

MF115503

<i>State Lease</i>	<i>Control</i>	<i>Base File</i>	<i>County</i>
MF115503	04-019617	124684	REEVES

<i>Survey</i>	PUBLIC SCHOOL LAND	
<i>Block</i>	C-21	
<i>Block Name</i>		
<i>Township</i>		
<i>Section/Tract</i>	13	
<i>Land Part</i>		
<i>Part Description</i>	E/2 of S/2 of SE/4	
<i>Acres</i>	40	
<i>Depth Below</i>	<i>Depth Above</i>	<i>Depth Other</i>
		See Lease
<i>Name</i>	CINCO LAND & EXPLORATION, INC.	
<i>Lease Date</i>	7/16/2013	
<i>Primary Term</i>	5 yrs	
<i>Bonus (\$)</i>	\$61,080.00	
<i>Rental (\$)</i>	\$5.00	
<i>Lease Royalty</i>	0.2500	

Leasing: hgm

Analyst: _____

Maps: [Signature]

GIS: Mc

DocuShare: _____



CAUTION

Documents in this file have been placed in Table of Contents order and scanned.

Please help keep documents in content order and let the ScanLab know when new documents are added to this file.

Thank you for your assistance.

Archives and Records Staff



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See MF114158 #9063 For Assignment #9003
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Scanned sm 08/07/2025

^PLEASE DETACH AT PERFORATION ABOVE^

RESOLUTE NATURAL RESOURCES

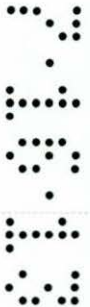
1675 Broadway
Suite 1950
Denver CO 80202

^PLEASE DETACH AT PERFORATION ABOVE^

Resolute

Check Number 1000067396

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
06076-071113-CHKREQA	07/11/2013	Bonus Payment, Reeves County, TX <i>MGL. NO. 15</i>	61,080.00	0.00	61,080.00



06076

← Owner

Check Date: 07/12/2013

Check Amount →

61,080.00

^PLEASE DETACH AT PERFORATION ABOVE^

RESOLUTE NATURAL RESOURCES

1675 Broadway
Suite 1950
Denver CO 80202

^PLEASE DETACH AT PERFORATION ABOVE^

Resolute

Check Number 1000067397

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
06076-071113-CHKREQB	07/11/2013	1.5% Sales Fee for Lease Bid <i>MGL NO. 15</i>	916.20	0.00	916.20



06076

← Owner

Check Date: 07/12/2013

Check Amount →

916.20

M- 115503

For GLO Use Only



July 16, 2013

OIL AND GAS LEASE BID APPLICATION

APPLICANT
AGREEMENT

I agree, if awarded a lease on the referenced tract, to comply with all terms and conditions of said lease and with all applicable laws that so govern said lease, and as those laws may be amended.

APPLICANT
IDENTIFICATION
TO APPEAR ON
LEASE (type/print)

Name: CINCO LAND & EXPLORATION, INC.

Address: 8811 GAYLORD DRIVE

City: HOUSTON

State: TX

Zip: 77024-2960

(Include +4 Code)

Telephone: (713) 463-2009

AREA
DESCRIPTION

County(ies): REEVES

Survey/Area: PUBLIC SCHOOL LAND

SECTION 13/

(If Applicable)

Block/Tsp.: C-21

(If Applicable)

Section/Tract: E252SE

Acres: 40.0

BID
SUBMISSION

(A) Bonus Amount

(\$ #61,080.⁰⁰SIXTY ONE THOUSAND EIGHTY DOLLARS & ⁰⁰/₁₀₀

(type/print above)

(B) Sales Fee Amount

(\$ #916.²⁰NINE HUNDRED SIXTEEN DOLLARS & ²⁰/₁₀₀

(type/print above)

This Sales Fee is 1½% of the cash bonus as provided in Section 32.110 of the Natural Resources Code as amended.

MGL. NO.

15

APPLICANT NAME

BONUS AMOUNT ONLY (A)
(Do Not include sales fee)

CINCO LAND & EXPLORATION, INC.

(same as above)

(\$ #61,080.⁰⁰

13713814

STATE OF TEXAS
TAX I.D. #

(must be an 11-digit number)

SIGNATURE OF
AGENT

Rusty Robinson

(signature)

RUSTY ROBINSON

(type/print name)

13713815

\$ 916.20

1373872



458617313814

October 4 - returned to camp at 8:00 AM.

● ● ● ● ●

2. Chlorophyll in Oxygen Evolution and Photosynthesis

030107

0 0.71 000 49.0
Reaction 2

5135

①

File No.

No: M-115503
Brid Form

Date Filed:

716/13

Jerry E. Patterson, Commissioner

By

George Martin

The State of Texas



Austin, Texas

OIL AND GAS LEASE NO. M-115503

WHEREAS, pursuant to the Texas Natural Resources Code Chapters 32, 33, 51, and Chapter 52, Subchapters A-D and H, (said Code being hereinafter referred to as N.R.C.), and subject to all rules and regulations promulgated by the Commissioner of the General Land Office and/or the School Land Board pursuant thereto, and all other applicable statutes and amendments to said N.R.C., the following area, to-wit:

EAST ONE-HALF OF SOUTH ONE-HALF OF SOUTHEAST ONE-QUARTER (E/2 OF S/2 OF SE/4) OF SECTION 13, BLOCK C21, PUBLIC SCHOOL LAND SURVEY, REEVES COUNTY, TEXAS, CONTAINING APPROXIMATELY 40 ACRES, AS SHOWN ON THE OFFICIAL MAP OF REEVES COUNTY, TEXAS NOW ON FILE IN THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS,

was, after being duly advertised, offered for lease on the 16th day of July, 2013, at 10:00 o'clock a.m., by the Commissioner of the General Land Office of the State of Texas and the School Land Board of the State of Texas, for the sole and only purpose of prospecting and drilling for, and producing oil and/or gas that may be found and produced from the above described area; and

WHEREAS, after all bids and remittances which were received up to said time have been duly considered by the Commissioner of the General Land Office and the School Land Board at a regular meeting thereof in the General Land Office, on the 16th day of July, 2013; hereinafter the "effective date" and it was found and determined that CINCO LAND & EXPLORATION, INC. whose address is 8811 GAYLORD DRIVE, HOUSTON, TEXAS 77024-2960 had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of **Sixty-One Thousand Eighty And 00/100 Dollars (\$61,080.00)**, receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto the above mentioned bidder the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

1. **RESERVATION:** There is hereby excepted and reserved to Lessor: the full use of the property covered hereby and all rights with respect to the surface and subsurface thereof for any and all purposes except those granted, and to the extent herein granted to Lessee; the right to grant third parties seismic, geophysical and geological permits and to enter into other agreements with third parties, which allow such third parties to conduct geophysical, geological or seismic surveys on, over, under, through and across the land covered herein during the term of this lease; and the rights of ingress and egress and use of said lands by Lessor and its mineral lessees for purposes of exploring for and producing the minerals which are not covered, or which may not be covered in the future, under the terms of this lease, but which may be located within the surface boundaries of the leased area. All of the rights in and to the leased premises retained by Lessor and all of the rights in and to the leased premises granted to Lessee herein shall be exercised in such a manner that neither shall unduly interfere with the operations of the other.

2. **TERM:** Subject to the other provisions hereof, this lease shall be for a term of **five (5) years** from the effective date hereof (herein called "primary term") and as long thereafter as oil or gas is produced in paying quantities from said area.

3. **DELAY RENTALS:** If no well is commenced on the land hereby leased on or before the anniversary date of this lease, this lease shall terminate as to both parties unless the Lessee on or before said date shall pay or tender to the Commissioner of the General Land Office of the State of Texas at Austin, Texas, the amount specified in the following schedule multiplied by the number of acres in the premises, which shall operate as a rental and cover the privilege of deferring the commencement of a well for **twelve (12) months** from said date. In like manner and upon payments or tenders of amounts set out in the following schedule, the commencement of a well may be further deferred for a like period of the same number of months.

<u>Anniversary Date</u>	<u>Delay Rental per Acre</u>
First	\$ 5.00
Second	\$ 5.00
Third	\$ 1,500.00
Fourth	\$ 5.00

4. **PRODUCTION ROYALTIES:** Upon production of oil and/or gas, the Lessee agrees to pay or cause to be paid to the Commissioner of the General Land Office in Austin, Texas, for the use and benefit of the State of Texas, during the term hereof:

(A) **OIL:** As a royalty on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, 1/4 part of the gross production or the market value thereof, at the option of the Lessor, 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 land hereby leased is sold, used or processed in a plant, it will be run free of cost to Lessor through an adequate oil and gas separator of conventional type or other equipment at least as efficient to the end that all liquid hydrocarbons recoverable from the gas by such means will be recovered. Upon written consent of Lessor, the requirement that such gas be run through such a separator or other equipment may be waived upon such terms and conditions as prescribed by Lessor.

(B) **NON-PROCESSED GAS:** As a 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) 1/4 part of the gross production or the market value thereof, at the option of the Lessor, 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 greater provided that the maximum pressure base in measuring the gas under this lease contract 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 test made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

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 test 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:** As a royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons, $\frac{1}{4}$ part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the Lessor. 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 arms' 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:** As a 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, $\frac{1}{4}$ part of gross production of such products, or the market value thereof, at the option of Lessor, such market value to be determined as follows:

- (1) On the basis of the highest market price of each product, during 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.

(E) **NO DEDUCTIONS:** Lessee agrees that all royalties accruing to Lessor under this lease shall be without deduction for the cost of producing, transporting, and otherwise making the oil, gas and other products produced hereunder ready for sale or use.

(F) **ROYALTY IN KIND:** Notwithstanding anything contained herein to the contrary, Lessor may, at its option, upon not less than 60 days notice to Lessee, require at any time or from time to time that payment of all or any royalties accruing to Lessor under this lease be made in kind without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting and otherwise making the oil, gas and other products produced hereunder ready for sale or use. Lessor's right to take its royalty in kind shall not diminish or negate Lessor's rights or Lessee's obligations, whether express or implied, under this lease.

(G) **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 anything contained herein to the contrary, and subject to the consent in writing of the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises after the liquid hydrocarbons contained in the gas have been removed, and no royalties shall be payable on the gas so recycled until such time as the same may thereafter be produced and sold or used by Lessee in such manner as to entitle Lessor to a royalty thereon under the royalty provisions of this lease.

(H) **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 to Lessor in no event shall be less than an amount equal to \$5.00 per acre; 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 \$5.00 per acre less the amount of royalties paid during the preceding year.

(I) **MARGINAL PRODUCTION ROYALTY:** Upon Lessee's written application, the School Land Board may reduce the royalty rate set out in this paragraph and/or the minimum royalty set out in subparagraph 4 (I) to extend the economic life of this lease and encourage recovery of oil or gas that might otherwise remain unrecovered. Any such royalty reduction must conform to the requirements of any School Land Board administrative rules on this subject. Royalty may not be reduced below the applicable statutory minimum.

