SHOWN HEREON ARE BASED ON REASONABLE VISUAL OBSERVATION. LOCATIONS OF UNDERGROUND UTILITIES STRUCTURES MAY VARY FROM LOCATIONS SHOWN HEREON. ADDITIONAL BURIED UTILITIES/STRUCTURES MAY BE ENCOUNTERED. NO EXCAVATIONS WERE MADE DURING THE PROGRESS OF THIS SURVEY TO LOCATE BURIED UTILITIES/STRUCTURES. BEFORE EXCAVATIONS ARE BEGUN, THE OFFICES OF THE VARIOUS UTILITIES SERVING THIS AREA SHOULD BE CONTACTED FOR THEIR UTILITY LOCATION.

2. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS OBSERVATION, CAF = 0.99980705.

3. ACRES SHOWN HEREON BASED ON EXISTING STATE LRP 57-T2-12 1H PERMIT PLAT FILED WITH THE RRC ON FEBRUARY 26, 2015.

REVISION		BHP	BHP BILLITON PET (TXLA OP) CO			
1	PRELIMINARY PLAT 12/21/17		STATE LRP 57-T2-12 W104H (MWN 834335) S.H.L. LOCATED IN THE H. LASELL ABSTRACT 4786, B.H.L. LOCATED IN THE M. PETERSON ABSTRACT 4829. REEVES COUNTY, TEXAS FINAL AS-DRILLED PLAT			
2	FINAL PLAT 3/20/18					
3	POP MOVED 5/15/18					
		SCALE: 1" = 1000'	CHECKED BY:	FRANK MUM	APPROVED BY:	L.DOW
		PLAT DATE: 05/15/2018	DRAWN BY:		SHEET NO.: 1	OF 1

RAILROAD COMMISSION OF TEXAS

**1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967**

Form P-16

Page 1

Rev. 01/2016

Acreage Designation

SECTION I. OPERATOR INFORMATION

SECTION I. OPERATOR INFORMATION	
Operator Name: BHP Billiton Pet(TX LA OP) Co.	Operator P-5 No.: 068596
Operator Address: 1360 Post Oak Blvd. Ste. 150, Houston, Texas 77056	

SECTION II. WELL INFORMATION

SECTION II. WELL INFORMATION		
District No.: 08	County: Reeves	Purpose of Filing: ☐ Drilling Permit Application (Form W-1) ☒ Completion Report (Form G-1/W-2)
Well No.: W105H	API No.: 42-389-36141	
Total Lease Acres: 642.86	Drilling Permit No.: 828525	
Lease Name: State LRP 57-T2-12	Lease No.:	
Field Name: All Fields	Field No.: 31913800	

Filer is the owner or lessee, or has been authorized by the owner or lessee, of all or an undivided portion of the mineral estate under each tract for which filer is listed as operator below. For all leases operated by other entities, the number of assigned acres shown are reflected on current Commission records or the filer has been authorized by the current operator to change the assigned acreage of that operator as shown below.

SECTION III. LISTING OF ALL WELLS IN THE APPLIED-FOR FIELD ON THE SAME ACREAGE AS THE LEASE, POOLED UNIT, OR UNITIZED TRACT DESIGNATED IN SECTION II ABOVE BY FILER

RRC ID No. or Lease No.	Well No.	H-Horizontal D-Directional V-Vertical	Lease Name	API No.	Acre Assigned	SWR 38 Except. (Y/N)	Operator Name and Operator No. <i>(if different from filing operator)</i>
828485	W108H	H	State LRP 57-T2-12	42-389-36140	160.715		
828524	W104H	H	State LRP 57-T2-12	42-389-36151	160.715		
828525	W105H	H	State LRP 57-T2-12	42-389-36141	160.715		
278910	1H	H	State LRP 57-T2-12	42-389-34787	160.715		
Total Well Count >	4	642.86	< A. Total Assigned Horiz. Acreage		642.86	< C. Total Assigned Acreage	
		0	< Total Remaining Horiz. Acreage		0	< Total Remaining Acreage	
			< B. Total Assigned Vert./Dir. Acreage				
			< Total Remaining Vert./Dir. Acreage				

SECTION IV. REMARKS / PURPOSE OF FILING (see instructions)

Attach Additional Pages As Needed. ☒ No additional pages ☐ Additional Pages: _____ (No. of additional pages)

CERTIFICATION: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that this report was prepared by me or under my supervision or direction, that I am authorized to make this report, and that the information contained in this report is true, correct, and complete to the best of my knowledge.

Signature	Veronica Clanton (Reg Specialist)	veronica.clanton@bhpbilliton.com		
	Name and title (type or print)	Email (include email address <i>only</i> if you affirmatively consent to its public release)		
1500Post Oak Blvd. Ste. 150,	Houston, Texas 77056	713	2964759	08/14/2018
Address	City, State, Zip Code	Tel: Area Code	Number	Date: mo. day yr.



1000 Ledgeview Dr.
Conway, Arkansas 72034

501.328.3314 • 501.328.3325
www.craftontull.com

LEGEND

- UNIT LINE
- AS-DRILLED WELL PATH
- SECTION LINE
- S.H.L. SURFACE HOLE LOCATION
- P.O.P. POINT OF PENETRATION
- F.T.P. FIRST TAKE POINT
- T.P. TURNING POINT
- L.T.P. LAST TAKE POINT
- B.H.L. BOTTOM HOLE LOCATION



5/15/2018

CONTACT INFORMATION:

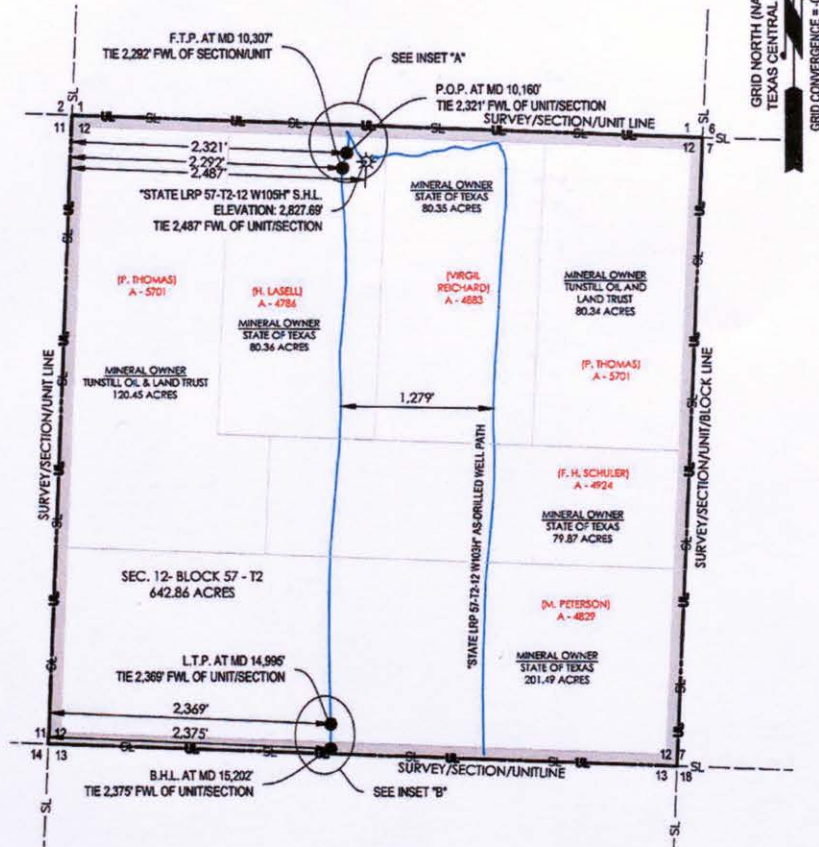
Brad G. Russell
Crafton Tull
(616)93715
1000 Ledgeview Dr.
Conway, AR 72034

REEVES COUNTY, TEXAS

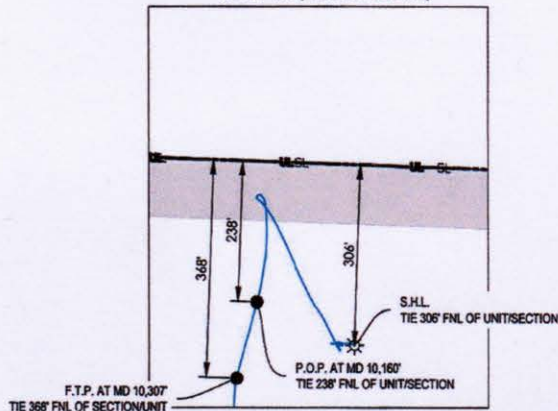
S.H.L. ELEVATION

WELL NAME	ELEVATION
STATE LRP 57-T2-12 W105H	2,827.69'

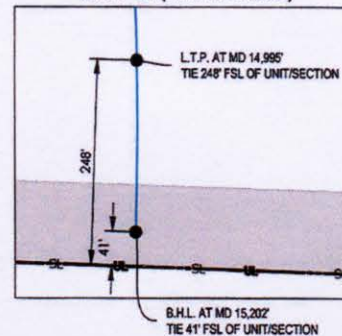
NOTE: S.H.L. APPROXIMATE LOCATION IS N 06°51'50" W,
2.99 MILES FROM ORLA, TEXAS.
S.H.L. LOCATED IN THE H. LASELL ABSTRACT 4786.
B.H.L. LOCATED IN THE M. PETERSON ABSTRACT 4829.



