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Archives and Records Staff

MF115565

DRR Lease D good to 10/8/2020

State Lease	Control	Base File	County
MF115565	07-108756	148403	REEVES

Survey	T & P RY CO	
Block	56	
Block Name		
Township	2-S	
Section/Tract	46	
Land Part		
Part Description	W2	
Acres	320	
Depth Below	Depth Above	Depth Other

Leasing: [Signature]

Analyst: [Signature]

Maps: [Signature]

GIS: MC

DocuShare: _____

Name	PETROHAWK PROPERTIES LP
Lease Date	6/18/2013
Primary Term	3 yrs
Bonus (\$)	\$160,000.00
Rental (\$)	\$0.00
Lease Royalty	0.1250

Contents of Mineral File Number: 115565

1 RAL Review Sheet	6/28/13	21. DRR Bonus Lease D	12/5/18
2 Lease A	7/18/13	22. DRR Form	12/6/18
3 Lease B	7/18/13	23. Email Re: Overpayment of DRR Bonus	2/27/19
4 Lease C	10/15/13	24. Refund request	2/27/19
5 Lease D	12/3/13	25. Warranty Deed-D	02/27/19
6 Cover Letter @ Bonus @ Fes	10/15/13	26. Ltr from Davenport Conger	02/27/19
7 Final Letter	12/27/13	scanned PJ	5-14-2019
Scanned sm 11/17/14		27. Division Order	3/6/2020
8. Pooling Agrmt Packet # 7195		28. DRR Form Lease D	9/28/20
State Roy Kimsey 56-TZ-46 Unit 1/6/15		29. Recon Billing	4/23/2021
9. Ltr. to BHP	1/6/15	30. Letter acknowledging DRR Bonus + form	5/7/21
10. Ltr. From Expl. Land Services	1/22/15	31. Surface Damages	1-28-22
11. Recorded Pooling Agrmt # 7195	1/22/15	32. Division Order	4-29-2022
scanned PJ	1-27-15	scanned WM	3-29-2023
12. Ltr. From BHP with cert. copy of Unit	1/28/15	33. Recon Billing	5/10/2023
scanned PJ	2-26-15	scanned WM	5-16-2023
13. permit 389-34571	10-6-15	see mF06S359 corrected	
14. Ltr. From BHP	10/16/15	assign # 11304	
15. Ltr. to BHP	10/22/15	scanned PJ	10-10-2024
16. Amendment of State Roy Kimsey Unit			
Unit No. 7195	10/22/15		
scanned PJ	12-8-15		
17. Ltr. From BHP	12/18/15		
18. Recorded Amendment	12/18/15		
A-Reconciliation Billing	6/13/16		
scanned PJ	7-25-16		
20. Division Order	8/3/16		
scanned PJ	9-9-16		

RAL REVIEW SHEET

Transaction # 7831

Lessor: George A. Thomas

Lessee: Petrohawk Prop.

Geologist:

Lease Date: 6/18/2013

UL ☒

Gross Acres: 320

Net Acres: 160

LEASE DESCRIPTION

County	PIN#	Base File No	Part	Sec.	Block	Twp	Survey	Abst#
REEVES	[REDACTED]	148403	W/2	46	56	02S	T & P RY CO	5327

TERMS OFFERED

Primary Term: 3 years

Bonus/Acre: \$2,000.00

Rental/Acre: \$0.00

Royalty: 1/4

TERMS RECOMMENDED

Primary Term: 3 years

Bonus/Acre: \$2,000.00

Rental/Acre: \$0.00

Royalty: 1/4

COMPARISONS

MF #	Lessee	Date	Term	Bonus/Ac.	Rental/Ac.	Royalty	Distance
MF112671	Eagle Land Services, Inc.	6/17/2010	3 years	\$650.00	\$1.00	1/4	Last Lease
Pending	Petrohawk properties	5-28-13	5Yrs	\$2000.00	\$1.00	1/4	3 Miles NE

Comments: Paid Up Rentals. Expire MF112671. ✓

Approved: [Signature] 6.28.13

RELINQUISHMENT ACT LEASE APPLICATION

Texas General Land Office

Jerry Patterson, Commissioner

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

DATE: 28-Jun-13

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

Applicant: Petrohawk Prop.

County: REEVES

Prim. Term: 3 years

Bonus/Acre

\$2,000.00

Royalty: 1/4

Rental/Acre

\$0.00

Consideration

Recommended: RJA Date: 7/11/13

Not Recommended: _____

Comments: Paid Up Rentals. Expire MF112671.

Lease Form

Recommended: RJA Date: 7/11/13

Not Recommended: _____

Comments:

Louis Renaud, Deputy Commissioner

Date: 7-16-13

Recommended: CLR

Not Recommended: _____

Bill Warnick, General Counsel

Date: 7/17/13

Recommended: WTW

Not Recommended: _____

Larry Laine, Chief Clerk

Date: 7/17/13

Approved: [Signature]

Not Approved: _____

Jerry Patterson, Commissioner

Date: 7/18/13

Approved: Jerry E. Patterson

Not Approved: _____

File No. 115565

RAL Review Sheet

Date Filed: 6/28/13

Jerry E. Patterson, Commissioner

By GAT

The State of Texas



MF 115565A

Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 18 day of June, 2013, between the State of Texas, acting by and through its agent, George A. Thomas
of 600 N. Marienfield, STE ⁸⁰⁵ ~~422~~, Midland, Texas 79701 ⁹⁴⁷
(Give Permanent Address)
said agent herein referred to as the owner of the soil (whether one or more), and Petrohawk Properties, LP
of 1360 Post Oak Blvd, Suite 150, Houston, Texas 77056-3030 hereinafter called Lessee.
(Give Permanent Address)

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

320 acres of land, more or less, being the West Half (W/2) of Section 46, Block 56, Township 2, T&P Railway Company Survey, Reeves County, Texas.

containing 320 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Eighty Thousand and 00/100
Dollars (\$80,000.00)

To the owner of the soil: Eighty Thousand and 00/100
Dollars (\$80,000.00)

Total bonus consideration: One Hundred Sixty Thousand and 00/100
Dollars (\$160,000.00)

The total bonus consideration paid represents a bonus of Two Thousand and 00/100
Dollars (\$2,000.00) per acre, on 80.00 net acres.

2. TERM. Subject to the other provisions in this lease, this lease shall be for a term of Three (3) years from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land. As used in this lease, the term "produced in paying quantities" means that the receipts from the sale or other authorized commercial use of the substance(s) covered exceed out of pocket operational expenses for the six months last past.



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

07.07.13

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

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

To the owner of the soil: _____

Dollars (\$ _____)

To the State of Texas: _____

Dollars (\$ _____)

Total Delay Rental: **PAID UP LEASE- Refer to Addendum Paragraph 40.** _____

Dollars (\$ _____)



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

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

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

(A) OIL. Royalty payable on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also as all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, shall be 1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity in the general area where produced and when run, or 2) the highest market price thereof offered or paid in the general area where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is the greater. Lessee agrees that before any gas produced from the leased premises is sold, used or processed in a plant, it will be run free of cost to the royalty owners through an adequate oil and gas separator of conventional type, or other equipment at least as efficient, so that all liquid hydrocarbons recoverable from the gas by such means will be recovered. The requirement that such gas be run through a separator or other equipment may be waived, in writing, by the royalty owners upon such terms and conditions as they prescribe.

(B) NON PROCESSED GAS. Royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (A) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons or other products) shall be 1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is the greater; provided that the maximum pressure base in measuring the gas under this lease shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to tests made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

15. COMPENSATORY ROYALTIES. If, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the leased premises and completed in the same producing reservoir, or in any case in which drainage is occurring, the right to continue to maintain the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid. The Lessee may maintain the lease for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in the lease of the market value of production from the well causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the leased premises. The compensatory

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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the written consent of the owner of the soil.

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

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

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

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

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

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

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

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

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

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

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

34. POOLING. Lessee is hereby granted the right to pool or utilize the royalty interest of the owner of the soil under this lease with any other

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

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

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

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

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

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

ADDENDUM PROVISION

40. DELAY RENTALS. As Stipulated in Paragraph #3 of this lease, the rentals for this lease have been PAID-UP for the second (2nd) and third (3rd) years of the primary term hereof.

LESSEE

Petrohawk Properties, LP

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

BY: John W. Walsh

John W. Walsh

Title: Attorney-In-Fact

Date: 6/19/13



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copy of
Original filed in
Reeves County
Clerks Office

STATE OF TEXAS

BY: George A. Thomas

George A. Thomas, Individually and as agent for
the State of Texas

Date: June 18, 2013



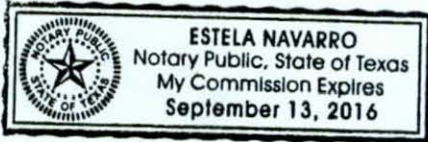
STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF HARRIS

BEFORE ME, the undersigned authority, on this day personally appeared John W. Walsh
known to me to be the person whose name is subscribed to the foregoing instruments as Attorney-In-Fact
of P-H Energy, LLC, General Partner of Petrohawk Properties, LP 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 19 day of June, 20 13.



Estela Navarro
Notary Public in and for Texas

STATE OF TEXAS

(INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared George A. Thomas
known to me to be the person ^{is} whose name ^{is} subscribed to the foregoing instrument, and acknowledged to me that ^{he} executed the same for the
purposes and consideration therein expressed.

Given under my hand and seal of office this the 18th day of June, 20 13.



Connie S. Barnes
Notary Public in and for Midland County, Texas



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Original filed in
Reeves County
Clerks Office

THE STATE OF TEXAS
COUNTY OF REEVES
I, Dianne O. Florez, Clerk of the County Court in and
for said County, and State do hereby certify that the foregoing is a true and correct copy of
the original as the same was filed in my office on this _____ day of _____, 20____.
Attest my hand and seal of office on this _____ day of _____, 20____.
Dianne O. Florez, County Clerk
TO CERTIFY WHICH, Witness my hand and official seal at Fort Worth, Texas
this _____ day of _____, 20____.

Inst No. 13-04456
DIANNE O. FLOREZ
COUNTY CLERK
2013 Jun 25 at 09:10 AM
REEVES COUNTY, TEXAS
By: AC Aurora Calanchi DEPUTY

115565

File No.

Lease A

7/18/13

Date Filed:

Jerry E. Patterson, Commissioner

By G-11

THE STATE OF TEXAS
COUNTY OF REEVES I, Dianne O. Florez, Clerk of the County Court in and
for said County and State do hereby certify that the foregoing is a true and correct copy of
Dildas lease dated June 18, 2013
filed for record in my office this 25th day of June 2013 at
9:10 A. M. under Clerk's File No. 13-04456, to be recorded in the
Official Public Record
Records of Reeves County, Texas.
TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas
this 25th day of June, 2013.
By Aurora Catalani, Deputy, DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS



The State of Texas



MF11556SB

Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 18 day of June, 2013, between the State of Texas, acting by and through its agent, Roy E. Kimsey, Jr.

of 505 N. Big Spring, STE 502, Midland, Texas 79701

(Give Permanent Address)

said agent herein referred to as the owner of the soil (whether one or more), and Petrohawk Properties, LP

of 1360 Post Oak Blvd, Suite 150, Houston, Texas 77056-3030

(Give Permanent Address)

hereinafter called Lessee.

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

320 acres of land, more or less, being the West Half (W/2) of Section 46, Block 56, Township 2, T&P Railway Company Survey, Reeves County, Texas.

containing 320 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Eighty Thousand and 00/100

Dollars (\$80,000.00)

To the owner of the soil: Eighty Thousand and 00/100

Dollars (\$80,000.00)

Total bonus consideration: One Hundred Sixty Thousand and 00/100

Dollars (\$160,000.00)

The total bonus consideration paid represents a bonus of Two Thousand and 00/100

Dollars (\$2,000.00) per acre, on 80.00 net acres.

2. TERM. Subject to the other provisions in this lease, this lease shall be for a term of Three (3) years from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land. As used in this lease, the term "produced in paying quantities" means that the receipts from the sale or other authorized commercial use of the substance(s) covered exceed out of pocket operational expenses for the six months last past.



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Clerks Office

07071

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

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

To the owner of the soil: _____
Dollars (\$ _____)
To the State of Texas: _____
Dollars (\$ _____)
Total Delay Rental: **PAID UP LEASE— Refer to Addendum Paragraph 40.**
Dollars (\$ _____)



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

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

(A) OIL. Royalty payable on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also as all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, shall be 1/4 _____ part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity in the general area where produced and when run, or 2) the highest market price thereof offered or paid in the general area where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is the greater. Lessee agrees that before any gas produced from the leased premises is sold, used or processed in a plant, it will be run free of cost to the royalty owners through an adequate oil and gas separator of conventional type, or other equipment at least as efficient, so that all liquid hydrocarbons recoverable from the gas by such means will be recovered. The requirement that such gas be run through a separator or other equipment may be waived, in writing, by the royalty owners upon such terms and conditions as they prescribe.

(B) NON PROCESSED GAS. Royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (A) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons or other products) shall be 1/4 _____ part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is the greater; provided that the maximum pressure base in measuring the gas under this lease shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to tests made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

15. COMPENSATORY ROYALTIES. If, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the leased premises and completed in the same producing reservoir, or in any case in which drainage is occurring, the right to continue to maintain the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid. The Lessee may maintain the lease for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in the lease of the market value of production from the well causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the leased premises. The compensatory

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

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

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

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

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

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

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

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

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

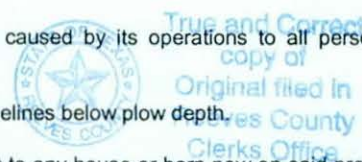
(B) REDUCTION OF PAYMENTS. If, during the primary term, a portion of the land covered by this lease is included within the boundaries of a pooled unit that has been approved by the School Land Board and the owner of the soil in accordance with Natural Resources Code Sections 52.151-52.154, or if, at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

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

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

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

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



the written consent of the owner of the soil.

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

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

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

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

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



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Clerks Office

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

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

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

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

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

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

34. POOLING. Lessee is hereby granted the right to pool or unitize the royalty interest of the owner of the soil under this lease with any other

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

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

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

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

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

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

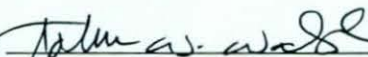
ADDENDUM PROVISION

40. DELAY RENTALS. As Stipulated in Paragraph #3 of this lease, the rentals for this lease have been PAID-UP for the second (2nd) and third (3rd) years of the primary term hereof.

LESSEE

Petrohawk Properties, LP

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

BY: 

John W. Walsh

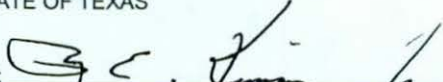
Title: Attorney-In-Fact

Date: 6/19/13



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copy of
Original filed in
Reeves County
Clerks Office

STATE OF TEXAS

BY: 

Roy E. Kimsey, Jr., Individually and as agent for
the State of Texas

Date: June 18, 2013

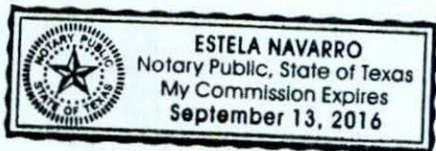
STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF HARRIS

BEFORE ME, the undersigned authority, on this day personally appeared John W. Walsh
known to me to be the person whose name is subscribed to the foregoing instruments as Attorney-In-Fact
of P-H Energy, LLC, General Partner of Petrohawk Properties, LP 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 19 day of June, 20 13.



Estela Navarro
Notary Public in and for Texas

STATE OF TEXAS

(INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared Roy E. Kimsey, Jr.
known to me to be the person whose name ^{he} subscribed to the foregoing instrument, and acknowledged to me that ^{he} executed the same for the
purposes and consideration therein expressed.

Given under my hand and seal of office this the 18th day of June, 20 13.



Connie S. Barnes
Notary Public in and for Midland County, Texas



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Original filed in
Reeves County
Clerks Office

THE STATE OF TEXAS
COUNTY OF REEVES
I, Dianne O. Florez, Clerk of the County Court in and
for said County and State do hereby certify that the foregoing is a true and correct copy of
the record in my office this _____ day of _____, 20____, as recorded in the
Records of Reeves County, Texas.
TO CERTIFY WHICH, witness my hand and official seal at Pecos, Texas
this _____ day of _____, 20____.

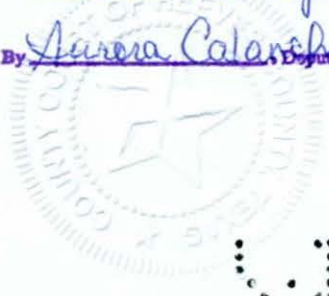
DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

Inst No. 13-04457
DIANNE O. FLOREZ
COUNTY CLERK
2013 Jun 25 at 09:10 AM
REEVES COUNTY, TEXAS
By: AC Luz Salas DEPUTY

2013

File No. 115565
Lease B
Date Filed: 7/18/13
Jerry E. Patterson, Commissioner
By CH

THE STATE OF TEXAS
COUNTY OF REEVES I, Dianne O. Florez, Clerk of the County Court in and
for said County and State do hereby certify that the foregoing is a true and correct copy of
Oil & Gas lease dated June 18, 2013
filed for record in my office this 25th day of June, 2013 at
9:10A M, under Clerk's File No. 13-04457, to be recorded in the
Official Public Records
Records of Reeves County, Texas.
TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas
this 25 day of June, 2013.
By Aurora Calanski Deputy, DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS



11013

The State of Texas

MF115565C



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 18 day of June, 2013, between the State of Texas, acting by and through its agent, Tom E. Johnson LP, by Tom E. Johnson Management LLC, its General Partner, represented herein by Tom E. Johnson, Manager

of P.O. Box 1688, Midland, Texas 79702-1688

(Give Permanent Address)

said agent herein referred to as the owner of the soil (whether one or more), and Petrohawk Properties, LP

of 1360 Post Oak Blvd, Suite 150, Houston, Texas 77056-3030

(Give Permanent Address)

hereinafter called Lessee.

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

320 acres of land, more or less, being the West Half (W/2) of Section 46, Block 56, Township 2, T&P Railway Company Survey, Reeves County, Texas.

containing 320 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Eighty Thousand and 00/100

Dollars (\$80,000.00)

To the owner of the soil: Eighty Thousand and 00/100

Dollars (\$80,000.00)

Total bonus consideration: One Hundred Sixty Thousand and 00/100

Dollars (\$160,000.00)

The total bonus consideration paid represents a bonus of Two Thousand and 00/100

Dollars (\$2,000.00) per acre, on 80.00 net acres.

2. TERM. Subject to the other provisions in this lease, this lease shall be for a term of Three (3) years from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land. As used in this lease, the term "produced in paying quantities" means that the receipts from the sale or other authorized commercial use of the substance(s) covered exceed out of pocket operational expenses for the six months last past.

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

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

To the owner of the soil: _____

Dollars (\$ _____)

To the State of Texas: _____

Dollars (\$ _____)

Total Delay Rental: PAID UP LEASE- Refer to Addendum Paragraph 40.

Dollars (\$ _____)



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Original filed in
Reeves County
Clerks Office

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

recordable instrument naming another bank as agent to receive such payments or tenders.

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

(A) OIL. Royalty payable on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also as all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, shall be $\frac{1}{4}$ part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity in the general area where produced and when run, or 2) the highest market price thereof offered or paid in the general area where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is the greater. Lessee agrees that before any gas produced from the leased premises is sold, used or processed in a plant, it will be run free of cost to the royalty owners through an adequate oil and gas separator of conventional type, or other equipment at least as efficient, so that all liquid hydrocarbons recoverable from the gas by such means will be recovered. The requirement that such gas be run through a separator or other equipment may be waived, in writing, by the royalty owners upon such terms and conditions as they prescribe.

(B) NON PROCESSED GAS. Royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (A) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons or other products) shall be $\frac{1}{4}$ part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is the greater; provided that the maximum pressure base in measuring the gas under this lease shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to tests made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

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

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

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

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

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

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

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

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

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

tanks, pools, meters, and pipelines shall at all times be subject to inspection and examination by the Commissioner of the General Land Office, the Attorney General, the Governor, or the representative of any of them.

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

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

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

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

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

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

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

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

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

access to and from the retained lands and for the gathering or transportation of oil, gas and other minerals produced from the retained lands.

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

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

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

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

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

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

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

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

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

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

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

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

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

27. (A) ASSIGNMENTS. Under the conditions contained in this paragraph and Paragraph 29 of this lease, the rights and estates of either party to this lease may be assigned, in whole or in part, and the provisions of this lease shall extend to and be binding upon their heirs, devisees, legal representatives, successors and assigns. However, a change or division in ownership of the land, rentals, or royalties will not enlarge the obligations of Lessee, diminish the rights, privileges and estates of Lessee, impair the effectiveness of any payment made by Lessee or impair the effectiveness of any act performed by Lessee. And no change or division in ownership of the land, rentals, or royalties shall bind Lessee for any purpose until thirty (30) days after the owner of the soil (or his heirs, devisees, legal representatives or assigns) furnishes the Lessee with satisfactory written evidence of the change

in ownership, including the original recorded muniments of title (or a certified copy of such original) when the ownership changed because of a conveyance. A total or partial assignment of this lease shall, to the extent of the interest assigned, relieve and discharge Lessee of all subsequent obligations under this lease. If this lease is assigned in its entirety as to only part of the acreage, the right and option to pay rentals shall be apportioned as between the several owners ratably, according to the area of each, and failure by one or more of them to pay his share of the rental shall not affect this lease on the part of the land upon which pro rata rentals are timely paid or tendered; however, if the assignor or assignee does not file a certified copy of such assignment in the General Land Office before the next rental paying date, the entire lease shall terminate for failure to pay the entire rental due under Paragraph 3. Every assignee shall succeed to all rights and be subject to all obligations, liabilities, and penalties owed to the State by the original lessee or any prior assignee of the lease, including any liabilities to the State for unpaid royalties.

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

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

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

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

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

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

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

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

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

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

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

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

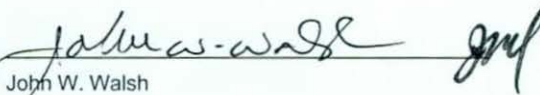
38. EXECUTION. This oil and gas lease must be signed and acknowledged by the Lessee before it is filed of record in the county records and in the General Land Office of the State of Texas. Once the filing requirements found in Paragraph 39 of this lease have been satisfied, the effective date of this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

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

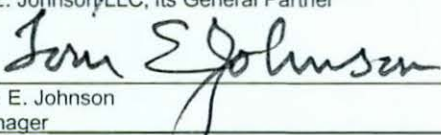
ADDENDUM PROVISION

40. DELAY RENTALS. As Stipulated in Paragraph #3 of this lease, the rentals for this lease have been PAID-UP for the second (2nd) and third (3rd) years of the primary term hereof.

LESSEE
Petrohawk Properties, LP
By: P-H Energy, LLC, its General Partner

BY: 
John W. Walsh
Title: Attorney-In-Fact
Date: 6/27/2013

STATE OF TEXAS
Tom E. Johnson LP Management
By: Tom E. Johnson, LLC, its General Partner

BY: 
Tom E. Johnson
Title: Manager
Individually and as agent for
the State of Texas
Date: 6-18-13



STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF HARRIS

BEFORE ME, the undersigned authority, on this day personally appeared John W. Walsh
known to me to be the person whose name is subscribed to the foregoing instruments as Attorney-In-Fact
of P-H Energy, LLC, General Partner of Petrohawk Properties, LP 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 27 day of June, 20 13.



Estela Navarro
Notary Public in and for Texas

STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared Tom E. Johnson
known to me to be the person whose name is subscribed to the foregoing instruments as Manager
of Tom E. Johnson LLC, General Partner of Tom E. Johnson LP 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 company.

Given under my hand and seal of office this the 18th day of June, 20 13.



Linda Whitaker
Notary Public in and for State of Texas

THE STATE OF TEXAS
COUNTY OF REEVES
I, Dianne O. Florez, Clerk of the County Court in and
for said County and State do hereby certify that the foregoing is a true and correct copy of
the record in my office this _____ day of _____, 2013.
My Seal and Signature are hereunto attested.
Dianne O. Florez, County Clerk
TO CORRECT: WASH, Witness my hand and official seal at Pecos, Texas
this _____ day of _____, 2013.
Dianne O. Florez, County Clerk
REEVES COUNTY, TEXAS

Inst No. 13-04789
DIANNE O. FLOREZ
COUNTY CLERK
2013 Jul 09 at 01:02 PM
REEVES COUNTY, TEXAS
By: NC N. Rasmussen, DEPUTY

True and Correct
Original filed in
Reeves County
Clerks Office

07-07-01

File No. 115565
Lease C
Date Filed: 10/15/13
Jerry E. Patterson, Commissioner
By G-11

10-15-13

THE STATE OF TEXAS
COUNTY OF REEVES
I, Dianne O. Florez, Clerk of the County Court in and for said County and State do hereby certify that the foregoing is a true and correct copy of Oil & Gas Lease dated June 18, 2013 filed for record in my office this 9th day of July 2013 at 1:02 P.M., under Clerk's File No. 13-04189, to be recorded in the Official Public Records Records of Reeves County, Texas.
TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas this 9th day of July, 2013.
By Vanessa G. [Signature] Deputy, DIANNE O. FLOREZ, COUNTY CLERK REEVES COUNTY, TEXAS

10-15-13

115565 D

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 8th day of October, 2013, between the State of Texas, acting by and through its agent, Robert M. Davenport of P.O. Box 3511, Midland, Texas 79702 (Give Permanent Address) said agent herein referred to as the owner of the soil (whether one or more), and BHP Billiton Petroleum Properties (N.A.), LP of 1360 Post Oak Blvd, Suite 150, Houston, Texas 77056-3030 hereinafter called Lessee. (Give Permanent Address)

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

320 acres of land, more or less, being the West Half (W/2) of Section 46, Block 56, Township 2, T&P Railway Company Survey, Reeves County, Texas.

containing 320 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: One Hundred Twenty Thousand and 00/100
Dollars (\$120,000.00)

To the owner of the soil: One Hundred Twenty Thousand and 00/100
Dollars (\$120,000.00)

Total bonus consideration: Two Hundred Forty Thousand and 00/100
Dollars (\$240,000.00)

The total bonus consideration paid represents a bonus of Three Thousand and 00/100
Dollars (\$3,000.00) per acre, on 80.00 net acres.

2. TERM. Subject to the other provisions in this lease, this lease shall be for a term of Three (3) years from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land. As used in this lease, the term "produced in paying quantities" means that the receipts from the sale or other authorized commercial use of the substance(s) covered exceed out of pocket operational expenses for the six months last past.

3. DELAY RENTALS. If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the _____ Bank, at _____ or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:

To the owner of the soil: _____
Dollars (\$ _____)

To the State of Texas: _____
Dollars (\$ _____)

Total Delay Rental: PAID UP LEASE-- Refer to Addendum Paragraph 40.
Dollars (\$ _____)



True and Correct
Original filed in
Reeves County
Clerks Office

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

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

(A) OIL. Royalty payable on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also as all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, shall be $\frac{1}{4}$ part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity in the general area where produced and when run, or 2) the highest market price thereof offered or paid in the general area where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is the greater. Lessee agrees that before any gas produced from the leased premises is sold, used or processed in a plant, it will be run free of cost to the royalty owners through an adequate oil and gas separator of conventional type, or other equipment at least as efficient, so that all liquid hydrocarbons recoverable from the gas by such means will be recovered. The requirement that such gas be run through a separator or other equipment may be waived, in writing, by the royalty owners upon such terms and conditions as they prescribe.

(B) NON PROCESSED GAS. Royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (A) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons or other products) shall be $\frac{1}{4}$ part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is the greater; provided that the maximum pressure base in measuring the gas under this lease shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to tests made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

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

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

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

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

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

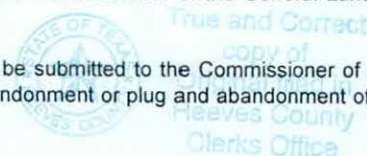
8. PLANT FUEL AND RECYCLED GAS. No royalty shall be payable on any gas as may represent this lease's proportionate share of any fuel used to process gas produced hereunder in any processing plant. Notwithstanding any other provision of this lease, and subject to the written consent of the owner of the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

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

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

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

(B) PERMITS, DRILLING RECORDS. Written notice of all operations on this lease shall be submitted to the Commissioner of the General Land Office by Lessee or operator five (5) days before spud date, workover, re-entry, temporary abandonment or plug and abandonment of any well or



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

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

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

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

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

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

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

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

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

(B) HORIZONTAL. In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (hereinafter "deeper depths") in each well located on acreage retained in Paragraph 16 (A) above, unless on or before two (2) years after the primary or extended term Lessee pays an amount equal to one-half (1/2) of the

bonus originally paid as consideration for this lease (as specified on page 1 hereof). If such amount is paid, this lease shall be in force and effect as to such deeper depths, and said termination shall be delayed for an additional period of two (2) years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths covered by this lease.

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

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

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

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

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

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

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

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

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

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

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

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

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

copy of such assignment in the General Land Office before the next rental paying date, the entire lease shall terminate for failure to pay the entire rental due under Paragraph 3. Every assignee shall succeed to all rights and be subject to all obligations, liabilities, and penalties owed to the State by the original lessee or any prior assignee of the lease, including any liabilities to the State for unpaid royalties.

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

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

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

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

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

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

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

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

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

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

36. ENVIRONMENTAL HAZARDS. Lessee shall use the highest degree of care and all reasonable safeguards to prevent contamination or pollution of any environmental medium, including soil, surface waters, groundwater, sediments, and surface or subsurface strata, ambient air or any other environmental medium in, on, or under, the leased premises, by any waste, pollutant, or contaminant. Lessee shall not bring or permit to remain on the leased premises any asbestos containing materials, explosives, toxic materials, or substances regulated as hazardous wastes, hazardous materials,

hazardous substances (as the term "Hazardous Substance" is defined in the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 U.S.C. Sections 9601, et seq.), or toxic substances under any federal, state, or local law or regulation ("Hazardous Materials"), except ordinary products commonly used in connection with oil and gas exploration and development operations and stored in the usual manner and quantities. LESSEE'S VIOLATION OF THE FOREGOING PROHIBITION SHALL CONSTITUTE A MATERIAL BREACH AND DEFAULT HEREUNDER AND LESSEE SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND THE STATE OF TEXAS AND THE OWNER OF THE SOIL FROM AND AGAINST ANY CLAIMS, DAMAGES, JUDGMENTS, PENALTIES, LIABILITIES, AND COSTS (INCLUDING REASONABLE ATTORNEYS' FEES AND COURT COSTS) CAUSED BY OR ARISING OUT OF (1) A VIOLATION OF THE FOREGOING PROHIBITION OR (2) THE PRESENCE, RELEASE, OR DISPOSAL OF ANY HAZARDOUS MATERIALS ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OR CONTROL OF THE LEASED PREMISES. LESSEE SHALL CLEAN UP, REMOVE, REMEDY AND REPAIR ANY SOIL OR GROUND WATER CONTAMINATION AND DAMAGE CAUSED BY THE PRESENCE OR RELEASE OF ANY HAZARDOUS MATERIALS IN, ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OF THE LEASED PREMISES IN CONFORMANCE WITH THE REQUIREMENTS OF APPLICABLE LAW. THIS INDEMNIFICATION AND ASSUMPTION SHALL APPLY, BUT IS NOT LIMITED TO, LIABILITY FOR RESPONSE ACTIONS UNDERTAKEN PURSUANT TO CERCLA OR ANY OTHER ENVIRONMENTAL LAW OR REGULATION. LESSEE SHALL IMMEDIATELY GIVE THE STATE OF TEXAS AND THE OWNER OF THE SOIL WRITTEN NOTICE OF ANY BREACH OR SUSPECTED BREACH OF THIS PARAGRAPH, UPON LEARNING OF THE PRESENCE OF ANY HAZARDOUS MATERIALS, OR UPON RECEIVING A NOTICE FROM ANY GOVERNMENTAL AGENCY PERTAINING TO HAZARDOUS MATERIALS WHICH MAY AFFECT THE LEASED PREMISES. THE OBLIGATIONS OF LESSEE HEREUNDER SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION, FOR ANY REASON, OF THIS AGREEMENT.

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

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

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

ADDENDUM PROVISION

40. **DELAY RENTALS.** As Stipulated in Paragraph #3 of this lease, the rentals for this lease have been PAID-UP for the second (2nd) and third (3rd) years of the primary term hereof.

LESSEE

BHP Billiton Petroleum Properties (N.A.), LP

By: BHP Billiton Petroleum Properties (GP), LLC, its General Partner

BY: John W. Walsh

John W. Walsh

Title: Attorney-In-Fact

Date: OCT. 24, 2013

STATE OF TEXAS

BY: Robert M. Davenport

Robert M. Davenport, Individually and as agent for
the State of Texas

Date: Oct. 16, 2013



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

STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF HARRIS

BEFORE ME, the undersigned authority, on this day personally appeared John W. Walsh
known to me to be the person whose name is subscribed to the foregoing instruments as Attorney-In-Fact
of BHP Billiton Petroleum Properties (GP), LLC, General Partner of BHP Billiton Petroleum Properties (N.A.), LP 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 24 day of OCT., 2013.



Lynn Latiolais
Notary Public in and for TEXAS

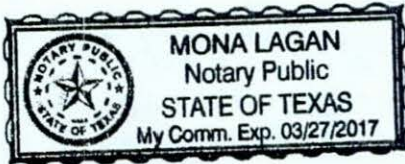
STATE OF TEXAS

(INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared Robert M. Davenport
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 16th day of October, 2013.



Mona Lagan
Notary Public in and for State of Texas

THE STATE OF TEXAS
COUNTY OF REEVES
I, Dianne O. Florez, Clerk of the County Court in and
for said County and State do hereby certify that the foregoing is a true and correct copy of
the instrument recorded in my office this _____ day of _____, 20____, when Clerk's File No. _____
was recorded in my office this _____ day of _____, 20____, to be recorded in the
Records of Reeves County, Texas.
TO CERTIFY WHICH, Witness my hand and official seal at Fort Worth,
Texas, this _____ day of _____, 20____.

Inst No. 13-08529
DIANNE O. FLOREZ

COUNTY CLERK

2013 Nov 19 at 04:12 PM

REEVES COUNTY, TEXAS

By: VG Amesha Garcia DEPUTY

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

File No. 115565
Lease D
Date Filed: 12/3/13
Jerry E. Patterson, Commissioner
By GH

THE STATE OF TEXAS
COUNTY OF REEVES
I, Dianne O. Florez, Clerk of the County Court in and for said County and State do hereby certify that the foregoing is a true and correct copy of Oil & Gas Lease dated October 8, 2013, filed for record in my office this 9th day of November 2013 at 4:20 M, under Clerk's File No. 1378629 to be recorded in the Official Public Records Records of Reeves County, Texas.
TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas this 9th day of November, 2013.
By Dianne Florez Deputy
DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

PETROHAWK ENERGY CORPORATION

165203

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

CHECK NO.

REFERENCE	INVOICE DATE	INVOICE NO.	INVOICE AMT.	PRIOR PAYMENT	DISCOUNT	AMOUNT PAID
LLK25JUN2013-1	6/24/13	CKREQ-GENERA L.LAND.OFFICE.S TATE.OF.TX-06/2 4/13	80,000.00 Tom E Johnson LP	L4702289	C	80,000.00 121
437294 COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE				CHECK DATE 06/27/13	TOTAL	\$80,000.00

BOLO-200

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

PETROHAWK ENERGY CORPORATION

Bank of America

ACCOUNTS PAYABLE DISBURSEMENT ACCOUNT

1360 POST OAK BLVD., SUITE 1900CT

HOUSTON, TX 77056

inquiry@bhpbilliton.com

L4702289 165203

DATE

06/27/13

PAY Eighty Thousand Dollars And Zero Cents*****

AMOUNT \$*****80,000.00

TO THE
ORDER
OF

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

VOID AFTER 180 DAYS

John A. Sumner

165203

John L. Robertson, Inc.
P. O. Box 1524
200 East Sabine St.
Carthage, TX 75633
(903) 693-6262

October 14, 2013

State of Texas
General Land Office
1700 N. Congress Ave.
Austin, TX 78701

Attn: Mr. Drew Reid

Re: Various Assignments/Leases
Reeves County, Texas

Mr. Reid:

Please find enclosed the following:

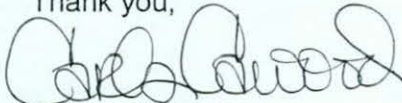
MF-115965

- Certified Copy of Oil and Gas Lease between Tom E. Johnson LP, as Agent for the State of Texas and Petrohawk Properties, LP, covering the W/2 of Section 46, Block 56, Township 2, T&P RR CO Survey, as well as a check in the amount of \$80,000.00 for the State's portion of the bonus covering the Lease.
- Certified Copy of Term Assignment of Oil and Gas Leases between PETCO LIMITED and Petrohawk Properties, LP, covering the W/2 SE/4 of Section 14, W/2 SE/4 and the E/2 SW/4 of Section 11, both sections in Block 56, Township 2, T&P RR CO Survey.
- Certified Copy of Term Assignment of Oil and Gas Leasehold Interest between Nancy Crouch Podio and Petrohawk Properties, LP, covering those rights below 6,000 feet subsurface in and under the E/2 SE/4 and the W/2 SW/4, Section 11, Block 56, Township 2, T&P RR CO Survey.
- Certified Copy of Term Assignment of Oil and Gas Leases between Orville and Mercedes Tunstill Mineral Trust and Petrohawk Properties, LP, covering rights below the Base of the Delaware Mountain Group down to the Base of the Wolfcamp Formation only in the E/2 SE/4 of Section 14, Block 56, Township 2, T&P RR CO Survey.
- Certified Copy of Term Assignment of Oil and Gas Leases between Jack C. Tunstill Royalty Trust A and Petrohawk Properties, LP, covering rights below the Base of the Delaware Mountain Group down to the Base of the Wolfcamp Formation in the W/2 SE/4 of Section 14, W/2 SE/4 and E/2 SW/4 of Section 11, both Sections in Block 56, Township 2, T&P RR CO Survey.