5. 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 accruing when the royalty is sixty (60) days overdue. Affidavits and supporting documents which are not filed when due shall incur a penalty in an amount set by the General Land Office administrative rule which is effective on the date when the affidavits or supporting documents were due. The Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law nor act to postpone the date on which royalties were originally due. The above penalty provisions shall not apply in cases of title dispute as to the State's portion of the royalty or to that portion of the royalty in dispute as to fair market value.

6. (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) **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. 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.

7. 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 11 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 Natural Resources Code Sections 52.151-52.153, 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. Within 90 days of a partial termination of this lease in accordance with this subparagraph and upon payment of the minimum filing fee set by General Land Office rules in effect at the time of the partial termination,

Lessee shall have the right to obtain a surface lease for ingress and egress on and across the terminated portion of the leased premises as may be reasonably necessary for the continued operation of the portions of the lease remaining in force and effect. If Lessee fails to apply for a surface lease within the 90 day period specified above, Lessee may apply for a surface lease from the Land Office, but the Land Commissioner has the discretion to grant or deny such application and to set the fee for such surface lease.

(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 7 (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 School Land Board. 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. 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.

8. OFFSET WELLS: If oil and/or gas should be produced in commercial quantities from a well located on land privately owned or on State land leased at a lesser royalty, which well is within one thousand (1,000) feet of the area included herein, or which well is draining the area covered by this lease, the Lessee shall, within sixty (60) days after such initial production from the draining well or the well located within one thousand (1,000) feet from the area covered by this lease begin in good faith and prosecute diligently the drilling of an offset well on the area covered by this lease, and such offset well shall be drilled to such depth as may be necessary to prevent the undue drainage of the area covered by this lease, and the Lessee, manager or driller shall use all means necessary in a good faith effort to make such offset well produce oil and/or gas in commercial quantities. Only upon the determination of the Commissioner and with his written approval, may the payment of a compensatory royalty satisfy the obligation to drill an offset well or wells required under this Paragraph.

9. 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 10, using the expiration of the primary term as the date of cessation of production under Paragraph 10. 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.

10. 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.

11. 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 \$10.00 per acre, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. 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. 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.

12. 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 to the Commissioner 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 in 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; and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in N.R.C. Section 52.034; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 5 of this lease.

13. EXTENSIONS: If, at the expiration of the primary term of this lease, production of oil or gas has not been obtained on the leased premises but drilling operations are being conducted thereon in good faith and in a good and workmanlike manner, Lessee may, on or before the expiration of the primary term, file in the General Land Office written application to the Commissioner of the General Land Office for a thirty (30) day extension of this lease, accompanied by payment of Three Thousand Dollars (\$3,000.00) if this lease covers six hundred forty (640) acres or less and Six Thousand Dollars (\$6,000.00) if this lease covers more than six hundred forty (640) acres and the Commissioner shall, in writing, extend this lease for a thirty (30) day period from and after the expiration of the primary term and so long thereafter as oil or gas is produced in paying quantities; provided further, that Lessee may, so long as such drilling operations are being conducted make like application and payment during any thirty (30) day extended period for an additional extension of thirty (30) days and, upon receipt of such application and payment, the Commissioner shall, in writing, again extend this lease so that same shall remain in force for such additional thirty (30) day period and so long thereafter as oil or gas is produced in paying quantities; provided, however, that this lease shall not be extended for more than a total of three hundred ninety (390) days from and after the expiration of the primary term unless production in paying quantities has been obtained.

14. USE OF WATER; SURFACE: Lessee shall have the right to use water produced on said land necessary for operations hereunder and solely upon the leased premises; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for water flood operations without the prior written consent of Lessor. Subject to its obligation to pay surface damages, Lessee shall have the right to use so much of the surface of the land that may be reasonably necessary for drilling and operating wells and transporting and marketing the production therefrom, such use to be conducted under conditions of least injury to the surface of the land. Lessee shall pay surface damages in an amount set by the General Land Office fee schedule which is effective on the date when the activity requiring the payment of surface damages occurs.

15. 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.

(A) UPLANDS: 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.

(B) SUBMERGED LANDS: No discharge of solid waste or garbage shall be allowed into State waters from any drilling or support vessels, production platform, crew or supply boat, barge, jack-up rig or other equipment located on the leased area. Solid waste shall include but shall not be limited to containers, equipment, rubbish, plastic, glass, and any other man-made non-biodegradable items. A sign must be displayed in a high traffic area on all vessels and manned platforms stating, "Discharge of any solid waste or garbage into State Waters from vessels or platforms is strictly prohibited and may subject a State of Texas lease to forfeiture." Such statement shall be in lettering of at least 1" in size.

(C) RIVERS: To the extent necessary to prevent pollution, the provisions found in subsections (a) and (b) of this paragraph shall also apply to rivers and riverbeds.

(D) PENALTY: Failure to comply with the requirements of this provision may result in the maximum penalty allowed by law including forfeiture of the lease. Lessee shall be liable for the damages caused by such failure and any costs and expenses incurred in cleaning areas affected by the discharged waste.

16. IDENTIFICATION MARKERS: Lessee shall erect, at a distance not to exceed twenty-five (25) feet from each well on the premises covered by this lease, a legible sign on which shall be stated the name of the operator, the lease designation and the well number. Where two or more wells on the same lease or where wells on two or more leases are connected to the same tank battery, whether by individual flow line connections direct to the tank or tanks or by use of a multiple header system, each line between each well and such tank or header shall be legibly identified at all times, either by a firmly attached tag or plate or an identification properly painted on such line at a distance not to exceed three (3) feet from such tank or header connection. Said signs, tags, plates or other identification markers shall be maintained in a legible condition throughout the term of this lease.

17. ASSIGNMENTS: The lease may be transferred at any time; provided, however, that the liability of the transferor to properly discharge its obligation under the lease, including properly plugging abandoned wells, removing platforms or pipelines, or remediation of contamination at drill sites shall pass to the transferee upon the prior written consent of the Commissioner of the General Land Office. The Commissioner may require the transferee to demonstrate financial responsibility and may require a bond or other security. All transfers must reference the lease by the file number and must be recorded in the county where the area is located, and the recorded transfer or a copy certified to by the County Clerk of the county where the transfer is recorded must be filed in the General Land Office within ninety (90) days of the execution date, as provided by N.R.C. Section 52.026, accompanied by the filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such transfer or certified copy thereof. Every transferee shall succeed to all rights and be subject to all obligations, liabilities, and penalties owed to the State by the original lessee or any prior transferee of the lease, including any liabilities to the state for unpaid royalties.

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

19. LIEN: In accordance with N.R.C. Section 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 N.R.C. Section 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, Chapter 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.

20. FORFEITURE: If Lessee shall fail or refuse to make the payment of any sum within thirty (30) days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if 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 to the highest bidder, under the same regulations controlling the original sale of leases. 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.

21. RIVERBED TRACTS: In the event this lease covers a riverbed, Lessee is hereby specifically granted the right of eminent domain and condemnation as provided for in N.R.C. Sections 52.092-52.093, as a part of the consideration moving to Lessor for the covenants herein made by Lessee.

22. APPLICABLE LAWS AND DRILLING RESTRICTIONS: This lease shall be subject to all rules and regulations, and amendments thereto, promulgated by the Commissioner of the General Land Office governing drilling and producing operations on Permanent Free School Land (specifically including any rules promulgated that relate to plans of operations), payment of royalties, and auditing procedures, and shall be subject to all other valid statutes, rules, regulations, orders and ordinances that may affect operations under the provisions of this lease. Without limiting the generality of the foregoing, Lessee hereby agrees, by the acceptance of this lease, to be bound by and subject to all statutory and regulatory provisions relating to the General Land Office's audit billing notice and audit hearings procedures. Said provisions are currently found at 31 Texas Administrative Code, Chapter 4, and Texas Natural Resources Code Sections 52.135 and 52.137 through 52.140. In the event this lease covers land franchised or leased or otherwise used by a navigation district or by the United States for the purpose of navigation or other purpose incident to the operation of a port, then Lessee shall not be entitled to enter or possess such land without prior approval as provided under Section 61.117 of the Texas Water Code, but Lessee shall be entitled to develop such land for oil and gas by directional drilling; provided, however, that no surface drilling location may be nearer than 660 feet and special permission from the Commissioner of the General Land Office is necessary to make any surface location nearer than 2,160 feet measured at right angles from the nearest bulkhead line or from the nearest dredged bottom edge of any channel, slip, or turning basin which has been authorized by the United States as a federal project for future construction, whichever is nearer.

23. REMOVAL OF EQUIPMENT: Upon the termination of this lease for any cause, Lessee shall not, in any event, be permitted to remove the casing or any part of the equipment from any producing, dry, or abandoned well or wells without the written consent of the Commissioner of the General Land Office or his authorized representative; nor shall Lessee, without the written consent of said Commissioner or his authorized representative remove from the leased premises the casing or any other equipment, material, machinery, appliances or property owned by Lessee and used by Lessee in the development and production of oil or gas therefrom until all dry or abandoned wells have been plugged and until all slush or refuse pits have been properly filled and all broken or discarded lumber, machinery, or debris shall have been removed from the premises to the satisfaction of the said Commissioner or his authorized representative.

24. FORCE MAJEURE: Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling operations thereon, or from producing oil and/or gas therefrom, after effort made in good faith, by reason of war, rebellion, riots, strikes, fires, acts of God or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended upon proper and satisfactory proof presented to the Commissioner of the General Land Office in support of Lessee's contention and Lessee shall not be liable for damages for failure to comply therewith (except in the event of lease operations suspended as provided in the rules and regulations adopted by the School Land Board); and this lease shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing oil and/or gas from the leased

premises; provided, however, that nothing herein shall be construed to suspend the payment of rentals during the primary or extended term, nor to abridge Lessee's right to a suspension under any applicable statute of this State.

25. LEASE SECURITY: Lessee shall take the highest degree of care and all proper safeguards to protect said premises and to prevent theft of oil, gas, and other hydrocarbons produced from said lease. This includes, but is not limited to, the installation of all necessary equipment, seals, locks, or other appropriate protective devices on or at all access points at the lease's production, gathering and storage systems where theft of hydrocarbons can occur. Lessee shall be liable for the loss of any hydrocarbons resulting from theft and shall pay the State of Texas royalties thereon as provided herein on all oil, gas or other hydrocarbons lost by reason of theft.

26. 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 in accordance with Natural Resources Code Sections 52.151-52.153, 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.

27. SUCCESSORS AND ASSIGNS: The covenants, conditions and agreements contained herein shall extend to and be binding upon the heirs, executors, administrators, successors or assigns of Lessee herein.

