



CAUTION

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Archives and Records Staff

MF115586

DRR-Lease A good to 5/24/22
DRR-Leases B, C, D, & E good to 7/18/22

PSA# 00701
INUT 14563
INUT 14564
INUT 14565

Leasing: [Signature]
Analyst: [Signature]
Maps: [Signature]
GIS: MC
DocuShare: _____

State Lease	Control	Base File	County
MF115586	07-108854	142477	REEVES

Survey	T & P RY CO	
Block	57	
Block Name		
Township	2-S	
Section/Tract	12	
Land Part		
Part Description	SE PART OF N 440	
Acres	80	
Depth Below	Depth Above	Depth Other SEE LEASE
Name	PETROHAWK PROPERTIES LP	
Lease Date	5/24/2013	
Primary Term	5 yrs	
Bonus (\$)	\$13,333.33	
Rental (\$)	\$0.00	
Lease Royalty	0.1250	

Contents of Mineral File Number: 115586

1 RAL Review Sheet	6/26/13	Scanned WM 12-3-2024
2 Lease A	7/16/13	(See MF088364 for iNuts)
3 Lease B	10/29/13	Scanned WM 8-26-2025
4 Lease C	9/27/13	
5 Lease D	9/27/13	
6 Lease E	9/27/13	
7 Cover Letter @ Bonus @ Fees	10/29/13	
8 Final Letter	12/9/13	
Scanned PJ 11-18-14		
See #55 in M-88364 for the State LRP Unit # 7199		
Scanned PJ 2-3-15		
9. permit 389-34787 Unit 7199 2-27-15		
See #63 in M-88364 for the Amendment to State LRP Unit # 7199		
Scanned PJ 12-8-15		
10. Division Order	7-9-18	
Scanned PJ 8-31-2018		
11. DRR Bonus & Form Lease A	6/5/20	
12. Letter accepting DRR Lease A	6/5/20	
13. DRR Form & Bonuses	Leases B, C, D, & E 9/24/20	
14. Letter accepting DRR	Lease B, C, D, & E 9/24/20	
Scanned TG 10-8-20		
see MF065359 corrected assign #11304		
Scanned WM 10-16-2024		
(see MF088676 #130 for PSA # 00701)		

RAL REVIEW SHEET

Transaction # 7830

Geologist:

Lessor: Stanley N. Staples

Lease Date: 5/24/2013

UL ☒

Lessee: Petrohawk Prop.

Gross Acres: 80

Net Acres: 13.333

LEASE DESCRIPTION

County	PIN#	Base File No	Part	Sec.	Block	Twp	Survey	Abst#
REEVES	07-108854	142477	SE part	12	57	02S	T & P RY CO	4924

TERMS OFFERED

Primary Term: 5 years

Bonus/Acre: \$2,000.00

Rental/Acre: \$0.00

Royalty: 1/4

TERMS RECOMMENDED

Primary Term: 5 years

Bonus/Acre: \$2,000.00

Rental/Acre: \$0.00

Royalty: 1/4

COMPARISONS

MF #	Lessee	Date	Term	Bonus/Ac.	Rental/Ac.	Royalty	Distance
							Last Lease
Pending	Petrohawk prop.	1-28-13	5Yrs	\$2000.00	\$1.00	1/4	Adjacent North

Comments: Paid up 2nd & 3rd Yr / 4th Yr \$2000.00 per ac pays up 5th Yr. * From the base of the Brushy Canyon Formation and below. *

Approved: 1 R G. 26.13

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: 27-Jun-13

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

Applicant: Pertohawk Prop.

County: REEVES

Prim. Term: 5 years

Bonus/Acre

\$2,000.00

Royalty: 1/4

Rental/Acre

\$0.00

Consideration

Recommended: RJH

Date: 7/11/13

Not Recommended: _____

Comments: Paid up 2nd & 3rd Yr / 4th Yr \$2000.00 per ac pays up 5th Yr. * From the base of the Brushy Canyon Formation and below. *

Lease Form

Recommended: RJH

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: WW

Not Recommended: _____

Larry Laine, Chief Clerk

Date: 7/17/13

Approved: [Signature]

Not Approved: _____

Jerry Patterson, Commissioner

Date: 7/18/13

Approved: [Signature]

Not Approved: _____

File No. 115586

RAL Review Sheet

Date Filed: 6/26/13

Jerry E. Patterson, Commissioner

By G-H

MF115584A

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

ELS-0123

General Land Office
Relinquishment Act Lease Form
Revised, September 1997

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 24th day of May, 2013, between the State of Texas, acting by and through its agent, STANLEY N. STAPLES, husband of Ellen Staples, dealing herein with his separate property whose address is 1212 FAIRWAY CIRCLE, SALADO, TEXAS 76571 said agent herein referred to as the owner of the soil (whether one or more), and PETROHAWK PROPERTIES, LP whose address is POST OFFICE BOX 22719, HOUSTON, TEXAS 77027-9998 hereinafter called Lessee.