- Certified Copy of Term Assignment of Oil and Gas Leases between Jack C. Tunstill Royalty Trust B and Petrohawk Properties, LP, covering rights below the Base of the Delaware Mountain Group down to the Base of the Wolfcamp Formation in the W/2 SE/4 of Section 14, W/2 SE/4 and E/2 SW/4 of Section 11, both Sections in Block 56, Township 2, T&P RR CO Survey.
- Certified Copy of Assignment of Leasehold Rights, Bill of Sale, and Conveyance between Eugene Louis Crouch and Petrohawk Properties, LP, covering rights below 6,000 feet subsurface in and under the E/2 SE/4 and the W/2 SW/4 of Section 11, Block 56, Township 2, T&P RR CO Survey.
- Certified Copy of Term Assignment of Oil and Gas Leasehold Interest between James Crouch and Petrohawk Properties, LP, covering rights below 6,000 feet subsurface in and under the E/2 SE/4 and the W/2 SW/4 of Section 11, Block 56, Township 2, T&P RR CO Survey.
- Check in the amount of \$200.00 to cover the filing fee for all of the above.

Please feel free to call if you have any questions or comments.

Thank you,

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

Carla Cawood

Enclosures

121

CABRY ENTERPRISES LLC 11332 US HWY 59 N 903-930-1136 JEFFERSON, TX 75657-8272		14702288	1563
		10/14/13	Date
Pay to the Order of	State of Texas	\$ 200.00	
Two hundred dollars & 00/100		Dollars	
 CITIZENS NATIONAL BANK Marshall, TX 75670-903-930-6024 Member FDIC			
For HK-0091; HK-0094; HK-0097		Carla Cawood	
		1563	



resourcing the future
PETROHAWK ENERGY CORPORATION
CONTROLLED DISBURSEMENT
P.O. BOX 22719
HOUSTON, TX 77027-9998

AMEGY BANK N.A.
P.O. BOX 27459
HOUSTON, TEXAS 77227-7459

14704433 13155

11/06/13

PAY TO THE
ORDER OF Texas General Land Office

\$ 120,000.00

One Hundred Twenty Thousand and 00/100

DOLLARS

VOID IF NOT CASHED WITHIN SIX MONTHS OF ISSUE
NON TRANSFERABLE
OWNER CALL CENTER 1-877-311-1443

MEMO

Bonus for Contract JR-0107A

John W. Asels
AUTHORIZED SIGNATURE

⑈013155⑈

PETROHAWK ENERGY CORPORATION

13155



121
X 120,000.00

PETROHAWK ENERGY CORPORATION

13155

14704433



121

CABRY ENTERPRISES LLC
11332 US HWY 59 N 903-930-1136
JEFFERSON, TX 75657-8272

14704432

1571

12/2/2013

Date

Pay to the
Order of

State of Texas

\$ 25.00

Twenty five dollars & no/xx

Dollars



Security
Features
Details on
Back



CITIZENS NATIONAL BANK
Marshall, TX 75670 - 903-935-6624
Member FDIC

For Robert M. Davenport Filing Fee

Corey C. Wood

MP

1571

JOHN L. ROBERTSON, INC.

P. O. Box 1524
200 East Sabine Street
Carthage, TX 75633
(903) 693-6262

December 2, 2013

State of Texas
General Land Office
1700 N. Congress Ave.
Austin, TX 78701

Attn: Mr. Drew Reid

RE: Oil and Gas Lease
Block 56, T-2, T&P RR CO Survey
Section 46: W/2 80 net ac
Reeves County, Texas

MF-115565
gets w/ to 100%

Mr. Reid:

Enclosed please find a certified copy of Oil and Gas Lease between Robert M. Davenport as Agent for the State of Texas and BHP Billiton Petroleum Properties (N.A.), LP, in the above captioned area. Also enclosed is a check in the amount of \$25.00 for the filing fee, as well as a check in the amount of \$120,000.00 for the State's portion of the bonus covering the Lease. Please feel free to call if you have any questions or comments.

Thank You,


Carla Cawood

Enclosures:

CABRY ENTERPRISES LLC
11332 US HWY 59 N 903-930-1136
JEFFERSON, TX 75657-8272

14703808

1568

11/14/2013

Date

Pay to the
Order of

State of Texas

\$ 100.00

One hundred dollars & No/xx Dollars



Security
Features
Details on
Back



CITIZENS NATIONAL BANK
Marshall, TX 75670 - 903-935-6824
Member FDIC

JR-0107

For Robert M Davenport

Carla Cawood MP

911 1568

121

John L. Robertson, Inc.
P. O. Box 1524
200 East Sabine St.
Carthage, TX 75633
(903) 693-6262

November 15, 2013

State of Texas
General Land Office
1700 N. Congress Ave.
Austin, TX 78701

Attn: Mr. Drew Reid

Re: Oil and Gas Lease
Block 56, T-2, T&P RR CO Survey
Section 46: W/2
Reeves County, Texas

> MF-115545

Mr. Reid:

Enclosed please find a copy of signed Oil and Gas Lease between Robert M Davenport, as Agent for the State of Texas and BHP Billiton Petroleum Properties (N.A.), LP, in the above captioned area. Also enclosed is a check in the amount of \$100 to cover the processing fee.

Upon receipt of the recorded lease, a certified copy will be forwarded to you with the State's portion of the bonus and the required \$25 filing fee.

Please process this lease and advise if you have any questions or comments.

Thank you,



Carla Cawood

Enclosures

166810

CHECK NO.

REFERENCE	INVOICE DATE	INVOICE NO.	INVOICE AMT.	PRIOR PAYMENT	DISCOUNT	AMOUNT PAID
LPL10JUL2013-1	7/10/13	CKREQ-GENERA L.LAND.OFC.STA TE.OF.TEXAS-06/ 17/13-1	80,000.00			80,000.00
	OGML BONUS -	CONTRACT NO. JR-0101A <i>George A. Thomas</i>		13714073 <i>A</i>		
437294 COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE				CHECK DATE 07/11/13	TOTAL	\$80,000.00

PETROHAWK ENERGY CORPORATION

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

164616

CHECK NO.

REFERENCE	INVOICE DATE	INVOICE NO.	INVOICE AMT.	PRIOR PAYMENT	DISCOUNT	AMOUNT PAID
EPL18JUN2013-1	6/17/13	CKREQ-GENERA L.LAND.OFC.ST.O F.TX-06/17/13-1 OGML BONUS-CONTRACT NO. JR-0100A Roy E. Kimsey, Jr. B	80,000.00	13714072	X 121	80,000.00
437294 COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE				CHECK DATE 06/18/13	TOTAL	\$80,000.00

1234567890

121

PAULA J ROBERTSON

TX
409-383-0817
P O BOX 1600
JASPER TX 75951

13712632
6-19-13

5485

Pay to the Order of State of Texas
One Hundred & 00/100

\$ 100.00

Dollars



Security
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Details on
Back

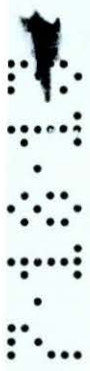


**First Bank
& Trust** EAST
204 E. LAMAR ST TEXAS
JASPER, TEXAS 75951

Paul R. Robertson

For

⑆113122804⑆



CABRY ENTERPRISES LLC
11332 US HWY 59 N 903-930-1136
JEFFERSON, TX 75657-8272

13714070

1551

7/15/13

Date

Pay to the
Order of

State of Texas

\$ 100.00

One hundred dollars & no/100

Dollars



CITIZENS NATIONAL BANK
Marshall, TX 75670 - 903-935-6624
Member FDIC

For Tom & Johnson LP

Filing Fee

Carla Cawood

MP

1551

121

CABRY ENTERPRISES LLC
11332 US HWY 59 N 903-930-1136
JEFFERSON, TX 75657-8272

13714071

1552

7/15/13

Date

Pay to the
Order of

State of Texas

\$ 100.00

One hundred dollars & No/xx Dollars



Security
Features
Details on
Back



CITIZENS NATIONAL BANK
Marshall, TX 75670 - 903-935-6624
Member FDIC

#13-04740

For #13-04456; 13-04457; 13-04739

Chris Chwood

MP

1552

121



PAULA L ROBERTSON

TX [REDACTED]
409-383-0817
P O BOX 1600
JASPER TX 75951

13712633
6-19-13

5486

Date

Pay to the
Order of

State of Texas

\$100.00

One hundred & 00/100

Dollars



Security
Features
Details on
Back



**First Bank
& Trust**

EAST
TEXAS

204 E. LAMAR ST
JASPER, TEXAS 75951

Paul R. Robertson

MP

For

⑆113122804⑆ [REDACTED]

New
John L. Robertson, Inc.
P. O. Box 1524
200 East Sabine St.
Carthage, TX 75633
(903) 693-6262

June 18, 2013

State of Texas
General Land Office
1700 N. Congress Ave.
Austin, TX 78701

Attn: Mr. Drew Reid

Re: Oil and Gas Lease
Block 56, T-2, T&P RR CO Survey
Section 46: W/2
Reeves County, Texas

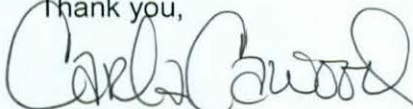
Mr. Reid:

Enclosed please find a copy of signed Oil and Gas Lease between Roy E. Kimsey, Jr., as Agent for the State of Texas and Petrohawk Properties, LP, in the above captioned area. Also enclosed is a check in the amount of \$100 to cover the processing fee.

Upon receipt of the recorded lease, a certified copy will be forwarded to you with the State's portion of the bonus and the required \$25 filing fee.

Please process this lease and advise if you have any questions or comments.

Thank you,



Carla Cawood

Enclosures

C# 1101

T# 7831

67-168756

John L. Robertson, Inc.
P. O. Box 1524
200 East Sabine St.
Carthage, TX 75633
(903) 693-6262

June 18, 2013

State of Texas
General Land Office
1700 N. Congress Ave.
Austin, TX 78701

Attn: Mr. Drew Reid

Re: Oil and Gas Lease
Block 56, T-2, T&P RR CO Survey
Section 46: W/2
Reeves County, Texas

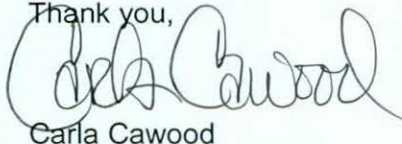
Mr. Reid:

Enclosed please find a copy of signed Oil and Gas Lease between George A. Thomas, as Agent for the State of Texas and Petrohawk Properties, LP, in the above captioned area. Also enclosed is a check in the amount of \$100 to cover the processing fee.

Upon receipt of the recorded lease, a certified copy will be forwarded to you with the State's portion of the bonus and the required \$25 filing fee.

Please process this lease and advise if you have any questions or comments.

Thank you,



Carla Cawood

Enclosures

John L. Robertson Inc.
Attn: Carla Cawood
P.O. Box 1524
200 East Sabine St.
Carthage, TX 75633

July 15, 2013

State of Texas
General Land Office
1700 N. Congress Ave.
Austin, TX 78701

RE: Oil and Gas Lease
Block 56, T-2, T&P RR CO Survey
Section 46: W/2
Reeves County, Texas

Mr. Reid,

Enclosed please find a copy of signed Oil and Gas Lease between Tom E. Johnson LP, as Agent for the State of Texas and Petrohawk Properties, LP, in the above captioned area. Also enclosed is a check in the amount of \$100 to cover the processing fee.

Upon receipt of the recorded lease, a certified copy will be forwarded to you with the State's portion of the bonus and the required \$25 filing fee.

Please process this lease and advise if you have any questions or comments.

Sincerely,



Carla Cawood

Enclosures: 1

John L. Robertson Inc.
Attn: Carla Cawood
P.O. Box 1524
200 East Sabine St.
Carthage, TX 75633

July 15, 2013

State of Texas
General Land Office
1700 N. Congress Ave.
Austin, TX 78701

RE: Oil and Gas Leases (2)
Block 56, T-2, T&P RR CO Survey
Section 46: W/2
Reeves County, Texas

Assignments (2)
Block 56, T-2, T&P RR CO Survey
Section 14: SW/4 and W/2 NW/4
Reeves and Loving Counties, Texas

Mr. Reid,

Enclosed please find a certified copy of Oil and Gas Leases between George A. Thomas, as Agent for the State of Texas and Petrohawk Properties LP, and Roy E. Kimsey, Jr., as Agent for the State of Texas and Petrohawk Properties LP, in the above captioned area, as well as 2 checks in the amount of \$80,000.00 each for the State's portion of the bonus covering both Leases.

Also enclosed please find a certified copy of Assignment of Leasehold Rights, Bill of Sale, and Conveyances from Enerlex, Inc., to Petrohawk Properties, LP, and from the Snead 2000 Revocable Trust dated April 13, 2000, by Mark Snead, Trustee, to Petrohawk Properties, LP, in the above captioned area.

Also enclosed is a check in the amount of \$100 to cover the \$25.00 filing fee per instrument to satisfy the State's requirement.

Please advise if you have any questions or comments.

Sincerely,



Carla Cawood

Enclosures



5

File No. 115565

Cover George Bonasso

Date Filed: 10/15/13

Jerry E. Patterson, Commissioner

By GP

1314023 1314023 1314023

1314023

1314023

1314023

2013

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

December 27, 2013

Micah Strother
BHP Billiton Petroleum
Post Office Box 22719
Houston, Texas 77027

Re: **State Lease MF 115655**

Four Relinquishment Act Leases described on **Page 2** hereof
Covering 320 ac., Sec. 46, Blk. 56, T-2, T&P Ry. Co. Survey,
Reeves County, TX

Dear Mr. Strother:

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

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

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

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

Sincerely yours,

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

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

<u>State Lease No.</u>	<u>Lessor as agent for State of TX</u>	<u>Dated</u>	<u>Recorded Vol/Page</u>	<u>Bonus Amount</u>
MF115565A	George A. Thomas	06/18/13	13-04456	\$80,000.00
MF115565B	Roy E. Kimsey, Jr.	06/18/13	13-04457	\$80,000.00
MF115565C	Tom E. Johnson, LP	06/18/13	13-04789	\$80,000.00
MF115565D	Robert M. Davenport	10/08/13	13-08529	\$120,000.00

File No. 115565

Final Letter

Date Filed: 12/27/13

Jerry E. Patterson, Commissioner

By GEP

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

UPA148522

Unit Number 7195
Operator Name Bhp Billiton Petroleum Properties (N.A.), LP Effective Date 12/09/2014
Customer ID C000079756 Unitized For Oil And Gas
Unit Name State Roy Kimsey 56-T2-46 Unit Term
County 1 Reeves RRC District 1 08 Old Unit Number Inactive Status Date
County 2 RRC District 2
County 3 RRC District 3
County 4 RRC District 4
Unit type Permanent
State Net Revenue Interest 0.12500000
State Part in Unit 1.00000000
Unit Depth Specified Depths Well
From Depth 0 Surface Formation Base of Wolfcamp
To Depth 12250 TVD Participation Basis Surface Acreage
If Exclusions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	Lease Royalty	Tract Royalty Participation	Royalty Rate Reduction Clause
MF115565	1	320.983000	641.860000	0.50008257	0.12500000	0.06251032	No
MF115985	2	320.877000	641.860000	0.49991743	0.12500000	0.06248968	No

API Number

389-34571 ✓

Remarks:

Prepared By:

REW

Prepared Date:

12-9-14

GLO Base Updated By:

REW

GLO Base Date:

12-9-14

RAM Approval By:

VAD

RAM Approval Date:

12-19-14

GIS By:

MC

GIS Date:

1-14-15

Well Inventory By:

MB

WI Date:

12/10/14

Pooling Committee Report

To: School Land Board

UPA148522

Date of Board Meeting: 12/09/2014

Unit Number: 7195

Effective Date: 12/09/2014

Unit Expiration Date:

Applicant: BHP Billiton Petroleum Properties (N.A.), LP

Attorney Rep:

Operator: Bhp Billiton Petroleum Properties (N.a.), Lp

Unit Name: State Roy Kimsey 56-T2-46

Field Name: Phantom (Wolfcamp)

County: Reeves

<u>Lease Type</u>	<u>Lease Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres In Unit</u>	<u>Royalty Participation</u>
RAL	MF115565	0.12500000	06/18/2016	3 years	320.000000	320.983000	0.06251032
RAL	MF115985	0.12500000	08/21/2016	3 years	320.000000	320.877000	0.06248968

Private Acres:	0.000000
State Acres:	641.860000
Total Unit Acres:	641.860000

<u>Participation Basis:</u>	Surface Acreage
Surface Acreage	
<u>State Acreage:</u>	100.00%
<u>State Net Revenue Interest:</u>	12.50%

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

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Yes	704 acres for a 5000 foot lateral

Working File Number: **UPA148522**

REMARKS:

- BHP Billiton Petroleum Properties (N.A.), LP is requesting permanent oil and gas pooling from the surface to 12,250 feet TVD as seen on the BHP Billiton Petroleum Hill & Meeker 56-T2-22 # 1H well log (42-399-34298) in order to test the Bone Spring and Wolfcamp Formations.
- The applicant plans to spud the unit well by the end of November, 2014, with a proposed TD of 10,593 feet TVD. A 5,000 foot lateral is expected to be drilled.
- With approval of the unit the State's unit royalty participation will be 12.50%.
- The State will participate on a unitized basis from the date of first production.
- The applicant agrees to commence drilling operations on 4 unit wells by June 18, 2019. The applicant is also requesting that the retained acreage clause in the leases be amended such that all depths terminate below the base of the pooled interval rather than 100 feet below the deepest depth drilled.

POOLING COMMITTEE RECOMMENDATION:

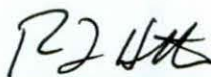
The Pooling Committee recommends Board approval of a permanent oil and gas unit under the above-stated provisions.



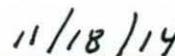
Mary Smith - Office of the Attorney General



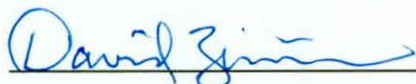
Date



Robert Hatter - General Land Office



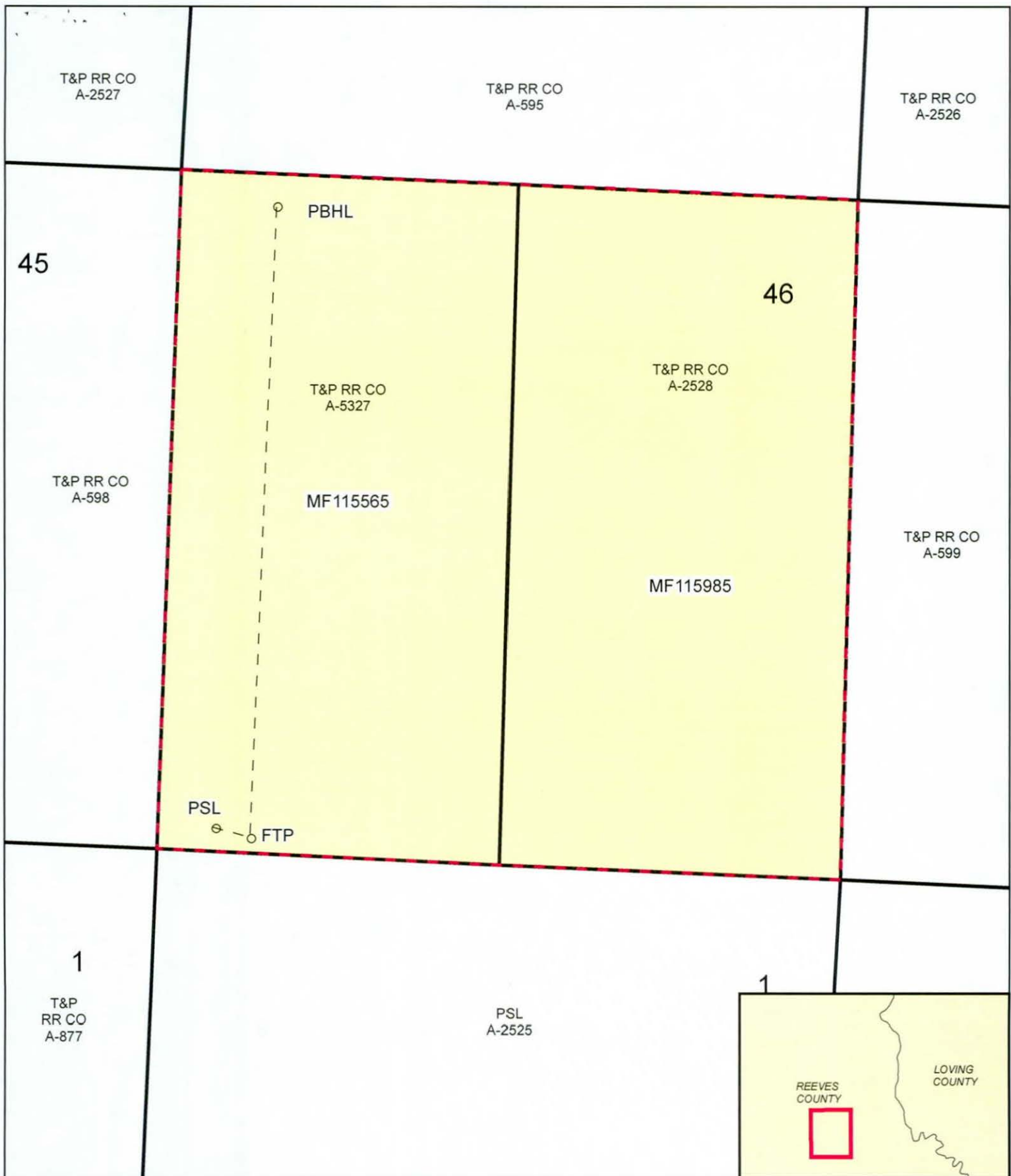
Date



David Zimmerman - Office of the Governor



Date



Unit #7195
BHP Billiton Petroleum
State Roy Kimsey 56-T2-46 1H
Phantom (Wolfcamp) Field
Reeves County, Texas

1,000 500 0 1,000 Feet



The Texas General Land Office makes no representations or warranties regarding the accuracy or completeness of the information depicted on this map or the data from which it was produced. This map IS NOT suitable for navigational purposes and does not purport to depict or establish boundaries between private and public land.



Map Generated by:
Mark Conway
IS/BAS/GIS
December 2014

POOLING AGREEMENT
BHP BILLITON PETROLEUM PROPERTIES (N.A.), LP
STATE ROY KIMSEY 56-T2-46 UNIT
GLO UNIT NO. 7195
REEVES COUNTY, TEXAS

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and BHP Billiton Petroleum Properties (N.A.), LP, herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", in consideration of the mutual agreements hereinafter set forth and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and for the purposes and upon the terms and conditions which follow:

PURPOSES:

1.

This Pooling Agreement ("Agreement") is made for the purposes of conservation and utilization of the pooled mineral, to prevent waste, to facilitate orderly development and to preserve correlative rights. To such end, it is the purpose of this Agreement to effect equitable participation within the unit formed hereby. This Agreement is intended to be performed pursuant to and in compliance with all applicable statutes, decisions, regulations, rules, orders and directives of any governmental agency having jurisdiction over the production and conservation of the pooled mineral and in its interpretation and application shall, in all things, be subject thereto.

UNIT DESCRIPTION:

2.

The oil and gas leases, which are included within the pooled unit, are listed on the attached Exhibit "A", to which leases and the records thereof reference is here made for all pertinent purposes. The pooled unit shall consist of all of the lands described in Exhibit "B" attached hereto and made a part hereof. A plat of the pooled unit is attached hereto as Exhibit "C". The unit description is subject to the provisions of Addendum "A".

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit from the surface to the stratigraphic equivalent of 100 feet below the base of the Wolfcamp Formation, said base being seen at a depth of 12,150 feet true vertical depth on the Triple Combination Log of the BHPBTXLA, Hill & Meeker 56-T2-22 #1H well, API #42-389-34298 ("unitized interval"). The unitized interval is subject to the provisions of Addendum "B".

POOLING AND EFFECT:

4.

The parties hereto commit all of their interests which are within the unit to the extent and as above described into said unit and unitize and pool hereunder the separate tracts described on the attached Exhibit "B", for and during the term hereof, so that such pooling or unitization shall have the following effect:

- (a) The unit, to the extent as above described, shall be operated as an entirety for the exploration, development and production of the pooled mineral, rather than as separate tracts.
- (b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement. In the event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional well drilled under the unitized area from a surface location on adjacent or adjoining lands not included within the boundaries of the unitized area, such operations shall be considered to have been commenced on the unitized area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the unitized area and production of oil or gas from the unitized area through any directional well surfaced on adjacent or adjoining land or drilling or reworking of any such directional well shall be considered production or drilling or reworking operations, as the case may be, on the unitized area for all purposes under this Agreement. Nothing in this Agreement is intended or shall be construed as granting to Lessee any leasehold interest, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, easements, or other rights which the lessee, operator or other interest owner in the unitized area may have lawfully acquired from the state or others.
- (c) Production of the pooled mineral from the unit allocated to each separate tract, respectively, as hereinafter provided, shall be deemed to have been produced from each such separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement.
- (d) All rights to the production of the pooled mineral from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom. Provided that, payments that are made on a per acre basis shall be reduced according to the number of acres pooled and included herein, so that payments made on a per acre basis

shall be calculated based upon the number of acres actually included within the boundaries of the pooled unit covered by this Agreement.

- (e) A shut-in oil or gas well located upon any land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or lease included within said unit; provided, however, that shut-in oil or gas well royalty shall be paid to the State on each State lease wholly or partially within the unit, according to the terms of such lease as though such shut-in oil or gas well were located on said lease, it being agreed that shut-in royalties provided in each State lease shall not be shared with other royalty owners.
- (f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that, except as may otherwise be provided in each State Lease, the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.
- (g) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than 641 acres (or 240 acres, see Addendum "A"), then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) make application to the School Land Board of the State of Texas to reform the unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.
- (h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.
- (i) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.
- (j) Should this Agreement terminate for any cause, the leases and other contracts affecting the lands within the unit, if not then otherwise maintained in force and effect, shall remain and may be maintained in force and effect under their respective terms and conditions in the same manner as though there had been production or operations under said lease or contract and the same had ceased on the date of the termination of this Agreement.

ALLOCATION OF PRODUCTION:

5.

For the purpose of computing the share of production of the pooled mineral to which each interest owner shall be entitled from the pooled unit, there shall be allocated to each tract committed to said unit that pro rata portion of the pooled mineral produced from the pooled unit which the number of surface acres covered by each such tract and included in the unit bears to the total number of surface acres included in said unit, and the share of production to which each interest owner is entitled shall be computed on the basis of such owner's interest in the production so allocated to each tract.

TAKING ROYALTY IN KIND:

6.

Notwithstanding anything contained herein to the contrary, the State may, at its option, upon not less than sixty (60) days notice to Lessee, require that payment of all or any royalties accruing to the State under this pooling or unitization agreement 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.

FULL MARKET VALUE:

7.

In the event the State does not elect to take its royalty in kind, the State shall receive full market value for its royalty hereunder, such value to be determined as follows:

- (a) As to royalty on oil 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 for the field where produced and when run, or (2) the highest market price thereof offered or paid for the field where produced and when run, or (3) gross proceeds of the sale thereof, whichever is the greater;
- (b) As to royalty on gas, such value to be based on (1) the highest market price paid or offered for gas of comparable quality for the field where produced and when run, or (2) the gross price paid or offered to the producer, whichever is the greater.

(For the purposes of this Agreement "field" means the general area in which the lands covered hereby are located.)

EFFECTIVE DATE:

8.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of December 9, 2014.

TERM:

9.

This Agreement shall remain in effect so long as the pooled mineral is being produced from said unit, or so long as all leases included in the pooled unit are maintained in force by payment of delay rentals or shut-in oil or gas well royalties, by drilling or rework, or by other means, in accordance with the terms of said leases. Nothing herein shall amend or modify Section 52.031 of the Natural Resources Code, or any of the provisions thereof, which are contained in any State lease covered by this Agreement.

SPECIAL TERMS AND CONDITIONS:

10.

Notwithstanding anything contained herein to the contrary, this Agreement is subject to the terms and conditions of the attached Addendum "A" and Addendum "B".

STATE LAND:

11.

Insofar as the royalty interest of the State of Texas in and under any State tract committed to the unit is concerned, this Agreement is entered into, made and executed by the undersigned Commissioner of the General Land Office by virtue of the authority and pursuant to the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, authorizing the same, after the prerequisites, findings and approval hereof, as provided in said Code having been duly considered, made and obtained.

DISSOLUTION:

12.

The unit covered by this Agreement may be dissolved by Lessee, his heirs, successors or assigns, by an instrument filed for record in Reeves County, Texas, and a certified copy thereof filed in the General Land Office at any time after the cessation of production on said unit or the completion of a dry hole thereon prior to production or upon such other date as may be approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns.

RATIFICATION/WAIVER:

13.

Nothing in this Agreement, nor the approval of this Agreement by the School Land Board, nor the execution of this Agreement by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; (4) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest; or (5) constitute a ratification of, or a waiver or release of any claim by the State with respect to any violation of a statute, regulation, or any of the common laws of this State, or any breach of any contract, duty, or other obligation owed to the State.

COUNTERPARTS:

14.

This Agreement may be executed in counterparts and if so executed shall be valid, binding and have the same effect as if all the parties hereto actually joined in and executed one and the same document. For recording purposes and in the event counterparts of this Agreement are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this Agreement so as to form what shall be deemed and treated as a single original instrument showing execution by all parties hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement upon the respective dates indicated below.

Date Executed

12/30/14

STATE OF TEXAS

Legal
Content
Geology
Executive

[Signature]

By:

[Signature]
Jerry E. Patterson, Commissioner
General Land Office

Date Executed 12/17/14

BHP Billiton Petroleum Properties (N.A.), LP,
formerly known as Petrohawk Properties, LP,
By: BHP Billiton Petroleum Properties (GP), LLC,
its General Partner

By: [Signature]
Stephen L. Mahanay, Attorney-in-Fact cs

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on _____, 201____, by Stephen L. Mahanay, Attorney-in-Fact of BHP Billiton Petroleum Properties (N.A.), LP formerly known as Petrohawk Properties, LP, by BHP Billiton Petroleum Properties (GP), LLC, its General Partner a Texas limited liability company on behalf of said limited partnership.

Notary Public in and for the State of Texas

CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 9th day of December, 2014, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the 5th day of January, 2015.

[Signature]
Stephanie Crenshaw
Secretary of the School Land Board

Addendum "A"

To that certain Pooling Agreement for the STATE ROY KIMSEY 56-T2-46 1H UNIT

The parties hereby agree that should a conflict exist between this Addendum and the body of the agreement that this Addendum shall prevail.

The pooled unit shall consist of all of the lands herein described in the attached Exhibit "B" and depicted in the attached Exhibit "C", provided however that, on or before June 18, 2016 (the "**Trigger Date**"), if Lessee has commenced actual drilling operations on one (1) Unit Well, then a "**Continuous Drilling Program**" shall commence, whereby, Lessee has the option to commence actual drilling operations on additional Unit Wells in accordance with the deadlines below:

- June 18, 2017 – 2nd Unit Well
- June 18, 2018 – 3rd Unit Well
- June 18, 2019 – 4th Unit Well

At such time as Lessee has drilled and completed four (4) Unit Wells, in accordance with the deadlines above, the Continuous Drilling Program shall cease and the parties hereby agree that the pooled unit shall remain in the original, unaltered size and shape described in Exhibit "B" and depicted in Exhibit "C", in accordance with paragraph 9 of the Agreement.

Lessee's failure to timely comply with the deadlines above shall result in the formation of a "**Contracted Pooled Unit**" in accordance with the following:

# of Unit Wells	Corresponding size & shape of the resulting Contracted Pooled Unit
1 Unit Well	160 Acres, comprised of the stand-up 160 acre quarter of the pooled unit containing the first Unit Well.
2 Unit Wells	320 Acres, comprised of a) the stand-up 320 acre half of the section containing the first Unit Well, or b) the two 160 acre stand-up quarters of the section containing each of the 2 Unit Wells, if said wells are not in the same half of the section.
3 Unit Wells	480 Acres, comprised of a) the stand-up 320 acre half of the section containing the first Unit Well and the adjacent stand-up 160 acre quarter of the section, or b) the three 160 acre stand-up quarters of the section containing each of the 3 unit wells.

End of Addendum "A"

Addendum "B"

To that certain Pooling Agreement for the STATE ROY KIMSEY 56-T2-46 1H Unit

The parties hereby agree that should a conflict exist between this Addendum and the body of the Agreement that this Addendum shall prevail.

This Pooling Agreement shall constitute an amendment of the oil and gas leases listed on the attached Exhibit "A", hereinafter singularly a "Lease" and collectively the "Leases", and does hereby provide that in the event a Lease:

- 1) Is in force and effect two (2) years after the expiration of its primary term; and
- 2) If Lessee has paid an amount equal to one-half (1/2) of the bonus originally paid as consideration for the Lease, extending the deeper depths (as defined in paragraph 16 (B) of the Lease) for an additional 2 years (the "Deeper Depths Extension").

Then, at the expiration of the Deeper Depths Extension, the Lease shall not terminate as to all depths below 100 feet below the total depth drilled in each well located on acreage retained in Paragraph 16 (A) of the Lease, but shall instead be maintained in full force and effect as to all applicable depths covered by the Lease down to the "unitized interval", as defined in the body of the Agreement, for an additional 3 years following the expiration of the Deeper Depths Extension, at which point the Leases will terminate as to all depths below 300' below the deepest depth drilled in the unit. It is expressly understood that all depths included in the "unitized interval" shall be perpetuated in accordance with the Leases as modified by this Addendum, regardless of any language to the contrary in the body of the Leases.

End of Addendum "B"



Exhibit "A"

Leases In Unit

Lessor: State of Texas, acting by and through its agent, John D. Camp

Lessee: BHP Billiton Petroleum Properties (N.A.), LP

Date: 08/21/2013

Recording Info: Book 1026, Page 519, Doc # 13-07038, Filed: 09/27/2013, Reeves County, Texas

Royalty: 25%

Lessor: State of Texas, acting by and through its agent, Roy E. Kimsey, Jr.

Lessee: Petrohawk Properties, LP

Date: 06/18/2013

Recording Info: Book 1008, Page 54, Doc # 13-04457, Filed: 06/25/2013, Reeves County, Texas

Royalty: 25%

Lessor: State of Texas, acting by and through its agent, George A. Thomas

Lessee: Petrohawk Properties, LP

Date: 06/18/2013

Recording Info: Book 1008, Page 47, Doc # 13-04456, Filed: 06/25/2013, Reeves County, Texas

Royalty: 25%

Lessor: State of Texas, acting by and through its agent, Tom E. Johnson LP, by Tom E. Johnson Management LLC, its General Partner, represented herein by Tom E. Johnson, Manager

Lessee: Petrohawk Properties, LP

Date: 06/18/2013

Recording Info: Book 1009, Page 738, Doc # 13-04789, Filed: 07/09/2013, Reeves County, Texas

Royalty: 25%

Lessor: State of Texas, acting by and through its agent, Robert M. Davenport

Lessee: BHP Billiton Petroleum Properties (N.A.), LP

Date: 10/08/2013

Recording Info: Book 1037, Page 176, Doc # 13-08529, Filed: 11/19/2013, Reeves County, Texas

Royalty: 25%



Exhibit "B"

Description of Lands included in the Pooling Agreement

Tract 1:

320 acres of land, more or less, being the West Half (W/2) of Section 46, Block 56, Township 2, T&P Railway Company Survey, Reeves County, Texas.

Tract 2:

320 acres of land, more or less, being the East Half (E/2) of Section 46, Block 56, Township 2, T&P Railway Company Survey, Reeves County, Texas.