INSET "A" (NOT TO SCALE)



INSET "B" (NOT TO SCALE)



WELL BORE POSITIONS

REFERENCE	LAT. (NAD 83)	LONG. (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LAT. (NAD 27)	LONG. (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)
S.H.L.	31.86810208° N	103.91674631° W	10661108.86	1184276.61	31.86797605° N	103.91627177° W	103° 54' 58.578" N	887815.43
P.O.P.	31.86828947° N	103.91728100° W	10661182.34	1184112.89	31.86816344° N	103.91680643° W	103° 55' 00.503" N	887651.72
F.T.P.	31.86793298° N	103.91737780° W	10661053.68	1184078.74	31.86780695° N	103.91690304° W	103° 55' 00.851" N	887617.56
L.T.P.	31.85507210° N	103.91724416° W	10656376.10	1183969.44	31.85494601° N	103.91676996° W	103° 55' 00.372" N	887508.17
B.H.L.	31.85450336° N	103.91722822° W	10656169.15	1183967.72	31.85437727° N	103.91675404° W	103° 55' 00.315" N	887506.45

GENERAL NOTES

1. THE LOCATIONS OF UNDERGROUND UTILITIES AS SHOWN HEREON ARE BASED ON REASONABLE VISUAL OBSERVATION. LOCATIONS OF UNDERGROUND UTILITIES/STRUCTURES MAY VARY FROM LOCATIONS SHOWN HEREIN. ADDITIONAL BURIED UTILITIES/STRUCTURES MAY BE ENCOUNTERED. NO EXCAVATIONS WERE MADE DURING THE PROGRESS OF THIS SURVEY TO LOCATE BURIED UTILITIES/STRUCTURES. BEFORE EXCAVATIONS ARE BEGUN, THE OFFICES OF THE VARIOUS UTILITIES SERVING THIS AREA SHOULD BE CONTACTED FOR THEIR UTILITY LOCATION.

2. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS OBSERVATION. CAP = 0.00000075.

3. ACRES SHOWN HEREON BASED ON EXISTING STATE LRP 57-T2-12 1H PERMIT PLAT FILED WITH THE REC ON FEBRUARY 26, 2015.

REVISION	BHP	BHP BILLITON PET (TXLA OP) CO
1. PRELIMINARY PLAT 12/6/17		
2. FINAL PLAT 5/15/2018		
		STATE LRP 57-T2-12 W105H (MWN 834338)
		S.H.L. LOCATED IN THE H. LASELL ABSTRACT 4786. B.H.L. LOCATED IN THE M. PETERSON ABSTRACT 4829.
		REEVES COUNTY, TEXAS
		FINAL AS-DRILLED PLAT
	SCALE: 1" = 1000'	CHECKED BY: FRANS
	PLOT DATE: 05/15/2018	DRAWN BY: MJN
		APPROVED BY: LDOW
		SHEET NO.: 1 OF 1

G:\852-7 (WELL PADS)\8527SV0585_STATE_LRP_57-T2-12_PAD_B\STATE LRP 57-T2-12 PAD B_WPP_PLATS.DWG 5/15/2018 8:26:30 AM MN1377



Tanya Curcuruto

Land Negotiator
Permian BU

BP America Production Company
BPX Energy Inc.
1700 Platte Street
Suite 150
Denver, Colorado 80202
USA

Direct 281-810-6466
Tanya.Curcuruto@bpx.com

May 15, 2020

Texas General Land Office
Attention: Susan Draughn
1700 N. Congress Avenue, Suite 840
Austin, TX 78701-1495

Via FedEx

Re: June 2020 Deep Rights Retention Payments
State Lost & Found 57-T2-20X17 Unit (MF #116534D & E)
State LRP 57-T2-12 Unit (MF #115425C)

Dear Ms. Draughn:

Enclosed please find deep rights retention payments due June 2020 and accompanying Deep Rights Retention Payment Forms.

Please do not hesitate to contact me at 281-810-6466 or Tanya.Curcuruto@bpx.com should you have any questions.

Respectfully,

Tanya Curcuruto

Enclosures

bpx energy

BPX Operating Company
Attn: BP GBS Americas - P2P Treasury
Payments
150 West Warrenville Road, Building 605, 3rd
Floor
Naperville, IL 60563

PAGE 1 OF 1

20709057

05/08/20

X01LH

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

VENDOR NUMBER: 0069000250

TRACE NUMBER: 2000011501

DOCUMENT NO.	INVOICE DATE	INVOICE NO.	GROSS AMOUNT	DISCOUNT NO.	NET AMOUNT
1900016291	05/05/20	1	2,000.00		2,000.00
MF115425C QLS 2006773005 16B D					
MF115425C QLS 2006773005 16B DEPTH EXTENSION					
TOTALS			2,000.00		2,000.00

INQUIRIES CONCERNING THIS PAYMENT SHOULD BE
DIRECTED TO OUR OFFICE, PLEASE CALL
(800) 284-2244

IN ORDER TO AFFECT TIMELY INVOICE PAYMENT PLEASE PLACE
YOUR VENDOR NUMBER ON ALL FUTURE INVOICE TO BP.
*** YOUR VENDOR NUMBER IS 0069000250

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS

CHECK NO. 8005000619 ATTACHED BELOW

bpx energy

BPX Operating Company
Attn: BP GBS Americas - P2P Treasury Payments
150 West Warrenville Road, Building 605, 3rd Floor
Naperville, IL 60563

62-20
311

CHECK NO. 8005000619

20709057

05/08/20

PAY TO THE
ORDER OF

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

*****\$2,000.00

NOT VALID AFTER 6 MONTHS

Two thousand and 00/100 Dollars

TRACE NUMBER: 2000011501

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

Laura H. Allesh
Authorized Signature

14.

File No. MF115425

DRR Form 4 BOWIS County

Lease C

Date Filed: 6/9/20

George P. Bush, Commissioner

By 850

INVOICE NO.	INVOICE DATE	INVOICE AMOUNT	INVOICE DUE DATE
1000000001	06/09/20	1,000.00	06/09/20
TOTALS			
		1,000.00	06/09/20

as filed by

25,000.00

[Signature]



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

June 9, 2020

Ms. Tanya Curcuruto
BPX Energy, Inc.
1700 Platte Street, Suite 150
Denver, CO 80202

RE: State Lease MF115425 – Relinquishment Act Lease
Deep Rights Retention, Lease C, Reeves County, Texas
160 acres, W/2 of the NE/4 of Section 12, Block 57, Township 2, A-4883, T&P RR Co.
Survey, and E/2 of the NW/4 of Section 12, Block 57, Township 2, A-4786, T&P RR Co.
Survey.
Wells: State LRP 57-T2-12 #1H, API 42-389-34787, RRC 08-278910
State LRP 57-T2-12 #W103H, API 42-389-36140, RRC 08-285099
State LRP 57-T2-12 #W104H, API 42-389-36151, RRC 08-285118
State LRP 57-T2-12 #W105H, API 42-389-36141, RRC 08-285100
Unit: State LRP 57-T2-12 Unit #7199

Dear Ms. Curcuruto:

The Deep Rights Retention checks in the amount of \$2,000.00 for mineral file MF115425, Lease C, has been accepted, and will retain the deep rights until June 12, 2022.

If you have any questions, please feel free to contact me.

Best regards,

Susan S. Draughn, Landman
Energy Resources/Mineral Leasing
Direct: 512.463.6521
Email: susan.draughn@glo.texas.gov

File No. MF 115425

Letter accepting DRK County

lease C

Date Filed: 6/9/20

George P. Bush, Commissioner

By SSD



bp



MF115425

BP America Production Company
BPX Energy Inc.
Permian Development – Land Department
1700 Platte Street, Suite 150
Denver, CO 80202

Surface Damage Done ✓

June 21, 2022

Texas General Land Office
Attn: Energy Resources
1700 North Congress Avenue
Austin, TX 78701

RE: Surface Damage Payment
Chevy Colorado 56-2-20 Pad I1
MF115425A
Block 56-T2-Section 20
Reeves County, Texas

Dear Texas General Land Office,

Enclosed herein, please find Check No. 8005002032 in the amount of \$77,182.94 covering damages for the drilling operations for the subject well pad supporting MF115425A. The enclosed check covers surface damages for the well pad, access road and additional wellbores, which are outlined below.

Pad Site/Pits/Facility:	(6.79 acres)	=	\$57,500.00
Clearing Limits:	(148,104 sq ft x \$0.15/sq ft)	=	\$17,772.48
Road:	(315.62 rods x \$70.00/rod)	=	\$22,093.40
Additional Wellbores:	(\$9,500.00/wellbore x 6 wellbores)	=	\$57,000.00
Total Damages:		=	\$154,365.88
Total Paid to Agent of the State:	(\$154,365.88 x 50%)	=	\$77,182.94
Total Paid to the State of Texas:	(\$154,365.88 x 50%)	=	\$77,182.94

Should you have any questions or need additional assistance regarding this matter, please do not hesitate to contact me at the telephone numbers or email address listed below.

Respectfully,
Cameron Finger
Surface Land Negotiator
Office: (303) 731-8260
Mobile: (720) 697-9363
Cameron.Finger@bpx.com

bpx energy

BPX Operating Company
Attn: BP GBS Americas - P2P Treasury
Payments
150 West Warrenville Road, Building 605, 3rd
Floor
Naperville, IL 60563

PAGE 1 OF 1

06/14/22

X01LH

COMMISSIONER OF THE TEXAS GENERAL
LAND OFFICE
1700 N CONGRESS
AUSTIN, TX 78701-1495 US

VENDOR NUMBER: 0069000251

TRACE NUMBER: 2000049820

DOCUMENT NO.	INVOICE DATE	INVOICE NO.	GROSS AMOUNT	DISCOUNT NO.	NET AMOUNT
1900196332 MF115425A 56-2-20 RVS COLORADO MF115425A 56-2-20 RVS Colorado 56-2-20 Pad 11	06/09/22	2022.082	77,182.94		77,182.94
			22710687		
			161		
TOTALS			77,182.94		77,182.94

INQUIRIES CONCERNING THIS PAYMENT SHOULD BE
DIRECTED TO OUR OFFICE, PLEASE CALL
(800) 284-2244

IN ORDER TO AFFECT TIMELY INVOICE PAYMENT PLEASE PLACE
YOUR VENDOR NUMBER ON ALL FUTURE INVOICE TO BP.
*** YOUR VENDOR NUMBER IS 0069000251

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS

CHECK NO. 8005002032 ATTACHED BELOW

bpx energy

BPX Operating Company
Attn: BP GBS Americas - P2P Treasury Payments
150 West Warrenville Road, Building 605, 3rd Floor
Naperville, IL 60563