28. ANTIQUITIES CODE: In the event that any feature of archeological or historical interest on Permanent School Fund Land is encountered during the activities authorized by this lease, Lessee will immediately cease activities and will immediately notify the General Land Office (ATTN: Archaeologist, Asset Management Division, 1700 N. Congress Ave., Austin, Texas 78701) and the Texas Historical Commission (P.O. Box 12276, Austin, TX 78711) so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate. Lessee is expressly placed on notice of the National Historical Preservation Act of 1966 (PB-89-66, 80 Statute 915; 16 U.S.C.A. 470) and the Antiquities Code of Texas, Chapter 191, Tex. Nat. Code Ann. (Vernon 1993 & Supp. 1998). On state-owned land not dedicated to the Permanent School Fund, lessee shall notify the Texas Historical Commission before breaking ground at a project location. An archaeological survey might be required by the commission before construction of the project can commence. Further, in the event that any site, object, location, artifact or other feature of archaeological, scientific, educational, cultural or historic interest is encountered during the activities authorize by this lease, lessee will immediately notify lessor and the Texas Historical Commission so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate.

29. VENUE: Lessor and lessee, including lessee's successors and assigns, hereby agree that venue for any dispute arising out of a provision of this lease, whether express or implied, regarding interpretation of this lease, or relating in any way to this lease or to applicable case law, statutes, or administrative rules, shall be in a court of competent jurisdiction located in Travis County, State of Texas.

30. LEASE FILING: Pursuant to Chapter 9 of the Tex. Bus. & Com. 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. The prescribed filing fee shall accompany the certified copies sent to the General Land Office.

31. 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.

LESSEE

BY: _____

TITLE: _____

DATE: _____

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

COMMISSIONER OF THE GENERAL LAND OFFICE
OF THE STATE OF TEXAS

APPROVED

Contents _____
Legal _____
DC _____
Exec _____

STATE OF _____

COUNTY OF _____

(CORPORATION ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared _____
known to me to be the person whose name is subscribed to the foregoing instrument, as _____ of _____
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 _____ day of _____, 20____.

Notary Public in and for _____

② File No. M-115503
Oil & Gas Lease
Date Filed: 8/12/13
Jerry E. Larsson, Commissioner
By: George Martin

STATE OF _____

(INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF _____

Before me, the undersigned authority, on this day personally appeared _____
known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the
same for the purposes and consideration therein expressed.

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

Notary Public in and for _____

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

August 12, 2013

Mr. Rusty Robinson
Cinco Land & Exploration, Inc.
8811 Gaylord Drive
Houston, Texas 77024-2960

Dear Mr. Robinson:

Thank you for participating in the General Land Office Oil and Gas Lease Sale held on July 16, 2013. I am pleased to inform you that Cinco Land & Exploration, Inc. was the high bidder on **MGL No. 15**, which has been assigned the lease number **M-115503**.

State Lease M-115503 is enclosed and serves as your receipt for your bid. This lease form must be fully executed by the lessee, and then recorded in the County Clerk's office of the county or counties in which lands covered by the lease are located. After signing and recording the lease, please submit a certified copy of the recorded lease to the attention of the undersigned. These requirements are material provisions of the lease; therefore, please return the certified copy at your earliest convenience.

The lessee's other contractual and statutory responsibilities are outlined in the lease agreement, such as Section 6(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 submit copies of these forms to the General Land Office, such as Forms W-1, Application to Drill; W-2, Oil Well Completion Report and Log; G-1, Gas Well Completion Report and Log; W-3, Plugging Record; 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.

Please let me know if you have any questions or need any additional information.

Sincerely,

Robert B. Hatter, Director
Mineral Leasing Division

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

③

File No. M-115503
Transmittal Letter

Date Filed: 8/12/13

Jerry E. Patterson, Commissioner
By George Martin

14712727

RESOLUTE NATURAL RESOURCES

1675 Broadway
Suite 1950
Denver CO 80202

U S BANK TREASURY DIVISION

23-2
1020

Check No	Check Date	Check Amount
1000083268	05/21/2014	*****\$1,604.45

PAY One Thousand Six Hundred Four Dollars and Forty Five Cents

Void After 60 Days

TO COMMISSIONER OF THE TEXAS
THE GENERAL LAND OFFICE
ORDER P O BOX 12873
OF AUSTIN TX 78711-2873

⑈ 1000083268 ⑈

PLEASE DETACH AT PERFORATION ABOVE

PLEASE DETACH AT PERFORATION ABOVE

RESOLUTE NATURAL RESOURCES

1675 Broadway
Suite 1950
Denver CO 80202

Resolute

Check Number 1000083268

Invoice #	Oblig. Date	Description	Lessor	Net Amount
OBL20140515-17	07/01/2014	COMMISSIONER OF THE TEXAS M-115502 TX01121.000 Payee: COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE AUSTIN, TX 78711-2873 Payee Tax ID: Prospect: 01121.000 ST TX M-115502 Lease Date: 07/16/2013 Oblig Type: DELAY RENTAL Due Dt: 07/01/2014 Freq: 1 Year Book 1028/Page 452/Registry 13-07324 Reeves/TX	ST TX M-115502	500.00
OBL20140515-19	07/01/2014	COMMISSIONER OF THE TEXAS M-115503 TX01122.000 Payee: COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE AUSTIN, TX 78711-2873 Payee Tax ID: Prospect: 01122.000 ST TX M-115503 Lease Date: 07/16/2013 Oblig Type: DELAY RENTAL Due Dt: 07/01/2014 Freq: 1 Year Book 1028/Page 458/Registry 13-07325 Reeves/TX	ST TX M-115503	200.00

RENTAL PAYMENT

2nd yr.

①

14712727

121

06076

Payee

Check Date: 05/21/2014

Check Amount

1,604.45

Invoice #	Oblig. Date	Description	Lessor	Net Amount
OBL20140515-44	07/01/2014	COMMISSIONER OF THE TEXAS 1ST YEAR DELAY RENTAL 180.89 NMA @ \$5/AC Payee: COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE AUSTIN, TX 78711-2873 Payee Tax ID: Prospect: 01074.000 ST TX M-114307 Lease Date: 07/17/2012 Oblig Type: DELAY RENTAL Due Dt: 07/01/2014 Freq: 1 Year Book 972/Page 163/Registry 12-07973 Reeves/TX	ST TX M-114307	904.45

Resolute

May 21, 2014

Via Certified Mail

Commissioner of the Texas
General Land Office
P O Box 12873
Austin TX 78711-2873

RE: 2014 July Rental Payment

To Whom It May Concern:

Enclosed please find our check in the amount of \$1,604.45 representing the following:

RSW Lease #	MF Number	Rental Payment	Amount
TX01122.000	MF-115502	1 st annual	\$500.00
TX01123.000	MF-115503	1 st annual	\$200.00
TX01074.000	MF-114307	2 nd annual	\$904.45

Please acknowledge receipt of this check by signing below and returning the copy of this letter in the enclosed self-addressed, postage paid envelope.

If you have any questions and or concerns, please feel free to contact the undersigned at 303-573-4886 x1185. Thank you for your cooperation.

Sincerely,

RESOLUTE NATURAL RESOURCES COMPANY, LLC

On behalf of RESOLUTE NATURAL RESOURCES SOUTHWEST, LLC



Erin Pettigrew
Supervisor, Land Records

/ep
enclosures

RECEIVED BY: _____ DATE: _____

EFFECTIVE MAY 27, 2014 - NEW ADDRESS:
1700 LINCOLN ST, SUITE 2800, DENVER, CO 80203

Resolute Natural Resources Company, LLC
1675 Broadway, Suite 1950; Denver, CO 80202
Voice: 303.534.4600 Fax: 303.623.3628

File No. MF 115503

④

Rentals - 2nd yr.

Date Filed: 05/27/2014

Jerry E. Patterson, Commissioner

By JEP

The State of Texas



13-07325
FILED FOR RECORD
REEVES COUNTY, TEXAS
Oct 08, 2013 at 10:33:00 AM

Austin, Texas

OIL AND GAS LEASE
NO. M-115503

WHEREAS, pursuant to the Texas Natural Resources Code Chapters 32, 33, 51, and Chapter 52, Subchapters A-D and H, (said Code being hereinafter referred to as N.R.C.), and subject to all rules and regulations promulgated by the Commissioner of the General Land Office and/or the School Land Board pursuant thereto, and all other applicable statutes and amendments to said N.R.C., the following area, to-wit:

EAST ONE-HALF OF SOUTH ONE-HALF OF SOUTHEAST ONE-QUARTER (E/2 OF S/2 OF SE/4) OF SECTION 13, BLOCK C21, PUBLIC SCHOOL LAND SURVEY, REEVES COUNTY, TEXAS, CONTAINING APPROXIMATELY 40 ACRES, AS SHOWN ON THE OFFICIAL MAP OF REEVES COUNTY, TEXAS NOW ON FILE IN THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS,

was, after being duly advertised, offered for lease on the 16th day of July, 2013, at 10:00 o'clock a.m., by the Commissioner of the General Land Office of the State of Texas and the School Land Board of the State of Texas, for the sole and only purpose of prospecting and drilling for, and producing oil and/or gas that may be found and produced from the above described area; and

WHEREAS, after all bids and remittances which were received up to said time have been duly considered by the Commissioner of the General Land Office and the School Land Board at a regular meeting thereof in the General Land Office, on the 16th day of July, 2013, hereinafter the "effective date" and it was found and determined that CINCO LAND & EXPLORATION, INC. whose address is 8811 GAYLORD DRIVE, HOUSTON, TEXAS 77024-2960 had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of Sixty-One Thousand Eighty And 00/100 Dollars (\$61,080.00), receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto the above mentioned bidder the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

1. **RESERVATION:** There is hereby excepted and reserved to Lessor: the full use of the property covered hereby and all rights with respect to the surface and subsurface thereof for any and all purposes except those granted, and to the extent herein granted to Lessee; the right to grant third parties seismic, geophysical and geological permits and to enter into other agreements with third parties, which allow such third parties to conduct geophysical, geological or seismic surveys on, over, under, through and across the land covered herein during the term of this lease; and the rights of ingress and egress and use of said lands by Lessor and its mineral lessees for purposes of exploring for and producing the minerals which are not covered, or which may not be covered in the future, under the terms of this lease, but which may be located within the surface boundaries of the leased area. All of the rights in and to the leased premises retained by Lessor and all of the rights in and to the leased premises granted to Lessee herein shall be exercised in such a manner that neither shall unduly interfere with the operations of the other.

2. **TERM:** Subject to the other provisions hereof, this lease shall be for a term of five (5) years from the effective date hereof (herein called "primary term") and as long thereafter as oil or gas is produced in paying quantities from said area.

3. **DELAY RENTALS:** If no well is commenced on the land hereby leased on or before the anniversary date of this lease, this lease shall terminate as to both parties unless the Lessee on or before said date shall pay or tender to the Commissioner of the General Land Office of the State of Texas at Austin, Texas, the amount specified in the following schedule multiplied by the number of acres in the premises, which shall operate as a rental and cover the privilege of deferring the commencement of a well for twelve (12) months from said date. In like manner and upon payments or tenders of amounts set out in the following schedule, the commencement of a well may be further deferred for a like period of the same number of months.