0 500 1000
1" = 1000 FEET

EXHIBIT "C"
STATE ROY KIMSEY 56-T2-46 UNIT PLAT
Reeves County, TX



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

REVISION	DATE	BY	DETAILS
A	07/30/14	GG	MAKE PRELIMINARY PLAT
B	07/31/14	JK	MAKE QCC AND REVISIONS
C	07/31/14	GG	CERTIFIED
D	09/17/14	RGM	CHANGE UNIT NAME

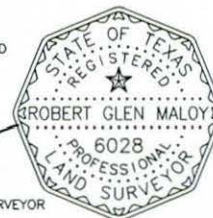
GENERAL NOTES

- COORDINATES SHOWN ARE BASED ON TEXAS COORDINATE SYSTEM OF NAD 83 (1986) "TEXAS CENTRAL ZONE", AND BASED ON "CHAPMAN ET" NGS MONUMENT (Y = 10,625,750.01, X = 1,199,666.18)
- VERTICAL DATUM IS NAVD 88
- COMBINED SCALE FACTOR - 0.999835590
- LATITUDE AND LONGITUDE ARE NAD 83 (1986) AS SHOWN
- AREA, DISTANCES, AND COORDINATES ARE "GRID"
- UNITS ARE UNITED STATES SURVEY FOOT
- ALL LEASE AND TRACT INFORMATION SHOWN HERE ON IS DONE SO BY LIMITED DEED RECORD INFORMATION ONLY. ALL ACREAGES SHOWN ARE BY DEED AND LEASE CALL, EXCEPT WHERE NOTED. THIS IS NOT IN ANY WAY A "BOUNDARY SURVEY"
- ELEVATIONS SHOWN IN LINE TABLES REPRESENT THE ELEVATION AT THE END OF THAT LINE SEGMENT IN THE DIRECTION FROM THE PREVIOUS POINT.

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

Robert Glen Maloy

ROBERT GLEN MALOY
REGISTERED PROFESSIONAL LAND SURVEYOR
LICENSE NO. 6028



PLAT OF:

A PROPOSED UNIT DESIGNATION PLAT FOR:
BHP BILLITON PET (TXLA OP) CO.
STATE ROY KIMSEY 56-T2-46 1H
WID# 832405

SITUATED IN THE R.D. COMPTON SURVEY, A-5327, SECTION 46,
BLOCK 56, TOWNSHIP 2, AND THE M. WILMETH SURVEY, A-2528,
SECTION 46, BLOCK 56, TOWNSHIP 2, LOCATED APPROX. 5 MILES
SOUTHEAST OF ORLA, IN REEVES COUNTY, TEXAS.

FRANK
SURVEYING COMPANY INC.
550 Bailey Ave., 205 - Fort Worth, TX 76107
Ph: 817.349.9800 - Fax: 979.732.5271
TBPLS Firm No. 10193887
www.franksurveying.com
LAND SURVEYING/ENERGY/GIS SERVICES
© COPYRIGHT 2014 - ALL RIGHTS RESERVED

DATE: 07/31/14
DRAWN BY: GG
CHECKED BY: JK
FIELD CREW: RE/MR
PROJECT NO: 201407688
SCALE: 1" = 1000'
SHEET: 1 OF 1
REVISION: NO

11.02.21

8

File No.

M-115565

Pooling Agreement Packet #795

State Roy/Kinsky 56-72-46 Unit

Date Filed:

1/6/15

Jerry E. Patterson, Commissioner

By





TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

January 6, 2015

Mr. Chase Simpson
BHP Billiton Petroleum Properties (N.A.), LP
1360 Post Oak Blvd., Suite 150
Houston, Texas 77056-3020

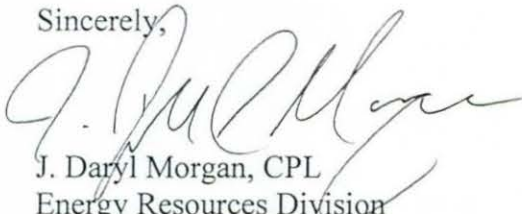
Re: Pooling Agreement
State Roy Kimsey 56-T2-46 Unit
GLO Unit No. 7195
Reeves County, Texas

Dear Mr. Simpson:

Enclosed is a duplicate original of the above referenced Pooling Agreement that has been executed by Jerry E. Patterson, Commissioner of the Texas General Land Office. We have retained the other original of the Pooling Agreement for our files. Please refer to the referenced GLO Unit No. when filing Royalty Reports with the GLO.

Thank you for your assistance with this matter, if you have any questions or need anything further, please feel free to call.

Sincerely,


J. Daryl Morgan, CPL
Energy Resources Division
(512) 305-9106

Enclosure

9

File No. M-115565
Ltr to BHP
Date Filed: 1/6/15
Jerry E. Patterson, Commissioner
By RP

EXPLORATION LAND SERVICES, LLC

4021-B Ambassador Caffery Pkwy, Suite 200, Lafayette, Louisiana 70503-5281 • Phone: 337.234.3500 • Fax: 337.234.3525 • Email: contact@explorationland.com

January 20, 2015

Via FedEx

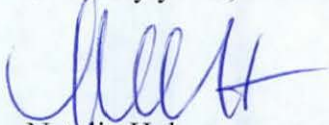
Mr. J. Daryl Morgan
Texas General Land Office
1700 Congress Avenue
Stephen F. Austin Building, RM 840
Austin, Texas 78701

Re: Pooling Agreement **M-115565**
GLO Unit No. 7195
Reeves County, Texas

Dear Daryl:

Enclosed herewith, please find one (1) Pooling Agreement for the State Roy Kimsey 56-T2-46 Unit in Reeves County, Texas, between the Commissioner of the General Land Office, on behalf of the State of Texas and BHP Billiton Petroleum Properties (N.A.), LP, filed under Instrument Number 15-00502 in the Official Public Records of Reeves County, Texas. I trust you will not hesitate to call me with any questions that you may have concerning this matter.

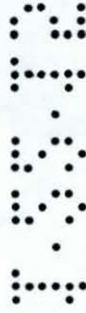
Sincerely yours,

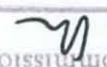


Natalie Holeman

encl.

31.03.1



File No. M-115565
Lt. From Expt. Land Services
Date Filed: 1/22/15
By Jerry E. Patterson, Commissioner 

POOLING AGREEMENT
BHP BILLITON PETROLEUM PROPERTIES (N.A.), LP
STATE ROY KIMSEY 56-T2-46 UNIT
GLO UNIT NO. 7195
REEVES COUNTY, TEXAS

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and BHP Billiton Petroleum Properties (N.A.), LP, herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", in consideration of the mutual agreements hereinafter set forth and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and for the purposes and upon the terms and conditions which follow:

PURPOSES:

1.

This Pooling Agreement ("Agreement") is made for the purposes of conservation and utilization of the pooled mineral, to prevent waste, to facilitate orderly development and to preserve correlative rights. To such end, it is the purpose of this Agreement to effect equitable participation within the unit formed hereby. This Agreement is intended to be performed pursuant to and in compliance with all applicable statutes, decisions, regulations, rules, orders and directives of any governmental agency having jurisdiction over the production and conservation of the pooled mineral and in its interpretation and application shall, in all things, be subject thereto.

UNIT DESCRIPTION:

2.

The oil and gas leases, which are included within the pooled unit, are listed on the attached Exhibit "A", to which leases and the records thereof reference is here made for all pertinent purposes. The pooled unit shall consist of all of the lands described in Exhibit "B" attached hereto and made a part hereof. A plat of the pooled unit is attached hereto as Exhibit "C". The unit description is subject to the provisions of Addendum "A".

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit from the surface to the stratigraphic equivalent of 100 feet below the base of the Wolfcamp Formation, said base being seen at a depth of 12,150 feet true vertical depth on the Triple Combination Log of the BHPBTLA, Hill & Meeker 56-T2-22 #1H well, API #42-389-34298 ("unitized interval"). The unitized interval is subject to the provisions of Addendum "B".

POOLING AND EFFECT:

4.

The parties hereto commit all of their interests which are within the unit to the extent and as above described into said unit and unitize and pool hereunder the separate tracts described on the attached Exhibit "B", for and during the term hereof, so that such pooling or unitization shall have the following effect:

- (a) The unit, to the extent as above described, shall be operated as an entirety for the exploration, development and production of the pooled mineral, rather than as separate tracts.
- (b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement. In the event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional well drilled under the unitized area from a surface location on adjacent or adjoining lands not included within the boundaries of the unitized area, such operations shall be considered to have been commenced on the unitized area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the unitized area and production of oil or gas from the unitized area through any directional well surfaced on adjacent or adjoining land or drilling or reworking of any such directional well shall be considered production or drilling or reworking operations, as the case may be, on the unitized area for all purposes under this Agreement. Nothing in this Agreement is intended or shall be construed as granting to Lessee any leasehold interest, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, easements, or other rights which the lessee, operator or other interest owner in the unitized area may have lawfully acquired from the state or others.
- (c) Production of the pooled mineral from the unit allocated to each separate tract, respectively, as hereinafter provided, shall be deemed to have been produced from each such separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement.
- (d) All rights to the production of the pooled mineral from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom. Provided that, payments that are made on a per acre basis shall be reduced according to the number of acres pooled and included herein, so that payments made on a per acre basis

91331



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

shall be calculated based upon the number of acres actually included within the boundaries of the pooled unit covered by this Agreement.

- (e) A shut-in oil or gas well located upon any land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or lease included within said unit; provided, however, that shut-in oil or gas well royalty shall be paid to the State on each State lease wholly or partially within the unit, according to the terms of such lease as though such shut-in oil or gas well were located on said lease, it being agreed that shut-in royalties provided in each State lease shall not be shared with other royalty owners.
- (f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that, except as may otherwise be provided in each State Lease, the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.
- (g) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than 641 acres (or 240 acres, see Addendum "A"), then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) make application to the School Land Board of the State of Texas to reform the unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.
- (h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.
- (i) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.
- (j) Should this Agreement terminate for any cause, the leases and other contracts affecting the lands within the unit, if not then otherwise maintained in force and effect, shall remain and may be maintained in force and effect under their respective terms and conditions in the same manner as though there had been production or operations under said lease or contract and the same had ceased on the date of the termination of this Agreement.

ALLOCATION OF PRODUCTION:

5.

For the purpose of computing the share of production of the pooled mineral to which each interest owner shall be entitled from the pooled unit, there shall be allocated to each tract committed to said unit that pro rata portion of the pooled mineral produced from the pooled unit which the number of surface acres covered by each such tract and included in the unit bears to the total number of surface acres included in said unit, and the share of production to which each interest owner is entitled shall be computed on the basis of such owner's interest in the production so allocated to each tract.

TAKING ROYALTY IN KIND:

6.

Notwithstanding anything contained herein to the contrary, the State may, at its option, upon not less than sixty (60) days notice to Lessee, require that payment of all or any royalties accruing to the State under this pooling or unitization agreement 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.

FULL MARKET VALUE:

7.

In the event the State does not elect to take its royalty in kind, the State shall receive full market value for its royalty hereunder, such value to be determined as follows:

- (a) As to royalty on oil 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 for the field where produced and when run, or (2) the highest market price thereof offered or paid for the field where produced and when run, or (3) gross proceeds of the sale thereof, whichever is the greater;
- (b) As to royalty on gas, such value to be based on (1) the highest market price paid or offered for gas of comparable quality for the field where produced and when run, or (2) the gross price paid or offered to the producer, whichever is the greater.

(For the purposes of this Agreement "field" means the general area in which the lands covered hereby are located.)

97.03.1



True and Correct
copy of
Original filed in
Roevas County
Clarks Office

EFFECTIVE DATE:

8.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of December 9, 2014.

TERM:

9.

This Agreement shall remain in effect so long as the pooled mineral is being produced from said unit, or so long as all leases included in the pooled unit are maintained in force by payment of delay rentals or shut-in oil or gas well royalties, by drilling or rework, or by other means, in accordance with the terms of said leases. Nothing herein shall amend or modify Section 52.031 of the Natural Resources Code, or any of the provisions thereof, which are contained in any State lease covered by this Agreement.

SPECIAL TERMS AND CONDITIONS:

10.

Notwithstanding anything contained herein to the contrary, this Agreement is subject to the terms and conditions of the attached Addendum "A" and Addendum "B".

STATE LAND:

11.

Insofar as the royalty interest of the State of Texas in and under any State tract committed to the unit is concerned, this Agreement is entered into, made and executed by the undersigned Commissioner of the General Land Office by virtue of the authority and pursuant to the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, authorizing the same, after the prerequisites, findings and approval hereof, as provided in said Code having been duly considered, made and obtained.

DISSOLUTION:

12.

The unit covered by this Agreement may be dissolved by Lessee, his heirs, successors or assigns, by an instrument filed for record in Reeves County, Texas, and a certified copy thereof filed in the General Land Office at any time after the cessation of production on said unit or the completion of a dry hole thereon prior to production or upon such other date as may be approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns.

RATIFICATION/WAIVER:

13.

Nothing in this Agreement, nor the approval of this Agreement by the School Land Board, nor the execution of this Agreement by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; (4) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest; or (5) constitute a ratification of, or a waiver or release of any claim by the State with respect to any violation of a statute, regulation, or any of the common laws of this State, or any breach of any contract, duty, or other obligation owed to the State.

COUNTERPARTS:

14.

This Agreement may be executed in counterparts and if so executed shall be valid, binding and have the same effect as if all the parties hereto actually joined in and executed one and the same document. For recording purposes and in the event counterparts of this Agreement are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this Agreement so as to form what shall be deemed and treated as a single original instrument showing execution by all parties hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement upon the respective dates indicated below.

Date Executed

12/30/14

STATE OF TEXAS

Legal
Content
Geology
Executive

[Signature]

By: *[Signature]*
Jerry E. Patterson, Commissioner
General Land Office



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Original filed in
Reeves County
Clerks Office

51.03.1

Date Executed

12/17/14

BHP Billiton Petroleum Properties (N.A.), LP,
formerly known as Petrohawk Properties, LP,
By: BHP Billiton Petroleum Properties (GP), LLC,
its General Partner

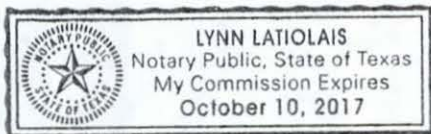
By:

Stephen L. Mahanay
Stephen L. Mahanay, Attorney-in-Fact

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on December 17, 2014, by Stephen L. Mahanay, Attorney-in-Fact of BHP Billiton Petroleum Properties (N.A.), LP formerly known as Petrohawk Properties, LP, by BHP Billiton Petroleum Properties (GP), LLC, its General Partner a Texas limited liability company on behalf of said limited partnership.



Lynn Latolais
Notary Public in and for the State of Texas

CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 9th day of December, 2014, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the 5th day of January, 2015.

Stephanie Crenshaw
Secretary of the School Land Board



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51331

Addendum "A"

To that certain Pooling Agreement for the STATE ROY KIMSEY 56-T2-46 1H UNIT

The parties hereby agree that should a conflict exist between this Addendum and the body of the agreement that this Addendum shall prevail.

The pooled unit shall consist of all of the lands herein described in the attached Exhibit "B" and depicted in the attached Exhibit "C", provided however that, on or before June 18, 2016 (the "Trigger Date"), if Lessee has commenced actual drilling operations on one (1) Unit Well, then a "Continuous Drilling Program" shall commence, whereby, Lessee has the option to commence actual drilling operations on additional Unit Wells in accordance with the deadlines below:

- June 18, 2017 – 2nd Unit Well
- June 18, 2018 – 3rd Unit Well
- June 18, 2019 – 4th Unit Well

At such time as Lessee has drilled and completed four (4) Unit Wells, in accordance with the deadlines above, the Continuous Drilling Program shall cease and the parties hereby agree that the pooled unit shall remain in the original, unaltered size and shape described in Exhibit "B" and depicted in Exhibit "C", in accordance with paragraph 9 of the Agreement.

Lessee's failure to timely comply with the deadlines above shall result in the formation of a "Contracted Pooled Unit" in accordance with the following:

# of Unit Wells	Corresponding size & shape of the resulting Contracted Pooled Unit
1 Unit Well	160 Acres, comprised of the stand-up 160 acre quarter of the pooled unit containing the first Unit Well.
2 Unit Wells	320 Acres, comprised of a) the stand-up 320 acre half of the section containing the first Unit Well, or b) the two 160 acre stand-up quarters of the section containing each of the 2 Unit Wells, if said wells are not in the same half of the section.
3 Unit Wells	480 Acres, comprised of a) the stand-up 320 acre half of the section containing the first Unit Well and the adjacent stand-up 160 acre quarter of the section, or b) the three 160 acre stand-up quarters of the section containing each of the 3 unit wells.

End of Addendum "A"



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51331

Addendum "B"

To that certain Pooling Agreement for the STATE ROY KIMSEY 56-T2-46 1H Unit

The parties hereby agree that should a conflict exist between this Addendum and the body of the Agreement that this Addendum shall prevail.

This Pooling Agreement shall constitute an amendment of the oil and gas leases listed on the attached Exhibit "A", hereinafter singularly a "Lease" and collectively the "Leases", and does hereby provide that in the event a Lease:

- 1) Is in force and effect two (2) years after the expiration of its primary term; and
- 2) If Lessee has paid an amount equal to one-half (1/2) of the bonus originally paid as consideration for the Lease, extending the deeper depths (as defined in paragraph 16 (B) of the Lease) for an additional 2 years (the "Deeper Depths Extension").

Then, at the expiration of the Deeper Depths Extension, the Lease shall not terminate as to all depths below 100 feet below the total depth drilled in each well located on acreage retained in Paragraph 16 (A) of the Lease, but shall instead be maintained in full force and effect as to all applicable depths covered by the Lease down to the "unitized interval", as defined in the body of the Agreement, for an additional 3 years following the expiration of the Deeper Depths Extension, at which point the Leases will terminate as to all depths below 300' below the deepest depth drilled in the unit. It is expressly understood that all depths included in the "unitized interval" shall be perpetuated in accordance with the Leases as modified by this Addendum, regardless of any language to the contrary in the body of the Leases.

End of Addendum "B"



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Clerks Office

51-22-1

Exhibit "A"

Leases In Unit

Lessor: State of Texas, acting by and through its agent, John D. Camp

Lessee: BHP Billiton Petroleum Properties (N.A.), LP

Date: 08/21/2013

Recording Info: Book 1026, Page 519, Doc # 13-07038, Filed: 09/27/2013, Reeves County, Texas

Royalty: 25%

Lessor: State of Texas, acting by and through its agent, Roy E. Kimsey, Jr.

Lessee: Petrohawk Properties, LP

Date: 06/18/2013

Recording Info: Book 1008, Page 54, Doc # 13-04457, Filed: 06/25/2013, Reeves County, Texas

Royalty: 25%

Lessor: State of Texas, acting by and through its agent, George A. Thomas

Lessee: Petrohawk Properties, LP

Date: 06/18/2013

Recording Info: Book 1008, Page 47, Doc # 13-04456, Filed: 06/25/2013, Reeves County, Texas

Royalty: 25%

Lessor: State of Texas, acting by and through its agent, Tom E. Johnson LP, by Tom E. Johnson Management LLC, its General Partner, represented herein by Tom E. Johnson, Manager

Lessee: Petrohawk Properties, LP

Date: 06/18/2013

Recording Info: Book 1009, Page 738, Doc # 13-04789, Filed: 07/09/2013, Reeves County, Texas

Royalty: 25%

Lessor: State of Texas, acting by and through its agent, Robert M. Davenport

Lessee: BHP Billiton Petroleum Properties (N.A.), LP

Date: 10/08/2013

Recording Info: Book 1037, Page 176, Doc # 13-08529, Filed: 11/19/2013, Reeves County, Texas

Royalty: 25%



13-07038



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Clerks Office

Exhibit "B"

Description of Lands included in the Pooling Agreement

Tract 1:

320 acres of land, more or less, being the West Half (W/2) of Section 46, Block 56, Township 2, T&P Railway Company Survey, Reeves County, Texas.

Tract 2:

320 acres of land, more or less, being the East Half (E/2) of Section 46, Block 56, Township 2, T&P Railway Company Survey, Reeves County, Texas.

97-321

97-321

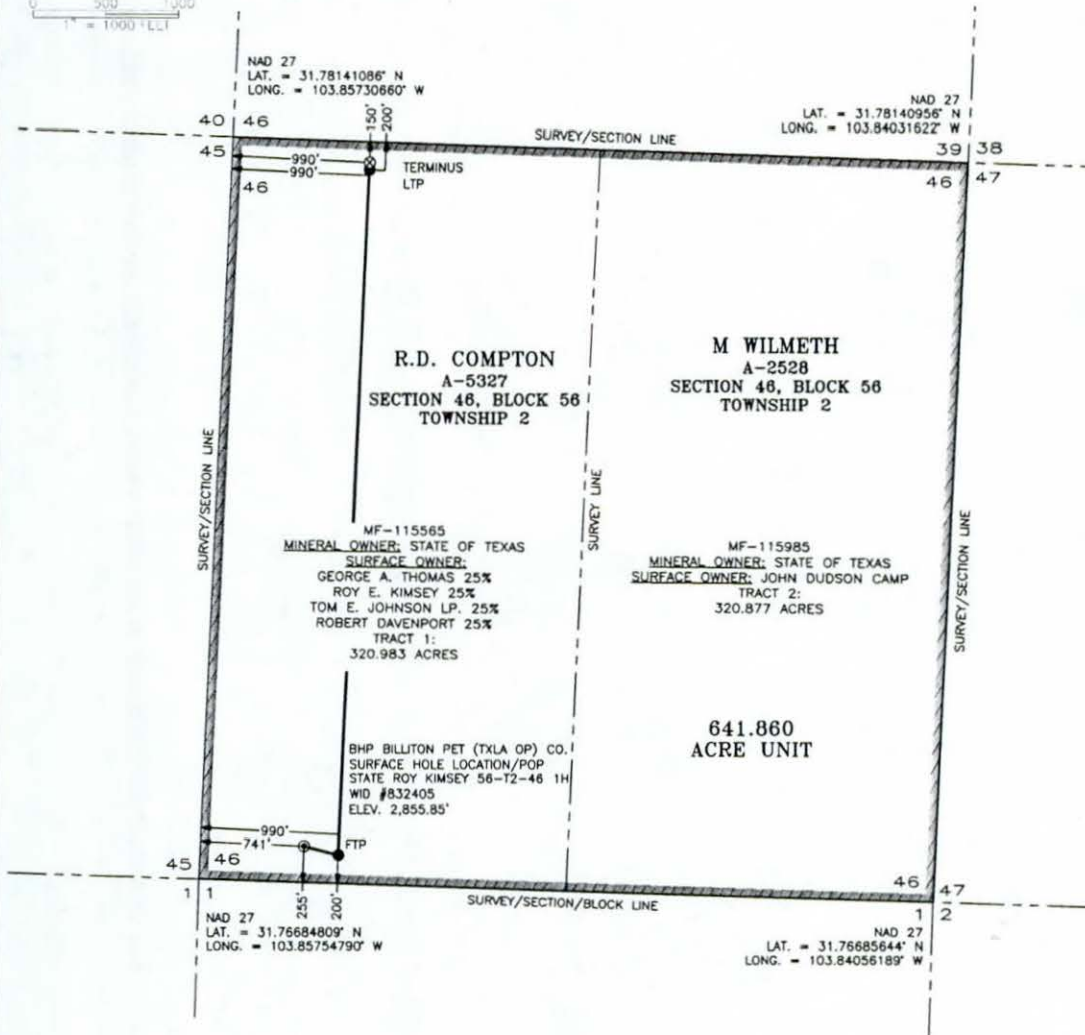


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Original filed in
Reeves County
Clerks Office



EXHIBIT "C"
STATE ROY KIMSEY 56-T2-46 UNIT PLAT
Reeves County, TX

0 500 1000
1" = 1000' E.L.L.



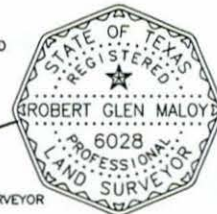
BHP Billiton
1360 Post Oak Blvd. #150
Houston, Texas 77056

GENERAL NOTES

1. COORDINATES SHOWN ARE BASED ON TEXAS COORDINATE SYSTEM OF NAD 83 (1986) "TEXAS CENTRAL ZONE", AND BASED ON "CHAPMAN ET" NGS MONUMENT (Y = 10,625,750.01, X = 1,199,666.18)
2. VERTICAL DATUM IS NAVD 88
3. COMBINED SCALE FACTOR - 0.999835590
4. LATITUDE AND LONGITUDE ARE NAD 83 (1986) AS SHOWN
5. AREA, DISTANCES, AND COORDINATES ARE "GRID"
6. UNITS ARE UNITED STATES SURVEY FOOT
7. ALL LEASE AND TRACT INFORMATION SHOWN HERE ON IS DONE SO BY LIMITED DEED RECORD INFORMATION ONLY. ALL ACREAGES SHOWN ARE BY DEED AND LEASE CALL, EXCEPT WHERE NOTED. THIS IS NOT IN ANY WAY A "BOUNDARY SURVEY"
8. ELEVATIONS SHOWN IN LINE TABLES REPRESENT THE ELEVATION AT THE END OF THAT LINE SEGMENT IN THE DIRECTION FROM THE PREVIOUS POINT.

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

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



PLAT OF:

A PROPOSED UNIT DESIGNATION PLAT FOR:
BHP BILLITON PET (TXLA OP) CO.
STATE ROY KIMSEY 56-T2-46 1H
WID# 832405

SITUATED IN THE R.D. COMPTON SURVEY, A-5327, SECTION 46,
BLOCK 56, TOWNSHIP 2, AND THE M. WILMETH SURVEY, A-2528,
SECTION 46, BLOCK 56, TOWNSHIP 2, LOCATED APPROX. 5 MILES
SOUTHEAST OF ORLA, IN REEVES COUNTY, TEXAS.

FRANK
SURVEYING COMPANY INC.
550 Bailey Ave., 205 - Fort Worth, TX 76107
Ph: 817.349.9800 - Fax: 979.732.5271
TRPLS Firm No. 10193887
www.franksurveying.com
LAND SURVEYING/ENERGY/GIS SERVICES
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DATE: 07/31/14
DRAWN BY: GG
CHECKED BY: JK
FIELD CREW: RE/MR
PROJECT NO: 201407688
SCALE: 1" = 1000'
SHEET: 1 OF 1
REVISION: NO.

57.33.1



True and Correct
copy of
Original filed in
Reeves County
Clerk's Office

THE STATE OF TEXAS,
COUNTY OF _____
I, _____, Clerk of the County Court, do hereby certify that the foregoing is a true and correct copy of the _____
_____ dated _____
_____ day of _____
_____ to be recorded in the _____
_____ of _____, Texas.
TO CERTIFY WHICH, Witness my hand and official seal at _____, Texas
this _____ day of _____, 19____
CLERK OF COUNTY COURT
RECEIVED _____

Inst No. 15-00502
DIANNE O. FLOREZ
COUNTY CLERK
2015 Jan 16 at 01:00 PM
REEVES COUNTY, TEXAS
By: NJ D. O. Flores, DEPUTY



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copy of
Original filed in
Roeves County
Clerks Office

51-73-1

11

File No. M-115565
Recorded Pooling Agreement
7195
Date Filed: 1/22/15
By Jerry E. Patterson, Commissioner

THE STATE OF TEXAS
COUNTY OF REEVES
I, Dianne O. Florez, Clerk of the County Court in and for said County and State do hereby certify that the foregoing is a true and correct copy of Pooling Agreement dated 12-30-14, filed for record in my office this 16th day of January at 1000 A.M., under Clerk's File No. 15-00-02, to be recorded in the Official Public Record Records of Reeves County, Texas.
TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas this 16th day of January, 20 15.
By [Signature], Deputy, DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

15572



North America Shale Production Division

January 27, 2015

Via Overnight Mail (FedEx 7727 2080 4121)

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

Attention: J. Daryl Morgan, CPL, Energy Resources Division

Re: Certified Copy of Recorded Pooling Agreement
State Roy Kimsey 56-T2-46 Unit, GLO Unit No. 7195 **n-115565**
Reeves County, Texas

Dear Mr. Morgan:

Enclosed you will find a Certified Copy of Pooling Agreement for referenced well located in Block 56, T2, Section 46, Reeves County, Texas for your records. A copy of the recorded document will be furnished to the State when first made available.

Should you need any additional information, please feel free to contact Broderick Browne, Landman at 713.961.8459 or email chase.simpson@bhpbilliton.com.

Sincerely,


Lynn Latiolais, CPLTA
Land Technical Analyst

/ll
Enclosure



POOLING AGREEMENT
BHP BILLITON PETROLEUM PROPERTIES (N.A.), LP
STATE ROY KIMSEY 56-T2-46 UNIT
GLO UNIT NO. 7195
REEVES COUNTY, TEXAS

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and BHP Billiton Petroleum Properties (N.A.), LP, herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", in consideration of the mutual agreements hereinafter set forth and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and for the purposes and upon the terms and conditions which follow:

PURPOSES:

1.

This Pooling Agreement ("Agreement") is made for the purposes of conservation and utilization of the pooled mineral, to prevent waste, to facilitate orderly development and to preserve correlative rights. To such end, it is the purpose of this Agreement to effect equitable participation within the unit formed hereby. This Agreement is intended to be performed pursuant to and in compliance with all applicable statutes, decisions, regulations, rules, orders and directives of any governmental agency having jurisdiction over the production and conservation of the pooled mineral and in its interpretation and application shall, in all things, be subject thereto.

UNIT DESCRIPTION:

2.

The oil and gas leases, which are included within the pooled unit, are listed on the attached Exhibit "A", to which leases and the records thereof reference is here made for all pertinent purposes. The pooled unit shall consist of all of the lands described in Exhibit "B" attached hereto and made a part hereof. A plat of the pooled unit is attached hereto as Exhibit "C". The unit description is subject to the provisions of Addendum "A".

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit from the surface to the stratigraphic equivalent of 100 feet below the base of the Wolfcamp Formation, said base being seen at a depth of 12,150 feet true vertical depth on the Triple Combination Log of the BHPBTXLA, Hill & Meeker 56-T2-22 #1H well, API #42-389-34298 ("unitized interval"). The unitized interval is subject to the provisions of Addendum "B".

POOLING AND EFFECT:

4.

The parties hereto commit all of their interests which are within the unit to the extent and as above described into said unit and unitize and pool hereunder the separate tracts described on the attached Exhibit "B", for and during the term hereof, so that such pooling or unitization shall have the following effect:

- (a) The unit, to the extent as above described, shall be operated as an entirety for the exploration, development and production of the pooled mineral, rather than as separate tracts.
- (b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement. In the event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional well drilled under the unitized area from a surface location on adjacent or adjoining lands not included within the boundaries of the unitized area, such operations shall be considered to have been commenced on the unitized area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the unitized area and production of oil or gas from the unitized area through any directional well surfaced on adjacent or adjoining land or drilling or reworking of any such directional well shall be considered production or drilling or reworking operations, as the case may be, on the unitized area for all purposes under this Agreement. Nothing in this Agreement is intended or shall be construed as granting to Lessee any leasehold interest, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, easements, or other rights which the lessee, operator or other interest owner in the unitized area may have lawfully acquired from the state or others.
- (c) Production of the pooled mineral from the unit allocated to each separate tract, respectively, as hereinafter provided, shall be deemed to have been produced from each such separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement.
- (d) All rights to the production of the pooled mineral from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom. Provided that, payments that are made on a per acre basis shall be reduced according to the number of acres pooled and included herein, so that payments made on a per acre basis



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Clerks Office

shall be calculated based upon the number of acres actually included within the boundaries of the pooled unit covered by this Agreement.

- (e) A shut-in oil or gas well located upon any land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or lease included within said unit; provided, however, that shut-in oil or gas well royalty shall be paid to the State on each State lease wholly or partially within the unit, according to the terms of such lease as though such shut-in oil or gas well were located on said lease, it being agreed that shut-in royalties provided in each State lease shall not be shared with other royalty owners.
- (f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that, except as may otherwise be provided in each State Lease, the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.
- (g) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than 641 acres (or 240 acres, see Addendum "A"), then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) make application to the School Land Board of the State of Texas to reform the unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.
- (h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.
- (i) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.
- (j) Should this Agreement terminate for any cause, the leases and other contracts affecting the lands within the unit, if not then otherwise maintained in force and effect, shall remain and may be maintained in force and effect under their respective terms and conditions in the same manner as though there had been production or operations under said lease or contract and the same had ceased on the date of the termination of this Agreement.

ALLOCATION OF PRODUCTION:

5.

For the purpose of computing the share of production of the pooled mineral to which each interest owner shall be entitled from the pooled unit, there shall be allocated to each tract committed to said unit that pro rata portion of the pooled mineral produced from the pooled unit which the number of surface acres covered by each such tract and included in the unit bears to the total number of surface acres included in said unit, and the share of production to which each interest owner is entitled shall be computed on the basis of such owner's interest in the production so allocated to each tract.

TAKING ROYALTY IN KIND:

6.

Notwithstanding anything contained herein to the contrary, the State may, at its option, upon not less than sixty (60) days notice to Lessee, require that payment of all or any royalties accruing to the State under this pooling or unitization agreement 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.

FULL MARKET VALUE:

7.

In the event the State does not elect to take its royalty in kind, the State shall receive full market value for its royalty hereunder, such value to be determined as follows:

- (a) As to royalty on oil 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 for the field where produced and when run, or (2) the highest market price thereof offered or paid for the field where produced and when run, or (3) gross proceeds of the sale thereof, whichever is the greater;
- (b) As to royalty on gas, such value to be based on (1) the highest market price paid or offered for gas of comparable quality for the field where produced and when run, or (2) the gross price paid or offered to the producer, whichever is the greater.

(For the purposes of this Agreement "field" means the general area in which the lands covered hereby are located.)



EFFECTIVE DATE:

8.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of December 9, 2014.

TERM:

9.

This Agreement shall remain in effect so long as the pooled mineral is being produced from said unit, or so long as all leases included in the pooled unit are maintained in force by payment of delay rentals or shut-in oil or gas well royalties, by drilling or rework, or by other means, in accordance with the terms of said leases. Nothing herein shall amend or modify Section 52.031 of the Natural Resources Code, or any of the provisions thereof, which are contained in any State lease covered by this Agreement.

SPECIAL TERMS AND CONDITIONS:

10.

Notwithstanding anything contained herein to the contrary, this Agreement is subject to the terms and conditions of the attached Addendum "A" and Addendum "B".

STATE LAND:

11.

Insofar as the royalty interest of the State of Texas in and under any State tract committed to the unit is concerned, this Agreement is entered into, made and executed by the undersigned Commissioner of the General Land Office by virtue of the authority and pursuant to the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, authorizing the same, after the prerequisites, findings and approval hereof, as provided in said Code having been duly considered, made and obtained.

DISSOLUTION:

12.

The unit covered by this Agreement may be dissolved by Lessee, his heirs, successors or assigns, by an instrument filed for record in Reeves County, Texas, and a certified copy thereof filed in the General Land Office at any time after the cessation of production on said unit or the completion of a dry hole thereon prior to production or upon such other date as may be approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns.

RATIFICATION/WAIVER:

13.

Nothing in this Agreement, nor the approval of this Agreement by the School Land Board, nor the execution of this Agreement by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; (4) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest; or (5) constitute a ratification of, or a waiver or release of any claim by the State with respect to any violation of a statute, regulation, or any of the common laws of this State, or any breach of any contract, duty, or other obligation owed to the State.

COUNTERPARTS:

14.

This Agreement may be executed in counterparts and if so executed shall be valid, binding and have the same effect as if all the parties hereto actually joined in and executed one and the same document. For recording purposes and in the event counterparts of this Agreement are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this Agreement so as to form what shall be deemed and treated as a single original instrument showing execution by all parties hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement upon the respective dates indicated below.

Date Executed

12/30/14

STATE OF TEXAS

Legal
Content
Geology
Executive

[Signature]

By:

[Signature]
Jerry E. Patterson, Commissioner
General Land Office



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

Date Executed

12/17/14

BHP Billiton Petroleum Properties (N.A.), LP,
formerly known as Petrohawk Properties, LP,
By: BHP Billiton Petroleum Properties (GP), LLC,
its General Partner

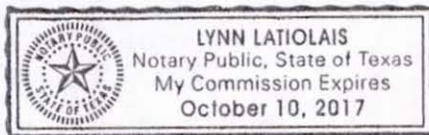
By:

Stephen L. Mahanay
Stephen L. Mahanay, Attorney-in-Fact

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on December 17, 2014, by Stephen L. Mahanay, Attorney-in-Fact of BHP Billiton Petroleum Properties (N.A.), LP formerly known as Petrohawk Properties, LP, by BHP Billiton Petroleum Properties (GP), LLC, its General Partner a Texas limited liability company on behalf of said limited partnership.



Lynn Latolais
Notary Public in and for the State of Texas

CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 9th day of December, 2014, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the 5th day of January, 2015.

Stephanie Crenshaw
Secretary of the School Land Board



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

Addendum "A"

To that certain Pooling Agreement for the STATE ROY KIMSEY 56-T2-46 1H UNIT

The parties hereby agree that should a conflict exist between this Addendum and the body of the agreement that this Addendum shall prevail.