62-20
311

CHECK NO. 8005002032

06/14/22

PAY TO THE
ORDER OF

22710687

COMMISSIONER OF THE TEXAS GENERAL
LAND OFFICE
1700 N CONGRESS
AUSTIN, TX 78701-1495 US

*****\$77,182.94

NOT VALID AFTER 6 MONTHS

Seventy seven thousand one hundred eighty two and 94/100 Dollars

TRACE NUMBER: 2000049820

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

Laura N. Aleck
Authorized Signature

⑈800 500 2032⑈



501.328.3314 | 501.328.3325 f
www.craftontull.com

1000 Ledgeview Dr
Conway, Arkansas 72034

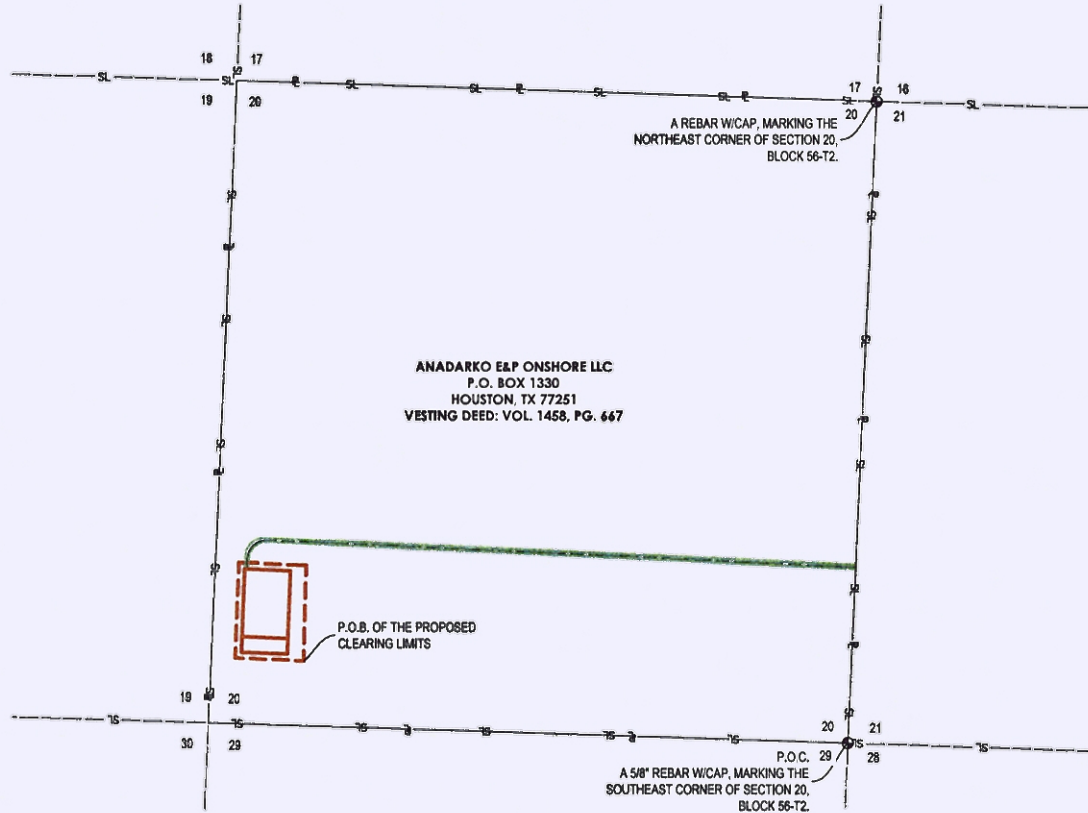
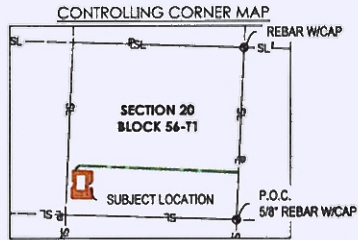
REEVES COUNTY, TEXAS

SECTION 20, BLOCK 56-T2 - T & P RR CO. SURVEY, A - 2357

CHEVY COLORADO 56-T2-20 11

CLEARING LIMITS & WELL PAD COVER SHEET

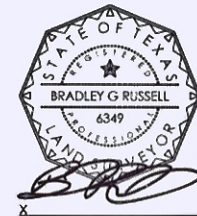
GRID NORTH (NAD 83)
TEXAS - CENTRAL ZONE



ANADARKO E&P ONSHORE LLC
P.O. BOX 1330
HOUSTON, TX 77251
VESTING DEED: VOL. 1458, PG. 447

LEGEND

---	CL OF PROPOSED PIPELINE ROUTE
---	SURVEY / SECTION LINE
---	EXISTING PIPELINE ROUTE
---	OVERHEAD ELECTRIC
---	FENCE
---	EDGE OF PROPOSED ACCESS EASEMENT
---	CL OF PROPOSED ACCESS EASEMENT
---	PROPERTY LINE
---	PROPOSED CLEARING LIMITS
---	PROPOSED WELL & FACILITY PAD
---	POINT OF COMMENCEMENT
---	POINT OF BEGINNING
---	POINT OF TERMINATION
---	LINEAR FEET
---	POWER POLE
---	PROPOSED WELL LOCATION
---	EXISTING WELL LOCATION
---	FOUND MONUMENT (AS NOTED)
---	CALCULATED CORNER



CONTACT INFORMATION:

Brad G. Russell
Crafton Tull
(1619371.5)
1000 Ledgeview Dr.
Conway, AR 72034

5/2/2022

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

GENERAL NOTES:

NAVD 88 = EPSG 5703
NAD83 TEXAS CENTRAL = EPSG 2277

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

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

HORIZONTAL DATUM: STATE PLANE COORDINATE SYSTEM, NAD 83 (2011), TEXAS CENTRAL ZONE.

LATITUDE AND LONGITUDE ARE NAD 83 (2011)

AREA, DISTANCES AND COORDINATES ARE GRID.

ALL UNITS ARE UNITED STATES SURVEY FOOT, UNLESS NOTED OTHERWISE

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

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

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

ALL NAD27 COORDINATES WERE DERIVED USING THE NADCON CONVERSION MODEL.

CHEVY COLORADO 56-T2-20 11

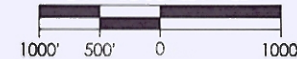
SHL #1H

LOCATION LAT/LONG (NAD83): 31.82819387, -103.88942940

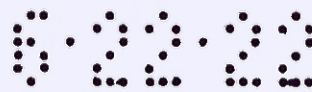
LRE LAT/LONG (NAD83): 31.82876475, -103.89027578

FROM THE INTERSECTION OF I-20 BUSINESS AND HWY 285 IN PECOS, GO NORTH
ON HWY 285 FOR 38.3 MILES TO THE INTERSECTION OF HWY 285 AND FM 652 IN
ORLA (LAT: 31.825243, LONG: -103.908951). TURN RIGHT (EAST) AND GO 2.8
MILES TO THE INTERSECTION OF A LEASE ROAD ON THE RIGHT (LAT: 31.850803,
LONG: -103.873720). TURN RIGHT (SOUTH) AND GO 0.7 MILES TO A "Y"
INTERSECTION (LAT: 31.841399, LONG: -103.873779). GO LEFT AND CONTINUE
0.3 MILES TO LOCATION

GRAPHIC SCALE IN FEET



REV.	DATE	REVISION MADE
1	5/2/22	OWNERSHIP NAME CHANGE/FINAL
2	4/27/22	CORRECTION
BPX OPERATING COMPANY		
PROPOSED CLEARING LIMITS & ACCESS ROAD SURVEY CHEVY COLORADO 56-T2-20 11 SECTION 20, BLOCK 56-T2 LOCATED IN THE T&P RR CO. SURVEY, A-2357 REEVES COUNTY, TEXAS		
SCALE: 1"=100'	CHECKED BY: M	APPROVED BY: M
DATE: 05/02/2022	DRAWN BY: M	DATE: 05/02/2022



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



5/2/2022

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

CONTACT INFORMATION:

Brad G. Russell
Crafton Tull
(501)937151
1000 Ledgetown Dr.
Conway, AR 72034

Y: 10646604.36
X: 1191970.36
LAT: 31.82893085
LONG: -103.89048333
(NAD 83)
ELEV: 2850.79'

Y: 10646594.62
X: 1191969.95
LAT: 31.82893086
LONG: -103.89048366
(NAD 83)

Y: 10645805.31
X: 1191936.82
LAT: 31.82673236
LONG: -103.89050903
(NAD 83)

Y: 10645798.40
X: 1191936.37
LAT: 31.82671332
LONG: -103.89050977
(NAD 83)
ELEV: 2846.28'

PROPOSED
ACCESS EASEMENT
(SEE PAGE 3)

REEVES COUNTY, TEXAS

SECTION 20, BLOCK 56-T2 - T & P RR CO. SURVEY, A - 2357

Y: 10646577.68
X: 1192525.57
LAT: 31.82890613
LONG: -103.88968390
(NAD 83)
ELEV: 2848.76'

Y: 10646571.30
X: 1192525.43
LAT: 31.82888861
LONG: -103.88969389
(NAD 83)

Y: 10645781.49
X: 1192504.34
LAT: 31.82671678
LONG: -103.88968030
(NAD 83)

Y: 10645772.68
X: 1192604.20
LAT: 31.82690256
LONG: -103.88967982
(NAD 83)
ELEV: 2843.30'

"PROPOSED WELLS" COORDINATES

WELL NAME	ELEVATION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LATITUDE (NAD 27)	LONGITUDE (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)
SHL #1	2848'	31.82819387° N	103.88942940° W	10646326.00	1192268.97	31.82806745° N	103.8895708° W	803748.42	895827.37
SHL #2	2848'	31.82809766° N	103.88943053° W	10646291.03	1192287.50	31.82797124° N	103.8895819° W	803713.45	895825.90
SHL #3	2847'	31.82800148° N	103.88943165° W	10646256.07	1192286.03	31.82787506° N	103.8895932° W	803678.49	895824.43
SHL #4	2847'	31.82790528° N	103.88943278° W	10646221.10	1192284.56	31.82777886° N	103.8896045° W	803643.52	895822.96
SHL #5	2848'	31.82780907° N	103.88943390° W	10646186.13	1192283.09	31.82768265° N	103.8896157° W	803608.55	895821.50
SHL #6	2847'	31.82771286° N	103.88943503° W	10646151.16	1192281.63	31.82758644° N	103.8896270° W	803573.58	895820.03

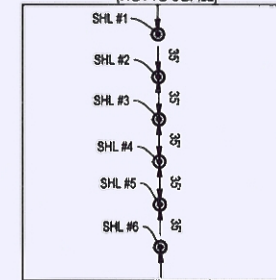
G:\852-7 (WELL PADS)\8527SV0773_CHEVY_COLORADO_56-T2-20X17_PAD_1\1\CHEVY COLORADO 56-T2-20X17 PAD 11.DWG 5/2/2022 10:15:24 AM MF1332

NOTE:
ALL NAD27 COORDINATES WERE DERIVED USING THE NADCON CONVERSION MODEL.