Anniversary Date	Delay Rental per Acre
First	\$ 5.00
Second	\$ 5.00
Third	\$ 1,500.00
Fourth	\$ 5.00

4. **PRODUCTION ROYALTIES:** Upon production of oil and/or gas, the Lessee agrees to pay or cause to be paid to the Commissioner of the General Land Office in Austin, Texas, for the use and benefit of the State of Texas, during the term hereof:

(A) **OIL:** As a royalty on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, 1/4 part of the gross production or the market value thereof, at the option of the Lessor, 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 land hereby leased is sold, used or processed in a plant, it will be run free of cost to Lessor through an adequate oil and gas separator of conventional type or other equipment at least as efficient to the end that all liquid hydrocarbons recoverable from the gas by such means will be recovered. Upon written consent of Lessor, the requirement that such gas be run through such a separator or other equipment may be waived upon such terms and conditions as prescribed by Lessor.

(B) **NON-PROCESSED GAS:** As a 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) 1/4 part of the gross production or the market value thereof, at the option of the Lessor, 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 greater provided that the maximum pressure base in measuring the gas under this lease contract 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 test made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

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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 test 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:** As a royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons, $\frac{1}{4}$ part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the Lessor. 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 arms' 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:** As a 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, $\frac{1}{4}$ part of gross production of such products, or the market value thereof, at the option of Lessor, such market value to be determined as follows:

- (1) On the basis of the highest market price of each product, during 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.

(E) **NO DEDUCTIONS:** Lessee agrees that all royalties accruing to Lessor under this lease shall be without deduction for the cost of producing, transporting, and otherwise making the oil, gas and other products produced hereunder ready for sale or use.

(F) **ROYALTY IN KIND:** Notwithstanding anything contained herein to the contrary, Lessor may, at its option, upon not less than 60 days notice to Lessee, require at any time or from time to time that payment of all or any royalties accruing to Lessor under this lease be made in kind without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting and otherwise making the oil, gas and other products produced hereunder ready for sale or use. Lessor's right to take its royalty in kind shall not diminish or negate Lessor's rights or Lessee's obligations, whether express or implied, under this lease.

(G) **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 anything contained herein to the contrary, and subject to the consent in writing of the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises after the liquid hydrocarbons contained in the gas have been removed, and no royalties shall be payable on the gas so recycled until such time as the same may thereafter be produced and sold or used by Lessee in such manner as to entitle Lessor to a royalty thereon under the royalty provisions of this lease.

(H) **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 to Lessor in no event shall be less than an amount equal to \$5.00 per acre; 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 \$5.00 per acre less the amount of royalties paid during the preceding year.

(I) **MARGINAL PRODUCTION ROYALTY:** Upon Lessee's written application, the School Land Board may reduce the royalty rate set out in this paragraph and/or the minimum royalty set out in subparagraph 4 (I) to extend the economic life of this lease and encourage recovery of oil or gas that might otherwise remain unrecovered. Any such royalty reduction must conform to the requirements of any School Land Board administrative rules on this subject. Royalty may not be reduced below the applicable statutory minimum.

5. **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 accruing when the royalty is sixty (60) days overdue. Affidavits and supporting documents which are not filed when due shall incur a penalty in an amount set by the General Land Office administrative rule which is effective on the date when the affidavits or supporting documents were due. The Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law nor act to postpone the date on which royalties were originally due. The above penalty provisions shall not apply in cases of title dispute as to the State's portion of the royalty or to that portion of the royalty in dispute as to fair market value.

6. (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) **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. 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.

7. **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 11 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 Natural Resources Code Sections 52.151-52.153, 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. Within 90 days of a partial termination of this lease in accordance with this subparagraph and upon payment of the minimum filing fee set by General Land Office rules in effect at the time of the partial termination,



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Lessee shall have the right to obtain a surface lease for ingress and egress on and across the terminated portion of the leased premises as may be reasonably necessary for the continued operation of the portions of the lease remaining in force and effect. If Lessee fails to apply for a surface lease within the 90 day period specified above, Lessee may apply for a surface lease from the Land Office, but the Land Commissioner has the discretion to grant or deny such application and to set the fee for such surface lease.

(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 7 (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 School Land Board. 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. 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.

8. **OFFSET WELLS:** If oil and/or gas should be produced in commercial quantities from a well located on land privately owned or on State land leased at a lesser royalty, which well is within one thousand (1,000) feet of the area included herein, or which well is draining the area covered by this lease, the Lessee shall, within sixty (60) days after such initial production from the draining well or the well located within one thousand (1,000) feet from the area covered by this lease begin in good faith and prosecute diligently the drilling of an offset well on the area covered by this lease, and such offset well shall be drilled to such depth as may be necessary to prevent the undue drainage of the area covered by this lease, and the Lessee, manager or driller shall use all means necessary in a good faith effort to make such offset well produce oil and/or gas in commercial quantities. Only upon the determination of the Commissioner and with his written approval, may the payment of a compensatory royalty satisfy the obligation to drill an offset well or wells required under this Paragraph.

9. **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 10, using the expiration of the primary term as the date of cessation of production under Paragraph 10. 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.

10. **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.

11. **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 \$10.00 per acre, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. 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. 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.

12. **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 to the Commissioner 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 in 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; and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in N.R.C. Section 52.034; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 5 of this lease.

13. **EXTENSIONS:** If, at the expiration of the primary term of this lease, production of oil or gas has not been obtained on the leased premises but drilling operations are being conducted thereon in good faith and in a good and workmanlike manner, Lessee may, on or before the expiration of the primary term, file in the General Land Office written application to the Commissioner of the General Land Office for a thirty (30) day extension of this lease, accompanied by payment of Three Thousand Dollars (\$3,000.00) if this lease covers six hundred forty (640) acres or less and Six Thousand Dollars (\$6,000.00) if this lease covers more than six hundred forty (640) acres and the Commissioner shall, in writing, extend this lease for a thirty (30) day period from and after the expiration of the primary term and so long thereafter as oil or gas is produced in paying quantities, provided further, that Lessee may, so long as such drilling operations are being conducted make like application and payment during any thirty (30) day extended period for an additional extension of thirty (30) days and, upon receipt of such application and payment, the Commissioner shall, in writing, again extend this lease so that same shall remain in force for such additional thirty (30) day period and so long thereafter as oil or gas is produced in paying quantities; provided, however, that this lease shall not be extended for more than a total of three hundred ninety (390) days from and after the expiration of the primary term unless production in paying quantities has been obtained.

14. **USE OF WATER; SURFACE:** Lessee shall have the right to use water produced on said land necessary for operations hereunder and solely upon the leased premises; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for water flood operations without the prior written consent of Lessor. Subject to its obligation to pay surface damages, Lessee shall have the right to use so much of the surface of the land that may be reasonably necessary for drilling and operating wells and transporting and marketing the production therefrom, such use to be conducted under conditions of least injury to the surface of the land. Lessee shall pay surface damages in an amount set by the General Land Office fee schedule which is effective on the date when the activity requiring the payment of surface damages occurs.



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15. **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.

(A) **UPLANDS:** 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.

(B) **SUBMERGED LANDS:** No discharge of solid waste or garbage shall be allowed into State waters from any drilling or support vessels, production platform, crew or supply boat, barge, jack-up rig or other equipment located on the leased area. Solid waste shall include but shall not be limited to containers, equipment, rubbish, plastic, glass, and any other man-made non-biodegradable items. A sign must be displayed in a high traffic area on all vessels and manned platforms stating, "Discharge of any solid waste or garbage into State Waters from vessels or platforms is strictly prohibited and may subject a State of Texas lease to forfeiture." Such statement shall be in lettering of at least 1" in size.

(C) **RIVERS:** To the extent necessary to prevent pollution, the provisions found in subsections (a) and (b) of this paragraph shall also apply to rivers and riverbeds.

(D) **PENALTY:** Failure to comply with the requirements of this provision may result in the maximum penalty allowed by law including forfeiture of the lease. Lessee shall be liable for the damages caused by such failure and any costs and expenses incurred in cleaning areas affected by the discharged waste.

16. **IDENTIFICATION MARKERS:** Lessee shall erect, at a distance not to exceed twenty-five (25) feet from each well on the premises covered by this lease, a legible sign on which shall be stated the name of the operator, the lease designation and the well number. Where two or more wells on the same lease or where wells on two or more leases are connected to the same tank battery, whether by individual flow line connections direct to the tank or tanks or by use of a multiple header system, each line between each well and such tank or header shall be legibly identified at all times, either by a firmly attached tag or plate or an identification properly painted on such line at a distance not to exceed three (3) feet from such tank or header connection. Said signs, tags, plates or other identification markers shall be maintained in a legible condition throughout the term of this lease.

17. **ASSIGNMENTS:** The lease may be transferred at any time; provided, however, that the liability of the transferor to properly discharge its obligation under the lease, including properly plugging abandoned wells, removing platforms or pipelines, or remediation of contamination at drill sites shall pass to the transferee upon the prior written consent of the Commissioner of the General Land Office. The Commissioner may require the transferee to demonstrate financial responsibility and may require a bond or other security. All transfers must reference the lease by the file number and must be recorded in the county where the area is located, and the recorded transfer or a copy certified to by the County Clerk of the county where the transfer is recorded must be filed in the General Land Office within ninety (90) days of the execution date, as provided by N.R.C. Section 52.026, accompanied by the filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such transfer or certified copy thereof. Every transferee shall succeed to all rights and be subject to all obligations, liabilities, and penalties owed to the State by the original lessee or any prior transferee of the lease, including any liabilities to the state for unpaid royalties.

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

19. **LIEN:** In accordance with N.R.C. Section 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 N.R.C. Section 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, Chapter 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.

20. **FORFEITURE:** If Lessee shall fail or refuse to make the payment of any sum within thirty (30) days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if 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 to the highest bidder, under the same regulations controlling the original sale of leases. 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.

21. **RIVERBED TRACTS:** In the event this lease covers a riverbed, Lessee is hereby specifically granted the right of eminent domain and condemnation as provided for in N.R.C. Sections 52.092-52.093, as a part of the consideration moving to Lessor for the covenants herein made by Lessee.