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

The Southeast portion of the Northern 440 acres of Section 12, Block 57, Township 2, A-4924, T&P RR Co. Survey, Reeves County, Texas, containing 80.00 acres, more or less, being more fully described in that certain Warranty Deed from Emma Sabastian Ulrich, et al, to Betty Jane Yowell, filed in Book 349, at Page 810, under File No. 2555 of the Deed Records of Reeves County, Texas, LESS AND EXCEPT all depths from the surface of the earth down to the base of the Brushy Canyon Formation.

All depths from the base of the Brushy Canyon Formation and below being leased herein.

containing 80.000 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: THIRTEEN THOUSAND THREE HUNDRED THIRTY THREE DOLLARS AND 33/100
Dollars (\$13,333.33)

To the owner of the soil: THIRTEEN THOUSAND THREE HUNDRED THIRTY THREE DOLLARS AND 33/100
Dollars (\$13,333.33)

Total bonus consideration: TWENTY SIX THOUSAND SIX HUNDRED SIXTY SIX DOLLARS AND 66/100
Dollars (\$26,666.66)

The total bonus consideration paid represents a bonus of TWO THOUSAND DOLLARS AND 00/100
Dollars (\$2000.00) per acre, on 13.33333333 net acres.

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

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

To the owner of the soil: _____
Dollars (\$ _____)
To the State of Texas: REFER TO ADDENDUM PARAGRAPH 40 (THIS IS A PAID UP LEASE)
Dollars (\$ _____)
Total Delay Rental: _____
Dollars (\$ _____)

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

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

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

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

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

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

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

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

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

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

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 to 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

Seal of the State of Texas
County of Reeves
Clerks Office

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.

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

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

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

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

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

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

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

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

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

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

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by the School Land Board and the Commissioner of the General Land Office for the pooling or unitizing of the interest of the State under this lease pursuant to Texas Natural Resources Code 52.151-52.154. The owner of the soil agrees that the inclusion of this provision in this lease satisfies the execution requirements stated in Texas Natural Resources Code 52.152.

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

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

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

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

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

ADDENDUM PROVISIONS - #40 AND 41

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

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



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

STATE OF TEXAS

LESSEE: PETROHAWK PROPERTIES, LP

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

Stanley N. Staples

BY: STANLEY N. STAPLES
Individually and as Agent for the State of Texas

Date: 5-31-13

John W. Walsh

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

Date: 6/19/13

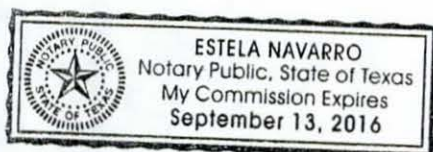
STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF HARRIS

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

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



Estela Navarro
Notary Public in and for Texas

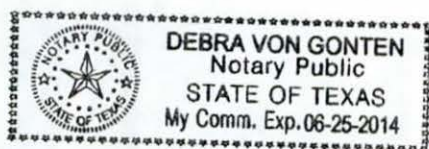
STATE OF TEXAS

(ACKNOWLEDGMENT)

COUNTY OF Bell

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

Given under my hand and seal of office this the 31st day of May, 2013.



Debra Von Gonten
Notary Public in and for the State of Texas



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Reeves County
Clerks Office

THIS INSTRUMENT WAS FILED IN THE PUBLIC RECORDS OF REEVES COUNTY, TEXAS, ON 07/10/2013 AT 02:21 PM. BY: DIANNE O. FLOREZ, COUNTY CLERK. DEPUTY.