LEGEND

- CL OF PROPOSED PIPELINE ROUTE
- SURVEY / SECTION LINE
- EXISTING PIPELINE ROUTE
- OVERHEAD ELECTRIC
- FENCE
- EDGE OF PROPOSED ACCESS EASEMENT
- CL OF PROPOSED ACCESS EASEMENT
- PROPERTY LINE
- PROPOSED CLEARING LIMITS
- PROPOSED WELL & FACILITY PAD
- POINT OF BEGINNING
- POINT OF TERMINATION
- LINEAR FEET
- POWER POLE
- PROPOSED WELL LOCATION
- EXISTING WELL LOCATION
- FOUND MONUMENT (AS NOTED)
- CALCULATED CORNER

INSET "A"
(NOT TO SCALE)



GRID NORTH (NAD 83)
TEXAS - CENTRAL ZONE

ANADARKO E&P ONSHORE LLC
P.O. BOX 1330
HOUSTON, TX 77251
VESTING DEED: VOL. 1458, PG. 647

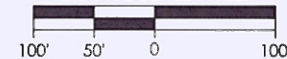
TOTAL PROPOSED CLEARING LIMIT ACREAGE = 10.19 ACRES

PROPOSED WELL PAD LOCATION ACREAGE (PAD, FACILITY, & RESERVE PFI) = 6.79 ACRES

TOTAL ACCESS EASEMENT ACREAGE INSIDE OF CLEARING LIMITS = 0.03 ACRES

P.O.C.
A 5/8" REBAR W/ CAP, MARKING THE
SOUTHEAST CORNER OF SECTION 20,
BLOCK 56-T2.

GRAPHIC SCALE IN FEET



REV.	DATE	REVISION MADE
1	5/2/22	CORRECTED NAME CHANGE/FINAL
0	4/27/22	CORRECTIONAL PLAT
BPX OPERATING COMPANY		
PROPOSED CLEARING LIMITS & ACCESS ROW SURVEY CHEVY COLORADO 56-T2-20 II SECTION 20, BLOCK 56-T2 LOCATED IN THE T&P RR CO. SURVEY, A-2357 REEVES COUNTY, TEXAS		
SCALE: 1" = 80'	CHECKED BY: MF	APPROVED BY: MF
DATE: 05/02/2022	DRAWN BY: MF	SHEET NO.: 2 OF 3



1000 Ledgeview Dr.
Conway, Arkansas 72034

501.328.3316 | 501.328.3325 |
www.craftontull.com

REEVES COUNTY, TEXAS
SECTION 20, BLOCK 56-T2 - T & P RR CO. SURVEY, A - 2357

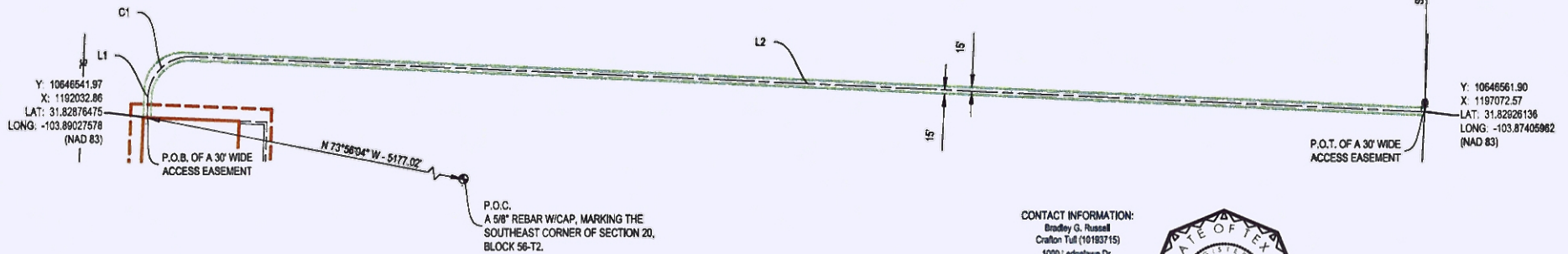
"ACCESS EASEMENT"

NUMBER	BEARING	DISTANCE
L1	N 02°33'26" E	79.79'
L2	S 87°28'34" E	4668.80'

"ACCESS EASEMENT" CURVE TABLE

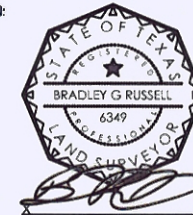
REF. #	RADIUS	ARC LENGTH	CHORD BEARING	CHORD DISTANCE
C1	165.00'	259.18'	N 47°33'26" E	233.35'

ANADARKO E&P ONSHORE LLC
P.O. BOX 1330
HOUSTON, TX 77251
VESTING DEED: VOL. 1458, PG. 647



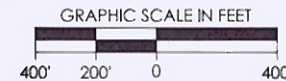
PROPOSED ACCESS EASEMENT
TOTAL LINEAR FEET FOR A 30' WIDE ACCESS EASEMENT: 52077.77' = 315.62 RODS
TOTAL LEASE ROAD ACREAGE = 3.64 ACRES

CONTACT INFORMATION:
Bradley G. Russell
Crafton Tull (10183715)
1000 Ledgeview Dr.
Conway, AR 72034



5/2/2022

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



LEGEND

- CL OF PROPOSED PIPELINE ROUTE
- SL SURVEY / SECTION LINE
- EXISTING PIPELINE ROUTE
- OVERHEAD ELECTRIC
- FENCE
- EDGE OF PROPOSED ACCESS EASEMENT
- CL OF PROPOSED ACCESS EASEMENT
- PROPERTY LINE
- PROPOSED CLEARING LIMITS
- PROPOSED WELL & FACILITY PAD
- POINT OF COMMENCEMENT
- POINT OF BEGINNING
- POINT OF TERMINATION
- LINEAR FEET
- POWER POLE
- PROPOSED WELL LOCATION
- EXISTING WELL LOCATION
- FOUND MONUMENT (AS NOTED)
- CALCULATED CORNER

GRID NORTH (NAD 83)
TEXAS - CENTRAL ZONE

REV.	DATE	REVISION MADE
1	5/2/22	OWNER'S NAME CHANGE/FINAL
2	4/27/22	ORIGINAL PLAT
BPX OPERATING COMPANY		
PROPOSED CLEARING LIMITS & ACCESS ROW SURVEY CHEVY COLORADO 56-T2-2011 SECTION 20, BLOCK 56-T2 LOCATED IN THE T & P RR CO. SURVEY, A-2357 REEVES COUNTY, TEXAS		
SCALE: 1" = 400'	DRAWN BY:	APPROVED BY: NPT
DATE: 05/02/2022	DATE: 05/02/2022	DATE: 05/02/2022



Crafton Tull
surveying

501.328.3316 f 501.328.3325 f
www.craftontull.com

1000 Ledgeclown Dr.
Conway, Arkansas 72034

REEVES COUNTY, TEXAS

NOTE:
ALL NAD27 COORDINATES WERE DERIVED USING THE NADCON CONVERSION MODEL.



LEGEND

- CL OF PROPOSED PIPELINE ROUTE
- SURVEY / SECTION LINE
- EXISTING PIPELINE ROUTE
- OVERHEAD ELECTRIC
- FENCE
- EDGE OF PROPOSED ACCESS EASEMENT
- CL OF PROPOSED ACCESS EASEMENT
- PROPERTY LINE
- PROPOSED CLEARING LIMITS
- PROPOSED WELL & FACILITY PAD
- P.O.C. POINT OF COMMENCEMENT
- P.O.B. POINT OF BEGINNING
- P.O.T. POINT OF TERMINATION
- LF LINEAR FEET
- POWER POLE
- PROPOSED WELL LOCATION
- EXISTING WELL LOCATION
- FOUND MONUMENT (AS NOTED)
- CALCULATED CORNER

GRAPHIC SCALE IN FEET



CONTACT INFORMATION:

Brad G. Russell
Crafton Tull
(501)937-1151
1000 Ledgeclown Dr.
Conway, AR 72034



5/2/2022

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

SECTION CORNERS

LOCATION	DESCRIPTION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LATITUDE (NAD 27)	LONGITUDE (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)
NW CORNER 56-T2-20	REBAR W/ICAP	31.83963782° N	103.89085281° W	10650574.87	1191951.56	31.83971148° N	103.89047989° W	807997.17	895490.05
NE CORNER 56-T2-20	REBAR W/ICAP	31.83963739° N	103.87390103° W	10650405.80	1197244.24	31.83971093° N	103.87342898° W	807828.08	900782.64
SE CORNER 56-T2-20	5/8" REBAR W/ICAP	31.82526458° N	103.87411955° W	10645109.25	1197007.70	31.82513803° N	103.87364789° W	802531.68	900546.00
SW CORNER 56-T2-20	CALCULATED CORNER	31.82525039° N	103.89116359° W	10645272.97	1191718.38	31.82512387° N	103.89069127° W	802095.42	895254.77
SE CORNER 56-T2-29	1/2" REBAR	31.81069122° N	103.87434303° W	10639812.58	1196769.59	31.81056458° N	103.87367178° W	797235.15	900307.79
SW CORNER 56-T2-29	1" PIPE	31.81067607° N	103.89137791° W	10639875.90	1191480.30	31.81054956° N	103.89090598° W	797398.49	895018.59