22. **APPLICABLE LAWS AND DRILLING RESTRICTIONS:** This lease shall be subject to all rules and regulations, and amendments thereto, promulgated by the Commissioner of the General Land Office governing drilling and producing operations on Permanent Free School Land (specifically including any rules promulgated that relate to plans of operations), payment of royalties, and auditing procedures, and shall be subject to all other valid statutes, rules, regulations, orders and ordinances that may affect operations under the provisions of this lease. Without limiting the generality of the foregoing, Lessee hereby agrees, by the acceptance of this lease, to be bound by and subject to all statutory and regulatory provisions relating to the General Land Office's audit billing notice and audit hearings procedures. Said provisions are currently found at 31 Texas Administrative Code, Chapter 4, and Texas Natural Resources Code Sections 52.135 and 52.137 through 52.140. In the event this lease covers land franchised or leased or otherwise used by a navigation district or by the United States for the purpose of navigation or other purpose incident to the operation of a port, then Lessee shall not be entitled to enter or possess such land without prior approval as provided under Section 61.117 of the Texas Water Code, but Lessee shall be entitled to develop such land for oil and gas by directional drilling; provided, however, that no surface drilling location may be nearer than 660 feet and special permission from the Commissioner of the General Land Office is necessary to make any surface location nearer than 2,160 feet measured at right angles from the nearest bulkhead line or from the nearest dredged bottom edge of any channel, slip, or turning basin which has been authorized by the United States as a federal project for future construction, whichever is nearer.

23. **REMOVAL OF EQUIPMENT:** Upon the termination of this lease for any cause, Lessee shall not, in any event, be permitted to remove the casing or any part of the equipment from any producing, dry, or abandoned well or wells without the written consent of the Commissioner of the General Land Office or his authorized representative; nor shall Lessee, without the written consent of said Commissioner or his authorized representative remove from the leased premises the casing or any other equipment, material, machinery, appliances or property owned by Lessee and used by Lessee in the development and production of oil or gas therefrom until all dry or abandoned wells have been plugged and until all slush or refuse pits have been properly filled and all broken or discarded lumber, machinery, or debris shall have been removed from the premises to the satisfaction of the said Commissioner or his authorized representative.

24. **FORCE MAJEURE:** Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling operations thereon, or from producing oil and/or gas therefrom, after effort made in good faith, by reason of war, rebellion, riots, strikes, fires, acts of God or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended upon proper and satisfactory proof presented to the Commissioner of the General Land Office in support of Lessee's contention and Lessee shall not be liable for damages for failure to comply therewith (except in the event of lease operations suspended as provided in the rules and regulations adopted by the School Land Board); and this lease shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing oil and/or gas from the leased



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

premises; provided, however, that nothing herein shall be construed to suspend the payment of rentals during the primary or extended term, nor to abridge Lessee's right to a suspension under any applicable statute of this State.

25. **LEASE SECURITY:** Lessee shall take the highest degree of care and all proper safeguards to protect said premises and to prevent theft of oil, gas, and other hydrocarbons produced from said lease. This includes, but is not limited to, the installation of all necessary equipment, seals, locks, or other appropriate protective devices on or at all access points at the lease's production, gathering and storage systems where theft of hydrocarbons can occur. Lessee shall be liable for the loss of any hydrocarbons resulting from theft and shall pay the State of Texas royalties thereon as provided herein on all oil, gas or other hydrocarbons lost by reason of theft.

26. **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 in accordance with Natural Resources Code Sections 52.151-52.153, 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.

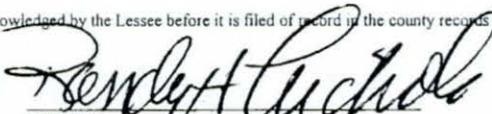
27. **SUCCESSORS AND ASSIGNS:** The covenants, conditions and agreements contained herein shall extend to and be binding upon the heirs, executors, administrators, successors or assigns of Lessee herein.

28. **ANTIQUITIES CODE:** In the event that any feature of archeological or historical interest on Permanent School Fund Land is encountered during the activities authorized by this lease, Lessee will immediately cease activities and will immediately notify the General Land Office (ATTN: Archaeologist, Asset Management Division, 1700 N. Congress Ave., Austin, Texas 78701) and the Texas Historical Commission (P.O. Box 12276, Austin, TX 78711) so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate. Lessee is expressly placed on notice of the National Historical Preservation Act of 1966 (PB-89-66, 80 Statute 915; 16 U.S.C.A. 470) and the Antiquities Code of Texas, Chapter 191, Tex. Nat. Code Ann. (Vernon 1993 & Supp. 1998). On state-owned land not dedicated to the Permanent School Fund, lessee shall notify the Texas Historical Commission before breaking ground at a project location. An archaeological survey might be required by the commission before construction of the project can commence. Further, in the event that any site, object, location, artifact or other feature of archaeological, scientific, educational, cultural or historic interest is encountered during the activities authorize by this lease, lessee will immediately notify lessor and the Texas Historical Commission so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate.

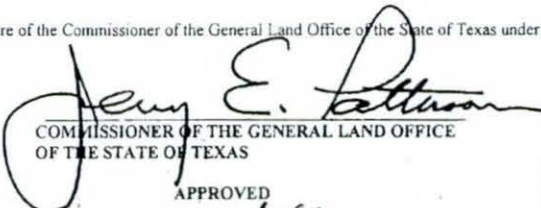
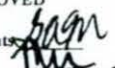
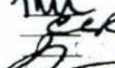
29. **VENUE:** Lessor and lessee, including lessee's successors and assigns, hereby agree that venue for any dispute arising out of a provision of this lease, whether express or implied, regarding interpretation of this lease, or relating in any way to this lease or to applicable case law, statutes, or administrative rules, shall be in a court of competent jurisdiction located in Travis County, State of Texas.

30. **LEASE FILING:** Pursuant to Chapter 9 of the Tex. Bus. & Com. 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. The prescribed filing fee shall accompany the certified copies sent to the General Land Office.

31. **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.


LESSEE
BY: Randy H. Nichols
TITLE: President
DATE: 08/15/13

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


COMMISSIONER OF THE GENERAL LAND OFFICE
OF THE STATE OF TEXAS
APPROVED
- Contents 
- Legal 
- DC 
- Exec 



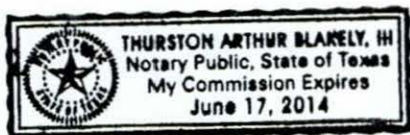
True and Correct
copy of
Original filed in
Reeves County
Clerks Office

STATE OF Texas
COUNTY OF Harris

(CORPORATION ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared Randy H. Nichols
known to me to be the person whose name is subscribed to the foregoing instrument, as President of
Cinco Land & Exploration, INC. and acknowledged to me that he executed the same
for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this the 15th day of August, 2013



Thurston Arthur Blaney
Notary Public in and for State of Texas
[Signature] [Signature]

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STATE OF _____
COUNTY OF _____

(INDIVIDUAL ACKNOWLEDGMENT)

Before me, the undersigned authority, on this day personally appeared _____
known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the
same for the purposes and consideration therein expressed.

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

Notary Public in and for _____

P
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6
3



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

Inst No. 13-07325
DIANNE O. FLOREZ
COUNTY CLERK
2013 Oct 08 at 10:33 AM
REEVES COUNTY, TEXAS
By: AC Aurora Calanchi DEPUTY

03.01.13

5

File No. M-115503
Certified copy of Lease
Date Filed: 10/27/14
Jerry E. Patterson, Commissioner
By George Martin

**CERTIFIED TRUE AND CORRECT COPY CERTIFICATE
STATE OF TEXAS
COUNTY OF REEVES**

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office, found in VOL. 1028 PAGE 458, THRU 463.



I hereby certified on October 31, 2013

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY Aurora Calanchi DEPUTY
Aurora Calanchi



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

August 27, 2015

Sam Grummon
Resolute Natural Resources Company, LLC
1700 Lincoln St Ste 2800
Denver, CO 80203

Re: State Lease Nos. MF114491 and MF114158 (Unit 7187) Queen City 0302BH
MF114155 (Unit 6833) Great Divide 1402BR
✓ MF115503 (Unit 7063) Harpoon 1401BH

Dear Mr. Grummon:

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

Owner: COMMISSIONER OF THE TEXAS

Date: 03/01/2015

Description: HARPOON 1401BH

Effective Date: 2/01/2014

Complete Property Description Listed Below

Production: ☒ Oil ☒ Gas ☐ Other: _____

Owner Name and Address

COMMISSIONER OF THE TEXAS

Owner Number: 06076

GENERAL LAND OFFICE

Type Interest: State Royalty Interest

P O BOX 12873

AUSTIN, TX 78711-2873

Decimal Interest: 0.04982934

Phone Number: 800-998-4456

FAX Number: _____

Property Description

Property: 2259.01

HARPOON 1401BH

Operator: RESOLUTE NATURAL RESOURCES

Location: Reeves, TX

Map Reference Information

Reeves, TX US

Block: C-21 Section: 14 Qtr/Qtr: NENE

Surv. Ft/Dir: 0 Surv. Ft/Dir: 0

SHL - 167' FNL & 792' FEL

Reeves, TX US

Block: C-21 Section: 13 Qtr/Qtr: SWSE

Surv. Ft/Dir: 0 Surv. Ft/Dir: 0

BHL - 100' FSL & 1979' FEL

The undersigned certifies the ownership of the decimal interest in production proceeds as described payable by (Payor):
RESOLUTE NATURAL RESOURCES

Payor shall be notified, in writing, of any change in ownership, decimal interest, or payment address. All such changes shall be effective the first day of the month following receipt of such notice.

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned.

The undersigned agrees to indemnify and reimburse Payor any amount attributable to an interest to which the undersigned is not entitled.

Payor may accrue proceeds until the total amount equals \$100.00, or as required by applicable state statute.

This Division Order does not amend any lease or operating agreement between the undersigned and the lessee or operator or any other contracts for the purchase of oil or gas.

In addition to the terms and conditions of this Division Order, the undersigned and Payor may have certain statutory rights under the laws of the state in which the property is located.

Owner(s) Signature(s): x _____ x _____

Owner(s) Tax I.D. Number(s): _____

Owner(s) Daytime Phone #: _____

Owner(s) FAX Number: _____

6.
File No. MF 115503

Division Order ~~County~~

Date Filed: 8-27-15

George P. Bush, Commissioner

By _____

104-115503-1

104-115503-1

104-115503-1

4.50.12

Matthew Scott

From: Matthew Scott
Sent: Wednesday, September 20, 2023 8:59 AM
To: Jesse Acosta
Cc: Robert Hatter; Brian Raygon
Subject: 08-9186 9-20-23 COMMINGLING APPLICATION APPROVAL WEST MUSTANG CTB
Attachments: 08-8196 9-20-23 COMMINGLING APPLICATION APPROVAL WEST MUSTANG CTB.pdf; Approved Flying Dog, Iron City, Harpoon, and Great Divide P17.pdf; Flying Dog, Iron City, Harpoon, and Great Divide COMMINGLE LEASE LIST Rev. 2.pdf; GLO Application.pdf; PROPOSED Flying Dog, Iron City, Harpoon, Great Divide PFD -9.5.23 R1 (1).pdf

Mr. Acosta,

Thank you for submitting the application to commingle production from GLO Unit 8382 (Iron City State Unit), Unit 7496 (Flying Dog Horizontal Unit), Unit 6833 (Great Divide Unit), and Unit 7063 (Harpoon Horizontal Unit) at the West Mustang CTB.