Inst No. 13-04844
DIANNE O. FLOREZ
COUNTY CLERK

2013 Jul 10 at 02:21 PM
REEVES COUNTY, TEXAS
By: [Signature] DEPUTY

01017

File No. 115586

Lease A

Date Filed: 7/16/13

Jerry E. Patterson, Commissioner

By GH

THE STATE OF TEXAS
COUNTY OF REEVES

I, Dianne O. Flores, Clerk of the County Court in and for said County and State do hereby certify that the foregoing is a true and correct copy of

Oil & Gas Lease dated May 24, 2013 filed for record in my office this 10 day of July, 2013, at 9:31 P.M., under Clerk's File No. 13-04945, 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 July, 2013.

By Diane O. Flores, Deputy DIANNE O. FLORES, CLERK
REEVES COUNTY, TEXAS

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.

640 General Land Office
Relinquishment Act Lease Form
Revised, September 1997

ELS-0123A

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 18th day of July, 2013, between the State of Texas, acting

by and through its agent, BLAKE OIL & GAS CORPORATION, represented herein by Jack E. Blake, President

whose mailing address is 400 NORTH MAIN STREET, MIDLAND, TEXAS 79701

said agent herein referred to as the owner of the soil (whether one or more), and BHP BILLITON PETROLEUM PROPERTIES (N.A.), LP

f/k/a Petrohawk Properties, LP whose mailing address is POST OFFICE BOX 22719, HOUSTON, TEXAS 77027-9998 hereinafter called Lessee.

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

The Southeast portion of the Northern 440 acres of Section 12, Block 57, Township 2, A-4924, T&P RR Co. Survey, Reeves County, Texas, containing 80.00 acres, more or less, being more fully described in that certain Warranty Deed from Emma Sabastian Ulrich, et al, to Betty Jane Yowell, filed in Book 349, at Page 810, under File No. 2555 of the Deed Records of Reeves County, Texas, LESS AND EXCEPT all depths from the surface of the earth down to the base of the Brushy Canyon Formation.

All depths from the base of the Brushy Canyon Formation and below being leased herein.

Containing 80.00 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: SIXTEEN THOUSAND EIGHT HUNDRED EIGHTY EIGHT DOLLARS AND 89/100

Dollars (\$16,888.89)

To the owner of the soil: SIXTEEN THOUSAND EIGHT HUNDRED EIGHTY EIGHT DOLLARS AND 89/100

Dollars (\$16,888.89)

Total bonus consideration: THIRTY THREE THOUSAND SEVEN HUNDRED SEVENTY SEVEN DOLLARS AND 78/100

Dollars (\$33,777.78)

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

Dollars (\$2,000.00) per acre, on 16.88888889 net acres.

2. TERM. Subject to the other provisions in this lease, this lease shall be for a term of FIVE years from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land. As used

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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 "THIS IS A PAID-UP LEASE: SEE PARAGRAPH 40" _____ 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: N/A; Paid-Up Lease; See Paragraph 40

Dollars (\$N/A; Paid-Up Lease; See Paragraph 40)

To the State of Texas: N/A; Paid-Up Lease; See Paragraph 40

Dollars (\$N/A; Paid-Up Lease; See Paragraph 40)

Total Delay Rental: N/A; Paid-Up Lease; See Paragraph 40

Dollars (\$N/A; Paid-Up Lease; See Paragraph 40)

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 1/4part 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 1/4part 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 1/4part 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 1/4part 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



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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.

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(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.

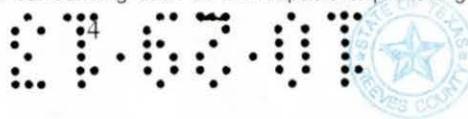
13. CESSATION, DRILLING, AND REWORKING. If, after the expiration of the primary term, production of oil or gas from the leased premises, after once obtained, should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within sixty (60) days 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 one more successive period 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



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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 deepest perforation (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.



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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.

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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 Owner of the Soil 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**

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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.

40. DELAY RENTALS. As stipulated in Paragraph #3 of this lease, the rentals for this lease have been PAID-UP for the second (2nd) and third (3rd) years of the primary term hereof. Lessee or its assigns shall have the right to keep this lease in force and effect for the fourth (4th) and fifth (5th) years of the primary term provided for herein by tendering a payment of Two Thousand Dollars (\$2,000.00) per net acre, such payment to be divided equally between the State of Texas and the owner of the soil and made prior to July 18, 2016, as to any acreage covered hereby and not otherwise being maintained by any other provision herein at such time.