REV	DATE	REVISION MADE
1	5/2/22	OWNERSHIP NAME CHANGE/TRIAL
0	4/27/22	ORIGINAL PLAT
BPX OPERATING COMPANY		
PROPOSED CLEARING LIMITS & ACCESS ROW SURVEY CHEVY COLORADO 56-T2-20 II SECTION 20, BLOCK 56-T2 LOCATED IN THE T&P RR CO. SURVEY, A-2357 REEVES COUNTY, TEXAS		
SCALE: 1" = 200'	DRAWN BY: MF	CHECKED BY: MF
DATE: 05/02/2022	DATE: 05/02/2022	DATE: 05/02/2022



1000 Ledgeview Dr.
Conway, Arkansas 72034

501.328.3314 | 501.328.3325 |
www.craftontull.com

REEVES COUNTY, TEXAS
SECTION 20, BLOCK 56-T2 - T & P RR CO. SURVEY, A - 2357

"CHEVY COLORADO 56-T2-2011 CLEARING LIMITS"

A METES AND BOUNDS DESCRIPTION OF A 10.19 ACRE CLEARING LIMITS BEING OUT OF A 640 ACRE TRACT, GRANTED TO ANADARKO E&P ONSHORE LLC AS RECORDED IN VESTING DEED: VOLUME 1458, PAGE 667, IN SECTION 20, BLOCK 56-T2, REEVES COUNTY, TEXAS, BEING OUT OF ABSTRACT NUMBER 2357, TEXAS AND PACIFIC RR CO. SURVEY, REEVES COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A 5/8 INCH REBAR WITH CAP, MARKING THE SOUTHEAST CORNER OF SECTION 20, BLOCK 56-T2, REEVES COUNTY, TEXAS; THENCE N 81°30'35" W, A DISTANCE OF 4553.26 FEET TO THE POINT OF BEGINNING OF A 10.19 ACRE CLEARING LIMITS:

THENCE N 87°35'47" W, A DISTANCE OF 568.02 FEET TO A POINT;
THENCE N 02°24'13" E, A DISTANCE OF 790.00 FEET TO A POINT;
THENCE S 87°35'47" E, A DISTANCE OF 555.97 FEET TO A POINT;
THENCE S 01°31'46" W, A DISTANCE OF 790.09 FEET TO THE POINT OF BEGINNING.

THE ABOVE DESCRIBED CLEARING LIMITS HAS A TOTAL AREA OF 10.19 ACRES, MORE OR LESS. SUBJECT TO ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

BASIS OF BEARINGS: TEXAS STATE PLANE GRID, CENTRAL ZONE, NAD83 AS DETERMINED BY GPS OBSERVATION.

ALL DISTANCES ARE GRID DISTANCES BASED ON U.S. SURVEY FEET

"30' ACCESS EASEMENT"

A CENTERLINE DESCRIPTION OF AN ACCESS EASEMENT BEING OUT OF A 640 ACRE TRACT, GRANTED TO ANADARKO E&P ONSHORE LLC AS RECORDED IN VESTING DEED: VOLUME 1458, PAGE 667, IN SECTION 20, BLOCK 56-T2, REEVES COUNTY, TEXAS, BEING OUT OF ABSTRACT NUMBER 2357, TEXAS AND PACIFIC RR CO. SURVEY, REEVES COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A 5/8 INCH REBAR WITH CAP, MARKING THE SOUTHEAST CORNER OF SECTION 20, BLOCK 56-T2, REEVES COUNTY, TEXAS; THENCE N 73°56'04" W, A DISTANCE OF 5177.02 FEET TO THE POINT OF BEGINNING OF A 30 FOOT WIDE ACCESS EASEMENT, BEING 15 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE:

THENCE N 02°33'26" E, A DISTANCE OF 79.79 FEET TO A POINT;
THENCE ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 165.00 FEET, AN ARC LENGTH OF 259.18 FEET, AND A CHORD BEARING AND DISTANCE OF N 47°33'26" E, 233.35 FEET TO A POINT;
THENCE S 87°26'34" E, A DISTANCE OF 4868.80 FEET TO THE POINT OF TERMINATION, SAID POINT BEING S 02°33'26" W, A DISTANCE OF 3847.74 FEET FROM A REBAR WITH CAP, MARKING THE NORTHEAST CORNER OF SECTION 20, BLOCK 56-T2, REEVES COUNTY, TEXAS.

THE ABOVE DESCRIBED HAS A CENTERLINE TOTAL LENGTH OF 52077.77 FEET OR 315.62 RODS AND CONTAINS 3.64 ACRES OF EASEMENT, MORE OR LESS. SUBJECT TO ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

BASIS OF BEARINGS: TEXAS STATE PLANE GRID, CENTRAL ZONE, NAD83 AS DETERMINED BY GPS OBSERVATION.

ALL DISTANCES ARE GRID DISTANCES BASED ON U.S. SURVEY FEET



5/2/2022

CONTACT INFORMATION:

Brad G. Russell
Crafton Tull
(10193715)
1000 Ledgeview Dr.
Conway, AR 72094

REV.	DATE	REVISION MADE
1	5/2/22	OWNERSHIP NAME CHANGE/FINAL
0	4/27/22	ORIGINAL PLAT
BPX OPERATING COMPANY		
PROPOSED CLEARING LIMITS & ACCESS ROW SURVEY CHEVY COLORADO 56-T2-2011 SECTION 20, BLOCK 56-T2 LOCATED IN THE T&P RR CO. SURVEY, A-2357 REEVES COUNTY, TEXAS		
SCALE: N/A	CHECKED BY: AM	APPROVED BY: MP
DATE: 05/02/2022	DRAWN BY: AM	REVISION NO. 5 OF 5



501.328.3314 | 501.328.3325 |
www.craftontull.com

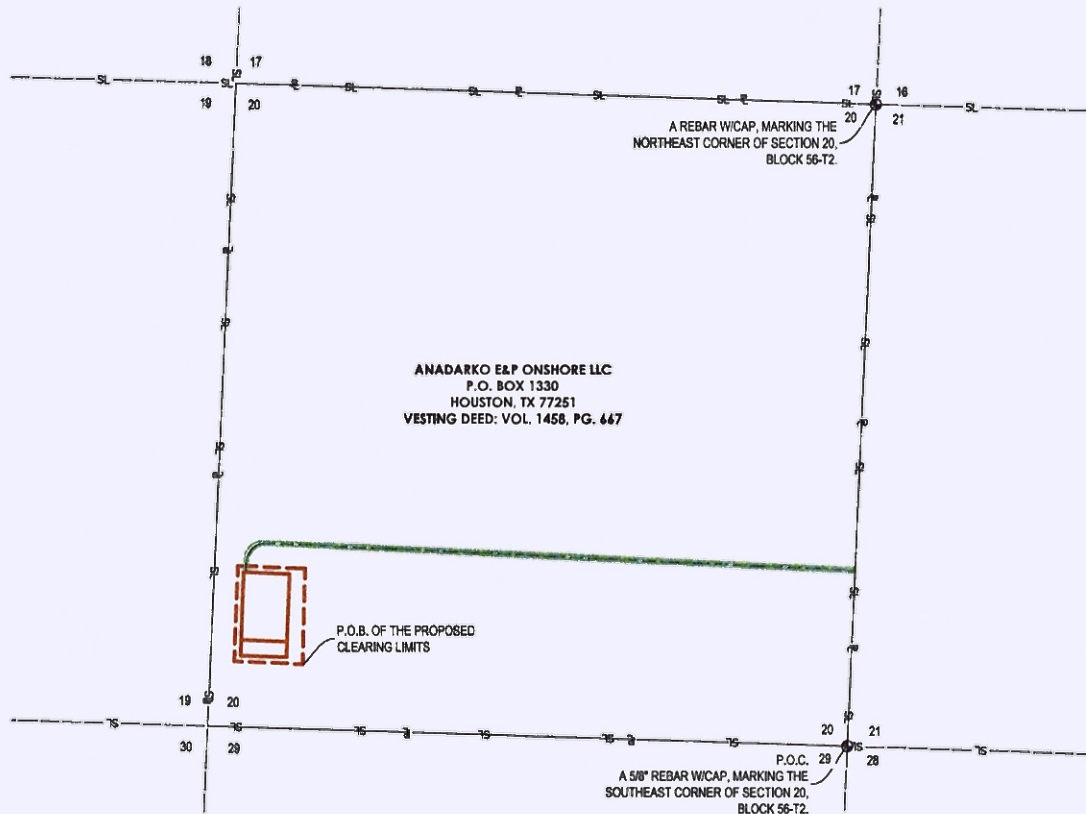
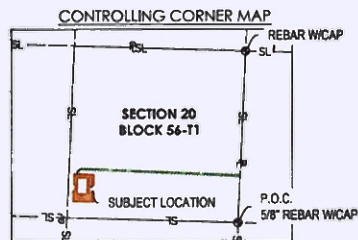
1000 Ledgeview Dr.
Conway, Arkansas 72034

REEVES COUNTY, TEXAS

SECTION 20, BLOCK 56-T2 - T & P RR CO. SURVEY, A - 2357

CHEVY COLORADO 56-T2-20 11

CLEARING LIMITS & WELL PAD COVER SHEET



ANADARKO E&P ONSHORE LLC
P.O. BOX 1330
HOUSTON, TX 77251
VESTING DEED: VOL. 1458, PG. 447

GENERAL NOTES:

NAVD 88 = EPSG 5703
NAD83 TEXAS CENTRAL = EPSG 2277

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

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

HORIZONTAL DATUM: STATE PLANE COORDINATE SYSTEM, NAD 83 (2011), TEXAS CENTRAL ZONE.

LATITUDE AND LONGITUDE ARE NAD 83 (2011)

AREA, DISTANCES AND COORDINATES ARE GRID.

ALL UNITS ARE UNITED STATES SURVEY FOOT, UNLESS NOTED OTHERWISE

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

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

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

ALL NAD27 COORDINATES WERE DERIVED USING THE NADCON CONVERSION MODEL.