The pooled unit shall consist of all of the lands herein described in the attached Exhibit "B" and depicted in the attached Exhibit "C", provided however that, on or before June 18, 2016 (the "**Trigger Date**"), if Lessee has commenced actual drilling operations on one (1) Unit Well, then a "**Continuous Drilling Program**" shall commence, whereby, Lessee has the option to commence actual drilling operations on additional Unit Wells in accordance with the deadlines below:

- June 18, 2017 – 2nd Unit Well
- June 18, 2018 – 3rd Unit Well
- June 18, 2019 – 4th Unit Well

At such time as Lessee has drilled and completed four (4) Unit Wells, in accordance with the deadlines above, the Continuous Drilling Program shall cease and the parties hereby agree that the pooled unit shall remain in the original, unaltered size and shape described in Exhibit "B" and depicted in Exhibit "C", in accordance with paragraph 9 of the Agreement.

Lessee's failure to timely comply with the deadlines above shall result in the formation of a "**Contracted Pooled Unit**" in accordance with the following:

# of Unit Wells	Corresponding size & shape of the resulting Contracted Pooled Unit
1 Unit Well	160 Acres, comprised of the stand-up 160 acre quarter of the pooled unit containing the first Unit Well.
2 Unit Wells	320 Acres, comprised of a) the stand-up 320 acre half of the section containing the first Unit Well, or b) the two 160 acre stand-up quarters of the section containing each of the 2 Unit Wells, if said wells are not in the same half of the section.
3 Unit Wells	480 Acres, comprised of a) the stand-up 320 acre half of the section containing the first Unit Well and the adjacent stand-up 160 acre quarter of the section, or b) the three 160 acre stand-up quarters of the section containing each of the 3 unit wells.

End of Addendum "A"



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copy of
Original filed in
Roose County
Clerks Office

Addendum "B"

To that certain Pooling Agreement for the STATE ROY KIMSEY 56-T2-46 1H Unit

The parties hereby agree that should a conflict exist between this Addendum and the body of the Agreement that this Addendum shall prevail.

This Pooling Agreement shall constitute an amendment of the oil and gas leases listed on the attached Exhibit "A", hereinafter singularly a "Lease" and collectively the "Leases", and does hereby provide that in the event a Lease:

- 1) Is in force and effect two (2) years after the expiration of its primary term; and
- 2) If Lessee has paid an amount equal to one-half (1/2) of the bonus originally paid as consideration for the Lease, extending the deeper depths (as defined in paragraph 16 (B) of the Lease) for an additional 2 years (the "Deeper Depths Extension").

Then, at the expiration of the Deeper Depths Extension, the Lease shall not terminate as to all depths below 100 feet below the total depth drilled in each well located on acreage retained in Paragraph 16 (A) of the Lease, but shall instead be maintained in full force and effect as to all applicable depths covered by the Lease down to the "unitized interval", as defined in the body of the Agreement, for an additional 3 years following the expiration of the Deeper Depths Extension, at which point the Leases will terminate as to all depths below 300' below the deepest depth drilled in the unit. It is expressly understood that all depths included in the "unitized interval" shall be perpetuated in accordance with the Leases as modified by this Addendum, regardless of any language to the contrary in the body of the Leases.

End of Addendum "B"



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

Exhibit "A"

Leases In Unit

Lessor: State of Texas, acting by and through its agent, John D. Camp

Lessee: BHP Billiton Petroleum Properties (N.A.), LP

Date: 08/21/2013

Recording Info: Book 1026, Page 519, Doc # 13-07038, Filed: 09/27/2013, Reeves County, Texas

Royalty: 25%

Lessor: State of Texas, acting by and through its agent, Roy E. Kimsey, Jr.

Lessee: Petrohawk Properties, LP

Date: 06/18/2013

Recording Info: Book 1008, Page 54, Doc # 13-04457, Filed: 06/25/2013, Reeves County, Texas

Royalty: 25%

Lessor: State of Texas, acting by and through its agent, George A. Thomas

Lessee: Petrohawk Properties, LP

Date: 06/18/2013

Recording Info: Book 1008, Page 47, Doc # 13-04456, Filed: 06/25/2013, Reeves County, Texas

Royalty: 25%

Lessor: State of Texas, acting by and through its agent, Tom E. Johnson LP, by Tom E. Johnson Management LLC, its General Partner, represented herein by Tom E. Johnson, Manager

Lessee: Petrohawk Properties, LP

Date: 06/18/2013

Recording Info: Book 1009, Page 738, Doc # 13-04789, Filed: 07/09/2013, Reeves County, Texas

Royalty: 25%

Lessor: State of Texas, acting by and through its agent, Robert M. Davenport

Lessee: BHP Billiton Petroleum Properties (N.A.), LP

Date: 10/08/2013

Recording Info: Book 1037, Page 176, Doc # 13-08529, Filed: 11/19/2013, Reeves County, Texas

Royalty: 25%



True and Correct
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Original filed in
Reeves County
Clerks Office

Exhibit "B"

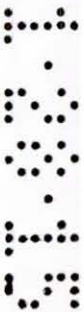
Description of Lands included in the Pooling Agreement

Tract 1:

320 acres of land, more or less, being the West Half (W/2) of Section 46, Block 56, Township 2, T&P Railway Company Survey, Reeves County, Texas.

Tract 2:

320 acres of land, more or less, being the East Half (E/2) of Section 46, Block 56, Township 2, T&P Railway Company Survey, Reeves County, Texas.



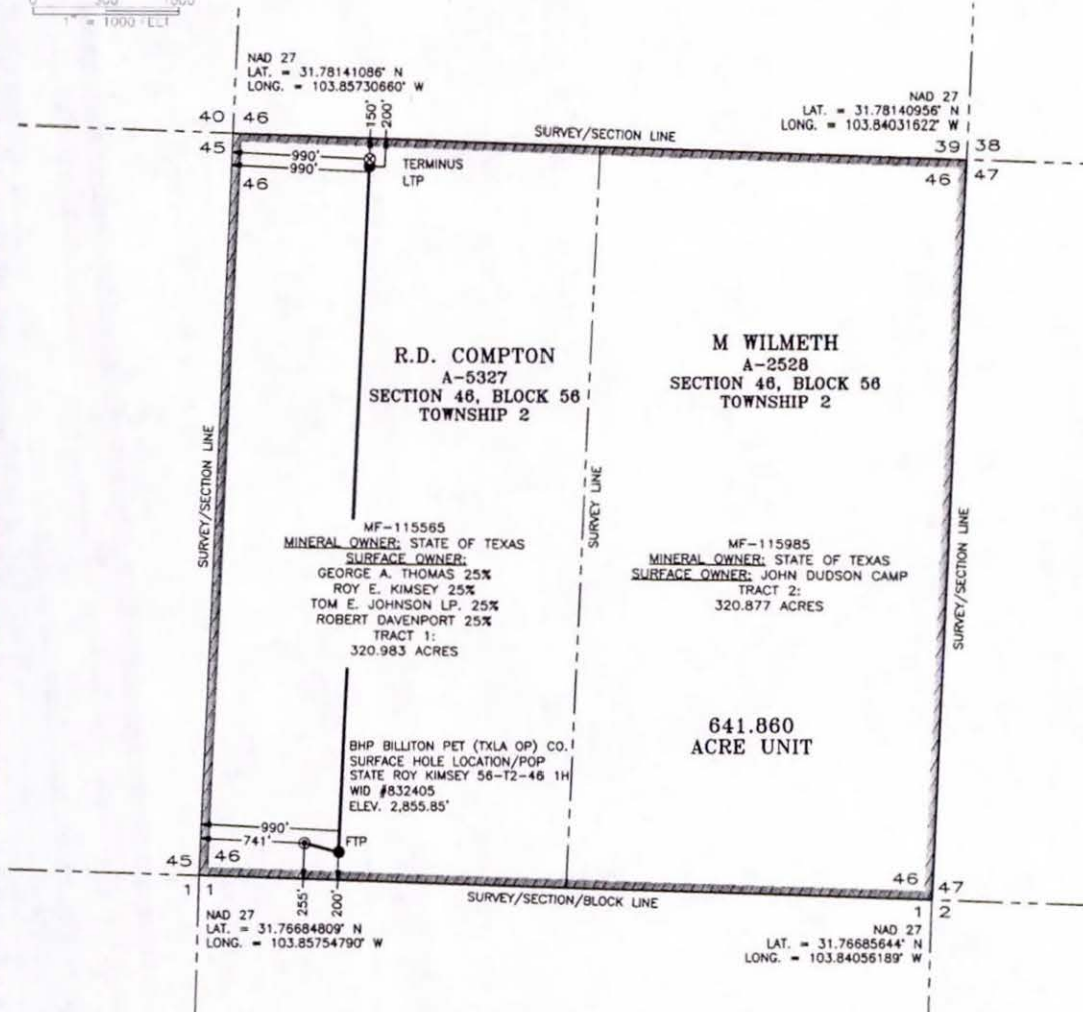
True and Correct
copy of
Original filed in
Reeves County
Clerks Office

EXHIBIT "C"

STATE ROY KIMSEY 56-T2-46 UNIT PLAT
Reeves County, TX



0 500 1000
1" = 1000' LCL



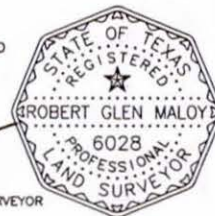
BHP Billiton
1360 Post Oak Blvd. #150
Houston, Texas 77056

GENERAL NOTES

- COORDINATES SHOWN ARE BASED ON TEXAS COORDINATE SYSTEM OF NAD 83 (1986) "TEXAS CENTRAL ZONE", AND BASED ON "CHAPMAN ET" NGS MONUMENT (Y = 10,625,750.01, X = 1,199,666.18)
- VERTICAL DATUM IS NAVD 88
- COMBINED SCALE FACTOR - 0.999835590
- LATITUDE AND LONGITUDE ARE NAD 83 (1986) AS SHOWN
- AREA, DISTANCES, AND COORDINATES ARE "GRID"
- UNITS ARE UNITED STATES SURVEY FOOT.
- ALL LEASE AND TRACT INFORMATION SHOWN HERE ON IS DONE SO BY LIMITED DEED RECORD INFORMATION ONLY. ALL ACREAGES SHOWN ARE BY DEED AND LEASE CALL, EXCEPT WHERE NOTED. THIS IS NOT IN ANY WAY A "BOUNDARY SURVEY".
- ELEVATIONS SHOWN IN LINE TABLES REPRESENT THE ELEVATION AT THE END OF THAT LINE SEGMENT IN THE DIRECTION FROM THE PREVIOUS POINT.

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

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



PLAT OF:

A PROPOSED UNIT DESIGNATION PLAT FOR:
BHP BILLITON PET (TXLA OP) CO.
STATE ROY KIMSEY 56-T2-46 1H
WID# 832405

SITUATED IN THE R.D. COMPTON SURVEY, A-5327, SECTION 46,
BLOCK 56, TOWNSHIP 2, AND THE M. WILMETH SURVEY, A-2528,
SECTION 46, BLOCK 56, TOWNSHIP 2, LOCATED APPROX. 5 MILES
SOUTHEAST OF ORLA, IN REEVES COUNTY, TEXAS.

FRANK
SURVEYING COMPANY INC
550 Bailey Ave., 205 - Fort Worth, TX 76107
Ph: 817.349.9800 - Fax: 979.732.5271
TBPLS Firm No. 10193887
www.franksurveying.com
LAND SURVEYING/ENERGY/GIS SERVICES
© COPYRIGHT 2014 - ALL RIGHTS RESERVED

DATE: 07/31/14
DRAWN BY: GG
CHECKED BY: JK
FIELD CREW: RE/MR
PROJECT NO: 201407688
SCALE: 1" = 1000'
SHEET: 1 OF 1
REVISION: NO



True and Correct
copy of
Original filed in
Reeves County
Clerk's Office

15-00502

15-00502

THE STATE OF TEXAS
COUNTY OF REEVES
I, Dianne O. Florez, Clerk of the County Court in and
for said County and State do hereby certify that the foregoing is a true and correct copy of
the original of the within and official seal of the County Clerk of said County, Texas.
TO CERTIFY W. LUCH, Witness my hand and official seal at Pecos, Texas
this 15th day of January, 2015.
DIANNE O. FLOREZ, COUNTY CLERK
By: _____ Deputy

Inst No. 15-00502
DIANNE O. FLOREZ
COUNTY CLERK
2015 Jan 16 at 01:00 PM
REEVES COUNTY, TEXAS
By: NJ N. Omer DEPUTY



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

File No.

M-115565

Ltr. From BHP with records
copy of F Unit

Date Filed:

1/28/15

Jerry E. Patterson, Commissioner

By

[Signature]

THE STATE OF TEXAS
COUNTY OF REEVES

I, Dianne O. Florez, Clerk of the County Court in and
for said County and State do hereby certify that the foregoing is a true and correct copy of
Rolling Assessment dated 10-30-14
filed for record in my office this 11th day of January at
Pecos, M, under Clerk's File No. 15-00502, to be recorded in the
Official Public Record
Records of Reeves County, Texas.

TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas
this 11th day of January, 2015.

By *[Signature]*, Deputy.

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

WI

MF 115565

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER 796847	DATE PERMIT ISSUED OR AMENDED Oct 06, 2014	DISTRICT * 08
API NUMBER 42-389-34571	FORM W-1 RECEIVED Sep 23, 2014	COUNTY REEVES
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 320.98
OPERATOR BHP BILLITON PET(TXLA OP) CO 1360 POST OAK BLVD STE 150 HOUSTON, TX 77056-0000		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581
LEASE NAME STATE ROY KIMSEY 56-T2-46		WELL NUMBER 1H
LOCATION 4.8 miles SE direction from ORLA		TOTAL DEPTH 14000
Section, Block and/or Survey SECTION ◀ 46 BLOCK ◀ 56 ABSTRACT ◀ 5327 SURVEY ◀ R.D. COMPTON		
DISTANCE TO SURVEY LINES 741 ft. WEST 255 ft. SOUTH		DISTANCE TO NEAREST LEASE LINE 200 ft.
DISTANCE TO LEASE LINES 741 ft. WEST 255 ft. SOUTH		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *		
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST LEASE
PHANTOM (WOLFCAMP) STATE ROY KIMSEY 56-T2-46	320.98 200	12,500 0
WELLBORE PROFILE(s) FOR FIELD: Horizontal		
RESTRICTIONS: Lateral: TH1 Penetration Point Location Lease Lines: 255.0 F S L 741.0 F WEST L Terminus Location BH County: REEVES Section: 46 Block: 56 Abstract: 5327 Survey: R.D. COMPTON Lease Lines: 150.0 F N L 990.0 F WEST L Survey Lines: 150.0 F N L 990.0 F WEST L		
THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS This well shall be completed and produced in compliance with applicable special field or statewide spacing and density rules. If this well is to be used for brine mining, underground storage of liquid hydrocarbons in salt formations, or underground storage of gas in salt formations, a permit for that specific purpose must be obtained from Environmental Services prior to construction, including drilling, of the well in accordance with Statewide Rules 81, 95, and 97.		

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER 796847	DATE PERMIT ISSUED OR AMENDED Oct 06, 2014	DISTRICT * 08										
API NUMBER 42-389-34571	FORM W-1 RECEIVED Sep 23, 2014	COUNTY REEVES										
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 320.98										
OPERATOR 068596 BHP BILLITON PET(TXLA OP) CO 1360 POST OAK BLVD STE 150 HOUSTON, TX 77056-0000		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581										
LEASE NAME STATE ROY KIMSEY 56-T2-46		WELL NUMBER 1H										
LOCATION 4.8 miles SE direction from ORLA		TOTAL DEPTH 14000										
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DISTANCE TO SURVEY LINES 741 ft. WEST 255 ft. SOUTH		DISTANCE TO NEAREST LEASE LINE 200 ft.										
DISTANCE TO LEASE LINES 741 ft. WEST 255 ft. SOUTH		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below										
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *												
<table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">FIELD NAME</td> <td style="width: 10%;">ACRES</td> <td style="width: 10%;">DEPTH</td> <td style="width: 10%;">WELL #</td> <td style="width: 10%;">DIST</td> </tr> <tr> <td>LEASE NAME</td> <td>NEAREST LEASE</td> <td></td> <td>NEAREST WE</td> <td></td> </tr> </table> This well must comply to the new SWR 3.13 requirements concerning the isolation of any potential flow zones and zones with corrosive formation fluids. See approved permit for those formations that have been identified for the county in which you are drilling the well in.			FIELD NAME	ACRES	DEPTH	WELL #	DIST	LEASE NAME	NEAREST LEASE		NEAREST WE	
FIELD NAME	ACRES	DEPTH	WELL #	DIST								
LEASE NAME	NEAREST LEASE		NEAREST WE									

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION
SWR #13 Formation Data

REEVES (389) County

Formation	Shallow Top	Deep Top	Remarks	Geological Order	Effective Date
FORD-DELAWARE	2,500	2,500		1	12/17/2013
CASTILLE	2,800	2,800		2	12/17/2013
BELL CANYON	4,800	5,000		3	12/17/2013
DELAWARE	2,500	5,700		4	12/17/2013
DELAWARE CONSOLIDATED GAS	6,500	6,500		5	12/17/2013
CHERRY CANYON	3,800	7,800		6	12/17/2013
BONE SPRINGS	7,500	9,800		7	12/17/2013
PERMIAN	11,300	11,300		8	12/17/2013
WOLFCAMP	10,000	12,300		9	12/17/2013
PENNSYLVANIAN	11,000	14,900		10	12/17/2013
MISSISSIPPIAN	10,000	16,000		11	12/17/2013
DEVONIAN	13,600	17,800		12	12/17/2013
FUSSELMAN	14,000	17,800		13	12/17/2013
ELLENBURGER	15,000	20,800		14	12/17/2013

The above list may not be all inclusive, and may also include formations that do not intersect all wellbores. Formation "TOP" information listed reflects an estimated range based on geologic variances across the county. To clarify, the "Deep Top" is not the bottom of the formation; it is the deepest depth at which the "TOP" of the formation has been or might be encountered. This is a dynamic list subject to updates and revisions. It is the operator's responsibility to make sure that at the time of spudding the well the most current list is being referenced. Refer to the RRC website at the following address for the most recent information.
<http://www.rrc.state.tx.us/oil-gas/compliance-enforcement/rule-13-geologic-formation-info>

Groundwater
Advisory Unit

GROUNDWATER PROTECTION DETERMINATION

Form GW-2

Date September 30, 2014

GAU File No.: 5508

***** EXPEDITED APPLICATION *****

API Number 38934571

Attention: LILLIAN GARCIA

RRC Lease No. 000000

SC_068596_38934571_000000_5508.pdf

BHP BILLITON PET TXLA OP CO
1360 POST OAK BLVD
NO 150
HOUSTON TX 77056

--Measured--

741 ft FWL

255 ft FSL

MRL: SECTION

P-5# 068596

Digital Map Location:

X-coord/Long 103.85562

Y-coord/Lat 31.76768

Datum 83 Zone

County REEVES

Lease & Well No. STATE ROY KIMSEY 56-T2-46 #1H&ALL

Purpose ND

Location SUR-COMPTON R, BLK-56, TSHP-2, SEC-46, --[TD=14000], [RRC 8],

To protect usable-quality groundwater at this location, the Groundwater Advisory Unit of the Railroad Commission of Texas recommends:

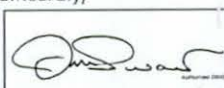
Water-bearing strata from the land surface to a depth of 300 feet and the RUSTLER, which is estimated to occur from 700 to 1250 feet must be protected.

This recommendation is adequate for wells drilled in this section 46.

Note: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operation into a nonproductive zone (RRC Form W-14).

If you have any questions, please contact us at 512-463-2741, gaau@rrc.state.tx.us, or by mail.

Sincerely,



Digitally signed by Jack Oswalt
DN: c=US, st=TEXAS, l=Austin,
o=Railroad Commission of Texas,
cn=Jack Oswalt,
email=jack.oswalt@rrc.state.tx.us
Date: 2014.09.30 14:16:13 -05'00'

Jack M. Oswalt, P.G.

GEOLOGIST SEAL



Geologist, Groundwater Advisory Unit
Oil & Gas Division

The seal appearing on this document was authorized by Jack M. Oswalt on 9/30/2014
Note: Alteration of this electronic document will invalidate the digital signature.

File No. MF 115565 13,
permit 389-34571

Date Filed: 10-6-15

Jerry E. Patterson, Commissioner

By JK



North America Shale Production Division

October 15, 2015

Via FedEx (Trkg #7747 4903 0427)

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

Attention: J. Daryl Morgan, CPL, Energy Resources Division

Re: Amendment of Pooling Agreements
State Cumberland 57-T2-16 Unit
State LRP 57-T2-12 Unit
State Ella Mae Hall 57-T2-14 Unit
State Roy Kimsey 56-T2-46 Unit
State SRO 45-18X19 Unit
Reeves County, Texas

Dear Mr. Morgan:

Enclosed you will find duplicate originals of each of the referenced Amendment Agreements executed on behalf of BHP Billiton Petroleum Properties (N.A.), LP for your further handling. Please return a fully executed agreement of each of the subject amendments to my attention, self-addressed FedEx envelope is provided.

Should you need any additional information, please feel free to contact Guy F. Aldrich, Transaction Manager at 713-968-2741 or email guy.aldrich@bhpbilliton.com.

Sincerely,

Lynn Latiolais, CPLTA
Land Technical Analyst

/ll
Enclosures

File No. M-115565

Ltr. From BHP County

Date Filed: 10/16/15

George P. Bush, Commissioner

By [Signature]



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

October 22, 2015

Ms. Lynn Latiolais, CPLTA
BHP Billiton Petroleum Properties (N.A.), LP
1360 Post Oak Blvd., Suite 2107A
Houston, Texas 77056-3020

Re: Amendment of Pooling Agreements
State Cumberland 57-T2-16 Unit
State LRP 57-T2-12 Unit
State Ella Mae Hall 57-T2-14 Unit
State Roy Kimsey 56-T2-46 Unit
State SRO 45-18X19 Unit
Culberson and Reeves Counties, Texas

Dear Ms. Latiolais:

Enclosed is a duplicate original of each of the above referenced Amendment of Pooling Agreements that has been executed by George P. Bush, Commissioner of the Texas General Land Office ("GLO"). We have retained the other original of the Amendment Agreement for our files.

Thank you for your assistance with this matter, if you have any questions or need anything further, please feel free to call.

Sincerely,

J. Daryl Morgan, CPL
Energy Resources Division
(512) 305-9106

Enclosures

File No. M-115565

Ltr. to BHP County

Date Filed: 10/22/15

George P. Bush, Commissioner

By [Signature]

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

UPA148522

Unit Number 7195
Operator Name Bhp Billiton Petroleum Properties (N.A.), LP Effective Date 12/09/2014
Customer ID C000079756 Unitized For Oil And Gas
Unit Name State Roy Kimsey 56-T2-46 Unit Term
County 1 Reeves RRC District 1 08 Old Unit Number Inactive Status Date
County 2 RRC District 2
County 3 RRC District 3
County 4 RRC District 4
Unit type Permanent
State Net Revenue Interest Oil 0.12500000 Gas 0.12500000
State Part in Unit 1.00000000
Unit Depth Specified Depths Well
From Depth 0 Surface Formation Base of Wolfcamp
To Depth 12250 TVD Participation Basis Surface Acreage
If Exclusions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF115565	1	320.983000	641.860000	0.50008257	O/G	0.12500000	0.06251032	No
MF115985	2	320.877000	641.860000	0.49991743	O/G	0.12500000	0.06248968	No

API Number
4238934571

Remarks:

Prepared By:

GLO Base Updated By:

RAM Approval By:

GIS By:

Well Inventory By:

Prepared Date:

GLO Base Date:

RAM Approval Date:

GIS Date:

WI Date:

08/04/2015

08/04/2015

08/12/2015

8/4/15

Pooling Committee Report

To: School Land Board

UPA148522

Date of Board Meeting: 08/04/2015

Unit Number: 7195

Effective Date: 12/09/2014

Unit Expiration Date:

Applicant: BHP Billiton Petroleum Properties (N.A.), LP

Attorney Rep:

Operator: BHP Billiton Petroleum (TXLA Operating) Company, Houston

Unit Name: State Roy Kimsey 56-T2-46

Field Name: Phantom (Wolfcamp)

County: Reeves

<u>Lease Type</u>	<u>Lease Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres In Unit</u>	<u>Royalty Participation</u>
RAL	MF115565	0.12500000	06/18/2016	3 years	320.000000	320.983000	0.06251032
RAL	MF115985	0.12500000	08/21/2016	3 years	320.000000	320.877000	0.06248968

Private Acres:	0.000000
State Acres:	641.860000
Total Unit Acres:	641.860000

<u>Participation Basis:</u>	Surface Acreage
Surface Acreage	
<u>State Acreage:</u>	100.00%
<u>State Net Revenue Interest:</u>	12.50%

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

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Yes	704 acres for a 5000 foot lateral

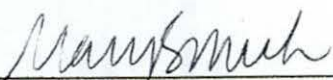
Working File Number: UPA148522

REMARKS:

- BHP Billiton Petroleum Properties (N.A.), LP is seeking Board approval to amend the drilling schedule for the State Roy Kimsey 56-T2-46 Unit.
- The applicant agrees to commence drilling operations on a second unit well on or before June 18, 2019 at which point they have the option to enter into a sixty day continuous drilling program for the third and fourth unit wells or the unit will decrease in size to 160 acres per unit well.
- The School Land Board approved permanent oil and gas pooling on December 9, 2014.
- The applicant spud the first unit well on November 30, 2014.

POOLING COMMITTEE RECOMMENDATION:

The Pooling Committee recommends Board approval of the amendment to the permanent oil and gas unit under the above-stated provisions.



Mary Smith - Office of the Attorney General

7/28/15

Date



Robert Hatter - General Land Office

8/03/15

Date

Diane Morris - Office of the Governor

Date

Working File Number: UPA148522

REMARKS:

- BHP Billiton Petroleum Properties (N.A.), LP is seeking Board approval to amend the drilling schedule for the State Roy Kimsey 56-T2-46 Unit.
- The applicant agrees to commence drilling operations on a second unit well on or before June 18, 2019 at which point they have the option to enter into a sixty day continuous drilling program for the third and fourth unit wells or the unit will decrease in size to 160 acres per unit well.
- The School Land Board approved permanent oil and gas pooling on December 9, 2014.
- The applicant spud the first unit well on November 30, 2014.

POOLING COMMITTEE RECOMMENDATION:

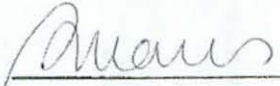
The Pooling Committee recommends Board approval of the amendment to the permanent oil and gas unit under the above-stated provisions.

Mary Smith - Office of the Attorney General

Date

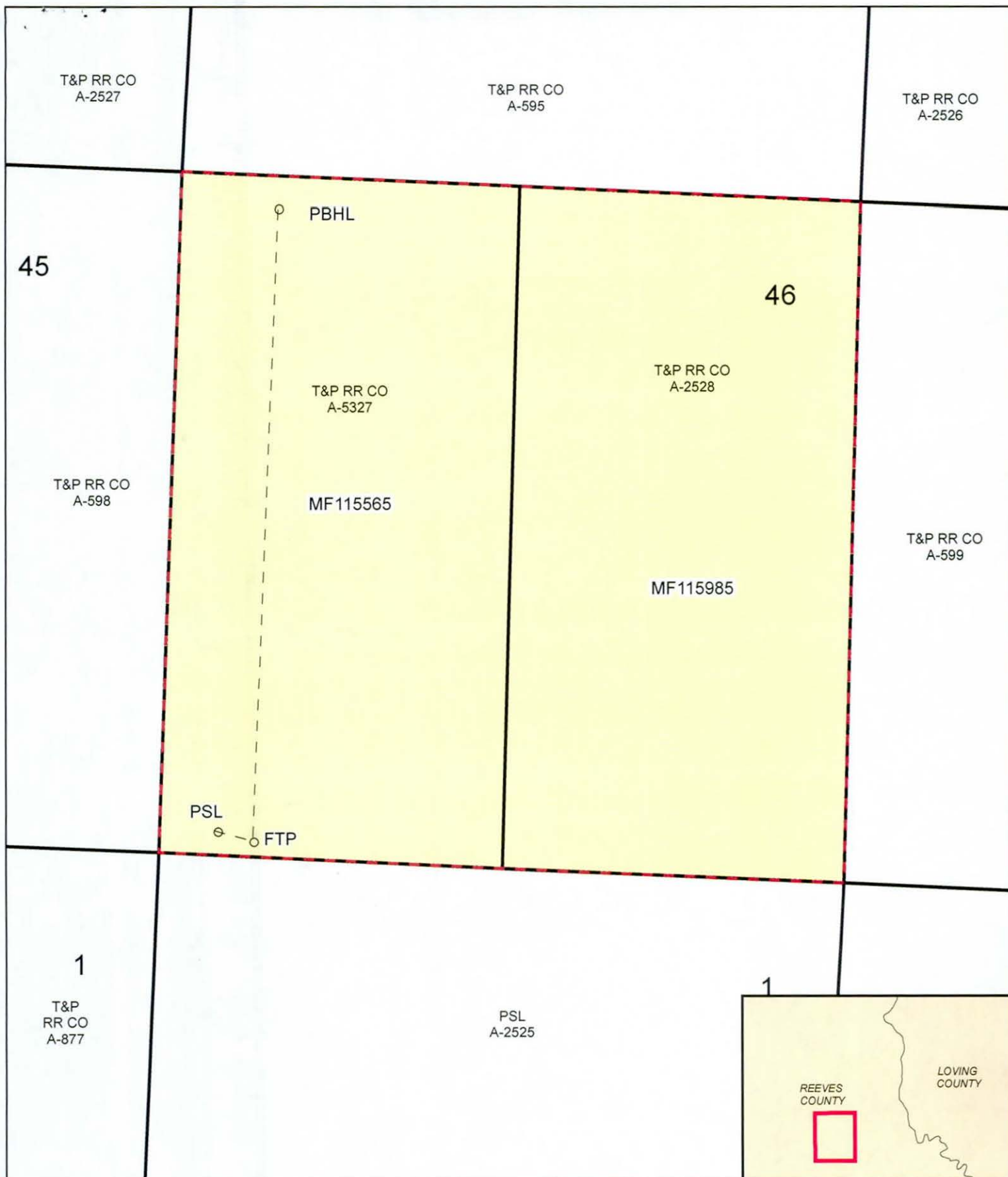
Robert Hatter - General Land Office

Date



Diane Morris - Office of the Governor

7-28-2015
Date



Unit #7195
BHP Billiton Petroleum
State Roy Kimsey 56-T2-46 1H
Phantom (Wolfcamp) Field
Reeves County, Texas

1,000 500 0 1,000 Feet



The Texas General Land Office makes no representations or warranties regarding the accuracy or completeness of the information depicted on this map or the data from which it was produced. This map IS NOT suitable for navigational purposes and does not purport to depict or establish boundaries between private and public land.



Map Generated by:
Mark Conway
IS/BAS/GIS
August 2015

**AMENDMENT OF POOLING AGREEMENT
BHP BILLITON PETROLEUM PROPERTIES (N.A.), LP
STATE ROY KIMSEY 56-T2-46 UNIT
GLO UNIT NO. 7195
REEVES COUNTY, TEXAS**

WHEREAS, on December 9, 2014, the State Roy Kimsey 56-T2-46 Unit ("Unit") was presented to and approved by the School Land Board of the State of Texas pursuant to the provisions of Subchapter E, Chapter 52, of the Texas Natural Resources Code; and

WHEREAS, pursuant to such approval, BHP Billiton Petroleum Properties (N.A.), LP and the Commissioner of the General Land Office of the State of Texas entered into that certain Pooling Agreement ("Agreement") to pool certain State lands into the 641.86-acre Unit in Reeves County, Texas, as more particularly described in said Agreement on file in the Archives and Records of the Texas General Land Office, Austin, Texas, in Mineral File No. M-115565; and

WHEREAS, on August 4, 2015, BHP Billiton Petroleum Properties (N.A.), LP made application and the School Land Board approved its application to amend Addendum "A" to the Agreement; and

WHEREAS, the Commissioner of the General Land Office finds that amending said Agreement as approved by the School Land Board is in the best interest of the State of Texas:

NOW THEREFORE, in consideration of the premises and of the mutual agreements contained in the Agreement, it is agreed that the Agreement is amended by deleting Addendum "A" to the Agreement in its entirety and substituting the attached Addendum "A".

Nothing in this Amendment, nor the approval of this Amendment by the School Land Board, nor the execution of this Amendment by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; or (4) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest; or (5) constitute a ratification of, or a waiver or release of any claim by the State with respect to any violation of a statute, regulation, or any of the common laws of this State, or any breach of any contract, duty, or other obligation owed to the State.

This Amendment of Pooling Agreement may be executed in counterparts and, if so executed, shall be valid, binding and have the same effect as if all the parties hereto actually joined in and executed one and the same document. For recording purposes and in the event counterparts of this Amendment of Pooling Agreement are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this Amendment of Pooling Agreement so as to form what shall be deemed and treated as a single original instrument showing execution by all parties thereto.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment of Pooling Agreement upon the respective dates indicated below but effective as of December 9, 2014.

Date Executed 10/20/15

STATE OF TEXAS

Legal mm
Content mm
Geology mm
Executive mm

By: George P. Bush
George P. Bush, Commissioner
General Land Office

CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 4th day of August, 2015, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the 21st day of October, 2015.

Stephanie Crenshaw
Secretary of the School Land Board

57.97.07

Date Executed 10/15/2015

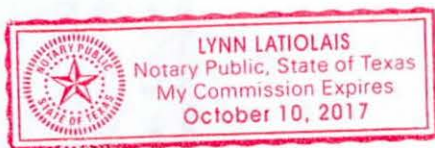
BHP Billiton Petroleum Properties (N.A.), LP,
formerly known as Petrohawk Properties, LP,
By: BHP Billiton Petroleum Properties (GP), LLC,
its General Partner

By: [Signature]
Stephen L. Mahanay, Attorney-in-Fact GFA

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on OCT. 15, 2015, by Stephen L. Mahanay, Attorney-in-Fact of BHP Billiton Petroleum Properties (N.A.), LP formerly known as Petrohawk Properties, LP, by BHP Billiton Petroleum Properties (GP), LLC, its General Partner a Texas limited liability company on behalf of said limited partnership.



Lynn Latolais
Notary Public in and for the State of Texas

57.97.07

Addendum "A"

To that certain Pooling Agreement for the STATE ROY KIMSEY 56-T2-46 Unit

The parties hereby agree that should any conflict exist between the terms and provisions in this Addendum, the terms and provisions of the body of this Pooling Agreement, or the terms and provisions of any of the state leases listed on the Exhibit "A" attached hereto, then the terms and provisions of this Addendum shall supersede and control.

1. Notwithstanding anything to the contrary in this Pooling Agreement, the State Leases listed on Exhibit "A" and Addendum "B", it is hereby agreed that if Lessee makes the payment of one-half of the bonus to extend the deeper depths as may be provided in said State Leases, the deeper depths as to the acreage included in the pooled unit shall be considered to be all depths down to 100 feet below the base of the Wolfcamp formation rather than all depths below 100 feet below the total depth drilled.

If Lessee makes said payment to extend the deeper depths as defined herein for the additional period of two years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths and at the end of said additional two years there is no production from the depths below 100 feet below the base of the Wolfcamp formation, then the State Lease or leases shall terminate as to those depths below 100 feet below the base of the Wolfcamp formation.

2. The pooled unit shall consist of all of the lands herein described in the attached Exhibit "B" and depicted in the attached Exhibit "C", provided however that, on or before June 18, 2016, if Lessee has commenced actual drilling operations on the first unit well, then Lessee shall have the option to commence actual drilling operations on a second unit well on or before June 18, 2019 at which point Lessee shall have the option to enter into a sixty (60) day continuous drilling program for two (2) additional unit wells, with no cessation of more than sixty (60) days from the spud of one well to the spud of another well.

At such time as Lessee has drilled and completed four (4) unit wells, in accordance with the deadlines above, the parties hereby agree that the pooled unit shall remain in the original, unaltered size and shape described in Exhibit "B" and depicted in Exhibit "C", in accordance with paragraph 9 of the Agreement.

Lessee's failure to timely comply with the deadlines above shall result in the formation of a "Contracted Pooled Unit" in accordance with the following:

<u>No. of Unit Wells</u>	<u>Corresponding size & shape of the resulting Contracted Pooled Unit</u>
1 Unit Well	160 Acres, more or less, comprised of the stand-up 160 acre quarter of the pooled unit containing the first Unit Well.
2 Unit Wells	320 Acres, comprised of a) the stand-up 320 acre half of the section containing the first Unit Well, or b) the two 160 acre stand-up quarters of the section containing each of the 2 Unit Wells, if said wells are not in the same half of the section.
3 Unit Wells	480 Acres, comprised of a) the stand-up 320 acre half of the section containing the first Unit Well and the adjacent stand-up 160 acre quarter of the section, or b) the stand-up 320 acre half of the section containing the first Unit Well and the non-adjacent stand-up 160 acre quarter of the section, if said non-adjacent quarter contains a wellbore c) the three 160 acre stand-up quarters of the section containing each of the 3 Unit Wells.

It is the intent of the parties that each wellbore drilled within the original pooled unit shall earn 160 acres, more or less, or one-fourth (1/4th) of the original pooled unit acreage as described on Exhibit "B" and depicted on Exhibit "C".