ADDENDUM PROVISIONS - #41 - #50

The printed lease form to which this addendum is attached contains printed Paragraphs 1 through 40. The provisions set forth below, including Paragraphs 41 through 50, are made a part of the printed lease form, as though originally contained therein. In the event of a conflict between any of the provisions of Paragraphs 1 through 40 and any of the provisions contained in this addendum, the conflicting provision of this addendum shall prevail. The term "this lease," whether appearing in the printed lease form or this addendum, shall mean the agreement contained in the printed lease form, as amended, supplemented and superseded by this addendum.

41. The term "Actual Drilling" will be defined as having a rig on location (and drilling operations underway) that is capable of drilling to the permitted total depth, which must be within a formation reasonably believed to contain commercially recoverable deposits of oil and/or gas.

42. After the expiration of the primary term and/ or the extended term, whichever is later, this Oil, Gas and Mineral Lease shall be construed to be a separate lease as to each separate production unit.

43. Lessee shall have use of water from the leased premises described herein, and purchased from Lessor at a mutually agreeable price prior to any water well drilled on the leased premises by Lessee. Furthermore, Lessee shall have free use of all water produced from any wellbore that has been drilled or is currently being drilled by Lessee for the exploration of oil, gas and other hydrocarbons lying under the leased premises.

44. Unless otherwise agreed by the owner of the soil, acting as agent on behalf of the State of Texas, in writing and in advance, Lessee shall be prohibited from disposing of salt water on the leased premises. Disposal of any such salt water or the removal of salt water from the leased premises shall be accomplished in strict compliance with the rules and regulations of the RRC and any other governmental agency having jurisdiction thereof.

45. Upon written request Lessee shall furnish the owner of the soil with copies of the following related to wells operated by Lessee on the Land or lands pooled therewith:

- (A) Plats or maps showing the location of the well and all forms filed with the appropriate state governmental authority;
- (B) Copies of monthly production reports

On or after May 22, 2014, in whole or in part, and upon written request by the owner of the soil, Lessee shall furnish the owner of the soil with copies of the following related to wells operated by Lessee on the Lands or lands pooled therewith:

- (C) Daily drilling and completion reports, and mud log if a mud log is run in such well;
- (D) The details of any drillstem tests taken in said well and the final results of any core analyses which are run on cores taken while drilling said well;

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(E) Copies of all testing reports and logs run in such well.

46. All said information will be furnished in a timely manner to the Owner of the Soil at the above address or via e-mail at jack.blake@navoilandminerals.com and bog@suddenlinkmail.com. Contact information is subject to change.

47. The owner of the soil makes no warranty of title to the leased premises, either express or implied.

48. As an additional cash bonus due and payable as and when drilling operations, construction, pipeline installation and other surface operations are conducted, any operations conducted on the surface of the premises, related to this lease, shall be subject to payment by Lessee for all of the types of operations and in the payment amounts and terms as set out in the then current University of Texas System Rate and Damage Schedule promulgated by University Lands Surface and Mineral Interests, and/or by the Board of Regents of the University of Texas System, applicable to oil and gas operations on lands owned by the State of Texas and subject to lease by the Board for Lease of University Lands. Such payments shall be made 1/2 directly to the owner of the soil and a like amount paid or tendered to the Commissioner of the General Land Office of the State of Texas, at Austin, Texas.

49. The provisions of this lease shall inure to the benefit of and be binding upon the owner of the soil, the State of Texas, and Lessee, and their respective heirs, successors, assigns, representatives, directors, principals, agents, employees, contractors and subcontractors.