CHEVY COLORADO 56-T2-20 11

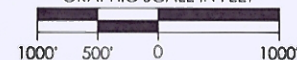
SHL #1H

LOCATION LAT/LONG (NAD83): 31.82819387, -103.88942940

LRE LAT/LONG (NAD83): 31.82876475, -103.89027578

FROM THE INTERSECTION OF I-20 BUSINESS AND HWY 285 IN PECOS, GO NORTH ON HWY 285 FOR 38.3 MILES TO THE INTERSECTION OF HWY 285 AND FM 652 IN ORLA (LAT: 31.825243, LONG: -103.908951). TURN RIGHT (EAST) AND GO 2.8 MILES TO THE INTERSECTION OF A LEASE ROAD ON THE RIGHT (LAT: 31.850803, LONG: -103.873720). TURN RIGHT (SOUTH) AND GO 0.7 MILES TO A "Y" INTERSECTION (LAT: 31.841399, LONG: -103.873779). GO LEFT AND CONTINUE 0.3 MILES TO LOCATION

GRAPHIC SCALE IN FEET



LEGEND	
---	CL OF PROPOSED PIPELINE ROUTE
---	SURVEY / SECTION LINE
---	EXISTING PIPELINE ROUTE
---	OVERHEAD ELECTRIC
---	FENCE
---	EDGE OF PROPOSED ACCESS EASEMENT
---	CL OF PROPOSED ACCESS EASEMENT
---	PROPERTY LINE
---	PROPOSED CLEARING LIMITS
---	PROPOSED WELL & FACILITY PAD
P.O.C.	POINT OF COMMENCEMENT
P.O.B.	POINT OF BEGINNING
P.O.T.	POINT OF TERMINATION
LF	LINEAR FEET
PP	PROPOSED WELL LOCATION
EW	EXISTING WELL LOCATION
FM	FOUND MONUMENT (AS NOTED)
Δ	CALCULATED CORNER



5/2/2022

CONTACT INFORMATION:

Brad G. Russell
Crafton Tull
(10193715)
1000 Ledgeview Dr.
Conway, AR 72034

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

REV.	DATE	REVISION MADE
1	5/2/22	OWNERSHIP NAME CHANGE/FINAL
0	4/27/22	ORIGINAL PLAT
BPX OPERATING COMPANY		
PROPOSED CLEARING LIMITS & ACCESS ROW SURVEY CHEVY COLORADO 56-T2-20 11 SECTION 20, BLOCK 56-T2 LOCATED IN THE T&P RR CO. SURVEY, A-2357 REEVES COUNTY, TEXAS		
SCALE: 1" = 100'	CHECKED BY: AM	APPROVED BY: AM
DATE: 05/02/22	DRAWN BY: ME	DATE: 05/02/22

BPX →

136
1
16:30
42
06.2

Ref: Date: 21Jun22
Dep: Wgt: 0.50 LBS
DV: 0.00
Svc: STANDARD OVERNIGHT
TRCK: 1772 6504 4256

SHIPPING:	10.00
SPECIAL:	2.00
HANDLING:	0.00
TOTAL:	12.00

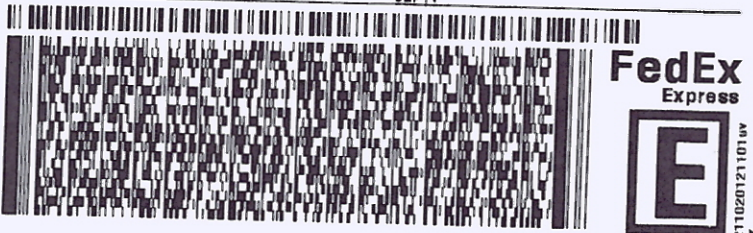
ORIGIN ID:QBFA (303) 898-6733
ATTN: CAMERON FINGER
BPX ENERGY
1700 PLATTE STREET SUITE 150
DENVER, CO 80202
UNITED STATES US

SHIP DATE: 21JUN22
ACTWGT: 0.50 LB MAN
CAD: 0867360/CAFE3509

BILL SENDER

TO TEXAS GENERAL LAND OFFICE
ATTN: ENERGY RESOURCES
1700 NORTH CONGRESS AVENUE
AUSTIN TX 78701

INU: REF: DEPT:



FedEx Express

TRK# 1772 6504 4256
0201

WED - 22 JUN 4:30P
STANDARD OVERNIGHT

XA CFDA

78701
TX-US AUS



0.55.33

Align bottom of peel-and-stick airbill or pouch here.

File No. MF 115425
Surface Damage

Date Filed: 11-1-22

George P. Bush, Commissioner

By 



BP America Production Company
BPX Energy Inc.
Permian Development – Land Department
1700 Platte Street, Suite 150
Denver, CO 80202

Surface Done ✓
Dunne

June 21, 2022

Texas General Land Office
Attn: Energy Resources
1700 North Congress Avenue
Austin, TX 78701

RE: Surface Damage Payment
Chevy Colorado 56-2-20 Pad H1
MF115425A
Block 56-T2-Section 20
Reeves County, Texas

Dear Texas General Land Office,

Enclosed herein, please find **Check No. 8005002033** in the amount of **\$81,927.70** covering damages for the drilling operations for the subject well pad supporting MF115425A. The enclosed check covers surface damages for the well pad, access road and additional wellbores, which are outlined below.

Pad Site/Pits/Facility:	(9.93 acres)	=	\$67,500.00
Clearing Limits:	(300,128.40 sq ft x \$0.15/sq ft)	=	\$36,015.41
Road:	(47.72 rods x \$70.00/rod)	=	\$3,340.00
Additional Wellbores:	(\$9,500.00/wellbore x 6 wellbores)	=	\$57,000.00
Total Damages:		=	\$163,855.41
Total Paid to Agent of the State:	(\$154,365.88 x 50%)	=	\$81,927.71
Total Paid to the State of Texas:	(\$154,365.88 x 50%)	=	\$81,927.70

Should you have any questions or need additional assistance regarding this matter, please do not hesitate to contact me at the telephone numbers or email address listed below.

Respectfully,
Cameron Finger
Surface Land Negotiator
Office: (303) 731-8260
Mobile: (720) 697-9363
Cameron.Finger@bpx.com

bpx energy

BPX Operating Company
Attn: BP GBS Americas - P2P Treasury
Payments
150 West Warrenville Road, Building 605, 3rd
Floor
Naperville, IL 60563

PAGE 1 OF 1

06/14/22

X01LH

COMMISSIONER OF THE TEXAS GENERAL
LAND OFFICE
1700 N CONGRESS
AUSTIN, TX 78701-1495 US

VENDOR NUMBER: 0069000251

TRACE NUMBER: 2000049821

DOCUMENT NO.	INVOICE DATE	INVOICE NO.	GROSS AMOUNT	DISCOUNT NO.	NET AMOUNT
1900196547 MF115425A 56-2-20 RVS COLORADO MF115425A 56-2-20 RVS Colorado 56-2-20 Pad H1	06/09/22	2022.085	81,927.70		81,927.70
161			22710688		
TOTALS			81,927.70		81,927.70

INQUIRIES CONCERNING THIS PAYMENT SHOULD BE
DIRECTED TO OUR OFFICE, PLEASE CALL
(800) 284-2244

IN ORDER TO AFFECT TIMELY INVOICE PAYMENT PLEASE PLACE
YOUR VENDOR NUMBER ON ALL FUTURE INVOICE TO BP.
*** YOUR VENDOR NUMBER IS 0069000251

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS

CHECK NO. 8005002033 ATTACHED BELOW

bpx energy

BPX Operating Company
Attn: BP GBS Americas - P2P Treasury Payments
150 West Warrenville Road, Building 605, 3rd Floor
Naperville, IL 60563

62-20
311

CHECK NO. 8005002033

PAY TO THE
ORDER OF

COMMISSIONER OF THE TEXAS GENERAL
LAND OFFICE
1700 N CONGRESS
AUSTIN, TX 78701-1495 US

22710688

06/14/22

*****\$81,927.70

NOT VALID AFTER 6 MONTHS

Eighty one thousand nine hundred twenty seven and 70/100 Dollars

TRACE NUMBER: 2000049821

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

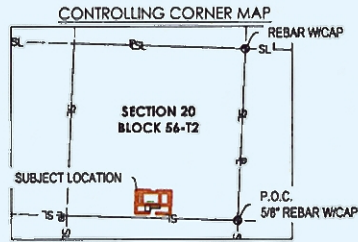
Laura H. Stesh
Authorized Signature

800 500 2033



1000 Ledgeclawn Dr.
Conway, Arkansas 72034
501.328.3316 • 501.328.3325 f
www.craftontull.com

REEVES COUNTY, TEXAS
SECTION 20, BLOCK 56-T2 - T & P RR CO. SURVEY, A - 2357
CHEVY COLORADO 56-T2-20 H1
CLEARING LIMITS & WELL PAD COVER SHEET



ANADARKO E&P ONSHORE LLC
P.O. BOX 1330
HOUSTON, TX 77251
VESTING DEED: VOL. 1458, PG. 667

GENERAL NOTES:

NAD83 = EPSG 5703
NAD83 TEXAS CENTRAL = EPSG 2277

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

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

HORIZONTAL DATUM: STATE PLANE COORDINATE SYSTEM, NAD 83 (2011), TEXAS CENTRAL ZONE.

LATITUDE AND LONGITUDE ARE NAD 83 (2011)

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

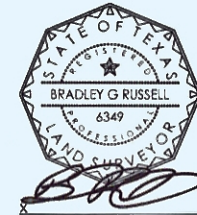
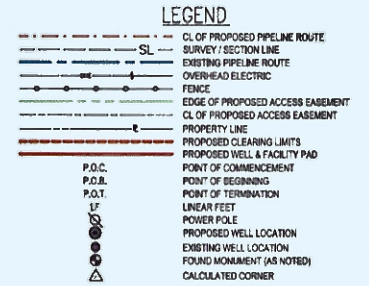
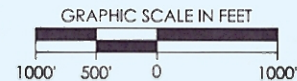
CONTRACTOR SHALL BE RESPONSIBLE FOR LOCATING ALL UNDERGROUND UTILITIES PRIOR TO CONSTRUCTION.

ALL NAD83 COORDINATES WERE DERIVED USING THE NADCON CONVERSION MODEL.