Exhibit "A"

Leases In Unit

Lessor: State of Texas, acting by and through its agent, John D. Camp

Lessee: BHP Billiton Petroleum Properties (N.A.), LP

Date: 08/21/2013

Recording Info: Book 1026, Page 519, Doc # 13-07038, Filed: 09/27/2013, Reeves County, Texas

Royalty: 25%

Lessor: State of Texas, acting by and through its agent, Roy E. Kimsey, Jr.

Lessee: Petrohawk Properties, LP

Date: 06/18/2013

Recording Info: Book 1008, Page 54, Doc # 13-04457, Filed: 06/25/2013, Reeves County, Texas

Royalty: 25%

Lessor: State of Texas, acting by and through its agent, George A. Thomas

Lessee: Petrohawk Properties, LP

Date: 06/18/2013

Recording Info: Book 1008, Page 47, Doc # 13-04456, Filed: 06/25/2013, Reeves County, Texas

Royalty: 25%

Lessor: State of Texas, acting by and through its agent, Tom E. Johnson LP, by Tom E. Johnson Management LLC, its General Partner, represented herein by Tom E. Johnson, Manager

Lessee: Petrohawk Properties, LP

Date: 06/18/2013

Recording Info: Book 1009, Page 738, Doc # 13-04789, Filed: 07/09/2013, Reeves County, Texas

Royalty: 25%

Lessor: State of Texas, acting by and through its agent, Robert M. Davenport

Lessee: BHP Billiton Petroleum Properties (N.A.), LP

Date: 10/08/2013

Recording Info: Book 1037, Page 176, Doc # 13-08529, Filed: 11/19/2013, Reeves County, Texas

Royalty: 25%

51.91.01

Exhibit "B"

Description of Lands included in the Pooling Agreement

Tract 1:

320 acres of land, more or less, being the West Half (W/2) of Section 46, Block 56, Township 2, T&P Railway Company Survey, Reeves County, Texas.

Tract 2:

320 acres of land, more or less, being the East Half (E/2) of Section 46, Block 56, Township 2, T&P Railway Company Survey, Reeves County, Texas.

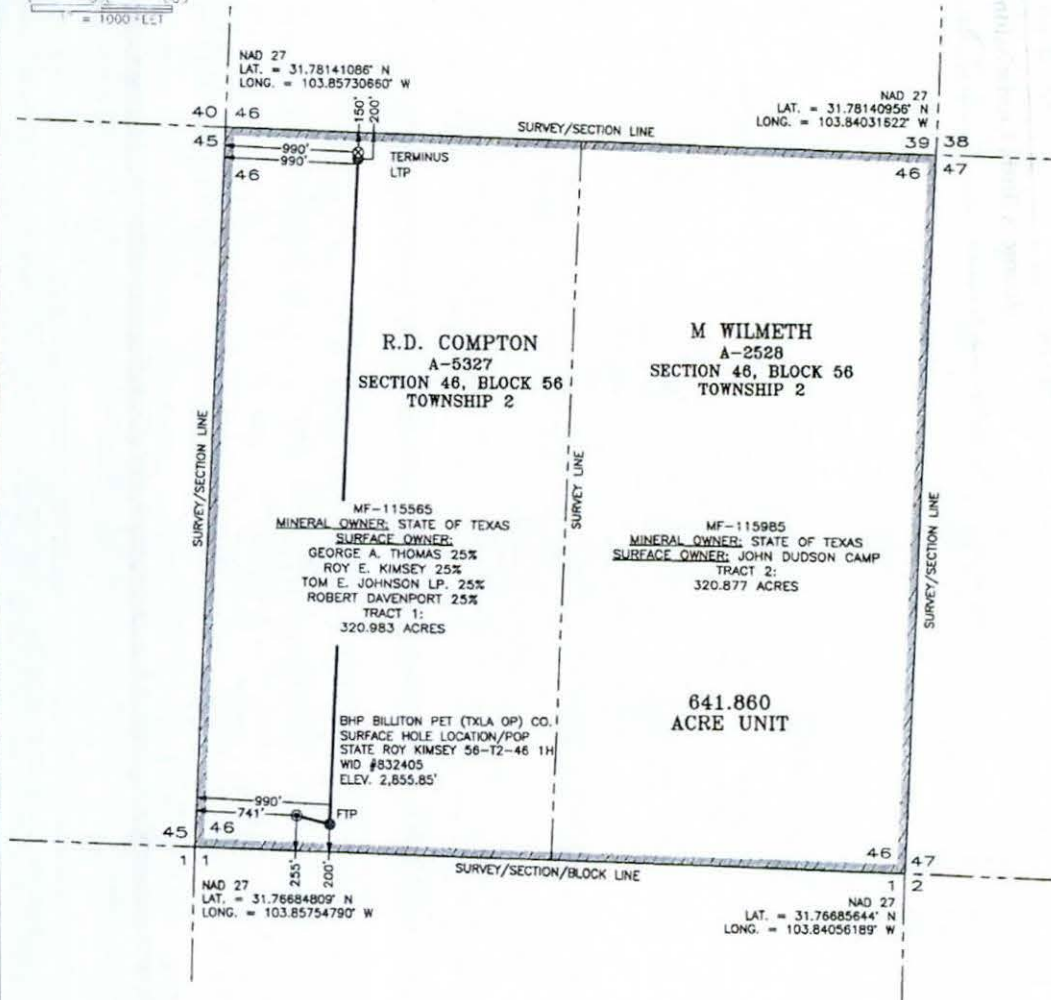
57.97.01



1" = 1000' L&L

EXHIBIT "C"

STATE ROY KIMSEY 56-T2-46 UNIT PLAT
Reeves County, TX



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

GENERAL NOTES

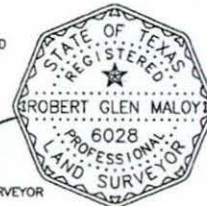
- COORDINATES SHOWN ARE BASED ON TEXAS COORDINATE SYSTEM OF NAD 83 (1986) "TEXAS CENTRAL ZONE", AND BASED ON "CHAPMAN ET" NGS MONUMENT (Y = 10,625,750.01, X = 1,199,666.18)
- VERTICAL DATUM IS NAVD 88
- COMBINED SCALE FACTOR = 0.999835590
- LATITUDE AND LONGITUDE ARE NAD 83 (1986) AS SHOWN
- AREA, DISTANCES, AND COORDINATES ARE "GRID"
- UNITS ARE UNITED STATES SURVEY FOOT.
- ALL LEASE AND TRACT INFORMATION SHOWN HERE ON IS DONE SO BY LIMITED DEED RECORD INFORMATION ONLY. ALL ACRESAGES SHOWN ARE BY DEED AND LEASE CALL, EXCEPT WHERE NOTED. THIS IS NOT IN ANY WAY A "BOUNDARY SURVEY".
- ELEVATIONS SHOWN IN LINE TABLES REPRESENT THE ELEVATION AT THE END OF THAT LINE SEGMENT IN THE DIRECTION FROM THE PREVIOUS POINT.

REVISION	DATE	BY	DETAILS
A	07/30/14	GG	MAKE PRELIMINARY PLAT
B	07/31/14	JK	MAKE QCC AND REVISIONS
C	07/31/14	GG	CERTIFIED
D	09/17/14	RGM	CHANGE UNIT NAME

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

Robert Glen Maloy

ROBERT GLEN MALOY
REGISTERED PROFESSIONAL LAND SURVEYOR
LICENSE NO. 6028



PLAT OF:

A PROPOSED UNIT DESIGNATION PLAT FOR:
BHP BILLITON PET (TXLA OP) CO.
STATE ROY KIMSEY 56-T2-46 1H
WID# 832405

FRANK
SURVEYING COMPANY INC.
550 Bailey Ave., 205 - Fort Worth, TX 76107
Ph: 817.349.9800 - Fax: 979.732.5271
TBPIS Firm No. 10193887
www.franksurveying.com
LAND SURVEYING/ENERGY/GIS SERVICES
COPYRIGHT 2014 - ALL RIGHTS RESERVED

SITUATED IN THE R.D. COMPTON SURVEY, A-5327, SECTION 46, BLOCK 56, TOWNSHIP 2, AND THE M. WILMETH SURVEY, A-2528, SECTION 46, BLOCK 56, TOWNSHIP 2, LOCATED APPROX. 5 MILES SOUTHEAST OF ORLA, IN REEVES COUNTY, TEXAS.

DATE: 07/31/14
DRAWN BY: GG
CHECKED BY: JK
FIELD CREW: RE/MR
PROJECT NO: 201407688
SCALE: 1" = 1000'
SHEET: 1 OF 1
REVISION: NO

570707

16

M-115565

File No.

Amendment of State

County

Roy Kinsey Unit, # 719

Date Filed:

10/22/15

George P. Bush, Commissioner

By

10.10.12

North America Shale Production Division

December 17, 2015

Via FedEx (Trkg #7752 3922 6086)

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

Attention: J. Daryl Morgan, CPL, Energy Resources Division

Re: Amendment of Pooling Agreement -
State Cumberland 57-T2-16 Unit, GLO Unit No. 7071 *m-87169*
State LRP 57-T2-12 Unit, GLO Unit No. 7199 *88384*
State Ella Mae Hall 57-T2-14 Unit, GLO Unit No. 7394 *97729*
State Roy Kimsey 56-T2-46 Unit, GLO Unit No. 7195 *115565*
Reeves County, Texas

Dear Mr. Morgan:

Enclosed you will find Certified Copies of the Recorded Original Pooling Agreements for your records:

<i>Amendment</i>	<i>Recording File No.</i>
State Cumberland 57-T2-16 Unit, GLO Unit No. 7071	15-10376
State LRP 57-T2-12 Unit, GLO Unit No. 7199	15-10377
State Ella Mae Hall 57-T2-14 Unit, GLO Unit No. 7394	15-10378
State Roy Kimsey 56-T2-46 Unit, GLO Unit No. 7195	15-10379

Should you need any additional information, please do not hesitate to call or email.

Sincerely,



Lynn Latiolais, CPLTA
Land Technical Analyst

/ll
Enclosures



File No. M-115565

Ltr. From BHP County

Date Filed: 12/18/15

George P. Bush, Commissioner

By [Signature]

2015

AMENDMENT OF POOLING AGREEMENT
BHP BILLITON PETROLEUM PROPERTIES (N.A.), LP
STATE ROY KIMSEY 56-T2-46 UNIT
GLO UNIT NO. 7195
REEVES COUNTY, TEXAS

WHEREAS, on December 9, 2014, the State Roy Kimsey 56-T2-46 Unit ("Unit") was presented to and approved by the School Land Board of the State of Texas pursuant to the provisions of Subchapter E, Chapter 52, of the Texas Natural Resources Code; and

WHEREAS, pursuant to such approval, BHP Billiton Petroleum Properties (N.A.), LP and the Commissioner of the General Land Office of the State of Texas entered into that certain Pooling Agreement ("Agreement") to pool certain State lands into the 641.86-acre Unit in Reeves County, Texas, as more particularly described in said Agreement on file in the Archives and Records of the Texas General Land Office, Austin, Texas, in Mineral File No. M-115565; and

WHEREAS, on August 4, 2015, BHP Billiton Petroleum Properties (N.A.), LP made application and the School Land Board approved its application to amend Addendum "A" to the Agreement; and

WHEREAS, the Commissioner of the General Land Office finds that amending said Agreement as approved by the School Land Board is in the best interest of the State of Texas:

NOW THEREFORE, in consideration of the premises and of the mutual agreements contained in the Agreement, it is agreed that the Agreement is amended by deleting Addendum "A" to the Agreement in its entirety and substituting the attached Addendum "A".

Nothing in this Amendment, nor the approval of this Amendment by the School Land Board, nor the execution of this Amendment by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; or (4) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest; or (5) constitute a ratification of, or a waiver or release of any claim by the State with respect to any violation of a statute, regulation, or any of the common laws of this State, or any breach of any contract, duty, or other obligation owed to the State.

This Amendment of Pooling Agreement may be executed in counterparts and, if so executed, shall be valid, binding and have the same effect as if all the parties hereto actually joined in and executed one and the same document. For recording purposes and in the event counterparts of this Amendment of Pooling Agreement are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this Amendment of Pooling Agreement so as to form what shall be deemed and treated as a single original instrument showing execution by all parties thereto.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment of Pooling Agreement upon the respective dates indicated below but effective as of December 9, 2014.

Date Executed 10/20/15

STATE OF TEXAS

Legal mmj
Content mmj
Geology mmj
Executive mmj

By: [Signature]
George P. Bush, Commissioner
General Land Office

CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 4th day of August, 2015, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this 2nd day of October, 2015.



TRUE & CORRECT
COPY OF
ORIGINAL FILED IN
REEVES COUNTY
CLERKS OFFICE

[Signature]
Stephanie Crenshaw
Secretary of the School Land Board



Date Executed 10/15/2015

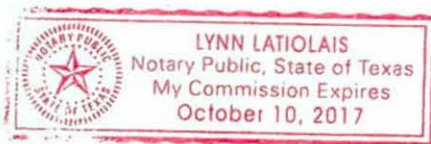
BHP Billiton Petroleum Properties (N.A.), LP,
formerly known as Petrohawk Properties, LP,
By: BHP Billiton Petroleum Properties (GP), LLC,
its General Partner

By: [Signature]
Stephen L. Mahanay, Attorney-in-Fact

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on OCT. 15, 2015, by Stephen L. Mahanay, Attorney-in-Fact of BHP Billiton Petroleum Properties (N.A.), LP formerly known as Petrohawk Properties, LP, by BHP Billiton Petroleum Properties (GP), LLC, its General Partner a Texas limited liability company on behalf of said limited partnership.



[Signature]
Notary Public in and for the State of Texas



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COPY OF
ORIGINAL FILED IN
REEVES COUNTY
CLERKS OFFICE

91.91.21

Addendum "A"
To that certain Pooling Agreement for the STATE ROY KIMSEY 56-T2-46 Unit

The parties hereby agree that should any conflict exist between the terms and provisions in this Addendum, the terms and provisions of the body of this Pooling Agreement, or the terms and provisions of any of the state leases listed on the Exhibit "A" attached hereto, then the terms and provisions of this Addendum shall supersede and control.

1. Notwithstanding anything to the contrary in this Pooling Agreement, the State Leases listed on Exhibit "A" and Addendum "B", it is hereby agreed that if Lessee makes the payment of one-half of the bonus to extend the deeper depths as may be provided in said State Leases, the deeper depths as to the acreage included in the pooled unit shall be considered to be all depths down to 100 feet below the base of the Wolfcamp formation rather than all depths below 100 feet below the total depth drilled.

If Lessee makes said payment to extend the deeper depths as defined herein for the additional period of two years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths and at the end of said additional two years there is no production from the depths below 100 feet below the base of the Wolfcamp formation, then the State Lease or leases shall terminate as to those depths below 100 feet below the base of the Wolfcamp formation.

2. The pooled unit shall consist of all of the lands herein described in the attached Exhibit "B" and depicted in the attached Exhibit "C", provided however that, on or before June 18, 2016, if Lessee has commenced actual drilling operations on the first unit well, then Lessee shall have the option to commence actual drilling operations on a second unit well on or before June 18, 2019 at which point Lessee shall have the option to enter into a sixty (60) day continuous drilling program for two (2) additional unit wells, with no cessation of more than sixty (60) days from the spud of one well to the spud of another well.

At such time as Lessee has drilled and completed four (4) unit wells, in accordance with the deadlines above, the parties hereby agree that the pooled unit shall remain in the original, unaltered size and shape described in Exhibit "B" and depicted in Exhibit "C", in accordance with paragraph 9 of the Agreement.

Lessee's failure to timely comply with the deadlines above shall result in the formation of a "Contracted Pooled Unit" in accordance with the following:

No. of Unit Wells	Corresponding size & shape of the resulting Contracted Pooled Unit
1 Unit Well	160 Acres, more or less, comprised of the stand-up 160 acre quarter of the pooled unit containing the first Unit Well.
2 Unit Wells	320 Acres, comprised of a) the stand-up 320 acre half of the section containing the first Unit Well, or b) the two 160 acre stand-up quarters of the section containing each of the 2 Unit Wells, if said wells are not in the same half of the section.
3 Unit Wells	480 Acres, comprised of a) the stand-up 320 acre half of the section containing the first Unit Well and the adjacent stand-up 160 acre quarter of the section, or b) the stand-up 320 acre half of the section containing the first Unit Well and the non-adjacent stand-up 160 acre quarter of the section, if said non-adjacent quarter contains a wellbore c) the three 160 acre stand-up quarters of the section containing each of the 3 Unit Wells.

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COPY OF
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REEVES COUNTY
CLERKS OFFICE



It is the intent of the parties that each wellbore drilled within the original pooled unit shall earn 160 acres, more or less, or one-fourth (1/4th) of the original pooled unit acreage as described on Exhibit "B" and depicted on Exhibit "C".

57.01.01

Exhibit "A"
Leases In Unit

Lessor: State of Texas, acting by and through its agent, John D. Camp

Lessee: BHP Billiton Petroleum Properties (N.A.), LP

Date: 08/21/2013

Recording Info: Book 1026, Page 519, Doc # 13-07038, Filed: 09/27/2013, Reeves County, Texas

Royalty: 25%

Lessor: State of Texas, acting by and through its agent, Roy E. Kimsey, Jr.

Lessee: Petrohawk Properties, LP

Date: 06/18/2013

Recording Info: Book 1008, Page 54, Doc # 13-04457, Filed: 06/25/2013, Reeves County, Texas

Royalty: 25%

Lessor: State of Texas, acting by and through its agent, George A. Thomas

Lessee: Petrohawk Properties, LP

Date: 06/18/2013

Recording Info: Book 1008, Page 47, Doc # 13-04456, Filed: 06/25/2013, Reeves County, Texas

Royalty: 25%

Lessor: State of Texas, acting by and through its agent, Tom E. Johnson LP, by Tom E. Johnson Management LLC, its General Partner, represented herein by Tom E. Johnson, Manager

Lessee: Petrohawk Properties, LP

Date: 06/18/2013

Recording Info: Book 1009, Page 738, Doc # 13-04789, Filed: 07/09/2013, Reeves County, Texas

Royalty: 25%

Lessor: State of Texas, acting by and through its agent, Robert M. Davenport

Lessee: BHP Billiton Petroleum Properties (N.A.), LP

Date: 10/08/2013

Recording Info: Book 1037, Page 176, Doc # 13-08529, Filed: 11/19/2013, Reeves County, Texas

Royalty: 25%



TRUE & CORRECT
COPY OF
ORIGINAL FILED IN
REEVES COUNTY
CLERKS OFFICE

970121

Exhibit "B"

Description of Lands included in the Pooling Agreement

Tract 1:

320 acres of land, more or less, being the West Half (W/2) of Section 46, Block 56, Township 2, T&P Railway Company Survey, Reeves County, Texas.

Tract 2:

320 acres of land, more or less, being the East Half (E/2) of Section 46, Block 56, Township 2, T&P Railway Company Survey, Reeves County, Texas.

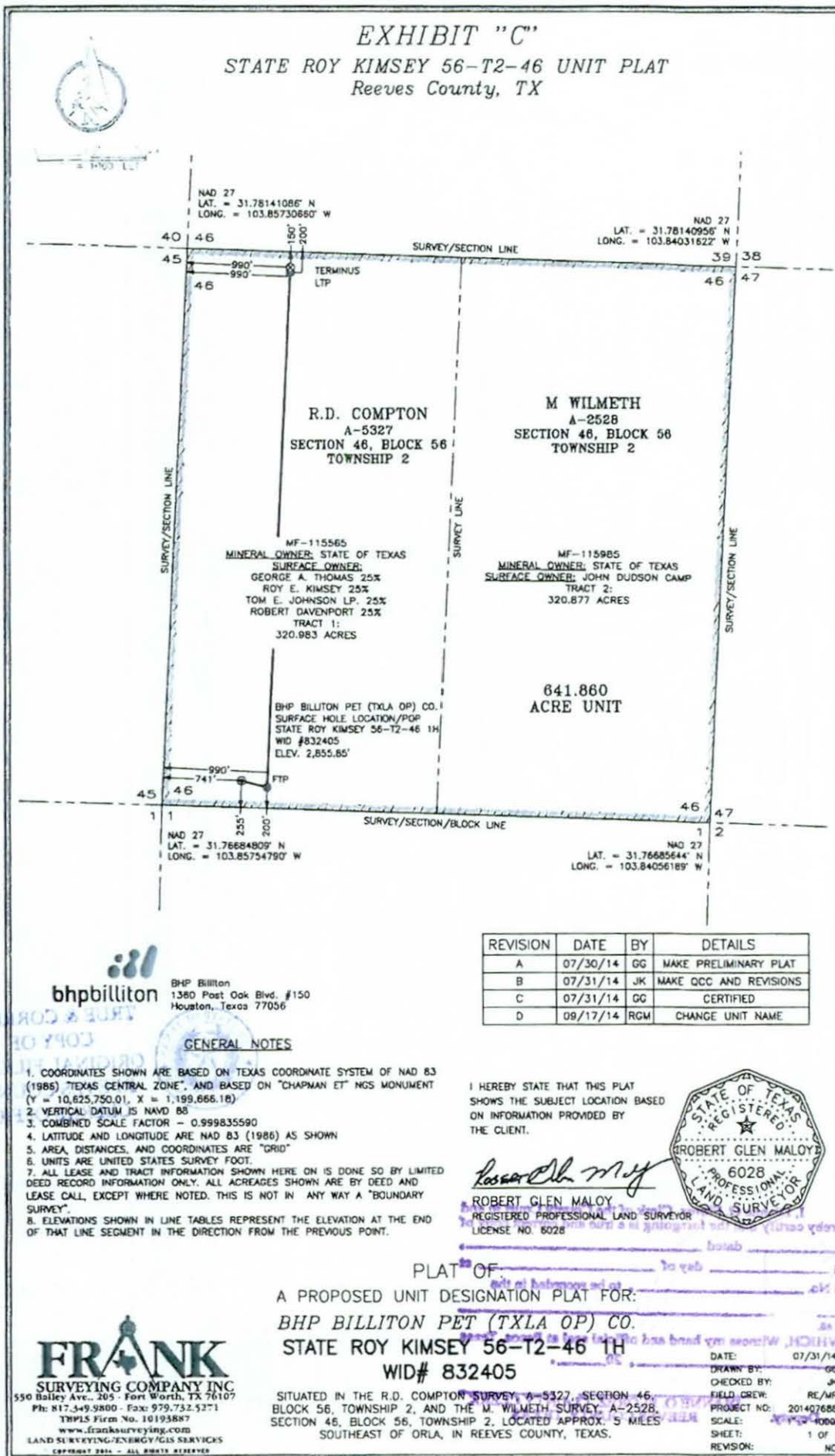


TRUE & CORRECT
COPY OF
ORIGINAL FILED IN
REEVES COUNTY
CLERKS OFFICE

97.07.07

EXHIBIT "C"

STATE ROY KIMSEY 56-T2-46 UNIT PLAT
Reeves County, TX



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

GENERAL NOTES

- COORDINATES SHOWN ARE BASED ON TEXAS COORDINATE SYSTEM OF NAD 83 (1985) TEXAS CENTRAL ZONE, AND BASED ON "CHAPMAN ET" NGS MONUMENT (Y = 10,625,750.01, X = 1,199,666.18)
- VERTICAL DATUM IS NAVD 88
- COMBINED SCALE FACTOR = 0.999835590
- LATITUDE AND LONGITUDE ARE NAD 83 (1986) AS SHOWN
- AREA, DISTANCES, AND COORDINATES ARE "GRID"
- UNITS ARE UNITED STATES SURVEY FOOT
- ALL LEASE AND TRACT INFORMATION SHOWN HERE ON IS DONE SO BY LIMITED DEED RECORD INFORMATION ONLY. ALL ACREAGES SHOWN ARE BY DEED AND LEASE CALL, EXCEPT WHERE NOTED. THIS IS NOT IN ANY WAY A "BOUNDARY SURVEY"
- ELEVATIONS SHOWN IN LINE TABLES REPRESENT THE ELEVATION AT THE END OF THAT LINE SEGMENT IN THE DIRECTION FROM THE PREVIOUS POINT.

REVISION	DATE	BY	DETAILS
A	07/30/14	GG	MAKE PRELIMINARY PLAT
B	07/31/14	JK	MAKE OGC AND REVISIONS
C	07/31/14	GG	CERTIFIED
D	09/17/14	RGM	CHANGE UNIT NAME

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

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



PLAT OF

A PROPOSED UNIT DESIGNATION PLAT FOR:
BHP BILLITON PET (TXLA OP) CO.
STATE ROY KIMSEY 56-T2-46 1H
WID# 832405

SITUATED IN THE R.D. COMPTON SURVEY, A-5327, SECTION 46,
BLOCK 56, TOWNSHIP 2, AND THE M. WILMETH SURVEY, A-2528,
SECTION 46, BLOCK 56, TOWNSHIP 2, LOCATED APPROX. 5 MILES
SOUTHEAST OF ORLA, IN REEVES COUNTY, TEXAS.

FRANK
SURVEYING COMPANY INC.
550 Bailey Ave., 205 - Fort Worth, TX 76107
Ph: 817-349-5800 - Fax: 817-349-5801
THPLS Firm No. 10193887
www.franksurveying.com
LAND SURVEYING/ENGINEERING/SURVEYS
COPYRIGHT 2014 - ALL RIGHTS RESERVED

DATE: 07/31/14
DRAWN BY: GG
CHECKED BY: JK
FIELD CREW: RE/MR
PROJECT NO: 201407688
SCALE: 1" = 4000'
SHEET: 1 OF 1
REVISION: NO

TRUE & CORRECT
COPY OF
ORIGINAL FILED IN
REEVES COUNTY
CLERKS OFFICE



After recording, please return to:
BHP Billiton
ATTN: Lynn Lalotais - Permian Land 21WT
1360 Post Oak, Suite 150
Houston, TX 77056

18

File No. M-115565

Recorded Amendment County _____

Date Filed: 12/18/15

By: George P. Bush Commissioner



TRUE & CORRECT
COPY OF
ORIGINAL FILED IN
REEVES COUNTY
CLERKS OFFICE

THE STATE OF TEXAS
COUNTY OF REEVES

I, Dianne O. Florez, Clerk of the County Court in and for said County and State do hereby certify that the foregoing is a true and correct copy of Amendment of Pooling Agreement dated October 20, 2015, filed for record in my office this 4th day of November at 9:13A M, under Clerk's File No. 15-10379, to be recorded in the Official Public Records Records of Reeves County, Texas.

TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas this 4th day of November, 2015.

By: D. Alse, Deputy.

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

Inst No. 15-10379
DIANNE O. FLOREZ
COUNTY CLERK

2015 Nov 04 at 09:13 AM
REEVES COUNTY, TEXAS

By: BA Brittany Ahl DEPUTY

757072

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

BHP Billiton Petroleum (TX) Co.
 Attn: Kristen Stelle
 1360 POST OAK BLVD. STE 150
 Houston, TX 77056-3030



9590 9403 0530 5173 4174 81

2. Article Number (Transfer from service label)

7007 0710 0000 5380 6545

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

[Handwritten Signature]

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☐ No

UF 115565
 Ac.

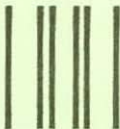
3. Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery

- ☐ Priority Mail Express™
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Return Receipt for Merchandise
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

UNITED STATES POSTAL SERVICE

HOUSTON
TX 770
23 MAY '15



First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

21510



Texas General Land Office

George P. Bush, Commissioner

P.O. Box 12873

Austin, Texas 78711-2873

BOX®

USPS TRACKING#



9590 9403 0530 5173 4174 81



Texas General Land Office

Reconciliation Billing

George P. Bush, Commissioner

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

BHP Billiton Petroleum (TXLA Operating) Company
Attn: Cristen Steele
1360 Post Oak Blvd Ste 150
Houston, TX 77056-3030

Billing Date: 5/13/2016
Billing Due Date: 6/12/2016
Customer Number: C000046383

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
16I00420	MF115565	\$0.00	\$967.59	\$96.76	\$32.29	\$1,096.64
16I00422	MF115985	\$0.00	\$967.59	\$96.76	\$32.29	\$1,096.64
Total Due		\$0.00	\$1,935.18	\$193.52	\$64.58	\$2,193.28

Penalty and interest have been calculated thru 5/31/2016. Payment remitted after 5/31/2016 will result in additional penalty and interest charges.

Contact Info: Andrea Charlton (512) 463-5190 or Andrea.Charlton@GLO.TEXAS.GOV

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.
- For other royalty reporting questions, visit <http://www.glo.texas.gov>, call (512) 463-6850 or email us at glo123@glo.texas.gov.

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

BHP Billiton Petroleum (TXLA Operating) Company

Billing Date: 5/13/2016

Billing Due Date: 6/12/2016

Customer Number: C000046383

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
16I00420	MF115565	\$0.00	\$967.59	\$96.76	\$32.29	\$1,096.64
16I00422	MF115985	\$0.00	\$967.59	\$96.76	\$32.29	\$1,096.64
Total Due		\$0.00	\$1,935.18	\$193.52	\$64.58	\$2,193.28
Amt. Paid						

**Energy Financial Management
SMAR Activity / Invoicing Approval**

Auditor/Account Examiner: Andrea Charlton
Company Name: BHP Billiton Petroleum (TXLA Operating) Company
Customer Number: C000046383
Mineral File #: MF115565
Transaction Type: Volume Reconciliation
Other / Invoice #:

Previous Amount	Current Amount	Date	AE / Reviewer's Notes	Reviewer's Signature	AR Notes
	\$1,096.64	05/11/16	Under reported/paid sales volumes	MM 5/12/2016 	

All original invoices must be approved.

All reductions in billing of more than \$1000 must be approved.

Customer ID: C000046383
 Invoice Number:
 GLO Lease: MF115565
 GLO Review: BHP Billiton Petroleum (TXLA Operating) Company
 Review Period: JANUARY THROUGH AUGUST 2015

Auditor/AE: Acharito
 Billing Date: 5/11/2016
 P&I Calculation Date: 5/31/2016
 Royalty Rate: 12.50%

Royalty Report													
Month / Year	RRC Number	(1) Oil Volume	(2) Tract Participation Rate	(3) Price	(4) Gross Value	(5) Royalty Due	(6) Royalty Paid	(7) Additional Royalty Due	(8) Number of Days Late	(9) Interest Rate For Additional Royalty	(10) Penalty From Additional Royalty	(11) Interest From Additional Royalty	Revenue Due
					(1)X(2)x(3)	(4) * Royalty Rate							(7)+(10)+(11)
Mar-15	08-278120	54.00	1	\$40.08	\$2,164.19	\$270.52	\$0.00	\$270.52	392	4.250000%	\$27.05	\$10.49	\$308.06
Apr-15	08-278120	54.00	1	\$46.72	\$2,522.83	\$315.35	\$0.00	\$315.35	361	4.250000%	\$31.54	\$11.09	\$357.98
Jun-15	08-278120	58.00	1	\$52.65	\$3,053.79	\$381.72	\$0.00	\$381.72	300	4.250000%	\$38.17	\$10.71	\$430.60
TOTALS		166.00			\$7,740.81	\$967.59	\$0.00	\$967.59			\$96.76	\$32.29	\$1,096.64

ATTENTION: CRISTEN STEELE
 CERTIFIED MAIL : 70070710 0000 5380 6545

COMMENTS: SALES VOLUMES REPORTED TO THE GLO WAS COMPARED TO VOLUMES REPORTED TO THE RRC.
 IT HAS BEEN DETERMINED THAT THE SALES VOLUMES HAS BEEN UNDER PAID.

COLUMN (1) RRC VOLUME - REPRESENTS UNDER REPORTED SALES VOLUMES TO THE GLO FROM RRC WELL ID# 08-278120

COLUMN (3) PRICE - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE

COLUMN (10)(11)(12) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:

<http://www.glo.texas.gov/energy-business/oil-gas/rrac/forms/penalty-interest-assessment-rules.pdf>

NOTE 1: PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS. THE PREFERRED METHOD OF PAYMENT IS BY CHECK ACCOMPANIED WITH THE BOTTOM HALF OF THE ATTACHED INVOICE. IF PAYMENT IS MADE THROUGH ACH DEBIT, NOTIFY THE AUDITOR AS TO THE REMITTANCE DATE SO THE INVOICE CAN BE PROPERLY CREDITED.

(19)

File No. MF 115565

Reeves County

Reconciliation Billing

Date Filed: 6/13/16

George P. Bush, Commissioner

By Rafael Ramirez

3 0.15

MF115565✓
MF115985

DIVISION ORDER



To: **BHP Billiton Petroleum**
Land Administration
P O Box 22719
Houston, TX 77227-9927
(877) 311- 1443

Issue Date: 3/3/2015
Property Name: STATE ROY KIMSEY 56-T2-46 1H
Property #: P1M454/00501 **API 389-34571**
Production: ALL PRODUCTS
Operator: BHP BILLITON PETROLEUM (TXLA OPERATING)
Legal Description: T&P RR CO ABST/ID# 2528 Grantee M. WILMETH Twsp T2 Blk 56 Sec 46 REEVES COUNTY, TEXAS (320.877 ACRES); T&P RR CO ABST/ID# 5327 Grantee R.D. COMPTON Twsp T2 Blk 56 Sec 46 REEVES COUNTY, TEXAS (320.983 ACRES)

CREDIT TO

Owner # 80113945
STATE OF TEXAS GLO
1700 N CONGRESS AVE #640
AUSTIN TX 78701-1495

Decimal	Type	Status	Reason	Start Date
0.12500000	RI	PAY		2/1/2015

PLEASE KEEP THIS COPY FOR YOUR RECORDS



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

August 2, 2016

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

Re: State Lease Nos. MF115565 and MF115985 State Roy Kimsey 56-T2-46 1H; and
MF116230 Yanta A 1H, 2H and 3H (Unit 6711)

Dear Mr. Brown:

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

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

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

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

Thank you,

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

File No. MF-115565

Division Order

Date Filed: 8/3/16

George P. Bush, Commissioner

By [Signature]

BHP

PETROHAWK ENERGY CORPORATION
CONTROLLED DISBURSEMENT
P.O. BOX 22719
HOUSTON, TX 77227-9927

19701490 20472

AMEGY BANK N.A.
P.O. BOX 27459
HOUSTON, TEXAS 77227-7459

10/02/2018

PAY TO THE
ORDER OF

COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE ATN MINERAL
LEASING

\$120,000.00

One Hundred Twenty Thousand and 00/100 DOLLARS

MF115565D

MEMO LEASE #1044714-004/16B PAYMENT

Void if not cashed within six months of issue
Non Transferable
Owner Relations 1-877-311-1443

[Signature]
AUTHORIZED SIGNATURE

⑈00020472⑈

20472

20472

19701490

121

6259

5448097701

FB5373 SLKDK01 05/17/2018 21:29 -114-

BHP

October 3, 2018

Commissioner of the Texas General Land Office
ATTN: Mineral Leasing
1700 N Congress Ave
Austin, TX 78701

BHP Billiton Petroleum
Land Administration
P.O. Box 22719
Houston, TX 77227-9927
(877) 311- 1443
[petroleumownerrelations
request@bhpbilliton.com](mailto:petroleumownerrelationsrequest@bhpbilliton.com)

RE: MF-115565D / Deep Rights Retention

Susan,

Attached is check #20472 for State Lease MF115565D in the amount of \$120,000. BHP is tendering this payment for the Deep Rights Retention for MF115565D. We will send the Deep Rights Retention form via email.

If you have any questions, please do not hesitate to contact me.

Kindest regards,



BHP

Monique Crump
PPU Lease Analyst
Monique.Crump@bhpbilliton.com
T - 713.297.6814
1500 Post Oak Blvd
Houston, Texas 77464

21.