50. In the event this lease is perpetuated beyond the primary term by production or drilling or reworking operations, this lease shall remain in full force and effect as to all of the lands covered by this lease if on or before One Hundred Eighty (180) days after the primary term, lessee commences a continuous development drilling program on the leased premises or lands pooled therewith in accordance with the following, and thereafter diligently continues and prosecutes such continuous drilling operations on the leased premises or lands pooled therewith with no cessation of more than One Hundred Eighty (180) days between the completion of any one well and the commencement of the actual drilling of the next succeeding oil and/or gas well. At and after the expiration of the primary term, failure to timely commence or prosecute the continuous development program provided hereinabove shall terminate this lease as to all of the above described premises, SAVE and EXCEPT as to each "production unit" as hereinafter defined. A production unit for a vertical well shall be (i) the maximum number of acres required by the Railroad Commission of Texas for a proration unit under then existing special field rules or (ii) if there are no special field rules 40 acres around each vertical oil well and 160 acres around each vertical gas well then producing or capable of producing oil and/or gas in paying quantities. In the event of a horizontal well, Lessee may allocate acreage to each production unit that amount of acreage as allowed by Rule 86 of the Railroad Commission of Texas. Notwithstanding the foregoing, the production unit for a vertical oil well shall not exceed 160 acres, for a vertical gas well shall not exceed 160 acres and for a horizontal oil or gas well shall not exceed 320 acres. Each production unit retained by Lessee shall be limited to those depths from the base of the Brushy Canyon Formation to 100' below the base of the deepest perforations formation from which production of oil or gas in paying quantities is being maintained (or, in the case of a shut-in gas well, can be maintained) in the well on such production unit and all other deeper depths shall be released.

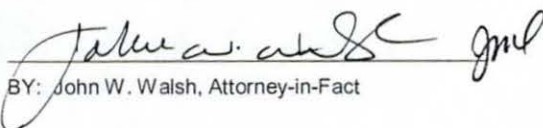
Lessee's time between wells shall be cumulative in the sense that if the second development well is commenced 90 days after completion of the first development well, Lessee shall have 270 days within which to commence the third development well, but in no event shall more than 300 days elapse between the completion of one well and the commencement of the next. The first such development well shall be commenced on or before 180 days after the expiration of the primary term of this lease; provided, however, that if there is a well being drilled on the land covered by this lease or lands pooled therewith at the expiration of the primary term hereof, the first such development well shall be commenced on or before 180 days from the date of completion of said well. The term "completion," as used herein, shall mean the earlier of the date of completion shown on the Railroad Commission Initial Potential Form W-2 or 60 days from the date of release of the drilling rig. Upon termination of this lease as to any portion of the leased premises or lands pooled therewith, Lessee shall deliver to Owner of the soil a plat showing the designated production units around each well and a partial release complying with the requirements of this paragraph, suitable for recording.

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

LESSEE

BHP BILLITON PETROLEUM PROPERTIES (N.A.), LP

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


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

Date: OCT. 15, 2013

01-62-01



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10.53.13

LESSOR

STATE OF TEXAS

BLAKE OIL & GAS CORPORATION


BY: JACK E. BLAKE
President

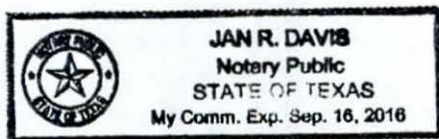
Date: 7-19-13

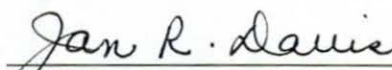
STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this 19th day of July, 2013, by JACK E. BLAKE, as PRESIDENT of BLAKE OIL AND GAS CORPORATION, a Texas corporation, on behalf of said corporation.




Notary Public in and for the State of Texas
My commission expires: 9-16-16

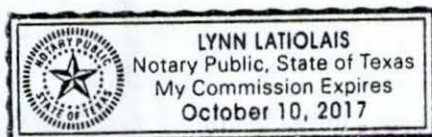
STATE OF TEXAS

(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, a Texas limited partnership and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

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




Notary Public in and for TEXAS

TO CERTIFY WHICH, Witness my hand and official seal at Fort Worth, Texas, this _____ day of _____, 2013.

Dianne O. Florez, County Clerk
Reeves County, Texas

Inst No. 13-07868
DIANNE O. FLOREZ
COUNTY CLERK

2013 Oct 24 at 02:16 PM
REEVES COUNTY, TEXAS

TAMARA LARREA, DEPUTY

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Original filed in
Reeves County
Clerks Office

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File No. 115586

Lease B

Date Filed: 10/29/13

Jerry E. Patterson, Commissioner

By GH

THE STATE OF TEXAS
COUNTY OF REEVES

I, Dianne O. Flores, Clerk of the County Court in and for said County and State do hereby certify that the foregoing is a true and correct copy of said Lease B as filed for record in my office this 29th day of October, 2013 at 11:00 AM under Clerk's File No. 1387808 to be recorded in the Public Record of Reeves County, Texas.

Records of Reeves County, Texas.
this 29th day of October, 2013.