Please find attached the approval of the application dated 9/20/2023 for the surface commingling of the production from GLO Unit 8382, 7496, 6833, and 7063 at the West Mustang CTB listed in the application and as part of RRC P17 08-9186.

Thank you,

Matthew

Matthew T. Scott, P.E.
Petroleum Engineer
(512) 463-5296
Energy Resources Division
Texas General Land Office
Commissioner Dawn Buckingham, M.D.

From: Jesse Acosta <Jesse.Acosta@coterra.com>
Sent: Tuesday, September 19, 2023 11:21 AM
To: Matthew Scott <Matthew.Scott@glo.texas.gov>
Subject: [EXTERNAL] FW: GLO Surface Commingle Application-Iron City, Flying Dog, Great Divide and Harpoon-Resolute Natural Resources LLC- Reeves County-Revision 2

Mr. Scott,

Please see attached revised GLO surface commingle application to combine Resolute Natural Resources LLC's developments in Iron City, Flying Dog, Great Divide, and, Harpoon in Reeves County, Texas. Our production engineer has made the appropriate changes to the PFD and I have made changes to the commingle list.

-Signed GLO Application.
-Process Flow Diagram-Rev 2

-Approved P17 from the Texas Railroad Commission.
-GLO Commingle List Rev 2

Thanks

Jesse Acosta

From: Jesse Acosta
Sent: Wednesday, August 23, 2023 3:01 PM
To: Matthew Scott <Matthew.Scott@glo.texas.gov>
Subject: GLO Surface Commingle Application-Iron City, Flying Dog, Great Divide and Harpoon-Resolute Natural Resources LLC- Reeves County

Mr. Scott,

Please see attached GLO surface commingle application to combine Resolute Natural Resources LLC's developments in Iron City, Flying Dog, Great Divide, and, Harpoon in Reeves County, Texas.

-Signed GLO Application.
-Process Flow Diagram
-Approved P17 from the Texas Railroad Commission.
-GLO Commingle List

Thanks

Jesse Acosta



Jesse Acosta | Regulatory Analyst
T: 432-571-7871 | Jesse.Acosta@coterra.com | www.coterra.com
Coterra Energy Inc. | 6001 Deauville Blvd, Suite 300N | Midland, TX 79706

Coterra Energy Inc. is the result of the merger of Cimarex Energy Co. and Cabot Oil & Gas Corporation on October 1, 2021.

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CAUTION: This email originated from OUTSIDE of the Texas General Land Office. Links or attachments may be dangerous. Please be careful clicking on any links or opening any attachments.



Texas General Land Office
Application to Surface Commingle State Leases

Application Revision
April 15, 2023

Provide a GLO Lease List that includes all applicable mineral lease, GLO pooled unit, PSA, and i-Nut information for all wells in the scope of an RRC Form P-17/17A or a request to utilize gas lift, and process flow diagram(s) showing the unique meter identification number or serial number for all flow meters used to identify a meter in the field and the unique identification number for each piece of major equipment (i.e., pressure vessel, heater treater, compressor, VRU, tank, flare, etc.). **Each facility that commingles production must have: (1) all the Oil (O), Gas (G), and Water (W) meters and/or GLO pre-approved full well stream/multi-phase flow meters (MPFM) necessary for the measurement and allocation of production, (2) all meters necessary to measure lease use volumes (fuel, vent, flare, and instrument gas), (3) lift gas supply and distribution meters and individual well lift gas supply meters, and (4) all sales/custody transfer meters.**

Certifications Form P-17/P-17A District: 8 Permit Number: 9186 Effective Month/Year: 10/2022

- ☒ All State lease oil and gas separators are of ample capacity as required by 31 Texas Administrative Code (TAC) §9.35(a)(2) and the terms of any lease that is the subject of this commingling.
- ☒ If applicable, the appropriate Form P-17 or P-17A has been filed with the Railroad Commission of Texas with respect to all leases associated with this application, and the GLO has been furnished with a copy.
- ☒ All non-sales (e.g., fuel, instrument, vent, flash, flare, and lift gas) dispositions of hydrocarbon are metered as required by 31 TAC §9.35(a)(2) and the terms of any lease that is the subject of this commingling. If any required meters are missing, they will be installed within 12 months of the date of this application.
- ☒ All sales dispositions of hydrocarbon are metered as required by 31 TAC §9.35(a)(2) and pursuant to the terms of any lease that is the subject of this commingling.
- ☒ No material changes to the commingled facility or equipment as represented in this application will be made without prior written permission of the GLO.
- ☐ Where applicable, the Lessee has obtained prior written permission to inject recycled or off-lease gas for secondary or enhanced recovery operations or for gas lift purposes as an artificial lift method, and all gas supply and distribution points are metered per 31 TAC §9.35(a)(2). If gas is not injected into a formation or utilized for gas lift, then leave the check box blank.
- ☐ Lessee requests permission to recycle gas or utilize gas lift pursuant to the terms of each state lease, with all gas supply and distribution points metered, on the following state leases and/or units as follows: _____
- ☒ I acknowledge and agree that royalty is due on 100% of the hydrocarbons produced from each lease and that the GLO will use molecular (component) balance software to verify the fractionated value of all processed gas. The GLO acknowledges that nothing in this statement is intended to amend or modify any lease that is the subject of this commingling. Gas royalty payment will be due on a molecular balance basis for non-processed gas and processed gas irrespective of the method of allocation I have used to report such production if underpayment is discovered during an audit.

Company Name, Address: Resolute Natural Resources Co LLC, 6001 Deauville Blvd, Suite 300N Midland, TX 79706

Responsible Official Name, Title: Jesse, Acosta, Regulatory, Analyst Signature: [Signature]

Date: 8/23/2023 Phone: (432) 571-7871 Email Address: Jesse.Acosta@Coterra.com

GLO Approval by: Matthew T. Scott Signature: [Signature] Date: 9/20/2023

GLO Notes: GLO Unit 8382 (Iron City State Unit), Unit 7496 (Flying Dog Horizontal Unit), 6833 (Great Divide Unit), and 7063 (Harpoon Horizontal Unit)

GLO LEASE LIST

REVISION: 4/15/2023

RRC Form P-17 Permit Operator Name	RRC Form P-17/17A Number	Application Date on P-17	RRC District
Resolute Natural Resources	9186	Oct-22	8

GLO LEASE LIST			SEE NOTE 3				SEE NOTE 1		SEE NOTE 2		
RRC Designated Field Name & (Reservoir)	RRC Lease Name	RRC Well Number	RRC Lease Number or Identifier	Wellbore 10 Digit API No.	RRC Form P-17 Action Status	RRC Lease Type (Oil/Gas)	State Mineral Lease No.	Production Sharing Agreement (PSA) Number	GLO Unit Name Per Unit Agreement	GLO Unit Number or PSA i-Nut Number	State Mineral Lease or Unit Decimal NRI
Phantom (Wolfcamp)	Iron City State	C105SL	268502	42-389-37621		Gas			Iron City Horizontal Unit	8382	0.15373880
Phantom (Wolfcamp)	Iron City State	L05H	284479	42-389-35590		Gas			Iron City Horizontal Unit	8382	0.15373880
Phantom (Wolfcamp)	Flying Dog	1401BH	284571	42-389-34773	New	Gas			Flying Dog Horizontal Unit	7496	0.05161859
Phantom (Wolfcamp)	Great Divide	1402BR	284497	42-389-34574	New	Gas			Great Divide Unit	6833	0.03389850
Phantom (Wolfcamp)	Harpoon	1401BH	285367	42-389-34253	New	Gas			Harpoon Horizontal Unit	7063	0.04982934
Phantom (Wolfcamp)	Harpoon	L05H	284530	42-389-35530	New	Gas			Harpoon Horizontal Unit	7063	0.04982934
							</				

ALL RRC FIELD NAMES, RRC LEASE NAMES, RRC LEASE & DP NUMBERS, API NUMBERS, MINERAL LEASE NUMBERS, PSA NUMBERS, UNIT NAMES, UNIT NUMBERS, AND NRIS IN THE TABLE ABOVE WERE CREATED FOR EXAMPLE PURPOSES ONLY.

NOTES:

1. ENTER THE STATE MINERAL LEASE NUMBER WHERE THE PRODUCTIVE FIELD INTERVAL OF THE WELL IS LOCATED WITHIN THE PHYSICAL BOUNDARY OF THE LEASE TRACT.

IF DUE TO HORIZONTAL SEVERANCE OR DEPTH LIMITATIONS SEVERAL LEASES EXIST WITHIN A COMMON WELLBORE, THEN ENTER THE MINERAL LEASE NUMBER FOR THE RRC DESIGNATED PRODUCING FIELD AND RESERVOIR INTERVAL.

IF A VERTICAL WELL, HORIZONTAL WELL, OR DIRECTIONAL WELL IS INCLUDED IN THE SCOPE OF A POOLED UNIT THAT INCLUDES MULTIPLE STATE AND PRIVATE LEASES, THEN LEAVE THE MINERAL LEASE NUMBER BLANK AND ENTER THE GLO UNIT NAME, NUMBER, AND UNIT NET ROYALTY INTEREST (NRI) IN THE APPROPRIATE COLUMNS.

IF THE WELLBORE OF A HORIZONTAL WELL OR DIRECTIONAL WELL TRAVERSES MULTIPLE STATE AND PRIVATE MINERAL LEASES AND THE WELLBORE IS NOT INCLUDED IN A GLO POOLED UNIT, THEN ENTER EITHER:

- (B) THE PSA NUMBER, LOWEST LEVEL BASE MINERAL FILE NUMBER, AND THE ASSOCIATED I-NUT NUMBER (ELSE "PENDING" IF THE I-NUT NUMBER HAS NOT YET BEEN ASSIGNED) FOR EACH ALLOCATION WELL WELLBORE BASED ON LENGTH OF LATERAL OR HORIZONTAL DRAINHOLE AREA IN THE PRODUCTIVE INTERVAL AND THE APPLICABLE STATE PER FOR THAT WELLBORE IN THE APPROPRIATE COLUMNS

THE LOWEST LEVEL BASE MINERAL FILE NUMBER IS THE LOWEST NUMERICAL MINERAL FILE NUMBER OF ALL OF THE STATE MINERAL LEASES. NUMBERS THAT MAY BE INCLUDED IN THE SCOPE OF A PSA THAT WAS EXECUTED BY ALL PARTIES.