File No. MF 115565
DRR Bonus-Lease D County

Date Filed: 12/5/18
George P. Bush, Commissioner
By SSD

10. 4.30



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

DEEP RIGHTS RETENTION PAYMENT FORM

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

Mail or Deliver with Attention to: Energy Resources

STATE LEASE # MF 115565D		County REEVES	Gross Acres 320	Net Acres 80	Tract Part (Ex. NW/4) W/2
Section: 46	Block: 56	Survey: T&P RAILWAY COMPANY		Township: 2	Abstract: 5327
Agent for State (Lessor) ROBERT M DAVENPORT			Operator BHP BILLITON PETROLEUM PROPERTIES N.A. LP		

FOR EACH WELL, PROVIDE THE FOLLOWING:

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

MONIQUE CRUMP	10/02/2018
Contact	Date
LEASE ANALYST	BHP
Title	Company
713-297-6814	1500 POST OAK BLVD
Telephone Number	Mailing Address
MONIQUE.CRUMP@BHP.COM	HOUSTON, TEXAS, 77056
E-Mail Address	City, State, Zip

<u>Deep Rights Retention Bonus Work-Up</u>	
Type of State Lease: (RAL, Fee, Free Royalty)	RAL
Total Eligible Acres:	80
Total Amount Due:	\$120,000.00
Check #	20472
If there are undivided interests; there may be multiple checks	

1/2 to St. \$60,000
1/2 to surface.
Refund \$60,000

For General Land Office Use Only:

Amount: \$ 120,000 - refund \$60,000

Received: _____

Lease Type: RAL

Payment Register No.: _____

Unit No.: _____

AGENT FOR STATE (LESSOR)				
(if multiple undivided interests are included; list below)				
Lease MF# & Undivided Interest Alpha #	Name of Agent for State of Texas	Original Bonus to State in \$	Bonus Amount Due One half (½) of Original (based on acres being retained)	Undivided Interest Net Acres
115565D	ROBERT M DAVENPORT	\$240,000.00	\$120,000.00	80
Deep Rights Retention Bonus Due to State TOTAL:			\$120,000.00	
Undivided Interest Net Acres TOTAL:				80

Copy and Complete Additional Sheets as Necessary

WELL INFORMATION

Copy and Complete Additional Sheets as Necessary

<u>WELL NAME & NO.</u> STATE ROY KIMSEY 56-T2-46 1H		<u>API</u> 38934571	<u>DISTRICT</u> 8	<u>RRC ID</u>	<u>SPUD DATE</u>	<u>COMPLETION DATE</u>
<u>WELL LOCATION: Land Part (Ex. NW/4):</u> <u>W/2</u> Section: <u>46</u> Block: <u>56</u> Township: <u>2</u> Survey: <u>T&P RAILWAY COMPANY</u> Abstract: <u>5327</u>			OIL ☐ VERTICAL ☐ GAS ☒ HORIZONTAL ☒ FIELD NAME & NUMBER: <u>PHANTOM (WOLFCAMP)71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u>		<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u>	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u>		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u>	
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u>	<u>LENGTH OF LATERAL ON STATE LAND</u>		<u>LENGTH OF LATERAL ON PRIVATE LAND</u>		
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> MARCH 2018	<u>VOLUME</u> 16,717	<u>MONTH/YEAR</u> APRIL 2018	<u>VOLUME</u> 12,999	<u>MONTH/YEAR</u> MAY 2018	<u>VOLUME</u> 15,513

<u>WELL NAME & NO.</u> STATE ROY KIMSEY 56-T2-46 W102H		<u>API</u> 38935980	<u>DISTRICT</u> 8	<u>RRC ID</u>	<u>SPUD DATE</u>	<u>COMPLETION DATE</u>
<u>WELL LOCATION: Land Part (Ex. NW/4):</u> <u>W/2</u> Section: <u>46</u> Block: <u>56</u> Township: <u>2</u> Survey: <u>T&P RAILWAY COMPANY</u> Abstract: <u>5327</u>			OIL ☐ VERTICAL ☐ GAS ☐ HORIZONTAL ☒ FIELD NAME & NUMBER: <u>PHANTOM (WOLFCAMP)71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u>		<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u>	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u>		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u>	
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u>	<u>LENGTH OF LATERAL ON STATE LAND</u>		<u>LENGTH OF LATERAL ON PRIVATE LAND</u>		
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>

<u>WELL NAME & NO.</u>		<u>API</u>	<u>DISTRICT</u>	<u>RRC ID</u>	<u>SPUD DATE</u>	<u>COMPLETION DATE</u>
<u>WELL LOCATION: Land Part (Ex. NW/4):</u> _____ Section: _____ Block: _____ Township: _____ Survey: _____ Abstract: _____			OIL ☐ GAS ☐	VERTICAL ☐ HORIZONTAL ☐	FIELD NAME & NUMBER: _____	
<u>TOTAL ALLOWABLE WELL ACRES</u>		<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u>		<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u>		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u>
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u>		<u>LENGTH OF LATERAL ON STATE LAND</u>		<u>LENGTH OF LATERAL ON PRIVATE LAND</u>	
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>

<u>WELL NAME & NO.</u>		<u>API</u>	<u>DISTRICT</u>	<u>RRC ID</u>	<u>SPUD DATE</u>	<u>COMPLETION DATE</u>
<u>WELL LOCATION: Land Part (Ex. NW/4):</u> _____ Section: _____ Block: _____ Township: _____ Survey: _____ Abstract: _____			OIL ☐ GAS ☐	VERTICAL ☐ HORIZONTAL ☐	FIELD NAME & NUMBER: _____	
<u>TOTAL ALLOWABLE WELL ACRES</u>		<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u>		<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u>		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u>
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u>		<u>LENGTH OF LATERAL ON STATE LAND</u>		<u>LENGTH OF LATERAL ON PRIVATE LAND</u>	
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>

File No. MF 115565
DRR Form - Lease P County

Date Filed: 12/6/18

George P. Bush, Commissioner

By SSD

Susan Draughn

From: Susan Draughn
Sent: Friday, October 12, 2018 2:30 PM
To: 'Crump, Monique'
Subject: RE: BHP

Monique,

It was me. I wanted to check with you regarding the deep rights payments made for MF115565 and MF113640. Please verify the following:

MF115565:

- The check is for lease D. The payment is \$120,000.00, but the ½ bonus due to the state is \$60,000. The other half goes to the surface owner.
- Leases A, B, & C did not receive payment to hold the deeper depths. ½ bonus for these leases was due by 6/18/2018.
- Leases A, B, & C will sever at 100' below the deepest depth drilled on 6/18/2018.
- Addendum B of the unit agreement for the State Roy Kimsey 56-T2-46 Unit will only apply to Lease D based on payment of the deep rights bonus.

MF113640:

- The check is for Lease A. The payment is \$41,666.67, but the ½ bonus due to the state is \$20,833.34. The other half goes to the surface owner.
- Lease B did not receive payment to hold the deeper depths. ½ bonus for this lease was due by 9/11/2018.
- Lease B will sever 100' below deepest depth drilled on 9/11/2018.
- Addendum A of Unit agreements for State Whiteacre and State Blake will apply to Lease A only.

BHP may request a refund for sums overpaid for the retentions of these two leases.

Susan Draughn, Landman
Energy Resources/Mineral Leasing | Texas General Land Office
Direct: 512.463.6521 | Email: susan.draughn@glo.texas.gov
GLO Website: www.glo.texas.gov

From: Crump, Monique <Monique.Crump@bhpbilliton.com>
Sent: Friday, October 12, 2018 12:14 PM
To: Susan Draughn <Susan.Draughn@GLO.TEXAS.GOV>
Subject: BHP

Hi Susan,

I saw I had a missed call from the Austin and unfortunately my voicemail is not working so I'm just taking a shot in the dark that it might have been you. If not please disregard and enjoy your weekend.

Thank you!

BHP

Monique Crump
PPU Lease Analyst
Monique.Crump@bhpbilliton.com
T - 713.297.6814
1500 Post Oak Blvd
Houston, Texas 77464

bhpbilliton.com

This message and any attached files may contain information that is confidential and/or subject of legal privilege intended only for use by the intended recipient. If you are not the intended recipient or the person responsible for delivering the message to the intended recipient, be advised that you have received this message in error and that any dissemination, copying or use of this message or attachment is strictly forbidden, as is the disclosure of the information therein. If you have received this message in error please notify the sender immediately and delete the message.

File No. MF 115565
Email Re: overpayment county
of DRR Bonus
Date Filed: 2/27/19
George P. Bush, Commissioner
By SSD



REFUND REQUEST FORM

TEXAS GENERAL LAND OFFICE
TEXAS VETERANS LAND BOARD

P.O. BOX 12873

Austin, Texas 78711-2873

Requester Info:

Date: 12/6/2018

Requested By: Monique Crump

Phone Number: 713-297-6814

Refund to:

Comptroller Payee #: [REDACTED]

Name: BHP

Address: Petrohawk Energy Corporation

PO Box 22719

Houston, TX 77227-9927

REGISTER NUMBER	DATE RECEIVED	FILE NUMBER	REFUND AMOUNT	REASON FOR REFUND	WARRANT NUMBER
19701742	10/10/2018	MF113640 A	\$20,833.00	Overpayment of Deep Rights Bonus	
19701490	10/4/2018	MF115565 D	\$60,000.00	Overpayment of Deep Rights Bonus	
TOTAL REFUND			\$80,833.00		

Program Area Energy Resources

Date refund completed _____

Requested by Susan Draughn SSD

Date warrant mailed _____

Supervisor approval [Signature]

Printed Name Daryl Morgan

Deputy Director approval* [Signature] 2/26/19

Printed Name Robert Hatter

*Refunds requested for \$1,000.00 or more must have Deputy Director approval.

Chief Clerk approval** _____

**Refunds requested for \$100,000.00 or more must have Chief Clerk approval.

CC Chief Clerk on refund requests between \$10,000.00 - \$99,999.99



November 26, 2018

Commissioner of the Texas General Land Office
ATTN: Mineral Leasing
1700 N Congress Ave
Austin, TX 78701

BHP Billiton Petroleum
Land Administration
P.O. Box 22719
Houston, TX 77227-9927
(877) 311- 1443
[petroleumownerrelations
request@bhpbilliton.com](mailto:petroleumownerrelationsrequest@bhpbilliton.com)

**RE: MF-115565D / Deep Rights Retention Overpayment
MF-113640A / Deep Rights Retention Overpayment**

Susan,

We are requesting refunds for overpayments for State Lease MF115565D and State Lease MF113640A. Please refund \$60,000.000 for State Lease MF115565D and \$20,833.00 for State Lease MF113640A.

TAX ID: 860876964

If you have any questions, please do not hesitate to contact me.

Kindest regards,



Monique Crump
PPU Lease Analyst
Monique.Crump@bhpbilliton.com
T - 713.297.6814
1500 Post Oak Blvd
Houston, Texas 77464

BHP

PETROHAWK ENERGY CORPORATION
CONTROLLED DISBURSEMENT
P.O. BOX 22719
HOUSTON, TX 77227-9927

19701490 20472

AMEGY BANK N.A.
P.O. BOX 27459
HOUSTON, TEXAS 77227-7459

10/02/2018

PAY TO THE
ORDER OF

COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE ATN MINERAL
LEASING

\$120,000.00

One Hundred Twenty Thousand and 00/100 DOLLARS

MF115565D

MEMO LEASE #1044714-004/16B PAYMENT

Void if not cashed within six months of issue
Non Transferable
Owner Relations 1-877-311-1443

[Handwritten Signature]

AUTHORIZED SIGNATURE

⑈00020472⑈

20472

20472

19701490

121

File No. MF 115565
Refund request County

Date Filed: 2/27/19
George P. Bush, Commissioner
By SD

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

WARRANTY DEED

State: TEXAS
County: REEVES

Grantor: Robert McCall Davenport, also known as Robert McCall Davenport, Sr.,
and wife Eloise Conger Davenport

Grantee: Davenport Conger Properties, LP
P. O. Box 3511
Midland, Texas 79702

Effective Date: August 1, 2017

For adequate consideration, the receipt and sufficiency of which is acknowledged, Grantor, named above, grants, sells, and conveys to Grantee, named above, subject to those matters identified below, all of the surface of the following described land located in the county and state identified above (the "Land"); to wit:

320 Acres, more or less, being the West One-Half (W½) of Section 46, Township 2,
Block 56, Texas and Pacific Railway Company Survey, A-5327.

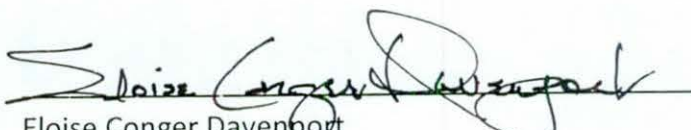
This Deed is subject to all easements, rights of way and any agreements pertaining to or authorizing the use of the surface of the Land, which have been previously granted, appear of record as of the effective date, and are valid, in force and effect.

To have and to hold the Land, together with all and singular the rights and appurtenances thereto, unto the Grantee, its successors and assigns forever, and Grantor binds themselves and their heirs, successors, and assigns to warrant and forever defend all and singular the Land to Grantee, its successors and assigns, against every person lawfully claiming or to claim the same, or any part, by, through and under Grantor, but not otherwise.

True & Correct Copy of a
document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 1 of 2

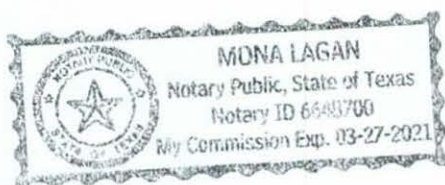
This Deed is signed by Grantor as of the date of acknowledgment of Grantor's signature but shall be effective as of the Effective Date stated above.


Robert McCall Davenport


Eloise Conger Davenport

STATE OF TEXAS §
COUNTY OF MIDLAND §

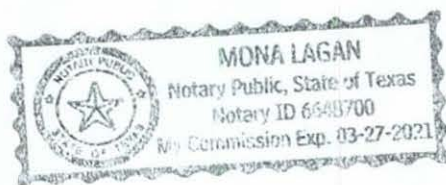
This instrument was acknowledged before me on the 30th day of January, 2019, by Robert McCall Davenport.

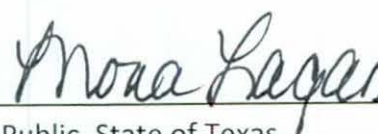



Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF MIDLAND §

This instrument was acknowledged before me on the 30th day of January, 2019, by Eloise Conger Davenport.




Notary Public, State of Texas

True & Correct Copy of a
document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 2 of 2

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File No. 115565
County Warrant Deed-D
Date Filed: 02/27/19
By: George P. Bush, Commissioner

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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. 172 PAGE 575 THRU 577.

I hereby certified on 13 Feb 2019
DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS
BY [Signature] DEPUTY



Inst No. 19-01793
DIANNE O. FLOREZ
COUNTY CLERK
2019 Feb 01 at 04:34 PM
REEVES COUNTY, TEXAS
By: MA [Signature] DEPUTY

DAVENPORT CONGER PROPERTIES, LP
P.O. BOX 3511
MIDLAND, TEXAS 79702
432-682-3753

February 20, 2019

In re: Certified Copy
Warranty Deed
State of Texas Oil and Gas Lease
W/2 Section 46, Block 56
Reeves County, Texas

DC 92100 OGL

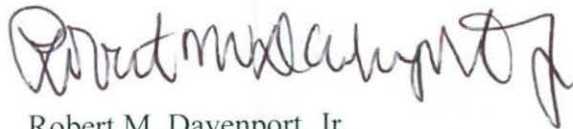
Texas General Land Office
Attn: Deborah Cantu
1700 North Congress Ave.
Austin, TX 78701

Dear Deborah,

Davenport Conger Properties, LP ("DC") filed of record a Warranty Deed for the above-captioned lands. The Warranty Deed states that Robert M. Davenport and his wife Eloise Conger Davenport transferred all of their Oil, Gas and Mineral Assets to DC; which would include the enclosed State of Texas Oil and Gas Lease. The Lessee (BHP Billiton Petroleum Properties (N.A.) LP asked for the Warranty Deed to be filed or record to clarify the Lessor's ownership.

Therefore, we are enclosing a Certified Copy of the Warranty Deed for your records

Respectfully



Robert M. Davenport, Jr.
Manager

RMDJ/mrl
Enclosures

C:\Users\mlagan\Documents\Land\Letters\Bob Davenport\GLO-Warranty Deed-DC.docx

File No. 115565

County _____

Ltr from Davenport Conger

Date Filed: 02/27/19

George P. Bush, Commissioner

By _____

551



DIVISION ORDER

To: BPX Operating Company
PO Box 696505
San Antonio, TX 78269-6505

Date: 01/07/2020
Effective Date: 07/01/2019

Property Name: Various Properties (see exhibit A)
Property Number: Various (see exhibit A)
Operator: BPX Operating Company
County/State: Various (see exhibit A)
Description: See Exhibit A

Production: Oil: X Gas: X Other: X

Owner Number: 60468207	Type of Interest: See Exhibit A
Owner Name: STATE OF TEXAS GLO	Interest Sequence: See Exhibit A
	Tract Factor: See Exhibit A
Owner Address: 1700 N CONGRESS AVE NO 640	Tract Interest: See Exhibit A
AUSTIN, TX 78701-1495 US	Unit Interest: See Exhibit A

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by BPX Operating Company ("Payor") on its behalf or on behalf of a Payor affiliate.

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 one hundred dollars (\$100), or pay annually in April, 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.

Special Clauses: None

Owner(s) Signatures(s): _____

Owner Address Correction: _____

Owner's Tax I.D. Number: _____

Owner's Daytime Telephone: _____

Owner's Alternate Telephone: _____

Owner's Email: _____

Failure to furnish your proper Social Security/Tax I.D. Number on IRS Form W-9 will result in income tax withholding in accordance with federal law, and any tax withheld will not be refundable by Payor.

To: BPX Operating Company

DIVISION ORDER EXHIBIT "A"

Dated: 01/07/2020

Page: 1

OWNER: 60468207

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

unit 7195 ✓ MF115565 MF115985

Property Name							
STATE ROY KIMSEY 56-T2-46 W103 H							
Operator							
BPX Operating Company							
Legal Description							
County or Parish: REEVES State: TEXAS							
T&P RR CO GRANTEE M. WILMETH ; TWSP T2 BLK 56 SEC 46; ; T&P RR CO GRANT							
DOI/ PROPERTY CODE	DOI SUFFIX	TRACT FACTOR	TRACT INTEREST	INTEREST TYPE	PRODUCT CODE	UNIT INTEREST	ACCOUNT STATUS
130180	3	1.00000000	0.12500000	Royalty Interest	All Products	0.12500000 ✓	Pay

Property Name							
STATE ROY KIMSEY 56-T2-46 W104 H							
Operator							
BPX Operating Company							
Legal Description							
County or Parish: REEVES State: TEXAS							
T&P RR CO GRANTEE M. WILMETH ; TWSP T2 BLK 56 SEC 46; ; T&P RR CO GRANT							
DOI/ PROPERTY CODE	DOI SUFFIX	TRACT FACTOR	TRACT INTEREST	INTEREST TYPE	PRODUCT CODE	UNIT INTEREST	ACCOUNT STATUS
130180	4	1.00000000	0.12500000	Royalty Interest	All Products	0.12500000	Pay





TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

March 5, 2020

Blake Allen
Division Order Analyst
BPX Operating Company
PO Box 696505
San Antonio, TX 78269-6505

Re: State Lease Nos. MF115565 and MF115985 State Roy Kimsey 56-T2-46 W103H and
W104H Unit 7195

Dear Mr. Allen:

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

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 Zamora
Landman, Energy Resources
512-475-0428
512-475-1404 (fax)
vivian.zamora@glo.texas.gov

File No. ME115565

Reeves County

DIVISION ORDER

Date Filed: 3/16/2020

George P. Bush, Commissioner

By VZ



Allie Huizenga

Land Negotiator
Permian BU

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

Direct 720-682-0308
Allie.Huizenga@bpx.com

September 10, 2020

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

Via FedEx

Re: Deep Rights Retention Payment Form
MF# 115565 D

Dear Ms. Draughn:

Enclosed please find a Deep Rights Retention Payment Form for MF115565. This form was not previously submitted by BPX Energy's predecessor. It is our understanding that this form is not required, but preferred by the General Land Office (the "GLO").

Please note that the Deep Right Retention Payment Form reflects the actual amount previously due to the GLO not the actual check amount.

We respectfully request that the GLO confirm acceptance of this form and advise regarding any issues.

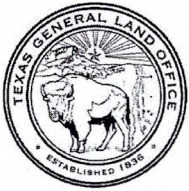
Please do not hesitate to contact me at the above should you have any questions.

Respectfully,

Allie Huizenga

Enclosures





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

DEEP RIGHTS RETENTION PAYMENT FORM

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

Mail or Deliver with Attention to: Energy Resources

STATE LEASE # MF 115565D		County REEVES	Gross Acres 320.00	Net Acres 80.00	Tract Part (Ex. NW/4) W/2
Section: 46	Block: 56	Survey: T&P RR CO.		Township: T2	Abstract: 5327
Agent for State (Lessor) ROBERT M DAVENPORT			Operator BPX OPERATING COMPANY		

FOR EACH WELL, PROVIDE THE FOLLOWING:

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

ALLIE HUIZENGA	9/10/2020
Contact	Date
LAND NEGOTIATOR	BPX ENERGY INC.
Title	Company
720-682-0308	1700 PLATTE STREET, SUITE 150
Telephone Number	Mailing Address
ALLIE.HUIZENGA@BPX.COM	DENVER, CO 80202
E-Mail Address	City, State, Zip

Deep Rights Retention Bonus Work-Up
Type of State Lease: (RAL, Fee, Free Royalty) RAL
Total Eligible Acres: 80.00
Total Amount Due: \$60,000.00
Check # 20472
<i>If there are undivided interests; there may be multiple checks</i>

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



AGENT FOR STATE (LESSOR)

(if multiple undivided interests are included; list below)

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

Copy and Complete Additional Sheets as Necessary

WELL INFORMATION

Copy and Complete Additional Sheets as Necessary

<u>WELL NAME & NO.</u> STATE ROY KIMSEY 56-T2-46 1H		<u>API</u> 4238934571	<u>DISTRICT</u> 08	<u>RRC ID</u> 278120	<u>SPUD DATE</u> 11/30/2014	<u>COMPLETION DATE</u> 3/9/2015
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>ALL</u> Section: <u>46</u> Block: <u>56</u> Township: <u>T2</u> Survey: <u>T&P RR CO.</u> Abstract: <u>5327</u>			OIL ☐ VERTICAL ☐ GAS ☒ HORIZONTAL ☒ FIELD NAME & NUMBER: <u>PHANTOM (WOLFCAMP); 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 160.47	<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 160.47	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 0	<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 10,630.80'			
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u> 4,738'	<u>LENGTH OF LATERAL ON STATE LAND</u> 4,738'	<u>LENGTH OF LATERAL ON PRIVATE LAND</u> 0			
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> 06/2020	<u>VOLUME</u> 9904 MCF, 2104 BBL	<u>MONTH/YEAR</u> 05/2020	<u>VOLUME</u> 9555 MCF, 1991 BBL	<u>MONTH/YEAR</u> 04/2020	<u>VOLUME</u> 10445 MCF, 1409 BBL

<u>WELL NAME & NO.</u> STATE ROY KIMSEY 56-T2-46 W102H		<u>API</u> 4238935980	<u>DISTRICT</u> 08	<u>RRC ID</u> 285015	<u>SPUD DATE</u> 9/9/2017	<u>COMPLETION DATE</u> 11/21/2017
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>ALL</u> Section: <u>46</u> Block: <u>56</u> Township: <u>T2</u> Survey: <u>T&P RR CO.</u> Abstract: <u>5327</u>			OIL ☐ VERTICAL ☐ GAS ☒ HORIZONTAL ☒ FIELD NAME & NUMBER: <u>PHANTOM (WOLFCAMP); 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 160.47	<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 160.47	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 0	<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 11,643.17'			
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u> 4,602'	<u>LENGTH OF LATERAL ON STATE LAND</u> 4,602'	<u>LENGTH OF LATERAL ON PRIVATE LAND</u> 0			
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> 06/2020	<u>VOLUME</u> 7291 MCF, 2850 BBL	<u>MONTH/YEAR</u> 05/2020	<u>VOLUME</u> 20290 MCF, 4489 BBL	<u>MONTH/YEAR</u> 04/2020	<u>VOLUME</u> 15772 MCF, 3492 BBL

<u>WELL NAME & NO.</u> STATE ROY KIMSEY 56-T2-46 W103H		<u>API</u> 4238937986	<u>DISTRICT</u> 08	<u>RRC ID</u> 288481	<u>SPUD DATE</u> 5/3/2019	<u>COMPLETION DATE</u> 7/29/2019
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>ALL</u> Section: <u>46</u> Block: <u>56</u> Township: <u>T2</u> Survey: <u>T&P RR CO.</u> Abstract: <u>5327</u>			OIL ☐ VERTICAL ☐ GAS ☒ HORIZONTAL ☒ FIELD NAME & NUMBER: <u>PHANTOM (WOLFCAMP); 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 160.47		<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 160.47	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 0		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 10,668.95'	
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u> 4,314'	<u>LENGTH OF LATERAL ON STATE LAND</u> 4,314'		<u>LENGTH OF LATERAL ON PRIVATE LAND</u> 0		
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> 06/2020	<u>VOLUME</u> 25391 MCF, 4430 BBL	<u>MONTH/YEAR</u> 05/2020	<u>VOLUME</u> 17747 MCF, 3420 BBL	<u>MONTH/YEAR</u> 04/2020	<u>VOLUME</u> 37455 MCF, 6146 BBL

<u>WELL NAME & NO.</u> STATE ROY KIMSEY 56-T2-46 104H		<u>API</u> 4238937984	<u>DISTRICT</u> 08	<u>RRC ID</u> 288604	<u>SPUD DATE</u> 5/10/2019	<u>COMPLETION DATE</u> 7/29/2019
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>ALL</u> Section: <u>46</u> Block: <u>56</u> Township: <u>T2</u> Survey: <u>T&P RR CO.</u> Abstract: <u>5327</u>			OIL ☐ VERTICAL ☐ GAS ☒ HORIZONTAL ☒ FIELD NAME & NUMBER: <u>PHANTOM (WOLFCAMP); 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 160.47		<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 160.47	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 0		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 10,687.91'	
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u> 4,493'	<u>LENGTH OF LATERAL ON STATE LAND</u> 4,493'		<u>LENGTH OF LATERAL ON PRIVATE LAND</u> 0		
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> 06/2020	<u>VOLUME</u> 53652 MCF, 9805 BBL	<u>MONTH/YEAR</u> 05/2020	<u>VOLUME</u> 19813 MCF, 4915 BBL	<u>MONTH/YEAR</u> 04/2020	<u>VOLUME</u> 59003 MCF, 10604 BBL

Form P-16

Page 1
Rev. 02/2019

SECTION I. OPERATOR INFORMATION

SECTION II. WELL INFORMATION

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

SECTION IV. REMARKS - REQUIRED FOR PSA AND CO-DEVELOPMENT (refer to instructions)

Date: 04/03/19
mo. day yr.



1000 Ledgelawn Dr.
Conway, Arkansas 72034

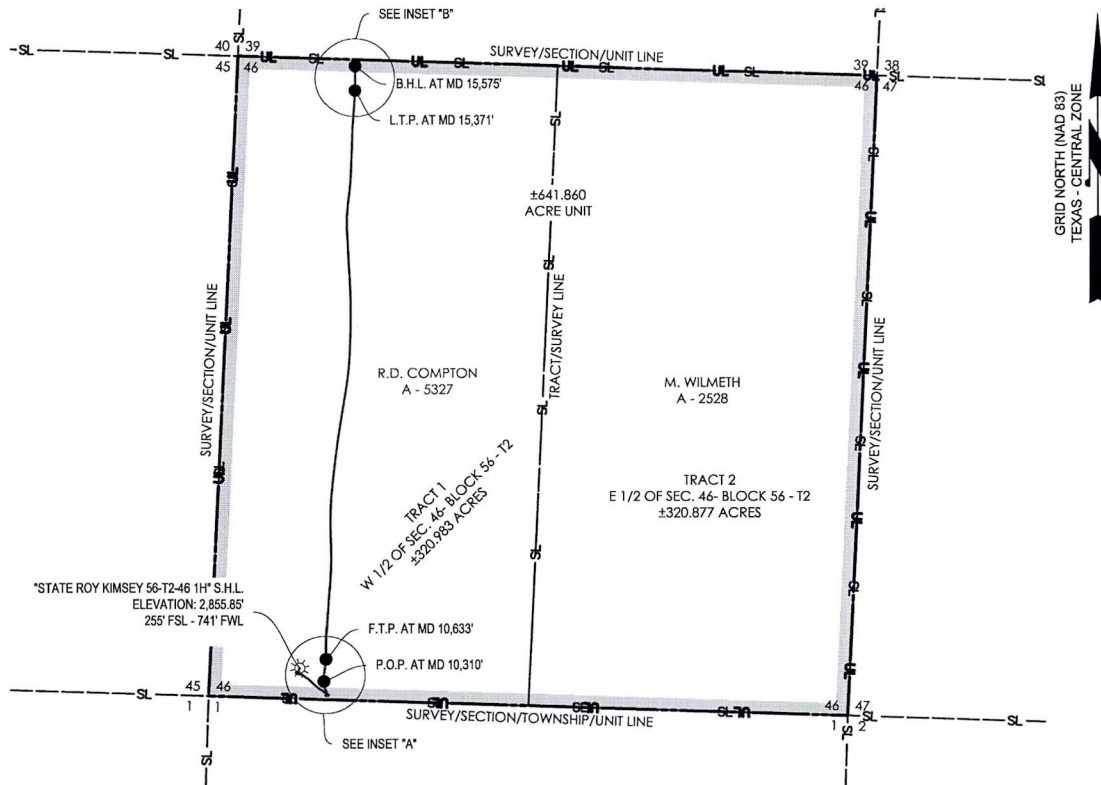
501.328.3316 f 501.328.3325 f
www.craftontull.com

S.H.L. ELEVATION

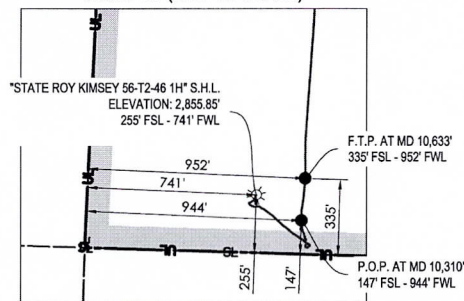
WELL NAME	ELEVATION
STATE ROY KIMSEY 56-T2-46 1H	2,855.85'

REEVES COUNTY, TEXAS

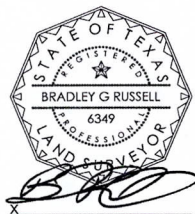
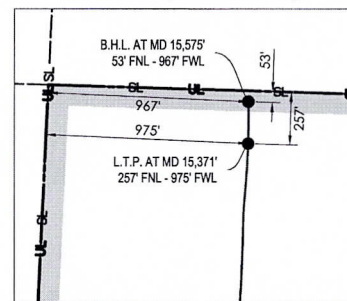
NOTE: S.H.L. APPROXIMATE LOCATION IS S 36°34'43" E.
5.06 MILES FROM ORLA, TEXAS.
S.H.L. AND B.H.L. LOCATED IN THE R.D. COMPTON SURVEY A - 5327.



INSET "A" (NOT TO SCALE)



INSET "B" (NOT TO SCALE)



4/3/2019

CONTACT INFORMATION:

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

LEGEND

—	UNIT LINE
—	AS-DRILLED WELL PATH
—	EXISTING AS-DRILLED WELL PATH
—	SECTION LINE
—	S.H.L.
—	P.O.P.
—	F.T.P.
—	L.T.P.
—	B.H.L.
—	P.B.T.

WELL BORE POSITIONS

REFERENCE	LAT. (NAD 83)	LONG. (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LAT. (NAD 27)	LONG. (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)
S.H.L.	31.76767753° N	-103.85562127° W	10623988.280	1202087.120	31.76755042° N	-103.85515193° W	10623988.280	1202087.120
P.O.P.	31.76738086° N	-103.85497417° W	10623874.047	1202284.714	31.76725374° N	-103.85450486° W	10623874.047	1202284.714
F.T.P.	31.76789798° N	-103.85493992° W	10624061.732	1202301.307	31.76777087° N	-103.85447060° W	10624061.732	1202301.307
L.T.P.	31.78085319° N	-103.85465062° W	10628769.350	1202540.331	31.78072617° N	-103.85418096° W	10628769.350	1202540.331
B.H.L.	31.78141369° N	-103.85466719° W	10628973.310	1202541.636	31.78128668° N	-103.85419752° W	10628973.310	1202541.636

GRAPHIC SCALE IN FEET



GENERAL NOTES

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

2. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS OBSERVATION. CAF = 0.999825053.

REVISION
1 PRELIMINARY PLAT 3-22-17
2 FINAL PLAT 3-23-17
3 CHANGED ACREAGE 4/3/19

BHP BHP BILLITON PET (TXLA OP) CO

STATE ROY KIMSEY 56-T2-46 1H (MWN# 832405)
S.H.L. & B.H.L. IN THE R.D. COMPTON SURVEY, A - 5327
REEVES COUNTY, TEXAS
FINAL AS-DRILLED PLAT

SCALE: 1" = 1000'	CHECKED BY: NGUYEN	APPROVED BY: BR
PLOT DATE: 04/03/2019	DRAWN BY: J.PARKER	SHEET NO.: 1 OF 1

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

Rev. 02/2019

Date: 04/03/19
mo. day yr.



1000 Ledgeland Dr.
Conway, Arkansas 72034

501.328.3316 f 501.328.3325 f
www.craftontull.com

REEVES COUNTY, TEXAS

NOTE: S.H.L. APPROXIMATE LOCATION IS S 36°45'00" E,
4.5 MILES FROM ORLA, TEXAS.
S.H.L. AND B.H.L. LOCATED IN THE R.D. COMPTON SURVEY A - 5327.

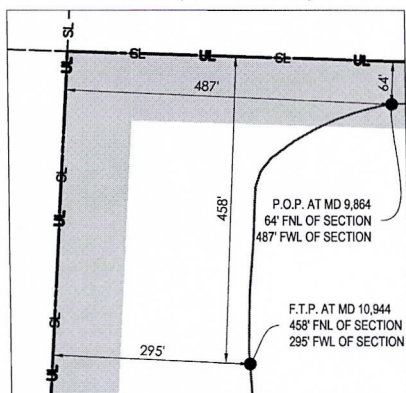
S.H.L. ELEVATION	
WELL NAME	ELEVATION
STATE ROY KIMSEY 56-T2-46 W102H	2,845.04'

LEGEND

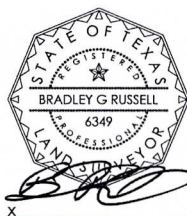
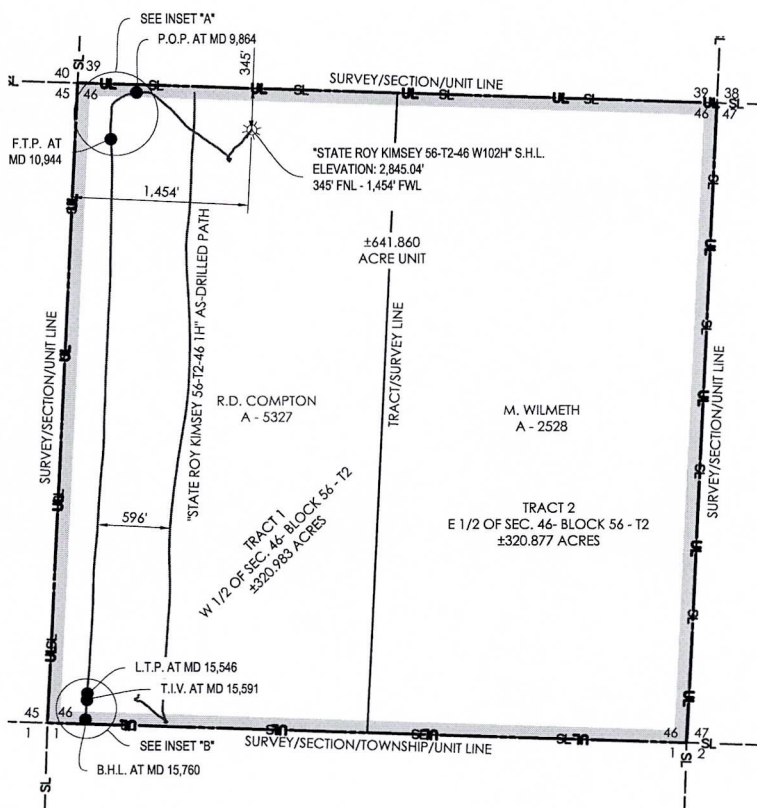
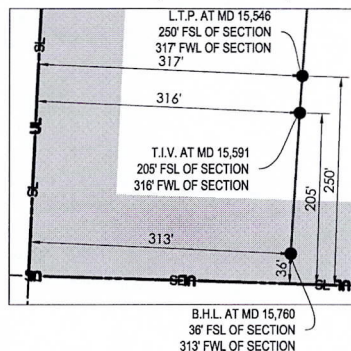
—	UNIT LINE
—	AS-DRILLED WELL PATH
—	SECTION LINE
—	S.H.L.
—	P.O.P.
—	F.T.P.
—	T.P.
—	L.T.P.
—	B.H.L.
—	P.B.T.
—	PLUG BACK TERMINUS

GRID NORTH (NAD 83)
TEXAS - CENTRAL ZONE
GRID CONVERGENCE = -001°48'46.42" @ S.H.L.

INSET "A" (NOT TO SCALE)



INSET "B" (NOT TO SCALE)



4/3/2019

CONTACT INFORMATION:

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

WELL BORE POSITIONS

REFERENCE	(Y)				(X)			
	LAT. (NAD 83)	LONG. (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LAT. (NAD 27)	LONG. (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)
S.H.L.	31.78061084° N	103.85311257° W	10628666.11	1203015.24	31.78048380° N	103.85264298° W	103° 51' 09.515" N	786088.93
P.O.P.	31.78138201° N	103.85621054° W	10628976.97	1202061.93	31.78125501° N	103.85574080° W	103° 51' 20.867" N	786399.79
F.T.P.	31.78029857° N	103.85684871° W	10628589.32	1201851.24	31.78017157° N	103.85637898° W	103° 51' 22.964" N	786012.15
T.P.	31.76754019° N	103.85699061° W	10623951.82	1201660.18	31.76741310° N	103.85652122° W	103° 51' 23.477" N	781374.78
L.T.P.	31.76768381° N	103.85698572° W	10623996.72	1201663.12	31.76753672° N	103.85651632° W	103° 51' 23.459" N	781419.68
B.H.L.	31.76707588° N	103.85700796° W	10623783.17	1201649.44	31.76694878° N	103.85653858° W	103° 51' 23.539" N	781206.13

GRAPHIC SCALE IN FEET



GENERAL NOTES

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

2. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS OBSERVATION. CAF = 0.999837556.