By Dianne O. Flores
Clerk

DIANNE O. FLORES, COUNTY CLERK
REEVES COUNTY, TEXAS

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

ELS-0123B

540 General Land Office
Relinquishment Act Lease Form
Revised, September 1997

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 18th day of July, 2013, between the State of Texas, acting by and through its agent, WILLIAM WYATT LEAVELL, III, husband of Claire Marie Leavell, dealing herein with his separate property whose mailing address is POST OFFICE BOX 368, LUBBOCK, TEXAS 79408 said agent herein referred to as the owner of the soil (whether one or more), and BHP BILLITON PETROLEUM PROPERTIES (N.A.), LP f/k/a Petrohawk Properties, LP whose mailing address is POST OFFICE BOX 22719, HOUSTON, TEXAS 77027-9998 hereinafter called Lessee.

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

The Southeast portion of the Northern 440 acres of Section 12, Block 57, Township 2, A-4924, T&P RR Co. Survey, Reeves County, Texas, containing 80.00 acres, more or less, being more fully described in that certain Warranty Deed from Emma Sabastian Ulrich, et al, to Betty Jane Yowell, filed in Book 349, at Page 810, under File No. 2555 of the Deed Records of Reeves County, Texas, LESS AND EXCEPT all depths from the surface of the earth down to the base of the Brushy Canyon Formation.

All depths from the base of the Brushy Canyon Formation and below being leased herein.

Containing 80.00 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: FOUR THOUSAND FOUR HUNDRED FORTY FOUR DOLLARS AND 44/100
Dollars (\$4,444.44)

To the owner of the soil: FOUR THOUSAND FOUR HUNDRED FORTY FOUR DOLLARS AND 44/100
Dollars (\$4,444.44)

Total bonus consideration: EIGHT THOUSAND EIGHT HUNDRED EIGHTY EIGHT DOLLARS AND 88/100
Dollars (\$8,888.88)

The total bonus consideration paid represents a bonus of TWO THOUSAND DOLLARS AND 00/100
Dollars (\$2,000.00) per acre, on 4.44444444 net acres.

2. TERM. Subject to the other provisions in this lease, this lease shall be for a term of FIVE years from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land. As used



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Clarks Office

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 "THIS IS A PAID-UP LEASE: SEE PARAGRAPH 40" 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: N/A; Paid-Up Lease; See Paragraph 40

Dollars (\$N/A; Paid-Up Lease; See Paragraph 40)

To the State of Texas: N/A; Paid-Up Lease; See Paragraph 40

Dollars (\$N/A; Paid-Up Lease; See Paragraph 40)

Total Delay Rental: N/A; Paid-Up Lease; See Paragraph 40

Dollars (\$N/A; Paid-Up Lease; See Paragraph 40)

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 one more successive period 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 deepest perforation (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.



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Original filed in
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Clerks 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, 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 Owner of the Soil 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.

40. DELAY RENTALS. As stipulated in Paragraph #3 of this lease, the rentals for this lease have been PAID-UP for the second (2nd) and third (3rd) years of the primary term hereof. Lessee or its assigns shall have the right to keep this lease in force and effect for the fourth (4th) and fifth (5th) years of the primary term provided for herein by tendering a payment of Two Thousand Dollars (\$2,000.00) per net acre, such payment to be divided equally between the State of Texas and the owner of the soil and made prior to July 18, 2016, as to any acreage covered hereby and not otherwise being maintained by any other provision herein at such time.

ADDENDUM PROVISIONS - #41 - #50

The printed lease form to which this addendum is attached contains printed Paragraphs 1 through 40. The provisions set forth below, including Paragraphs 41 through 50, are made a part of the printed lease form, as though originally contained therein. In the event of a conflict between any of the provisions of Paragraphs 1 through 40 and any of the provisions contained in this addendum, the conflicting provision of this addendum shall prevail. The term "this lease," whether appearing in the printed lease form or this addendum, shall mean the agreement contained in the printed lease form, as amended, supplemented and superseded by this addendum.

41. The term "Actual Drilling" will be defined as having a rig on location (and drilling operations underway) that is capable of drilling to the permitted total depth, which must be within a formation reasonably believed to contain commercially recoverable deposits of oil and/or gas.

42. After the expiration of the primary term and/ or the extended term, whichever is later, this Oil, Gas and Mineral Lease shall be construed to be a separate lease as to each separate production unit.