2. ENTER THE STATE'S (GLO) NET MINERAL LEASE INTEREST (8 DECIMAL PLACES PER DIVISION ORDER) FOR THAT STATE LEASE ELSE ENTER THE POOLED UNIT, PSA, OR I-NUT NET ROYALTY INTEREST ASSOCIATED WITH: (A) A GLO POOLED UNIT, (B) A PSA BASED ON SHARED AREA, OR (C) A PSA FOR ONE OR MORE ALLOCATION WELLS WITH AN NRI DETERMINED FOR EACH INDIVIDUAL WELL AND REPORTED BY I-NUT NUMBER COMPLETION. IF AN ALLOCATION WELL THAT IS ALLOCATED BASED ON LENGTH OF LATERAL HAS NOT BEEN DRILLED, IS PENDING COMPLETION, OR WAS RECENTLY COMPLETED, AND THE NRI HAS NOT YET BEEN DEFINED THEN ENTER "EST" FOLLOWED BY AN ESTIMATE OF THE NRI BASED ON THE PROPOSED OR PLANNED LENGTH OF LATERAL OR BASED ON OTHER SIMILAR EXISING COMPLETIONS.

AN I-NUT NUMBER IS A UNIQUE NUMBER THAT IS ASSIGNED TO EACH API WELLBORE THAT IS DRILLED AS AN ALLOCATION WELL WITH ALLOCATION BASED ON THE LENGTH OF LATERAL OR HORIZONTAL DRAINHOLE AREA WITHIN THE PRODUCTIVE RESERVOIR THAT IS AUTHORIZED PER A SPECIFIC UPLANDS LEASE PRODUCTION SHARING AGREEMENT (PSA). A HIGHWAY ROW (HROW) AND OTHER STATE AGENCY LANDS TYPE LEASE WILL NOT BE ASSOCIATED WITH A PSA. IF AN APPLICATION TO COMMINGLE STATE LEASES IS SUBMITTED AND AN I-NUT NUMBER HAS NOT YET BEEN ASSIGNED BY GLO STAFF, THEN ENTER "PENDING" AS THE REFERENCE PSA I-NUT NUMBER.

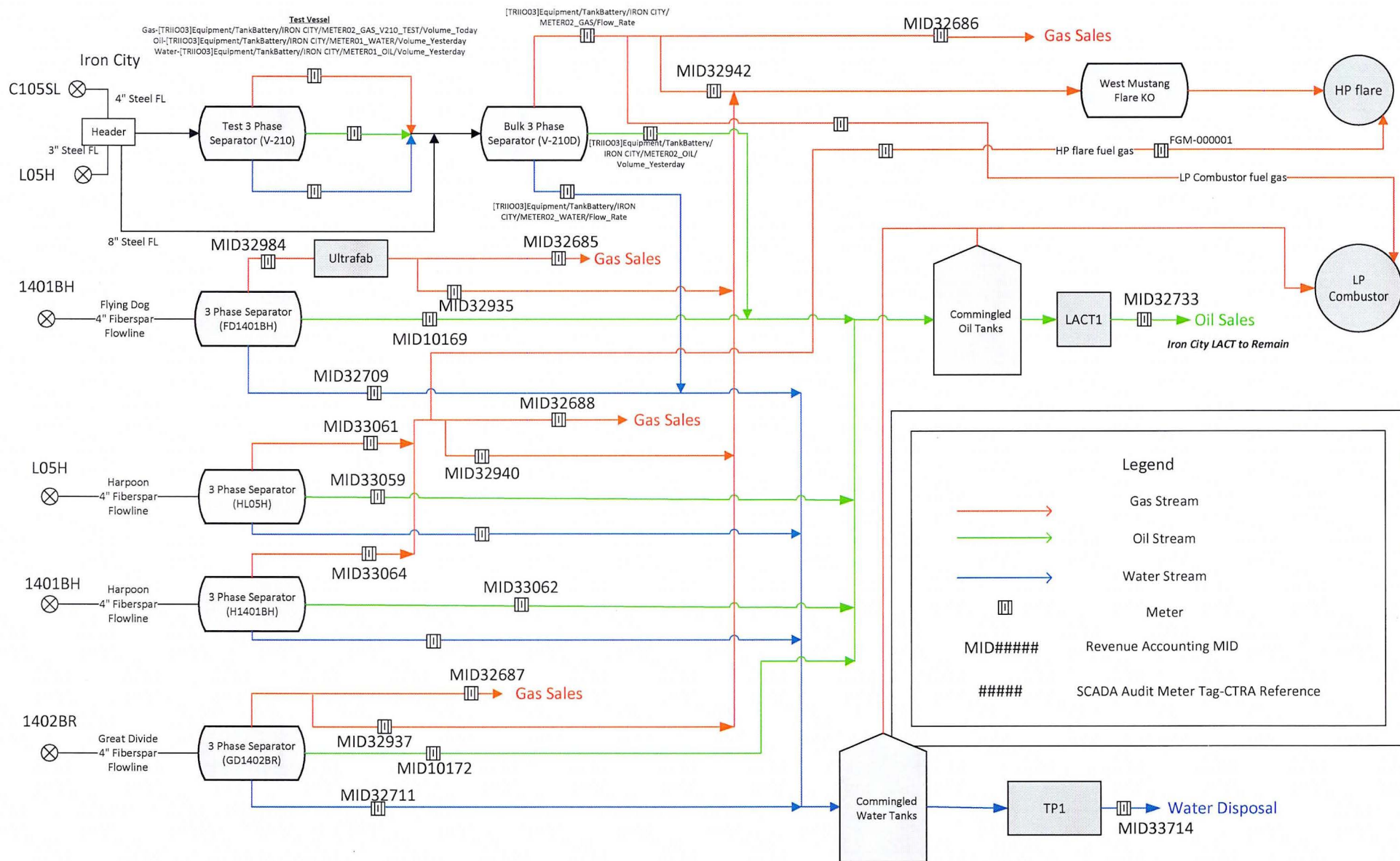
I-NUT IS AN ACRONYM FOR "INTERNAL NON-UNIT TRANSACTION" THAT IS ASSIGNED BY GLO STAFF TO AN ALLOCATION WELL PER A SPECIFIC PRODUCTION SHARING AGREEMENT (PSA) THAT IS ASSOCIATED WITH ONE OR MORE STATE LEASES. GLO STAFF VERIFIES/DETERMINES THE NRI BASED ON AS-DRILLED LENGTH OF LATERAL INFORMATION PROVIDED BY THE LESSEE AND THE PARTICIPATION FACTOR OF EACH CONTRIBUTING STATE LEASE DEFINED BY THE APPLICABLE PSA.

PRODUCTION SHARING AGREEMENT (PSA) NUMBERS ARE TYPICALLY ASSOCIATED WITH PERMANENT SCHOOL FUND (PSF) LANDS, (I.E., RIVERS, CREEKS, BAYS, GULF OF MEXICO, RELINQUISHMENT ACT LANDS, SCHOOL FEE, FREE ROYALTY, SURFACE SOLD MINERALS RESERVED, ETC.). HOWEVER, OTHER STATE AGENCY LANDS (I.E. HROW, TDCJ, TXDOT, ETC.) WILL NOT HAVE PSA NUMBERS ASSIGNED. PSA DOCUMENTS ARE AVAILABLE VIA THE SCANNED BASE MINERAL FILE DOCUMENTS ACCESSED VIA THE GLO PUBLIC GIS MAP VIEWER. IF NOT AVAILABLE FROM YOUR PRODUCTION REVENUE ACCOUNTING, DIVISION ORDER ANALYSTS, OR LANDMAN STAFF OR FILE RECORDS FOR A MINERAL LEASE TRACT.

3. IF A RRC LEASE NUMBER IS PENDING ASSIGNMENT OR THE WELL HAS NOT BEEN COMPLETED THEN ENTER "DP" FOLLOWED BY THE RRC DRILLING PERMIT NUMBER ASSIGNED BY THE RRC.

4. ALL WELLS ASSOCIATED WITH EACH RRC LEASE NUMBER INCLUDED IN THE SCOPE OF A COMMINGLING PERMIT SHALL BE INCLUDED ON THE GLO LEASE LIST SUBMITTED WITH THE APPLICATION TO COMMINGLE STATE LEASES.

THE NOTES SECTION ABOVE IS FOR INFORMATION AND GUIDANCE ONLY AND THUS MAY BE DELETED FROM THE GLO LEASE LIST THAT IS SUBMITTED TO THE GLO AS PART OF AN APPLICATION REQUEST TO COMMINGLE STATE LEASES.





RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78711-2967

Form P-17

Rev. 03/2019

EXCEPTION TO STATEWIDE RULES 26 AND/OR 27 COMMINGLE PERMIT APPLICATION

☐ New
☒ Amended Existing Permit
No. 9188
Effective Month/Year of Requested
Exception: 10/2022
District 8
County Reeves

SECTION 1. OPERATOR INFORMATION

Operator Name: Resolute Natural Resources Co LLC Operator P-5 No.: 703352

Operator Address: 800 N Marlenfeld Ste 800 Midland, TX 79701

SECTION 2. GATHERER (of oil or condensate) INFORMATION (not required if 3b is checked)

Gatherer Name: Eagleclaw Midstream Ventures LLC Gatherer P-5 No.: 238465

Gatherer Address: 500 W Illinois Ave Ste 700 Midland, TX 79701

Gatherer E-mail Address:

(Optional - If provided, e-mail address will become part of this public record.)

SECTION 3. APPLICATION APPLIES TO (CHECK ALL THAT APPLY): ☐ OIL ☐ CASINGHEAD GAS ☒ GAS WELL GAS ☒ CONDENSATE

- a) ☒ Gas well full well stream into common separation and storage facility with liquids reported on Form PR.
b) ☐ Gas well full well stream into a gasoline plant/common separation and storage facility with liquids reported on Form R-3 Serial # _____ (If full well stream is checked, the results of periodic tests to determine the number of stock tank barrels of liquid hydrocarbons recovered per 1,000 standard cubic feet of gas must be reported on Form G-10 in accordance with SWR 55. Attach an explanation of any exceptions to SWR 55.)
c) ☒ Condensate and low-pressure Gas Well Gas are commingled into low-pressure separation and storage facilities.
d) ☐ This request is for off lease: ☐ Storage ☐ Separation ☐ Metering
e) ☒ This exception is for common storage.
f) ☒ This exception is for common separation.
g) ☐ This exception is for casinghead gas metering by: ☐ Deduct Metering ☐ Allocation by well test ☐ Other _____
h) ☒ This exception is for gas well gas metering by: ☐ Deduct Metering ☒ Allocation by well test ☒ Other Allocation Meter

SECTION 4. NOTICE REQUIREMENTS AND ALLOCATION METHOD.

If you are seeking an exception to Rule 26 or 27 pursuant to subsection (d) of Rule 26, 21-day notice is required and applies to all wells proposed for commingling.

☒ The royalty interests and working interests are not the same with respect to identity and percentage; and the production stream from each tract and each Commission-designated reservoir is not measured separately therefore, I have provided the required 21-day notice pursuant to subsection (d) of Rule 26.