REVISION	
1	PRELIMINARY PLAT 10/11/17
2	FINAL PLAT 12/20/17
3	CHANGED ACREAGE 4/3/19

BHP BHP BILLITON PET (TXLA OP) CO

STATE ROY KIMSEY 56-T2-46 W102H (MWN 836642)
S.H.L. & B.H.L. IN THE R.D. COMPTON SURVEY, A - 5327
REEVES COUNTY, TEXAS
FINAL AS-DRILLED PLAT

SCALE: 1" = 1000'	CHECKED BY: JW8	APPROVED BY: BR
PLOT DATE: 04/03/2019	DRAWN BY: MJN	SHEET NO.: 1 OF 1

Form P-16

Page 1

Rev. 02/2019

Date: 01/02/20
mo. day yr.



Crafton Tull
surveying

501.328.3316 f 501.328.3325 f
www.craftontull.com

1000 Ledgeland Dr.
Conway, Arkansas 72034

S.H.L. ELEVATION

WELL NAME	ELEVATION
STATE ROY KIMSEY 56-T2-46 W103H	2,845.8'

REEVES COUNTY, TEXAS

NOTE: S.H.L. APPROXIMATE LOCATION IS S 45°13'11" E,
4.5 MILES FROM ORLA, TEXAS.
S.H.L. AND B.H.L. LOCATED IN THE T & P RR CO SURVEY A - 5327.

LEGEND

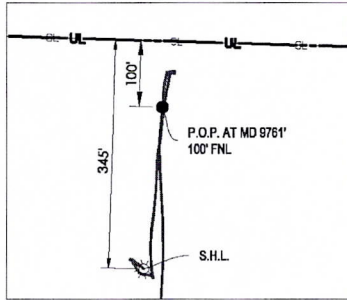
UL	UNIT LINE
SL	EXISTING WELL PATH
S.H.L.	SURVEY / SECTION LINE
P.O.P.	SURFACE HOLE LOCATION
F.T.P.	POINT OF PENETRATION
T.P.	TURNING POINT
L.T.P.	LAST TAKE POINT
B.H.L.	BOTTOM HOLE LOCATION

SECTION CORNERS

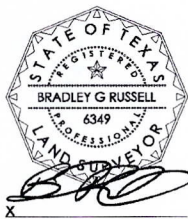
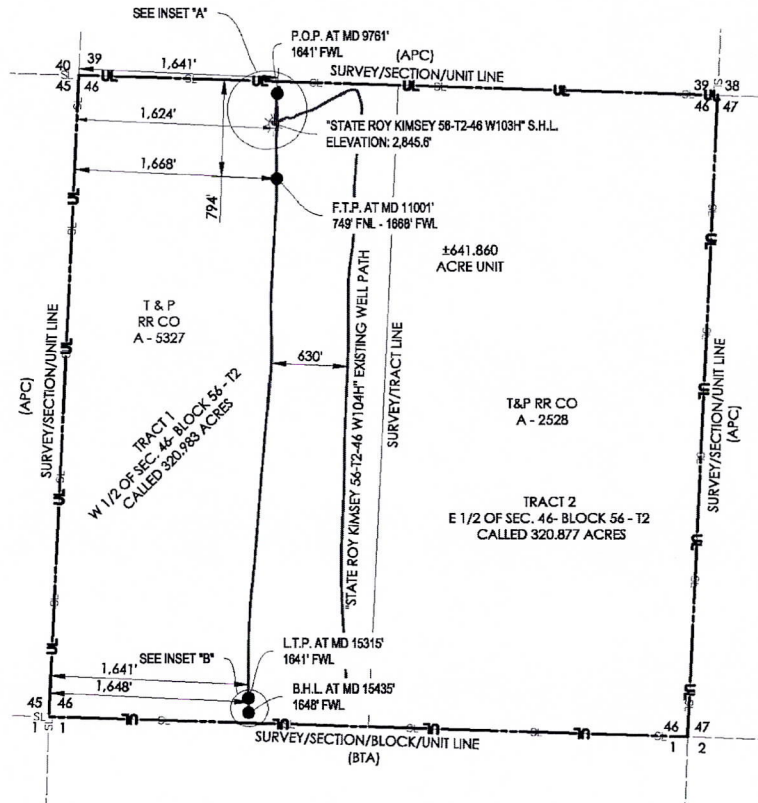
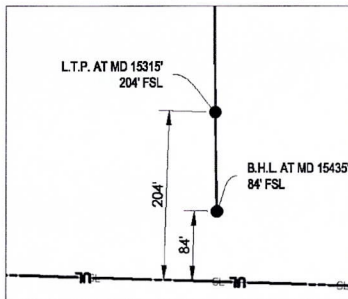
LOCATION	DESCRIPTION	NAD83 (1986)		NAD27	
		STATE PLANE TEXAS CENTRAL (2277)	GEOGRAPHIC (4268)	STATE PLANE TEXAS CENTRAL (22038)	GEOGRAPHIC (4267)
NW CORNER 56-T2-46	1" IRON PIPE	N = 10629058.34 E = 1201577.67	LAT: 31.78155792° N LONG: 103.85777625° W	N = 786478.17 E = 905115.58	LAT: 31.78143083° N LONG: 103.85730644° W
NE CORNER 56-T2-46	CALCULATED CORNER	N = 10628891.52 E = 1206855.96	LAT: 31.78156359° N LONG: 103.84078184° W	N = 786314.32 E = 910393.79	LAT: 31.78143645° N LONG: 103.84031270° W
SE CORNER 56-T2-46	CALCULATED CORNER	N = 10623592.75 E = 1206811.30	LAT: 31.78680389° N LONG: 103.84103118° W	N = 781015.68 E = 910148.04	LAT: 31.78658844° N LONG: 103.84058243° W
SW CORNER 56-T2-46	1" IRON PIPE	N = 10623758.71 E = 1201334.43	LAT: 31.78887578° N LONG: 103.85901833° W	N = 781179.68 E = 904872.28	LAT: 31.78884868° N LONG: 103.85754861° W

GRID NORTH (NAD 83)
TEXAS - CENTRAL ZONE
GRID CONVERGENCE = -01°48'45.40" @ S.H.L.

INSET "A" (NOT TO SCALE)



INSET "B" (NOT TO SCALE)



CONTACT INFORMATION:

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

12/20/2019

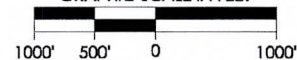
WELL BORE POSITIONS

REFERENCE	LAT. (NAD 83)	LONG. (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LAT. (NAD 27)	LONG. (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)
S.H.L.	31.78081030° N	103.85256688° W	10628880.54	1203185.03	31.78048326° N	103.85209831° W	786083.38	908722.92
P.O.P.	31.78128561° N	103.85248936° W	10628805.43	1203213.46	31.78115858° N	103.85202878° W	786328.24	908751.35
F.T.P.	31.77937643° N	103.85244395° W	10628210.71	1203206.70	31.77924638° N	103.85197442° W	785633.54	908748.58
L.T.P.	31.76753667° N	103.85272910° W	10623909.35	1202983.92	31.76741154° N	103.85225968° W	781332.30	906521.72
B.H.L.	31.76720953° N	103.85271034° W	10623799.49	1202985.96	31.76708238° N	103.85224112° W	781212.44	906523.76

WELL PATH DATA

REF.	SECTION/UNIT LINE CALLS (ft)
S.H.L.	345' FNL, 1,624' FWL
P.O.P.	100' FNL, 1,641' FWL
F.T.P.	794' FNL, 1,868' FWL
L.T.P.	204' FSL, 1,641' FWL
B.H.L.	84' FSL, 1,648' FWL

GRAPHIC SCALE IN FEET



GENERAL NOTES

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

2. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS OBSERVATION, CAF = 0.000037143.

REVISION

1 FINAL AS-DRAWN 12-19-19

BPX OPERATING COMPANY

STATE ROY KIMSEY 56-T2-46 W103H (MWN 836641)
S.H.L. & B.H.L. IN THE T & P RR CO SURVEY, A - 5327
REEVES COUNTY, TEXAS
FINAL AS-DRAWN PLAT

SCALE: 1" = 1000'

PLOT DATE: 12/20/2019

CHECKED BY: JWB

DRAWN BY: J.PARKER

APPROVED BY: MN

SHEET NO.: 1 OF 1

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

Rev. 02/2019

Date: 01/02/20
mo. day yr.



Crafton Tull
surveying

501.328.3316 f 501.328.3325 f
www.craftontull.com

1000 Ledgetown Dr.
Conway, Arkansas 72034

S.H.L. ELEVATION

WELL NAME	ELEVATION
STATE ROY KIMSEY 56-T2-46 W104H	2,845.6'

REEVES COUNTY, TEXAS

NOTE: S.H.L. APPROXIMATE LOCATION IS S 45°13'11" E,
4.5 MILES FROM ORLA, TEXAS.
S.H.L. AND B.H.L. LOCATED IN THE T & P RR CO SURVEY A - 5327.

LEGEND

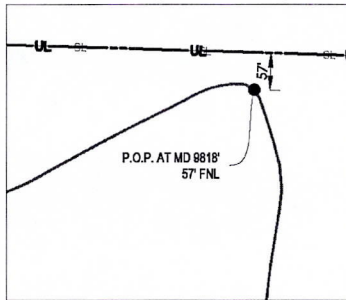
UL	UNIT LINE
SL	EXISTING WELL PATH
S.L.	SURVEY / SECTION LINE
P.O.P.	POINT OF PENETRATION
F.T.P.	FIRST TAKE POINT
T.P.	TURNING POINT
L.T.P.	LAST TAKE POINT
B.H.L.	BOTTOM HOLE LOCATION

SECTION CORNERS

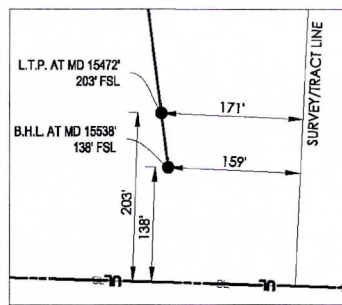
LOCATION	DESCRIPTION	NAD83 (1986)		NAD27	
		STATE PLANE TEXAS CENTRAL (2277)	GEOGRAPHIC (4386)	STATE PLANE TEXAS CENTRAL (2209)	GEOGRAPHIC (4387)
NW CORNER 56-T2-46	1" IRON PIPE	N = 10629058.34 E = 1201577.67	LAT: 31.78155792° N LONG: 103.85777625° W	N = 786479.17 E = 906115.58	LAT: 31.78143093° N LONG: 103.85730644° W
NE CORNER 56-T2-46	CALCULATED CORNER	N = 10628891.52 E = 1206855.96	LAT: 31.78156350° N LONG: 103.84078184° W	N = 786314.32 E = 910393.79	LAT: 31.78143845° N LONG: 103.84031270° W
SE CORNER 56-T2-46	CALCULATED CORNER	N = 10623592.75 E = 1206811.30	LAT: 31.78683695° N LONG: 103.84103118° W	N = 781015.68 E = 910146.04	LAT: 31.78685944° N LONG: 103.84058243° W
SW CORNER 56-T2-46	1" IRON PIPE	N = 10623758.71 E = 1201334.43	LAT: 31.78897575° N LONG: 103.85801833° W	N = 781179.68 E = 904872.26	LAT: 31.78894868° N LONG: 103.85754961° W

GRID NORTH (NAD 83)
TEXAS - CENTRAL ZONE
GRID CONVERGENCE = -01°48'45.57" @ S.H.L.

INSET "A" (NOT TO SCALE)

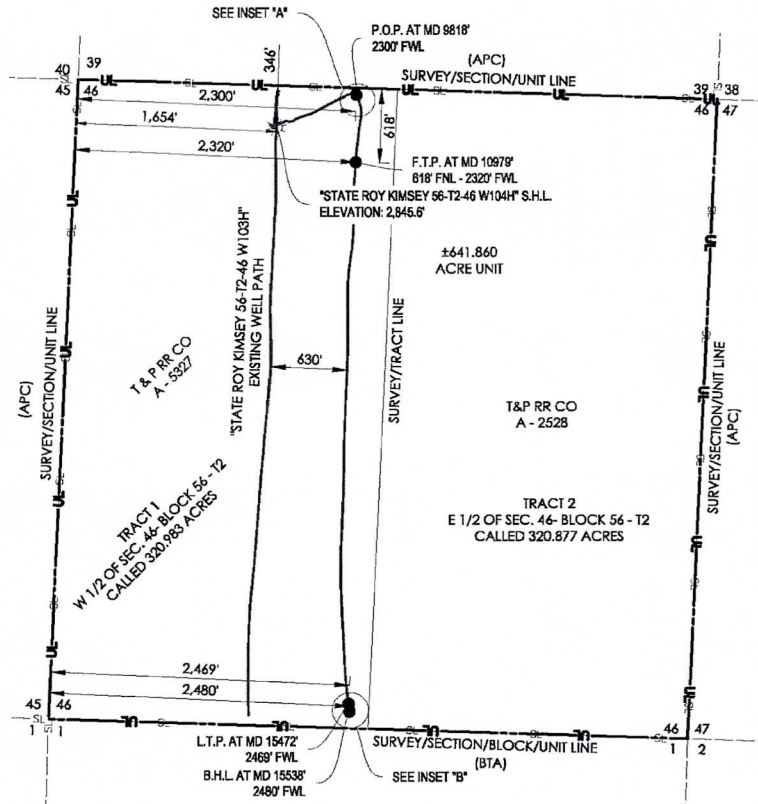


INSET "B" (NOT TO SCALE)



CONTACT INFORMATION:

Brad G. Russell
Crafton Tull
(501)9371153
1000 Ledgetown Dr.
Conway, AR 72034



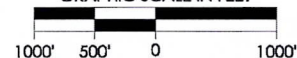
WELL BORE POSITIONS

REFERENCE	LAT. (NAD 83)	LONG. (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LAT. (NAD 27)	LONG. (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)
S.H.L.	31.78060969° N	103.85246934° W	10628659.37	1203215.01	31.78048265° N	103.85199977° W	786082.19	906752.89
P.O.P.	31.78140508° N	103.85037528° W	10628827.99	1203874.55	31.78127802° N	103.84990577° W	786350.81	907412.43
F.T.P.	31.77986267° N	103.85033615° W	10628366.79	1203868.96	31.77973581° N	103.84988889° W	785789.62	907406.83
L.T.P.	31.78753779° N	103.85008441° W	10623882.84	1203811.65	31.78741062° N	103.84959529° W	781305.78	907349.44
B.H.L.	31.78735665° N	103.85003104° W	10623817.38	1203819.95	31.78723149° N	103.84956193° W	781240.33	907357.74

WELL PATH DATA

REF.	SECTION/UNIT LINE CALLS (±)
S.H.L.	348' FNL, 1,854' FWL
P.O.P.	57' FNL, 2,300' FWL
F.T.P.	818' FNL, 2,320' FWL
L.T.P.	203' FSL, 2,469' FWL
B.H.L.	138' FSL, 2,480' FWL

GRAPHIC SCALE IN FEET



GENERAL NOTES

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

2. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS OBSERVATION. CAF = 0.000037959.

REVISION

1 FINAL AS-DILLED 12-19-19

BPX OPERATING COMPANY

STATE ROY KIMSEY 56-T2-46 W104H (MWN 836646)
S.H.L. & B.H.L. IN THE T & P RR CO SURVEY, A - 5327
REEVES COUNTY, TEXAS
FINAL AS-DILLED PLAT

SCALE: 1" = 1000' CHECKED BY: JWB APPROVED BY: MN
PLOT DATE: 12/20/2019 DRAWN BY: J.PARKER SHEET NO.: 1 OF 1

02.11.0

28.

File No. MF 115565
DRR Form County
Lease D
Date Filed: 9/28/20
George P. Bush, Commissioner
By SSD



Texas General Land Office

Reconciliation Billing

George P. Bush, Commissioner

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

BPX Operating Company
Attn: Patty Burg
Office: WM11 6025-1
15377 Memorial Drive
Houston, TX 77079-4101

Billing Date: 1/11/2021
Billing Due Date: 2/10/2021
Customer Number: C000046383

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
21I00193	MF115565	\$1,118.33	\$0.00	\$136.73	\$93.72	\$1,348.78
Total Due		\$1,118.33	\$0.00	\$136.73	\$93.72	\$1,348.78

Penalty and interest have been calculated thru 1/31/2021. Payment remitted after 1/31/2021 will result in additional penalty and interest charges.

Cortez,Ely Eric () - or Eric.Cortez@glo.texas.gov

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.
- For questions regarding this invoice, email us at glo123@glo.texas.gov.

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

BPX Operating Company

Billing Date: 1/11/2021

Billing Due Date: 2/10/2021

Customer Number: C000046383

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
21I00193	MF115565	\$1,118.33	\$0.00	\$136.73	\$93.72	\$1,348.78
Total Due		\$1,118.33	\$0.00	\$136.73	\$93.72	\$1,348.78
Amt. Paid						

Customer ID: C000046383
 Invoice Number:
 GLO Lease: MF115565
 GLO Review: BPX OPERATING COMPANY
 Review Period: SEPT 2018 - AUG 2019

Category Gas
 Auditor/AE: ECORTEZ
 Billing Date: 1/5/2021
 P&I Calculation Date: 1/31/2021
 Royalty Rate: 12.50%

(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-18	08-278120	736	1	\$1.7100	1.0549	\$1,327.59	\$165.95	\$0.00	\$165.95	808	5.50%	\$25.00	\$18.73	\$209.68
Oct-18	08-278120	307	1	\$2.1000	1.0563	\$680.98	\$85.12	\$0.00	\$85.12	778	6.50%	\$25.00	\$10.90	\$121.02
Aug-19	08-278120	5,067	1	\$1.1700	1.1703	\$6,938.05	\$867.26	\$0.00	\$867.26	474	6.50%	\$86.73	\$64.09	\$1,018.08
TOTALS		6,110				\$8,946.63	\$1,118.33	\$0.00	\$1,118.33			\$136.73	\$93.72	\$1,348.78

COMMENTS: UNDER REPORTED VOLUMES FOR RRC ID#S 08-278120, 08-285015, 08-288604, AND 288481 (UNIT 7195)

COLUMN (3) VOLUMES WERE UNDER REPORTED TO THE GLO.
 COLUMNS (5) & (6) THE PRICES AND BTU FACTORS WERE DETERMINED BY USING THE AVERAGE PRICES AND BTU FACTOR REPORTED ON THE GLO2 REPORTS.
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy-business/oil-gas/rac/forms/penalty-interest-assessment-rules.pdf>

NOTE 1: PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS. THE PREFERRED METHOD OF PAYMENT IS BY CHECK ACCOMPANIED WITH THE BOTTOM HALF OF THE ATTACHED INVOICE. IF PAYMENT IS MADE THROUGH ACH DEBIT, NOTIFY THE AUDITOR AS TO THE REMITTANCE DATE SO THE INVOICE CAN BE PROPERLY CREDITED.

ATTN: Patty Burg
 SENT VIA E-MAIL: patty.burg@bpx.com

29
File No. MF 115565
County Recon Billing
Date Filed: 4/23/2021
George P. Bush, Commissioner VD
By _____



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

May 7, 2021

Ms. Allie Huizenga
BPX Energy, Inc.
1700 Platte Street, Suite 150
Denver, CO 80202

RE: State Lease MF115565 – Relinquishment Act Lease
Deep Rights Retention Form, Lease D
320 gross/80 net acres out of the W/2 of Section 46, Block 56, Township 2, T&P RR Co.
Survey, A-5327, Reeves County, Texas
Wells: State Roy Kimsey 56-T2-46 1H, API 42-389-34571, RRC 08-278120
State Roy Kimsey 56-T2-46 W102H, API 42-389-35980, RRC 08-285015
State Roy Kimsey 56-T2-46 W103H, API 42-389-37986, RRC 08-288481
State Roy Kimsey 56-T2-46 W104H, API 42-389-37984, RRC 08-288604
Unit: State Roy Kimsey 56-T2-46 Unit, State #7195

Dear Ms. Huizenga:

This letter acknowledges receipt of Deep Rights Retention check on October 4, 2018 in the amount of \$60,000.00 for Lease D. The Deep Rights Retention form was received on October 4, 2018 and also on September 11, 2020.

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

Best regards,

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

File No. MF115565
letter acknowledging County
DRR Bonus + Form
Date Filed: 5/7/21
George P. Bush, Commissioner
By SSD



10.15.21

bp



✓ Sent to Hat

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

Surf Damage

MF115565-D

October 13, 2021

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

RE:

Surface Damage Payment – Electric Line
Roy Kimsey 56-T2-46 Electric Line Extension
MF115565A-D
Section 46, Block 56, Township 2 (W/2)
Reeves County, Texas

Dear Texas General Land Office,

Enclosed herein, please find **Check No. 8005000685** in the amount of **\$12,446.00** covering the electric line on the subject line, which is outlined below:

Electric Line:	(422.30 rods) x (\$40.00/rod)	=	\$16,892.00
Poles:	(32 poles x \$250/pole)	=	\$8,000.00
Total Damages:		=	\$24,892.00
 Total paid to Agent of the State:	 (\$24,892.00 x 0.50)	 =	 \$12,446.00
Total paid to the State of Texas:		=	\$12,466.00

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

Respectfully,

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

10.21.01

2nd Damage

bpx energy

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

10-15-21

PAGE 1 OF 1

10/12/21

X07LH

STATE OF TEXAS GLO
1700 N CONGRESS AVE NO 640
AUSTIN, TX 78701-1495 US

VENDOR NUMBER: 0069001423

TRACE NUMBER: 2000005830

DOCUMENT NO.	INVOICE DATE	INVOICE NO.	GROSS AMOUNT	DISCOUNT NO.	NET AMOUNT
1900002805 ROY KIMSEY POWER LINE 56-2-46 Roy Kimsey Power Line 56-2-46 MF115565A-D	10/08/21	2021.227	12,446.00		12,446.00
				22701446	161
TOTALS			12,446.00		12,446.00

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

IN ORDER TO AFFECT TIMELY INVOICE PAYMENT PLEASE PLACE
YOUR VENDOR NUMBER ON ALL FUTURE INVOICE TO BP.
*** YOUR VENDOR NUMBER IS 0069001423

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS

CHECK NO. 8005000685 ATTACHED BELOW

bpx energy

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

62-20
311

CHECK NO. 8005000685

10/12/21

22701446

PAY TO THE
ORDER OF

STATE OF TEXAS GLO
1700 N CONGRESS AVE NO 640
AUSTIN, TX 78701-1495 US

*****\$12,446.00

NOT VALID AFTER 6 MONTHS

Twelve thousand four hundred forty six and 00/100 Dollars

TRACE NUMBER: 2000005830

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

Laura N. Alessi
Authorized Signature

8005000685

SEVENTEEN CENTERLINE DESCRIPTIONS FOR TWO 15' WIDE EASEMENTS
& FIFTEEN GUY ANCHORS

THOMAS E. JOHNSON, L.P., ET AL

CENTERLINE DESCRIPTIONS OF TWO PROPOSED POWERLINES AND FIFTEEN GUY ANCHORS IN, OVER, ACROSS, AND THROUGH A 320 ACRE TRACT RECORDED IN VOLUME 799, PAGE 133, REEVES COUNTY, TEXAS DEED RECORDS, BEING OUT OF ABSTRACT NUMBER 528, MRS. M. WILMETH, ORIGINAL GRANTEE, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

"STATE ROY KIMSEY EXTENSION" - SEGMENT 1

COMMENCING AT A 1 INCH PIPE, AT THE SOUTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVES COUNTY, TEXAS; THENCE N 20°38'05" E A DISTANCE OF 113.82 FEET TO THE POINT OF BEGINNING OF A 15 FOOT WIDE EASEMENT BEING 7.5 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE;

THENCE N 02°37'40" E A DISTANCE OF 112.27 FEET TO A POINT;
THENCE N 45°50'33" E A DISTANCE OF 440.33 FEET TO A POINT;
THENCE N 01°46'39" E A DISTANCE OF 751.93 FEET TO A POINT;
THENCE N 04°17'03" W A DISTANCE OF 2,148.71 FEET TO A POINT;
THENCE N 45°58'57" E A DISTANCE OF 1,329.85 FEET TO A POINT;
THENCE NORTH A DISTANCE OF 58.53 FEET TO A POINT;
THENCE EAST A DISTANCE OF 831.53 FEET TO A POINT;
THENCE N 00°27'38" E A DISTANCE OF 411.04 FEET TO THE POINT OF TERMINATION, ALSO BEING S 74°39'11" E A DISTANCE OF 1,837.41 FEET FROM A 1 INCH PIPE AT THE NORTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVES COUNTY, TEXAS.

THE ABOVE DESCRIBED CENTERLINE HAS A TOTAL LENGTH OF 6,084.19 FEET OR 368.74 RODS AND CONTAINS 2.10 ACRES OF EASEMENT, MORE OR LESS. LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

"STATE ROY KIMSEY EXTENSION" - SEGMENT 2

COMMENCING AT A 1 INCH PIPE, AT THE SOUTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVES COUNTY, TEXAS; THENCE N 18°39'22" E A DISTANCE OF 4,646.45 FEET TO THE POINT OF BEGINNING OF A 15 FOOT WIDE EASEMENT BEING 7.5 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE;

THENCE N 00°59'46" E A DISTANCE OF 433.77 FEET TO THE POINT OF TERMINATION, ALSO BEING S 69°39'36" E A DISTANCE OF 1,333.80 FEET FROM A 1 INCH PIPE AT THE NORTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVES COUNTY, TEXAS.

THE ABOVE DESCRIBED CENTERLINE HAS A TOTAL LENGTH OF 433.77 FEET OR 26.29 RODS AND CONTAINS 0.15 ACRES OF EASEMENT, MORE OR LESS. LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

"GUY ANCHOR 1"

COMMENCING AT A 1 INCH PIPE, AT THE SOUTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVES COUNTY, TEXAS; THENCE N 11°41'37" E A DISTANCE OF 233.30 FEET TO THE POINT OF BEGINNING OF A GUY ANCHOR;

THENCE S 45°50'33" W A DISTANCE OF 30.00 FEET TO THE POINT OF TERMINATION, SAID POINT BEING S 02°27'49" W A DISTANCE OF 5,106.59 FEET FROM A 1 INCH PIPE, AT THE NORTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVE COUNTY, TEXAS.

THE ABOVE DESCRIBED CENTERLINE HAS A TOTAL LENGTH OF 30.00 FEET OR 1.82 RODS, MORE OR LESS. LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

"GUY ANCHOR 2"

COMMENCING AT A 1 INCH PIPE, AT THE SOUTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVES COUNTY, TEXAS; THENCE N 11°41'37" E A DISTANCE OF 233.30 FEET TO THE POINT OF BEGINNING OF A GUY ANCHOR;

THENCE N 02°37'40" E A DISTANCE OF 30.00 FEET TO THE POINT OF TERMINATION, SAID POINT BEING S 02°13'45" W A DISTANCE OF 5,054.82 FEET FROM A 1 INCH PIPE, AT THE NORTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVE COUNTY, TEXAS.

THE ABOVE DESCRIBED CENTERLINE HAS A TOTAL LENGTH OF 30.00 FEET OR 1.82 RODS, MORE OR LESS. LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

CONTINUED ON PAGE 2

SEVENTEEN CENTERLINE DESCRIPTIONS FOR TWO 15' WIDE EASEMENTS
& FIFTEEN GUY ANCHORS

THOMAS E. JOHNSON, L.P., ET AL

"GUY ANCHOR 3"

COMMENCING AT A 1 INCH PIPE, AT THE SOUTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVES COUNTY, TEXAS; THENCE N 34°00'15" E A DISTANCE OF 637.57 FEET TO THE POINT OF BEGINNING OF A GUY ANCHOR;

THENCE S 03°38'22" W A DISTANCE OF 30.00 FEET TO THE POINT OF TERMINATION, SAID POINT BEING S 01°23'00" E A DISTANCE OF 4,805.56 FEET FROM A 1 INCH PIPE, AT THE NORTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVE COUNTY, TEXAS.

THE ABOVE DESCRIBED CENTERLINE HAS A TOTAL LENGTH OF 30.00 FEET OR 1.82 RODS, MORE OR LESS. LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

"GUY ANCHOR 4"

COMMENCING AT A 1 INCH PIPE, AT THE SOUTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVES COUNTY, TEXAS; THENCE N 34°00'15" E A DISTANCE OF 637.57 FEET TO THE POINT OF BEGINNING OF A GUY ANCHOR;

THENCE N 45°50'33" E A DISTANCE OF 30.00 FEET TO THE POINT OF TERMINATION, SAID POINT BEING S 01°40'50" E A DISTANCE OF 4,755.36 FEET FROM A 1 INCH PIPE, AT THE NORTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVE COUNTY, TEXAS.

THE ABOVE DESCRIBED CENTERLINE HAS A TOTAL LENGTH OF 30.00 FEET OR 1.82 RODS, MORE OR LESS. LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

"GUY ANCHOR 5"

COMMENCING AT A 1 INCH PIPE, AT THE SOUTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVES COUNTY, TEXAS; THENCE N 03°44'50" E A DISTANCE OF 3,427.02 FEET TO THE POINT OF BEGINNING OF A GUY ANCHOR;

THENCE S 45°58'57" W A DISTANCE OF 30.00 FEET TO THE POINT OF TERMINATION, SAID POINT BEING S 01°13'51" W A DISTANCE OF 1,901.23 FEET FROM A 1 INCH PIPE, AT THE NORTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVE COUNTY, TEXAS.

THE ABOVE DESCRIBED CENTERLINE HAS A TOTAL LENGTH OF 30.00 FEET OR 1.82 RODS, MORE OR LESS. LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

"GUY ANCHOR 6"

COMMENCING AT A 1 INCH PIPE, AT THE SOUTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVES COUNTY, TEXAS; THENCE N 03°44'50" E A DISTANCE OF 3,427.02 FEET TO THE POINT OF BEGINNING OF A GUY ANCHOR;

THENCE N 04°17'03" W A DISTANCE OF 30.00 FEET TO THE POINT OF TERMINATION, SAID POINT BEING S 00°39'58" W A DISTANCE OF 1,850.15 FEET FROM A 1 INCH PIPE, AT THE NORTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVE COUNTY, TEXAS.

THE ABOVE DESCRIBED CENTERLINE HAS A TOTAL LENGTH OF 30.00 FEET OR 1.82 RODS, MORE OR LESS. LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

"GUY ANCHOR 7"

COMMENCING AT A 1 INCH PIPE, AT THE SOUTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVES COUNTY, TEXAS; THENCE N 15°12'05" E A DISTANCE OF 4,501.27 FEET TO THE POINT OF BEGINNING OF A GUY ANCHOR;

THENCE S 00°38'36" W A DISTANCE OF 30.00 FEET TO THE POINT OF TERMINATION, SAID POINT BEING S 43°32'10" E A DISTANCE OF 1,359.92 FEET FROM A 1 INCH PIPE, AT THE NORTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVE COUNTY, TEXAS.

THE ABOVE DESCRIBED CENTERLINE HAS A TOTAL LENGTH OF 30.00 FEET OR 1.82 RODS, MORE OR LESS. LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

CONTINUED ON PAGE 3



Shannon D. Ozment
6/21/2021

CONTACT INFORMATION:

Shannon D. Ozment
Crafton Tull (10193715)
1000 LedgeLawn Dr.
Conway, AR 72034



Crafton Tull
surveying

501.328.3316 t 501.328.3325 f
www.craftontull.com

10.15.21
EXHIBIT "A", PAGE 3 OF 9
SEVENTEEN CENTERLINE DESCRIPTIONS FOR TWO 15' WIDE EASEMENTS
& FIFTEEN GUY ANCHORS

THOMAS E. JOHNSON, L.P., ET AL

"GUY ANCHOR 8"

COMMENCING AT A 1 INCH PIPE, AT THE SOUTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVES COUNTY, TEXAS; THENCE N 15°12'05" E A DISTANCE OF 4,501.27 FEET TO THE POINT OF BEGINNING OF A GUY ANCHOR;

THENCE N 46°16'03" E A DISTANCE OF 30.00 FEET TO THE POINT OF TERMINATION, SAID POINT BEING S 45°42'53" E A DISTANCE OF 1,339.27 FEET FROM A 1 INCH PIPE, AT THE NORTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVE COUNTY, TEXAS.

THE ABOVE DESCRIBED CENTERLINE HAS A TOTAL LENGTH OF 30.00 FEET OR 1.82 RODS, MORE OR LESS. LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

"GUY ANCHOR 9"

COMMENCING AT A 1 INCH PIPE, AT THE SOUTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVES COUNTY, TEXAS; THENCE N 15°00'31" E A DISTANCE OF 4,557.79 FEET TO THE POINT OF BEGINNING OF A GUY ANCHOR;

THENCE WEST A DISTANCE OF 30.00 FEET TO THE POINT OF TERMINATION, SAID POINT BEING S 45°18'33" E A DISTANCE OF 1,275.91 FEET FROM A 1 INCH PIPE, AT THE NORTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVE COUNTY, TEXAS.

THE ABOVE DESCRIBED CENTERLINE HAS A TOTAL LENGTH OF 30.00 FEET OR 1.82 RODS, MORE OR LESS. LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

"GUY ANCHOR 10"

COMMENCING AT A 1 INCH PIPE, AT THE SOUTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVES COUNTY, TEXAS; THENCE N 15°00'31" E A DISTANCE OF 4,557.79 FEET TO THE POINT OF BEGINNING OF A GUY ANCHOR;

THENCE NORTH A DISTANCE OF 30.00 FEET TO THE POINT OF TERMINATION, SAID POINT BEING S 47°12'48" E A DISTANCE OF 1,276.85 FEET FROM A 1 INCH PIPE, AT THE NORTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVE COUNTY, TEXAS.

THE ABOVE DESCRIBED CENTERLINE HAS A TOTAL LENGTH OF 30.00 FEET OR 1.82 RODS, MORE OR LESS. LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

"GUY ANCHOR 11"

COMMENCING AT A 1 INCH PIPE, AT THE SOUTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVES COUNTY, TEXAS; THENCE N 24°33'36" E A DISTANCE OF 4,840.22 FEET TO THE POINT OF BEGINNING OF A GUY ANCHOR;

THENCE S 00°27'38" W A DISTANCE OF 30.00 FEET TO THE POINT OF TERMINATION, SAID POINT BEING S 62°19'39" E A DISTANCE OF 1,996.74 FEET FROM A 1 INCH PIPE, AT THE NORTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVE COUNTY, TEXAS.

THE ABOVE DESCRIBED CENTERLINE HAS A TOTAL LENGTH OF 30.00 FEET OR 1.82 RODS, MORE OR LESS. LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

"GUY ANCHOR 12"

COMMENCING AT A 1 INCH PIPE, AT THE SOUTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVES COUNTY, TEXAS; THENCE N 24°33'36" E A DISTANCE OF 4,840.22 FEET TO THE POINT OF BEGINNING OF A GUY ANCHOR;

THENCE EAST A DISTANCE OF 30.00 FEET TO THE POINT OF TERMINATION, SAID POINT BEING S 63°29'07" E A DISTANCE OF 2,010.00 FEET FROM A 1 INCH PIPE, AT THE NORTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVE COUNTY, TEXAS.

THE ABOVE DESCRIBED CENTERLINE HAS A TOTAL LENGTH OF 30.00 FEET OR 1.82 RODS, MORE OR LESS. LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

CONTINUED ON PAGE 4



Crafton Tull
surveying

501.328.3316 t 501.328.3325 f
www.craftontull.com



CONTACT INFORMATION:

Shannon D. Ozment
Crafton Tull (10193715)
1000 LedgeLawn Dr.
Conway, AR 72034

SEVENTEEN CENTERLINE DESCRIPTIONS FOR TWO 15' WIDE EASEMENTS
& FIFTEEN GUY ANCHORS

THOMAS E. JOHNSON, L.P., ET AL

"GUY ANCHOR 13"

COMMENCING AT A 1 INCH PIPE, AT THE SOUTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVES COUNTY, TEXAS; THENCE N 22°43'01" E A DISTANCE OF 5,218.13 FEET TO THE POINT OF BEGINNING OF A GUY ANCHOR;

THENCE N 00°27'38" E A DISTANCE OF 30.00 FEET TO THE POINT OF TERMINATION, SAID POINT BEING S 75°33'39" E A DISTANCE OF 1,829.94 FEET FROM A 1 INCH PIPE, AT THE NORTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVE COUNTY, TEXAS.