43. Lessee shall have use of water from the leased premises described herein, and purchased from Lessor at a mutually agreeable price prior to any water well drilled on the leased premises by Lessee. Furthermore, Lessee shall have free use of all water produced from any wellbore that has been drilled or is currently being drilled by Lessee for the exploration of oil, gas and other hydrocarbons lying under the leased premises.

44. Unless otherwise agreed by the owner of the soil, acting as agent on behalf of the State of Texas, in writing and in advance, Lessee shall be prohibited from disposing of salt water on the leased premises. Disposal of any such salt water or the removal of salt water from the leased premises shall be accomplished in strict compliance with the rules and regulations of the RRC and any other governmental agency having jurisdiction thereof.

45. Upon written request Lessee shall furnish the owner of the soil with copies of the following related to wells operated by Lessee on the Land or lands pooled therewith:

- (A) Plats or maps showing the location of the well and all forms filed with the appropriate state governmental authority;
- (B) Copies of monthly production reports

On or after May 22, 2014, in whole or in part, and upon written request by the owner of the soil, Lessee shall furnish the owner of the soil with copies of the following related to wells operated by Lessee on the Lands or lands pooled therewith:

- (C) Daily drilling and completion reports, and mud log if a mud log is run in such well;
- (D) The details of any drillstem tests taken in said well and the final results of any core analyses which are run on cores taken while drilling said well;



(E) Copies of all testing reports and logs run in such well.

46. All said information will be furnished in a timely manner to the Owner of the Soil at the above address or e-mail (wyattleavell@sbcglobal.net and justinpinkston@icloud.com). Contact information is subject to change.

47. The owner of the soil makes no warranty of title to the leased premises, either express or implied.

48. As an additional cash bonus due and payable as and when drilling operations, construction, pipeline installation and other surface operations are conducted, any operations conducted on the surface of the premises, related to this lease, shall be subject to payment by Lessee for all of the types of operations and in the payment amounts and terms as set out in the then current University of Texas System Rate and Damage Schedule promulgated by University Lands Surface and Mineral Interests, and/or by the Board of Regents of the University of Texas System, applicable to oil and gas operations on lands owned by the State of Texas and subject to lease by the Board for Lease of University Lands. Such payments shall be made 1/2 directly to the owner of the soil and a like amount paid or tendered to the Commissioner of the General Land Office of the State of Texas, at Austin, Texas.

49. The provisions of this lease shall inure to the benefit of and be binding upon the owner of the soil, the State of Texas, and Lessee, and their respective heirs, successors, assigns, representatives, directors, principals, agents, employees, contractors and subcontractors.

50. In the event this lease is perpetuated beyond the primary term by production or drilling or reworking operations, this lease shall remain in full force and effect as to all of the lands covered by this lease if on or before One Hundred Eighty (180) days after the primary term, lessee commences a continuous development drilling program on the leased premises or lands pooled therewith in accordance with the following, and thereafter diligently continues and prosecutes such continuous drilling operations on the leased premises or lands pooled therewith with no cessation of more than One Hundred Eighty (180) days between the completion of any one well and the commencement of the actual drilling of the next succeeding oil and/or gas well. At and after the expiration of the primary term, failure to timely commence or prosecute the continuous development program provided hereinabove shall terminate this lease as to all of the above described premises, SAVE and EXCEPT as to each "production unit" as hereinafter defined. A production unit for a vertical well shall be (i) the maximum number of acres required by the Railroad Commission of Texas for a proration unit under then existing special field rules or (ii) if there are no special field rules 40 acres around each vertical oil well and 160 acres around each vertical gas well then producing or capable of producing oil and/or gas in paying quantities. In the event of a horizontal well, Lessee may allocate acreage to each production unit that amount of acreage as allowed by Rule 86 of the Railroad Commission of Texas. Notwithstanding the foregoing, the production unit for a vertical oil well shall not exceed 160 acres, for a vertical gas well shall not exceed 160 acres and for a horizontal oil or gas well shall not exceed 320 acres. Each production unit retained by Lessee shall be limited to those depths from the base of the Brushy Canyon Formation to 100' below the base of the deepest perforations formation from which production of oil or gas in paying quantities is being maintained (or, in the case of a shut-in gas well, can be maintained) in the well on such production unit and all other deeper depths shall be released.