CHEVY COLORADO 56-T2-20 H1

SHL #1H

LOCATION LAT/LONG (NAD83): 31.82666604, -103.88310896
LRE LAT/LONG (NAD83): 31.82738965, -103.88099780
FROM THE INTERSECTION OF I-20 BUSINESS AND HWY 285 IN PECOS, GO NORTH ON HWY 285 FOR 38.3 MILES TO THE INTERSECTION OF HWY 285 AND FM 652 IN ORLA (LAT: 31.825243, LONG: -103.908951). TURN RIGHT (EAST) AND GO 2.8 MILES TO THE INTERSECTION OF A LEASE ROAD ON THE RIGHT (LAT: 31.850803, LONG: -103.873720). TURN RIGHT (SOUTH) AND GO 0.7 MILES TO A "Y" INTERSECTION (LAT: 31.841399, LONG: -103.873779). GO LEFT AND CONTINUE 0.3 MILES TO LOCATION

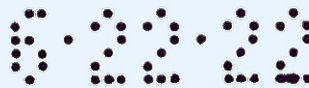


CONTACT INFORMATION:

Brad G. Russell
Crafton Tull
(819)371151
1000 Ledgeclawn Dr.
Conway, AR 72034

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

REV.	DATE	REVISION MADE
1	5/2/22	OWNERSHIP NAME CHANGE/FINAL
2	4/27/22	ORIGINAL PLAT
BXP OPERATING COMPANY		
PROPOSED CLEARING LIMITS & ACCESS ROW SURVEY CHEVY COLORADO 56-T2-20 H1 SECTION 20, BLOCK 56-T2 LOCATED IN THE T&P RR CO. SURVEY A-2357 REEVES COUNTY, TEXAS		
SCALE: 1"=100'	CHECKED BY: [signature]	APPROVED BY: [signature]
DATE: 05/02/2022	DRAWN BY: [signature]	MEASURED NO. 1 OF 5



1000 Ledgeview Dr.
Conway, Arkansas 72034

TOTAL PROPOSED CLEARING LIMIT ACREAGE = 16.82 ACRES

PROPOSED WELL PAD LOCATION ACREAGE (PAD, FACILITY, & RESERVE PIT) = 9.93 ACRES

TOTAL ACCESS EASEMENT ACREAGE INSIDE OF CLEARING LIMITS = 0.04 ACRES

REEVES COUNTY, TEXAS
SECTION 20, BLOCK 56-T2 - T & P RR CO. SURVEY, A - 2357

ANADARKO E&P ONSHORE LLC
P.O. BOX 1330
HOUSTON, TX 77251
VESTING DEED: VOL. 1458, PG. 647

Y: 10648013.21
X: 1194949.28
LAT: 31.82756795
LONG: -103.88083625
(NAD 83)

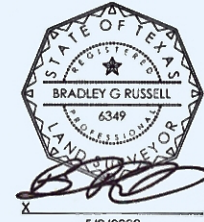
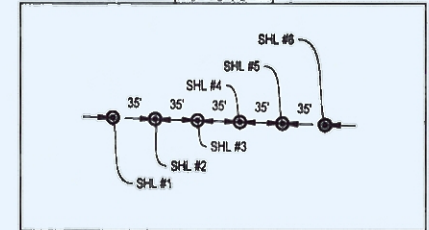
NOTE:
ALL NAD27 COORDINATES WERE DERIVED USING THE NADCON CONVERSION MODEL.

LEGEND

- CL OF PROPOSED PIPELINE ROUTE
- SURVEY SECTION LINE
- EXISTING PIPELINE ROUTE
- OVERHEAD ELECTRIC
- FENCE
- EDGE OF PROPOSED ACCESS EASEMENT
- CL OF PROPOSED ACCESS EASEMENT
- PROPERTY LINE
- PROPOSED CLEARING LIMITS
- PROPOSED WELL & FACILITY PAD
- POINT OF COMMENCEMENT
- POINT OF BEGINNING
- POINT OF TERMINATION
- LINEAR FEET
- POWER POLE
- PROPOSED WELL LOCATION
- EXISTING WELL LOCATION
- FOUND MONUMENT (AS NOTED)
- CALCULATED CORNER

PROPOSED
ACCESS EASEMENT
(SEE PAGE 3)

INSET "A"
(NOT TO SCALE)



CONTACT INFORMATION:

Brad G. Russell
Crafton Tull
(817) 937115
1000 Ledgeview Dr.
Conway, AR 72034

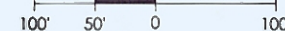
THIS SKETCH ACCOMPANIES A LEGAL DESCRIPTION
PREPARED FOR THIS TRACT OF LAND.

REV.	DATE	REVISION MADE
1	5/2/22	OWNERSHIP NAME CHANGE/FINAL
2	4/27/22	ORIGINAL PLAT
BPX OPERATING COMPANY		
PROPOSED CLEARING LIMITS & ACCESS ROW SURVEY CHEVY COLORADO 56-T2-20 H1 SECTION 20, BLOCK 56-T2 LOCATED IN THE T&P RR CO. SURVEY, A-2357 REEVES COUNTY, TEXAS		
SCALE: 1" = 100'	CHECKED BY: NRP	APPROVED BY: MRP
DATE: 05/02/2022	DRAWN BY:	PLATT NO.: 2 OF 5

"PROPOSED WELLS" COORDINATES

WELL NAME	ELEVATION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LATITUDE (NAD 27)	LONGITUDE (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)
SHL #1	2831'	31.8266604° N	103.88310896° W	10645707.79	1194233.29	31.82653956° N	103.88263691° W	803130.21	897771.65
SHL #2	2831'	31.82666578° N	103.88299627° W	10645706.58	1194298.27	31.82653930° N	103.88252423° W	803129.00	897806.63
SHL #3	2830'	31.82666552° N	103.88288359° W	10645705.37	1194303.25	31.82653904° N	103.88241155° W	803127.79	897841.60
SHL #4	2830'	31.82666528° N	103.88277090° W	10645704.16	1194338.23	31.82653879° N	103.88229887° W	803126.58	897876.58
SHL #5	2829'	31.82666501° N	103.88265821° W	10645702.95	1194373.20	31.82653853° N	103.88218618° W	803125.37	897911.56
SHL #6	2829'	31.82666475° N	103.88254552° W	10645701.74	1194408.18	31.82653827° N	103.88207350° W	803124.16	897946.54

GRAPHIC SCALE IN FEET



REEVES COUNTY, TEXAS

SECTION 20, BLOCK 56-T2 - T & P RR CO. SURVEY, A - 2357

GRID NORTH (NAD 83)
TEXAS - CENTRAL ZONE

"ACCESS EASEMENT" CURVE TABLE

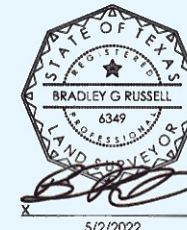
REF. #	RADIUS	ARC LENGTH	CHORD BEARING	CHORD DISTANCE
C1	165.00'	257.52'	N 47°16'10" E	232.17'

PROPOSED ACCESS EASEMENT
TOTAL LINEAR FEET FOR A 30' WIDE ACCESS EASEMENT: 787.38' = 47.72 RODS
TOTAL LEASE ROAD ACREAGE = 0.65 ACRES

ANADARKO E&P ONSHORE LLC
P.O. BOX 1330
HOUSTON, TX 77251
VESTING DEED: VOL. 1458, PG. 667

LEGEND

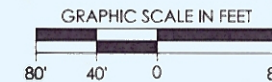
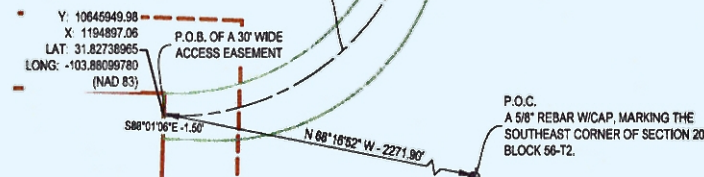
---	CL OF PROPOSED PIPELINE ROUTE
---	SURVEY / SECTION LINE
---	EXISTING PIPELINE ROUTE
---	OVERHEAD ELECTRIC
---	FENCE
---	EDGE OF PROPOSED ACCESS EASEMENT
---	CL OF PROPOSED ACCESS EASEMENT
---	PROPERTY LINE
---	PROPOSED CLEARING LIMITS
---	PROPOSED WELL & FACILITY PAD
P.O.C.	POINT OF COMMENCEMENT
P.O.B.	POINT OF BEGINNING
P.O.T.	POINT OF TERMINATION
LF	LINEAR FEET
⊙	POWER POLE
⊙	PROPOSED WELL LOCATION
⊙	EXISTING WELL LOCATION
⊙	FOUND MONUMENT (AS NOTED)
⊙	CALCULATED CORNER



CONTACT INFORMATION:
Brad G. Russell
Crafton Tull
(1019)3715
1000 Ledgeview Dr.
Conway, AR 72034

5/2/2022

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



REV.	DATE	REVISION MADE
1	5/2/22	OWNER'S NAME CHANGE/FINAL
0	4/27/22	ORIGINAL PLAT
BPX OPERATING COMPANY		
PROPOSED CLEARING LIMITS & ACCESS ROW SURVEY CHEVY COLORADO 56-T2-20 H1 SECTION 20, BLOCK 56-T2 LOCATED IN THE T & P RR CO. SURVEY, A - 2357 REEVES COUNTY, TEXAS		
SCALE: 1" = 80'	CHECKED BY: NPA	APPROVED BY: MN
DATE: 05/02/2022	DRAWN BY:	MSHEET NO. 3 OF 8



Crafton Tull
surveying

501.328.331 & 1 501.328.3325 f
www.craftontull.com

REEVES COUNTY, TEXAS

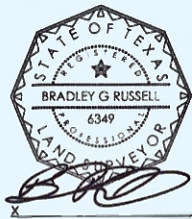
NOTE:
ALL NAD27 COORDINATES WERE DERIVED USING THE NADCON CONVERSION MODEL.