THE ABOVE DESCRIBED CENTERLINE HAS A TOTAL LENGTH OF 30.00 FEET OR 1.82 RODS, MORE OR LESS. LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

"GUY ANCHOR 14"

COMMENCING AT A 1 INCH PIPE, AT THE SOUTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVES COUNTY, TEXAS; THENCE N 18°39'22" E A DISTANCE OF 4,646.45 FEET TO THE POINT OF BEGINNING OF A GUY ANCHOR;

THENCE S 00°56'46" W A DISTANCE OF 30.00 FEET TO THE POINT OF TERMINATION, SAID POINT BEING S 53°15'59" E A DISTANCE OF 1,550.45 FEET FROM A 1 INCH PIPE, AT THE NORTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVE COUNTY, TEXAS.

THE ABOVE DESCRIBED CENTERLINE HAS A TOTAL LENGTH OF 30.00 FEET OR 1.82 RODS, MORE OR LESS. LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

"GUY ANCHOR 15"

COMMENCING AT A 1 INCH PIPE, AT THE SOUTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVES COUNTY, TEXAS; THENCE N 17°09'58" E A DISTANCE OF 5,061.49 FEET TO THE POINT OF BEGINNING OF A GUY ANCHOR;

THENCE N 00°59'46" E A DISTANCE OF 30.00 FEET TO THE POINT OF TERMINATION, SAID POINT BEING S 70°53'05" E A DISTANCE OF 1,324.17 FEET FROM A 1 INCH PIPE, AT THE NORTHWEST CORNER OF SECTION 46, BLOCK 56-T2, REEVE COUNTY, TEXAS.

THE ABOVE DESCRIBED CENTERLINE HAS A TOTAL LENGTH OF 30.00 FEET OR 1.82 RODS, MORE OR LESS. LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

THE SEVENTEEN ABOVE DESCRIBED EASEMENTS HAVE A COMBINED TOTAL LENGTH OF 6,967.96 FEET OR 422.31 RODS AND CONTAIN 2.25 ACRES OF EASEMENT, MORE OR LESS. LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAYS OF RECORD.

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

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

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



Shannon D. Ozment
6/21/2021

CONTACT INFORMATION:

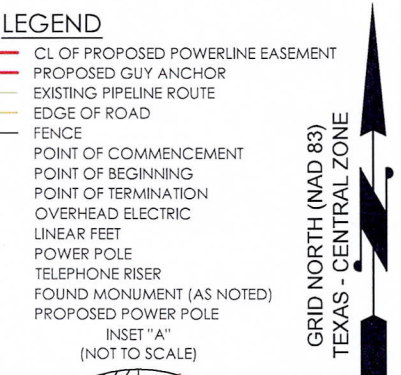
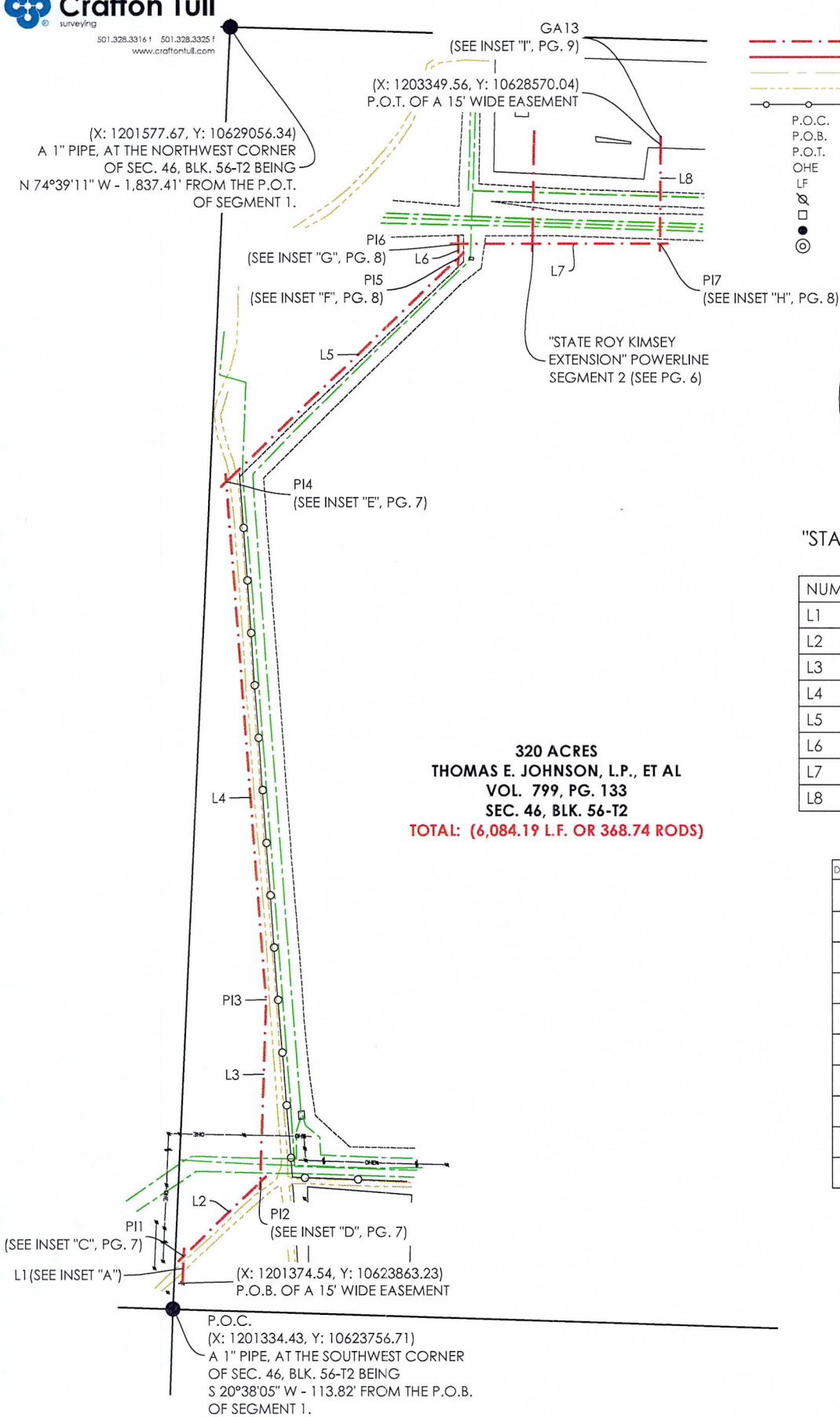
Shannon D. Ozment
Crafton Tull (10193715)
1000 LedgeLawn Dr.
Conway, AR 72034



Crafton Tull

surveying

501.328.3316 t 501.328.3325 f
www.craftontull.com



"STATE ROY KIMSEY EXTENSION" POWERLINE SEGMENT 1

NUMBER	BEARING	DISTANCE
L1	N 02°37'40" E	112.27'
L2	N 45°50'33" E	440.33'
L3	N 01°46'39" E	751.93'
L4	N 04°17'03" W	2,148.71'
L5	N 45°58'57" E	1,329.85'
L6	NORTH	58.53'
L7	EAST	831.53'
L8	N 00°27'38" E	411.04'

320 ACRES
THOMAS E. JOHNSON, L.P., ET AL
VOL. 799, PG. 133
SEC. 46, BLK. 56-T2
TOTAL: (6,084.19 L.F. OR 368.74 RODS)

DESCRIPTION	COORDINATES NAD83	
	STATE PLANE TEXAS CENTRAL (2277)	GEOGRAPHIC (4269)
POB	N: 10623863.23 E: 1201374.54	LAT: 31.7672719° LONG: -103.85790019°
PI1	N: 10623975.37 E: 1201379.69	LAT: 31.76758048° LONG: -103.85789506°
PI2	N: 10624282.12 E: 1201695.60	LAT: 31.7684508° LONG: -103.85691036°
PI3	N: 10625033.69 E: 1201718.92	LAT: 31.77051781° LONG: -103.85691194°
PI4	N: 10627176.40 E: 1201558.41	LAT: 31.77639102° LONG: -103.85764657°
PI5	N: 10628100.48 E: 1202514.73	LAT: 31.77901322° LONG: -103.85466482°
PI6	N: 10628159.02 E: 1202514.73	LAT: 31.77917404° LONG: -103.85467078°
PI7	N: 10628159.02 E: 1203346.26	LAT: 31.77924636° LONG: -103.85199625°
POT	N: 10628570.04 E: 1203349.56	LAT: 31.78037596° LONG: -103.85202745°

- GENERAL NOTES**
- THE LOCATIONS OF UNDERGROUND UTILITIES AS SHOWN HEREON ARE BASED ON REASONABLE VISUAL OBSERVATION. LOCATIONS OF UNDERGROUND UTILITIES/ STRUCTURES MAY VARY FROM LOCATIONS SHOWN HEREIN. ADDITIONAL BURIED UTILITIES/ STRUCTURES MAY BE ENCOUNTERED. NO EXCAVATIONS WERE MADE DURING THE PROGRESS OF THIS SURVEY TO LOCATE BURIED UTILITIES/ STRUCTURES. BEFORE EXCAVATIONS ARE BEGUN, THE OFFICES OF THE VARIOUS UTILITIES SERVICING THIS AREA SHOULD BE CONTACTED FOR THEIR UTILITY LOCATION.
 - BASIS OF BEARINGS: TEXAS STATE PLANE GRID, CENTRAL ZONE, NAD83 AS DETERMINED BY GPS OBSERVATION.
 - COMBINED SCALE FACTOR AT P.O.C.:
 - VERTICAL DATUM IS NAVD 88
 - AREAS, DISTANCES, AND COORDINATES ARE "GRID" BASED ON U.S. SURVEY FEET.
 - THIS PLAT DOES NOT REPRESENT A BOUNDARY SURVEY.

CONTACT INFORMATION:

Shannon D. Ozment
Crafton Tull (10193715)
1000 LedgeLawn Dr.
Conway, AR 72034

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



6/21/2021



REVISION		bpxenergy BPX MIDSTREAM LLC				
DATE	DESCRIPTION	"STATE ROY KIMSEY EXTENSION" POWERLINE THOMAS E. JOHNSON, L.P., ET AL FINAL PLAT REEVES COUNTY, TEXAS				
		SCALE: 1" = 600'	CHECKED BY:	H.F.D.	APPROVED BY:	A.L.
		PLOT DATE: ---	DRAWN BY:	FRANS	SHEET NO.: 5 OF 9	

LEGEND

- CL OF PROPOSED POWERLINE EASEMENT
- PROPOSED GUY ANCHOR
- EXISTING PIPELINE ROUTE
- EDGE OF ROAD
- FENCE
- P.O.C. POINT OF COMMENCEMENT
- P.O.B. POINT OF BEGINNING
- P.O.T. POINT OF TERMINATION
- OHE OVERHEAD ELECTRIC
- LF LINEAR FEET
- POWER POLE
- TELEPHONE RISER
- FOUND MONUMENT (AS NOTED)
- PROPOSED POWER POLE

GRID NORTH (NAD 83)
TEXAS - CENTRAL ZONE

(X: 1201577.67, Y: 10629056.34)
A 1" PIPE, AT THE NORTHWEST CORNER
OF SEC. 46, BLK. 56-T2 BEING
N 69°39'36" W - 1,333.80' FROM THE
P.O.T. OF SEGMENT 2.

320 ACRES
THOMAS E. JOHNSON, L.P., ET AL
VOL. 799, PG. 133
SEC. 46, BLK. 56-T2
TOTAL: (433.77 L.F. OR 26.29 RODS)

GA15
(SEE INSET "K", PG. 9)

(X: 1202828.31, Y: 10628592.72)
P.O.T. OF A 15' WIDE EASEMENT

L9 (SEE INSET "B")

(X: 1202820.77, Y: 10628159.02)
P.O.B. OF A 15' WIDE EASEMENT

GA14
(SEE INSET "J", PG. 9)

"STATE ROY KIMSEY
EXTENSION" POWERLINE
SEGMENT 1 (SEE PG. 5)

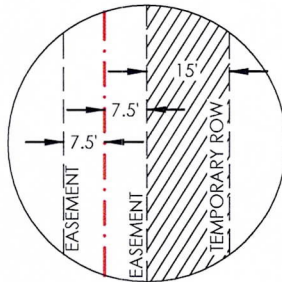
"STATE ROY KIMSEY EXTENSION"
POWERLINE SEGMENT 2

NUMBER	BEARING	DISTANCE
L9	N 00°59'46" E	433.77'

DESCRIPTION	COORDINATES NAD83	
	STATE PLANE TEXAS CENTRAL (2277)	GEOGRAPHIC (4269)
POB	N: 10628159.02 E: 1202820.77	LAT: 31.77920067° LONG: -103.85368646°
POT	N: 10628592.72 E: 1202828.31	LAT: 31.78039295° LONG: -103.85370637°

P.O.C.
(X: 1201334.43, Y: 10623756.71)
A 1" PIPE, AT THE SOUTHWEST CORNER
OF SEC. 46, BLK. 56-T2 BEING
S 18°39'22" W - 4,646.45' FROM THE P.O.B.
OF SEGMENT 2.

INSET "B"
(NOT TO SCALE)



GENERAL NOTES

- THE LOCATIONS OF UNDERGROUND UTILITIES AS SHOWN HEREON ARE BASED ON REASONABLE VISUAL OBSERVATION. LOCATIONS OF UNDERGROUND UTILITIES/ STRUCTURES MAY VARY FROM LOCATIONS SHOWN HEREIN. ADDITIONAL BURIED UTILITIES/ STRUCTURES MAY BE ENCOUNTERED. NO EXCAVATIONS WERE MADE DURING THE PROGRESS OF THIS SURVEY TO LOCATE BURIED UTILITIES/ STRUCTURES. BEFORE EXCAVATIONS ARE BEGUN, THE OFFICES OF THE VARIOUS UTILITIES SERVICING THIS AREA SHOULD BE CONTACTED FOR THEIR UTILITY LOCATION.
- BASIS OF BEARINGS : TEXAS STATE PLANE GRID, CENTRAL ZONE, NAD83 AS DETERMINED BY GPS OBSERVATION.
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- VERTICAL DATUM IS NAVD 88
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- THIS PLAT DOES NOT REPRESENT A BOUNDARY SURVEY.

CONTACT INFORMATION:

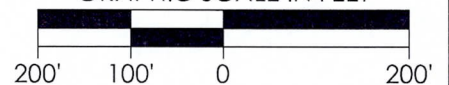
Shannon D. Ozment
Crafton Tull (10193715)
1000 Ledgelawn Dr.
Conway, AR 72034

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



Shannon D. Ozment
6/21/2021

GRAPHIC SCALE IN FEET



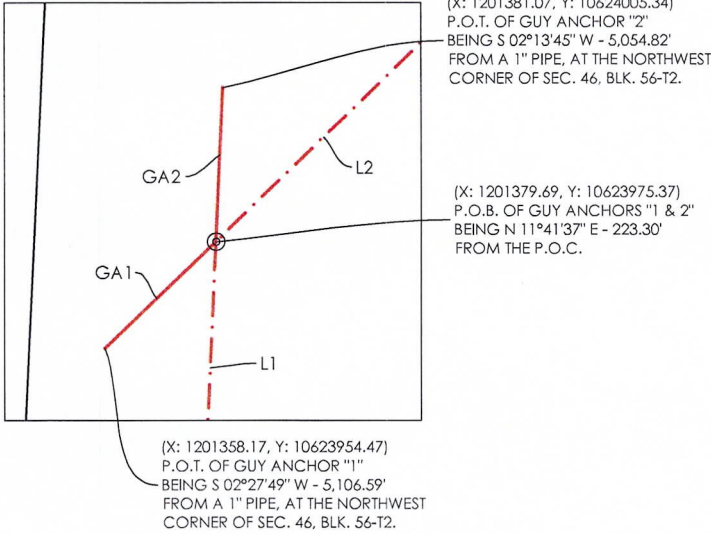
REVISION		bpx energy BPX MIDSTREAM LLC			
		"STATE ROY KIMSEY EXTENSION" POWERLINE THOMAS E. JOHNSON, L.P., ET AL FINAL PLAT REEVES COUNTY, TEXAS			
		SCALE: 1" = 200'	CHECKED BY:	H.F.D.	APPROVED BY:
		PLOT DATE:	DRAWN BY:	FRANS	A.L.
				SHEET NO.: 6 OF 9	

LEGEND

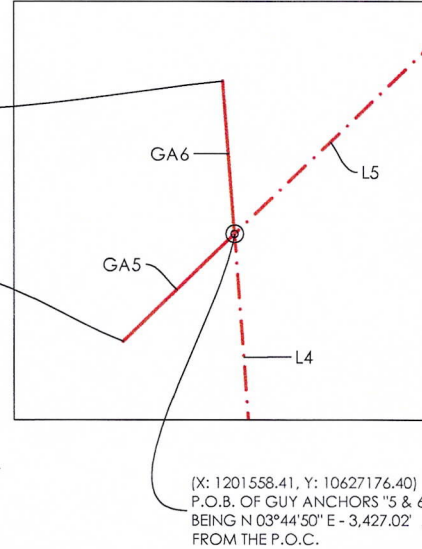
- CL OF PROPOSED POWERLINE EASEMENT
- PROPOSED GUY ANCHOR
- EXISTING PIPELINE ROUTE
- EDGE OF ROAD
- FENCE
- P.O.C. POINT OF COMMENCEMENT
- P.O.B. POINT OF BEGINNING
- P.O.T. POINT OF TERMINATION
- OHE OVERHEAD ELECTRIC
- LF LINEAR FEET
- ⊗ POWER POLE
- TELEPHONE RISER
- FOUND MONUMENT (AS NOTED)
- ⊙ PROPOSED POWER POLE

GRID NORTH (NAD 83)
TEXAS - CENTRAL ZONE

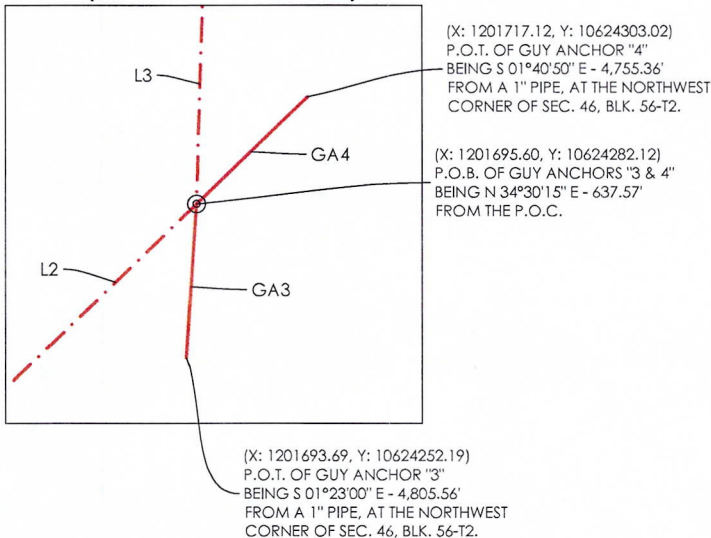
INSET "C"
(NOT TO SCALE)



INSET "E"
(NOT TO SCALE)



INSET "D"
(NOT TO SCALE)



"STATE ROY KIMSEY EXTENSION"
GUY ANCHORS

NUMBER	BEARING	DISTANCE
GA 1	S 45°50'33" W	30.00'
GA 2	N 02°37'40" E	30.00'
GA 3	S 03°38'22" W	30.00'
GA 4	N 45°50'33" E	30.00'
GA 5	S 45°58'57" W	30.00'
GA 6	N 04°17'03" W	30.00'

TOTAL: (180.00 L.F. OR 10.91 RODS)

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Shannon D. Ozment
6/21/2021

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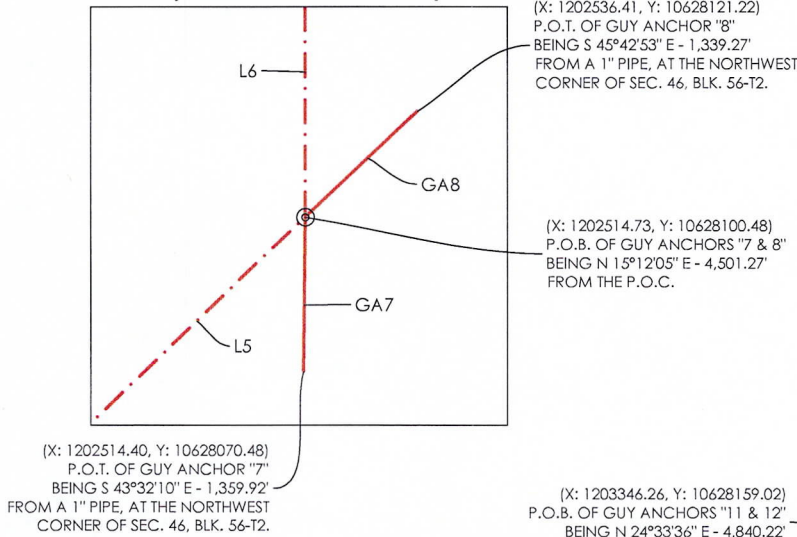
REVISION		bpx energy BPX MIDSTREAM LLC			
		"STATE ROY KIMSEY EXTENSION" POWERLINE THOMAS E. JOHNSON, L.P., ET AL FINAL PLAT REEVES COUNTY, TEXAS			
		SCALE: 1" = 200'	CHECKED BY:	H.F.D.	APPROVED BY:
		PLOT DATE:	DRAWN BY:	FRANS	SHEET NO.: 7 OF 9
					A.L.

LEGEND

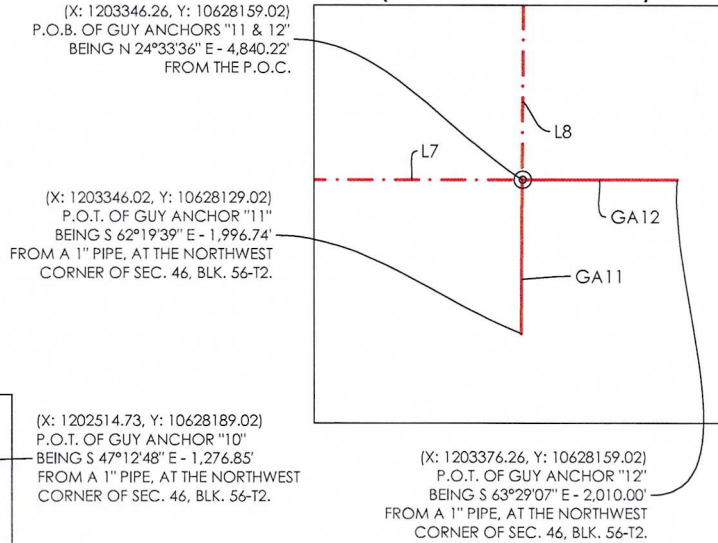
- CL OF PROPOSED POWERLINE EASEMENT
- PROPOSED GUY ANCHOR
- EXISTING PIPELINE ROUTE
- EDGE OF ROAD
- FENCE
- P.O.C. POINT OF COMMENCEMENT
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- POWER POLE
- TELEPHONE RISER
- FOUND MONUMENT (AS NOTED)
- PROPOSED POWER POLE

GRID NORTH (NAD 83)
TEXAS - CENTRAL ZONE

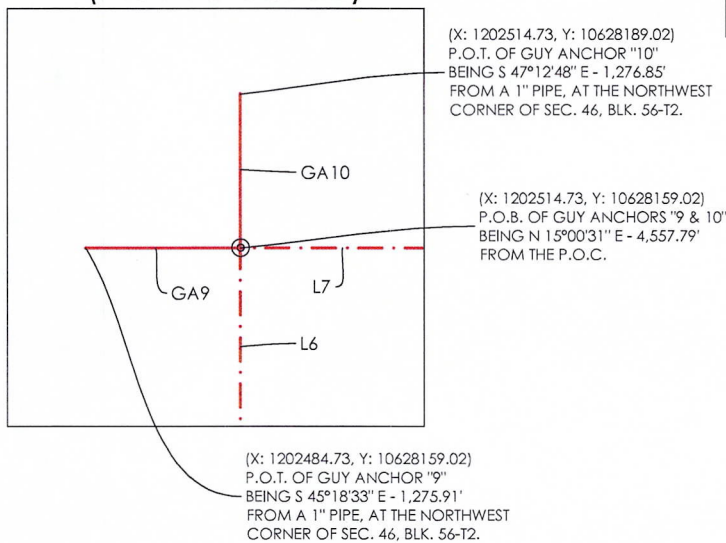
INSET "F"
(NOT TO SCALE)



INSET "H"
(NOT TO SCALE)



INSET "G"
(NOT TO SCALE)



"STATE ROY KIMSEY EXTENSION"
GUY ANCHORS

NUMBER	BEARING	DISTANCE
GA 7	S 00°38'36" W	30.00'
GA 8	N 46°16'03" E	30.00'
GA 9	WEST	30.00'
GA 10	NORTH	30.00'
GA 11	S 00°27'38" W	30.00'
GA 12	EAST	30.00'

TOTAL: (180.00 L.F. OR 10.91 RODS)

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Shannon D. Ozment
6/21/2021

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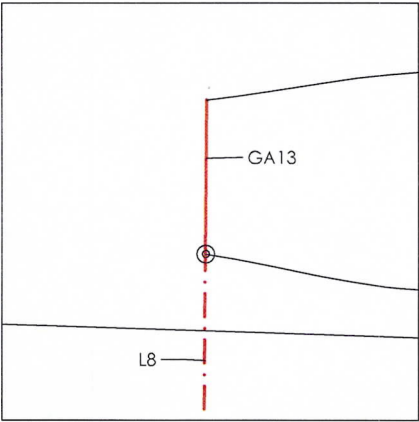
REVISION		bpx energy BPX MIDSTREAM LLC			
		"STATE ROY KIMSEY EXTENSION" POWERLINE THOMAS E. JOHNSON, L.P., ET AL FINAL PLAT REEVES COUNTY, TEXAS			
		SCALE: 1" = 200'	CHECKED BY:	H.F.D.	APPROVED BY:
		PLOT DATE:	DRAWN BY:	FRANS	SHEET NO.: 8 OF 9
					A.L.

LEGEND

- CL OF PROPOSED POWERLINE EASEMENT
- PROPOSED GUY ANCHOR
- EXISTING PIPELINE ROUTE
- EDGE OF ROAD
- FENCE
- P.O.C. POINT OF COMMENCEMENT
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GRID NORTH (NAD 83)
TEXAS - CENTRAL ZONE

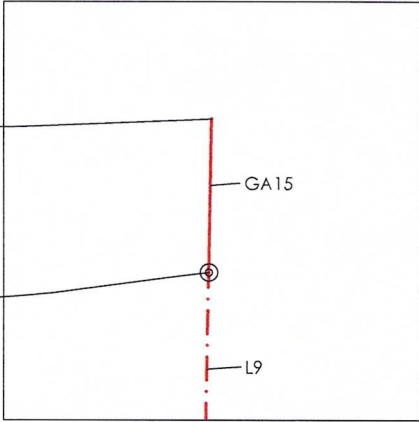
INSET "I"
(NOT TO SCALE)



(X: 1203349.81, Y: 10628600.04)
P.O.T. OF GUY ANCHOR "13"
BEING S 75°33'39" E - 1,829.94'
FROM A 1" PIPE, AT THE NORTHWEST
CORNER OF SEC. 46, BLK. 56-T2.

(X: 1203349.56, Y: 10628570.04)
P.O.B. OF GUY ANCHOR "13"
BEING N 22°43'01" E - 5,218.13'
FROM THE P.O.C.

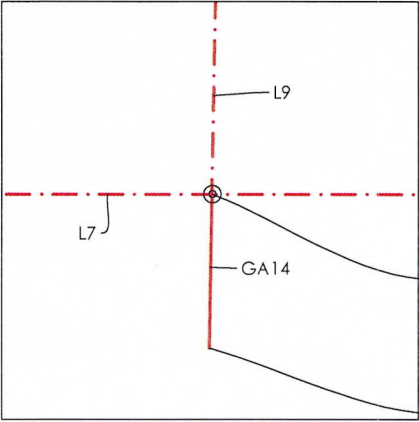
INSET "K"
(NOT TO SCALE)



(X: 1202828.83, Y: 10628622.72)
P.O.T. OF GUY ANCHOR "15"
BEING S 70°53'05" E - 1,324.17'
FROM A 1" PIPE, AT THE NORTHWEST
CORNER OF SEC. 46, BLK. 56-T2.

(X: 1202828.31, Y: 10628592.72)
P.O.B. OF GUY ANCHOR "15"
BEING N 17°09'58" E - 5,061.49'
FROM THE P.O.C.

INSET "J"
(NOT TO SCALE)



(X: 1202820.77, Y: 10628159.02)
P.O.B. OF GUY ANCHOR "14"
BEING N 18°39'22" E - 4,646.45'
FROM THE P.O.C.

(X: 1202820.24, Y: 10628129.02)
P.O.T. OF GUY ANCHOR "14"
BEING S 53°15'59" E - 1,550.45'
FROM A 1" PIPE, AT THE NORTHWEST
CORNER OF SEC. 46, BLK. 56-T2.

"STATE ROY KIMSEY EXTENSION"
GUY ANCHORS

NUMBER	BEARING	DISTANCE
GA 13	N 00°27'38" E	30.00'
GA 14	S 00°59'46" W	30.00'
GA 15	N 00°59'46" E	30.00'

TOTAL: (90.00 L.F. OR 5.45 RODS)

GENERAL NOTES

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- COMBINED SCALE FACTOR AT P.O.C.:
- VERTICAL DATUM IS NAVD 88
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Shannon D. Ozment

6/21/2021

CONTACT INFORMATION:

Shannon D. Ozment
Crafton Tull (10193715)
1000 Ledgelawn Dr.
Conway, AR 72034

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

REVISION

bpx energy

BPX MIDSTREAM LLC

"STATE ROY KIMSEY EXTENSION" POWERLINE
THOMAS E. JOHNSON, L.P., ET AL
FINAL PLAT
REEVES COUNTY, TEXAS

SCALE: 1" = 200'
PLOT DATE: —

CHECKED BY:
DRAWN BY:

H.F.D.
FRANS

APPROVED BY:
SHEET NO.: 9 OF 9

A.L.

31

NR 115565

Surface Damages

date 1-28-27

C/S

12.25.01

✓ MF115565
MF115985 Unit 7195

DIVISION ORDER

To: BPX Operating Company
PO Box 696505
San Antonio, TX 78269-6505

Date: 01/13/2020

Effective Date: 07/01/2019

Property Name: Various Properties (see exhibit A)
Property Number: Various (see exhibit A)
Operator: BPX Operating Company
County/State: Various (see exhibit A)
Description: See Exhibit A

Production: Oil: X Gas: X Other: X

Owner Number: 60468207	Type of Interest: See Exhibit A
Owner Name: STATE OF TEXAS GLO	Interest Sequence: See Exhibit A
	Tract Factor: See Exhibit A
Owner Address: 1700 N CONGRESS AVE NO 640	Tract Interest: See Exhibit A
AUSTIN, TX 78701-1495 US	Unit Interest: See Exhibit A

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by BPX Operating Company ("Payor") on its behalf or on behalf of a Payor affiliate.

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 one hundred dollars (\$100), or pay annually in April, 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.

Special Clauses: None

Owner(s) Signatures(s): _____

Owner Address Correction: _____

Owner's Tax I.D. Number: _____

Owner's Daytime Telephone: _____

Owner's Alternate Telephone: _____

Owner's Email: _____

Failure to furnish your proper Social Security/Tax I.D. Number on IRS Form W-9 will result in income tax withholding in accordance with federal law, and any tax withheld will not be refundable by Payor.

To: BPX Operating Company

DIVISION ORDER EXHIBIT "A"

Dated: 01/13/2020

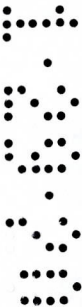
Page: 1

OWNER: 60468207

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

Property Name							
STATE ROY KIMSEY 56-T2-46 W103 389-37986							
Operator							
BPX Operating Company							
Legal Description							
County or Parish: REEVES State: TEXAS							
T&P RR CO GRANTEE M. WILMETH ; TWSP T2 BLK 56 SEC 46; ; T&P RR CO GRANT							
DOI/ PROPERTY CODE	DOI SUFFIX	TRACT FACTOR	TRACT INTEREST	INTEREST TYPE	PRODUCT CODE	UNIT INTEREST	ACCOUNT STATUS
130180	3	1.00000000	0.12500000	Royalty Interest	All Products	0.12500000	Pay

Property Name							
STATE ROY KIMSEY 56-T2-46 W104 389-37984							
Operator							
BPX Operating Company							
Legal Description							
County or Parish: REEVES State: TEXAS							
T&P RR CO GRANTEE M. WILMETH ; TWSP T2 BLK 56 SEC 46; ; T&P RR CO GRANT							
DOI/ PROPERTY CODE	DOI SUFFIX	TRACT FACTOR	TRACT INTEREST	INTEREST TYPE	PRODUCT CODE	UNIT INTEREST	ACCOUNT STATUS
130180	4	1.00000000	0.12500000	Royalty Interest	All Products	0.12500000	Pay



000001

32.

File No. MF115565

DIVISION ORDER County

Date Filed: 4-29-2022

George P. Bush, Commissioner

By VR



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

BPX Operating Company
Attn: Patty Burg
OFC WM11 6025-1
15377 Memorial Dr
Houston, TX 77079-4101

Billing Date: 5/5/2023
Billing Due Date: 6/4/2023
Customer Number: C000046383

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
23I00985	MF115565	\$10,193.19	\$0.00	\$1,029.75	\$332.53	\$11,555.47
Total Due		\$10,193.19	\$0.00	\$1,029.75	\$332.53	\$11,555.47

Penalty and interest have been calculated thru 5/31/2023. Payment remitted after 5/31/2023 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

BPX Operating Company

Billing Date: 5/5/2023

Billing Due Date: 6/4/2023

Customer Number: C000046383

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
23I00985	MF115565	\$10,193.19	\$0.00	\$1,029.75	\$332.53	\$11,555.47
Total Due		\$10,193.19	\$0.00	\$1,029.75	\$332.53	\$11,555.47
Amt. Paid						

Customer ID: C000046383
 Invoice Number: MF115565
 GLO Lease: BPX OPERATING COMPANY
 GLO Review: Sept 2021 - Aug 2022
 Review Period:

Category Gas
 Auditor/AE: ECortez
 Billing Date: 5/2/2023
 P&I Calculation Date: 5/31/2023
 Royalty Rate: 12.50%

(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-21	08-278120	727	1	\$4.846	1.109436	\$3,910.76	\$488.84	\$0.00	\$488.84	562	4.25%	\$48.88	\$28.63	\$566.35
Oct-21	08-278120	804	1	\$4.803	1.194346	\$4,614.76	\$576.85	\$0.00	\$576.85	532	4.25%	\$57.69	\$31.77	\$666.31
Nov-21	08-278120	449	1	\$5.205	1.129187	\$2,638.84	\$329.86	\$0.00	\$329.86	501	4.25%	\$32.99	\$16.98	\$379.83
Dec-21	08-278120	459	1	\$3.790	1.127907	\$1,961.72	\$245.22	\$0.00	\$245.22	470	4.25%	\$25.00	\$11.74	\$281.96
Jan-22	08-278120	631	1	\$4.256	1.127614	\$3,027.42	\$378.43	\$0.00	\$378.43	442	4.25%	\$37.84	\$16.88	\$433.15
Feb-22	08-278120	304	1	\$4.616	1.130668	\$1,585.59	\$198.20	\$0.00	\$198.20	411	4.25%	\$25.00	\$8.12	\$231.32
Mar-22	08-278120	330	1	\$4.325	1.133378	\$1,618.50	\$202.31	\$0.00	\$202.31	381	4.25%	\$25.00	\$7.59	\$234.90
Apr-22	08-278120	1,586	1	\$6.224	1.132469	\$11,180.64	\$1,397.58	\$0.00	\$1,397.58	350	4.25%	\$139.76	\$47.35	\$1,584.69
May-22	08-278120	1,778	1	\$7.738	1.137241	\$15,643.74	\$1,955.47	\$0.00	\$1,955.47	320	4.25%	\$195.55	\$59.43	\$2,210.45
Jun-22	08-278120	1,465	1	\$7.232	1.184885	\$12,549.78	\$1,568.72	\$0.00	\$1,568.72	289	4.25%	\$156.87	\$42.01	\$1,767.60
Jul-22	08-278120	1,698	1	\$6.915	1.154003	\$13,547.33	\$1,693.42	\$0.00	\$1,693.42	258	4.25%	\$169.34	\$39.24	\$1,902.00
Aug-22	08-278120	987	1	\$8.261	1.136785	\$9,266.36	\$1,158.29	\$0.00	\$1,158.29	228	4.25%	\$115.83	\$22.79	\$1,296.91
TOTALS		11,217				\$81,545.45	\$10,193.19	\$0.00	\$10,193.19			\$1,029.75	\$332.53	\$11,555.47

COMMENTS: BILLING ON UNDER REPORTED GAS VOLUMES TO THE GLO FOR UNIT 7195 (08-278120, 08-285015, 08-288481, 08-288604)

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/trac/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.

ATTN: Patty Burg
 EMAIL: patty.burg@bpx.com TXGLO@bpx.com

File No. MF 115565

County

Recon Billing

Date Filed: 5/10/2023

Commissioner Dawn Buckingham, M.D.

By: VD