Production will be allocated by: ☐ W-10 (oil) ☐ W-2 retest (oil) ☐ PD Meter (oil & condensate) ☐ G-10 (gas) ☒ Other Allocation Meter/Well Test

SECTION 5. ☐ Any one of the wells proposed for commingling produces from a Commission-designated reservoir for which special field rules regarding surface commingling have been adopted. (Additional notice may be required; see instructions)

SECTION 6. ☐ Wells proposed for commingling have an operator's name other than the applicant listed in SECTION 1. (See instructions)

SECTION 7. ☐ For oil production, the production from all oil wells on each oil lease is to be commingled. (See instructions)

SECTION 8. IDENTIFY LEASES AS SHOWN ON COMMISSION RECORDS (attach additional pages as needed)

DISTRICT	RRC IDENTIFIER	ACTION	LEASE AND FIELD NAME	WELL NO.
8	268502	☒ Existing ☐ Add ☐ Delete	Iron City State	C105SL
8	284479	☒ Existing ☐ Add ☐ Delete	Iron City State	L05H
8	284571	☐ Existing ☒ Add ☐ Delete	Flying Dog	1401BH
8	284497	☐ Existing ☒ Add ☐ Delete	Great Divide	1402BR

ATTACH ADDITIONAL PAGES AS NEEDED. ☐ No additional pages ☒ Additional pages 1 (# of additional pages)

FEE: \$150 Filing Fee + \$225 Surcharge = \$375 total remittance required (See Statewide Rule 78)

CERTIFICATE: I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge. I certify that all requests for related required approvals from other affected state agencies have been submitted and that I understand that any authorization granted by Commission approval of this application is contingent upon the approvals from other affected state agencies being obtained.

Signature _____ Title Regulatory Analyst Date 9/22/2022

Operator E-mail Address: Jensen.Acosta@Coterra.Com Operator Phone No. 4325717871

(Optional - If provided, e-mail address will become part of this public record.)

Commingling Permit No. 9186 Approval date: 10/20/22 Approved by: _____

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

FORM P-17 ATTACHMENT

ATTACHMENT FOR
APPLICATION FOR EXCEPTION TO
STATEWIDE RULES STATEWIDE 26 AND/OR 27
COMMINGLE PERMIT APPLICATION

SECTION 8. (CONT'D) IDENTIFY LEASES AS SHOWN ON COMMISSION RECORDS (attach additional pages as needed)

[illegible]



Texas General Land Office
Application to Surface Commingle State Leases

Application Revision
April 15, 2023

Provide a GLO Lease List that includes all applicable mineral lease, GLO pooled unit, PSA, and i-Nut information for all wells in the scope of an RRC Form P-17/17A or a request to utilize gas lift, and process flow diagram(s) showing the unique meter identification number or serial number for all flow meters used to identify a meter in the field and the unique identification number for each piece of major equipment (i.e., pressure vessel, heater treater, compressor, VRU, tank, flare, etc.). **Each facility that commingles production must have: (1) all the Oil (O), Gas (G), and Water (W) meters and/or GLO pre-approved full well stream/multi-phase flow meters (MPFM) necessary for the measurement and allocation of production, (2) all meters necessary to measure lease use volumes (fuel, vent, flare, and instrument gas), (3) lift gas supply and distribution meters and individual well lift gas supply meters, and (4) all sales/custody transfer meters.**

Certifications Form P-17/P-17A District: 8 Permit Number: 9186 Effective Month/Year: 10/2022

- ☒ All State lease oil and gas separators are of ample capacity as required by 31 Texas Administrative Code (TAC) §9.35(a)(2) and the terms of any lease that is the subject of this commingling.
- ☒ If applicable, the appropriate Form P-17 or P-17A has been filed with the Railroad Commission of Texas with respect to all leases associated with this application, and the GLO has been furnished with a copy.
- ☒ All non-sales (e.g., fuel, instrument, vent, flash, flare, and lift gas) dispositions of hydrocarbon are metered as required by 31 TAC §9.35(a)(2) and the terms of any lease that is the subject of this commingling. If any required meters are missing, they will be installed within 12 months of the date of this application.
- ☒ All sales dispositions of hydrocarbon are metered as required by 31 TAC §9.35(a)(2) and pursuant to the terms of any lease that is the subject of this commingling.
- ☒ No material changes to the commingled facility or equipment as represented in this application will be made without prior written permission of the GLO.
- ☐ Where applicable, the Lessee has obtained prior written permission to inject recycled or off-lease gas for secondary or enhanced recovery operations or for gas lift purposes as an artificial lift method, and all gas supply and distribution points are metered per 31 TAC §9.35(a)(2). If gas is not injected into a formation or utilized for gas lift, then leave the check box blank.
- ☐ Lessee requests permission to recycle gas or utilize gas lift pursuant to the terms of each state lease, with all gas supply and distribution points metered, on the following state leases and/or units as follows: _____
- ☒ I acknowledge and agree that royalty is due on 100% of the hydrocarbons produced from each lease and that the GLO will use molecular (component) balance software to verify the fractionated value of all processed gas. The GLO acknowledges that nothing in this statement is intended to amend or modify any lease that is the subject of this commingling. Gas royalty payment will be due on a molecular balance basis for non-processed gas and processed gas irrespective of the method of allocation I have used to report such production if underpayment is discovered during an audit.

Company Name, Address: Resolute Natural Resources Co LLC, 6001 Deauville Blvd, Suite 300N Midland, TX 79706

Responsible Official Name, Title: Jesse, Acosta, Regulatory, Analyst Signature: [Signature]

Date: 8/23/2023 Phone: (432) 571-7871 Email Address: Jesse.Acosta@Coterra.com

GLO Approval by: _____ Signature: _____ Date: _____

GLO Notes:

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File No. MF115503

County

Comm Application Apprvl 9/20/23

Date Filed: 9/20/23

Commissioner Dawn Buckingham, M.D.

By: AT



Texas General Land Office

Reconciliation Billing

Commissioner Dawn Buckingham, M.D.

PO Box 12873
Austin, TX 78711-2873
(800) 998-4456
8:00 - 5:00 M-F

Resolute Natural Resources Company, LLC
6001 Deauville Ste 300N
Midland, TX 79706-2671

Billing Date: 7/24/2025
Billing Due Date: 8/23/2025
Customer Number: C000051892

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
25I00972	MF115503	\$5,355.10	\$0.00	\$561.93	\$611.26	\$6,528.29
Total Due		\$5,355.10	\$0.00	\$561.93	\$611.26	\$6,528.29

Penalty and interest have been calculated thru 7/31/2025. Payment remitted after 7/31/2025 will result in additional penalty and interest charges.

NOTICE

- Please update GLO1 and GLO2 production reports to correct volumes.
- Please do not update GLO3 report to include billed royalty, penalty or interest. This receivable has already been recorded.

This notice does not constitute an Audit Billing Notice as defined in Section 52.135 of the Texas Natural Resources Code and, consequently, does not preclude the TGLO from conducting further examinations of these leases, time periods or issues.

Detach and return with payment

Reconciliation Billing

Resolute Natural Resources Company, LLC

Billing Date: 7/24/2025

Billing Due Date: 8/23/2025

Customer Number: C000051892

Remit Payment To:

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
25I00972	MF115503	\$5,355.10	\$0.00	\$561.93	\$611.26	\$6,528.29
Total Due		\$5,355.10	\$0.00	\$561.93	\$611.26	\$6,528.29
Amt. Paid						

Customer ID: C000051892
 Invoice Number:
 GLO Lease: MF115503
 GLO Review: RESOLUTE NATURAL RES. CO., LLC
 Review Period: Sept 2023 - Aug 2024

Category Gas
 Auditor/AE: ECortez
 Billing Date: 7/21/2025
 P&I Calculation Date: 7/31/2025
 Royalty Rate: 25.00%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Sep-23	08-284530	904	1	\$2.198	1.18717	\$2,357.92	\$589.48	\$0.00	\$589.48	624	8.50%	\$58.95	\$77.56	\$725.99
Oct-23	08-284530	1,227	1	\$2.256	1.16048	\$3,214.50	\$803.62	\$0.00	\$803.62	594	8.50%	\$80.36	\$100.12	\$984.10
Nov-23	08-284530	1,216	1	\$2.277	1.12129	\$3,103.40	\$775.85	\$0.00	\$775.85	563	9.50%	\$77.59	\$101.77	\$955.21
Dec-23	08-284530	1,312	1	\$2.048	1.13474	\$3,048.14	\$762.03	\$0.00	\$762.03	532	9.50%	\$76.20	\$93.81	\$932.04
Jan-24	08-284530	1,179	1	\$2.503	1.14618	\$3,381.49	\$845.37	\$0.00	\$845.37	503	9.50%	\$84.54	\$97.69	\$1,027.60
Feb-24	08-284530	1,290	1	\$1.858	1.12645	\$2,700.27	\$675.07	\$0.00	\$675.07	472	9.50%	\$67.51	\$72.57	\$815.15
Apr-24	08-284530	578	1	\$1.115	1.10718	\$713.44	\$178.36	\$0.00	\$178.36	411	9.50%	\$25.00	\$18.34	\$219.70
Jun-24	08-284530	755	1	\$1.980	1.11732	\$1,671.08	\$417.77	\$0.00	\$417.77	350	9.50%	\$41.78	\$31.64	\$491.19
Jul-24	08-284530	308	1	\$1.920	1.16992	\$692.88	\$173.22	\$0.00	\$173.22	319	9.50%	\$25.00	\$11.72	\$209.94
Aug-24	08-284530	317	1	\$1.500	1.12987	\$537.34	\$134.33	\$0.00	\$134.33	289	9.50%	\$25.00	\$8.04	\$167.37
TOTALS		9,085				\$21,420.48	\$5,355.10	\$0.00	\$5,355.10			\$561.93	\$611.26	\$6,528.28

COMMENTS: BILLING ON UNDER REPORTED GAS VOLUMES TO THE GLO FOR UNITS 7063 (08-284530, 08-285367)

COLUMN (3) UNDER REPORTED VOLUMES: REPORTED RRC VOLUMES MINUS REPORTED GLO2 VOLUMES
 COLUMNS (5) & (6) REPORTED GLO2 PRICES AND BTU FACTORS WERE USED
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENTS:
<http://www.glo.texas.gov/energy-business/oil-gas/rac/forms/penalty-interest-assessment-rules.pdf>

FOR QUESTIONS REGARDING THIS INVOICE PLEASE E-MAIL: eric.cortez@glo.texas.gov

NOTE 1: PAYMENT OF THIS INVOICE MAY BE MADE BY CHECK OR ACH DEBIT.
 PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS.
 WHEN PAYMENT IS REMITTED, PLEASE SEND AN EMAIL TO: account.services@glo.texas.gov and eric.cortez@glo.texas.gov
 NOTING YOUR COMPANY NAME, CUSTOMER ID, INVOICE NUMBER(S) AND AMOUNT OF PAYMENT.

EMAIL: Tran.Chau@coterra.com daniel.kono@coterra.com

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File No. MF 115503

County

Recor Billing

Date Filed: 8/26/2025

Commissioner Dawn Buckingham, M.D.

By: VD