GRID NORTH (NAD 83)
TEXAS - CENTRAL ZONE



CONTACT INFORMATION:

Brad G. Russell
Crafton Tull
(10193715)
1000 Ledgeview Dr.
Conway, AR 72034



5/2/2022

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

SECTION CORNERS

LOCATION	DESCRIPTION	LATITUDE (NAD 83)	LONGITUDE (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LATITUDE (NAD 27)	LONGITUDE (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)
NW CORNER 56-T2-20	REBAR W/CAP	31.83983782° N	103.89095261° W	10650574.87	1191951.56	31.83971148° N	103.89047989° W	807997.17	895490.05
NE CORNER 56-T2-20	REBAR W/CAP	31.83983738° N	103.87390103° W	10650405.80	1197244.24	31.83971093° N	103.87342898° W	807828.08	900782.64
SE CORNER 56-T2-20	5/8" REBAR W/CAP	31.82526458° N	103.87411955° W	10645108.25	1197007.70	31.82513803° N	103.87364789° W	802531.68	900546.00
SW CORNER 56-T2-20	CALCULATED CORNER	31.82525039° N	103.89116359° W	10645272.97	1191716.38	31.82512397° N	103.89069127° W	802695.42	895254.77
SE CORNER 56-T2-29	1/2" REBAR	31.81069122° N	103.87434303° W	10639812.58	1196769.59	31.81056458° N	103.87387178° W	797235.15	900307.79
SW CORNER 56-T2-29	1" PIPE	31.81067607° N	103.89137791° W	10639975.90	1191480.30	31.81054958° N	103.89090598° W	797398.49	895018.59

REV.	DATE	REVISION MADE
1	5/2/22	OWNERSHIP NAME CHANGE/FINAL
2	4/27/22	ORIGINAL PLAT
BFX OPERATING COMPANY		
PROPOSED CLEARING LIMITS & ACCESS ROW SURVEY CHEVY COLORADO 56-T2-20 H1 SECTION 20, BLOCK 56-12 LOCATED IN THE T&P RR CO. SURVEY, A-2357 REEVES COUNTY, TEXAS		
SCALE: 1" = 200'	CHECKED BY: NPI	APPROVED BY: MN
DATE: 05/02/2022	DRAWN BY:	MINUTE NO.: 4 OF 5



Crafton Tull

surveying

1000 Ledgetown Dr.
Conway, Arkansas 72034

501.328.3316 | 501.328.3325 f
www.craftontull.com

REEVES COUNTY, TEXAS

SECTION 20, BLOCK 56-T2 - T & P RR CO. SURVEY, A - 2357

"CHEVY COLORADO 56-T2-20 H1 CLEARING LIMITS"

A METES AND BOUNDS DESCRIPTION OF A 16.82 ACRE CLEARING LIMITS BEING OUT OF A 640 ACRE TRACT, GRANTED TO ANADARKO E&P ONSHORE LLC AS RECORDED IN VESTING DEED: VOLUME 1458, PAGE 667, IN SECTION 20, BLOCK 56-T2, REEVES COUNTY, TEXAS, BEING OUT OF ABSTRACT NUMBER 2357, TEXAS AND PACIFIC RR CO. SURVEY, REEVES COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A 5/8 INCH REBAR WITH CAP, MARKING THE SOUTHEAST CORNER OF SECTION 20, BLOCK 56-T2, REEVES COUNTY, TEXAS; THENCE N 84°04'03" W, A DISTANCE OF 2093.43 FEET TO THE POINT OF BEGINNING OF A 16.82 ACRE CLEARING LIMITS;

THENCE N 88°01'06" W, A DISTANCE OF 1065.00 FEET TO A POINT;
THENCE N 01°58'54" E, A DISTANCE OF 688.00 FEET TO A POINT;
THENCE S 88°01'06" E, A DISTANCE OF 1065.00 FEET TO A POINT;
THENCE S 01°58'54" W, A DISTANCE OF 688.00 FEET TO THE POINT OF BEGINNING.

THE ABOVE DESCRIBED CLEARING LIMITS HAS A TOTAL AREA OF 16.82 ACRES, MORE OR LESS, SUBJECT TO ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.
BASIS OF BEARINGS: TEXAS STATE PLANE GRID, CENTRAL ZONE, NAD83 AS DETERMINED BY GPS OBSERVATION.

ALL DISTANCES ARE GRID DISTANCES BASED ON U.S. SURVEY FEET

"ACCESS EASEMENT"

A CENTERLINE DESCRIPTION OF AN ACCESS EASEMENT BEING OUT OF A 640 ACRE TRACT, GRANTED TO ANADARKO E&P ONSHORE LLC AS RECORDED IN VESTING DEED: VOLUME 1458, PAGE 667, IN SECTION 20, BLOCK 56-T2, REEVES COUNTY, TEXAS, BEING OUT OF ABSTRACT NUMBER 2357, TEXAS AND PACIFIC RR CO. SURVEY, REEVES COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

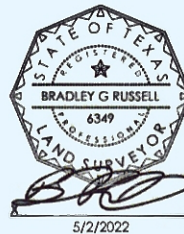
COMMENCING AT A 5/8 INCH REBAR WITH CAP, MARKING THE SOUTHEAST CORNER OF SECTION 20, BLOCK 56-T2, REEVES COUNTY, TEXAS; THENCE N 68°16'02" E, A DISTANCE OF 2271.92 FEET TO THE POINT OF BEGINNING OF AN ACCESS EASEMENT;

THENCE S 88°01'06" E, A DISTANCE OF 1.50 FEET TO A POINT;
THENCE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 165.00 FEET, AN ARC LENGTH OF 257.52 FEET, AND A CHORD BEARING AND DISTANCE OF N 47°16'10" E, 232.17 FEET TO A POINT;
THENCE N 02°33'26" E, A DISTANCE OF 528.36 FEET TO THE POINT OF TERMINATION, SAID POINT BEING S 29°42'38" W, A DISTANCE OF 4341.19 FEET FROM A REBAR WITH CAP, MARKING THE NORTHEAST CORNER OF SECTION 20, BLOCK 56-T2, REEVES COUNTY, TEXAS.

THE ABOVE DESCRIBED HAS A CENTERLINE TOTAL LENGTH OF 787.38 FEET OR 47.72 RODS AND CONTAINS 0.65 ACRES OF EASEMENT, MORE OR LESS, SUBJECT TO ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

BASIS OF BEARINGS: TEXAS STATE PLANE GRID, CENTRAL ZONE, NAD83 AS DETERMINED BY GPS OBSERVATION.

ALL DISTANCES ARE GRID DISTANCES BASED ON U.S. SURVEY FEET



CONTACT INFORMATION:

Brad G. Russell
Crafton Tull
(501)9371151
1000 Ledgetown Dr.
Conway, AR 72034

REV.	DATE	REVISION MADE
1	5/2/22	OWNERSHIP NAME CHANGE/FINAL
2	4/27/22	ORIGINAL PLAT
BPX OPERATING COMPANY		
PROPOSED CLEARING LIMITS & ACCESS ROW SURVEY CHEVY COLORADO 56-T2-20 H1 SECTION 20, BLOCK 56-T2 LOCATED IN THE T&P RR CO. SURVEY, A-2357 REEVES COUNTY, TEXAS		
SCALE: N/A	CHECKED BY: HRP	APPROVED BY: MN
DATE: 05/02/2022	DRAWN BY: MRP	FILED NO.: 5 OF 5

BPX →

136
1
16:30
E
42
06.2

Ref: Date: 21Jun22
Dep: Wgt: 0.50 LBS
DV: 0.00
Svc: STANDARD OVERNIGHT
TRCK: 1772 6504 4256

SHIPPING:	10.00
SPECIAL:	2.00
HANDLING:	0.00
TOTAL:	12.00

ORIGIN ID:QBFA (303) 898-6733
ATTN: CAMERON FINGER
BPX ENERGY
1700 PLATTE STREET SUITE 150

SHIP DATE: 21JUN22
ACTWGT: 0.50 LB MAN
CAD: 0867360/CAFE3509

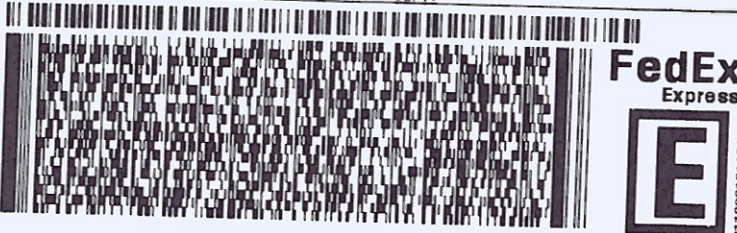
DENVER, CO 80202
UNITED STATES US

BILL SENDER

TO TEXAS GENERAL LAND OFFICE
ATTN: ENERGY RESOURCES
1700 NORTH CONGRESS AVENUE

AUSTIN TX 78701

INU: REF: DEPT:



FedEx Express

TRK# 1772 6504 4256
0201

WED - 22 JUN 4:30P
STANDARD OVERNIGHT

XA CFDA

78701
TX-US AUS



05555

Align bottom of peel-and-stick airbill or pouch here.

17

File No. MF 115425

Surface Damage.

Date Filed: 11-1-23

George P. Bush, Commissioner

By [Signature]

3 25 24

2100015 01 SD T 6043 DD -P00015 C10



PG 1 OF 1

TRACE NUMBER: 2348883537BPXML-CPS

24705739

IN ORDER TO AFFECT TIMELY INVOICE PAYMENTS PLEASE
PLACE YOUR VENDOR NUMBER ON ALL FUTURE INVOICES.
YOUR VENDOR NUMBER IS

CHECK # 6000001025 ATTACHED BELOW

62-20
311

No. 6000001025

TRACE NO.: 2348883537BPXML-CPS

24705739

03/01/24

COMMISSIONER OF THE TEXAS GENERAL L
1700 N CONGRESS AVE
AUSTIN TX 78701

\$\$\$\$\$\$\$\$\$6,067.00

NOT VALID AFTER 6 MONTHS

Six Thousand Sixty-seven and 00/100 Dollars

Laura H. Hersh
AUTHORIZED SIGNATURE

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

11 600000 10 25 11

File No. ME 115425

County

Surface Damages

Date Filed: 06/10/2024

Commissioner Dawn Buckingham, M.D.

By: AC