Lessee's time between wells shall be cumulative in the sense that if the second development well is commenced 90 days after completion of the first development well, Lessee shall have 270 days within which to commence the third development well, but in no event shall more than 300 days elapse between the completion of one well and the commencement of the next. The first such development well shall be commenced on or before 180 days after the expiration of the primary term of this lease; provided, however, that if there is a well being drilled on the land covered by this lease or lands pooled therewith at the expiration of the primary term hereof, the first such development well shall be commenced on or before 180 days from the date of completion of said well. The term "completion," as used herein, shall mean the earlier of the date of completion shown on the Railroad Commission Initial Potential Form W-2 or 60 days from the date of release of the drilling rig. Upon termination of this lease as to any portion of the leased premises or lands pooled therewith, Lessee shall deliver to Owner of the soil a plat showing the designated production units around each well and a partial release complying with the requirements of this paragraph, suitable for recording.



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

LESSOR

STATE OF TEXAS

William Wyatt Leavell, III
BY: WILLIAM WYATT LEAVELL, III
President
Date: 8-6-2013

LESSEE

BHP BILLITON PETROLEUM PROPERTIES (N.A.), LP
By: BHP Billiton Petroleum Properties (GP), LLC, Its General Partner

John W. Walsh
BY: John W. Walsh, Attorney-in-Fact
Date: 9/18/2013

(ACKNOWLEDGMENT)

STATE OF TEXAS

COUNTY OF Lubbock

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

Given under my hand and seal of office this the 06th day of August, 2013.



Le Ann Heinrich
Notary Public in and for _____

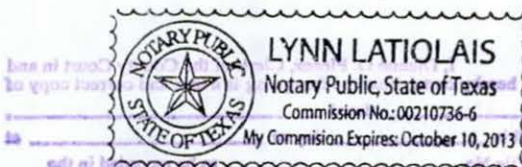
STATE OF TEXAS

(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, a Texas limited partnership and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this the 18 day of SEPTEMBER, 2013.



Lynn Latiolais
Notary Public in and for TEXAS

Inst No. 13-06862
DIANNE O. FLOREZ
COUNTY CLERK

2013 Sep 23 at 08:30 AM
REEVES COUNTY, TEXAS

By: VG Lana Garcia DEPUTY



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Original filed in
Reeves County
Clerks Office

0000000000

File No. 115586
Lease C
Date Filed: 9/27/13
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 July 18, 2013
filed for record in my office this 23 day of September 2013

8:30 AM M, under Clerk's File No. 13-000842 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 23 day of September, 20 13.

By [Signature] Deputy.

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

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

ELS-0123D

640 General Land Office
Relinquishment Act Lease Form
Revised, September 1997

13-06864

FILED FOR RECORD
REEVES COUNTY, TEXAS
Sep 23, 2013 at 08:30:00 AM

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 18th day of July, 2013, between the State of Texas, acting by and through its agent, JENNIFER BLAKE BROMBERG, a single woman, dealing herein with her separate property whose mailing address is 4942 CROOKED LANE, DALLAS, TEXAS 75229 said agent herein referred to as the owner of the soil (whether one or more), and BHP BILLITON PETROLEUM PROPERTIES (N.A.), LP f/k/a Petrohawk Properties, LP whose mailing address is POST OFFICE BOX 22719, HOUSTON, TEXAS 77027-9998 hereinafter called Lessee.

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

The Southeast portion of the Northern 440 acres of Section 12, Block 57, Township 2, A-4924, T&P RR Co. Survey, Reeves County, Texas, containing 80.00 acres, more or less, being more fully described in that certain Warranty Deed from Emma Sabastian Ulrich, et al, to Betty Jane Yowell, filed in Book 349, at Page 810, under File No. 2555 of the Deed Records of Reeves County, Texas, LESS AND EXCEPT all depths from the surface of the earth down to the base of the Brushy Canyon Formation.

All depths from the base of the Brushy Canyon Formation and below being leased herein.

Containing 80.00 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: FOUR THOUSAND FOUR HUNDRED FORTY FOUR DOLLARS AND 44/100
Dollars (\$4,444.44)

To the owner of the soil: FOUR THOUSAND FOUR HUNDRED FORTY FOUR DOLLARS AND 44/100
Dollars (\$4,444.44)

Total bonus consideration: EIGHT THOUSAND EIGHT HUNDRED EIGHTY EIGHT DOLLARS AND 88/100
Dollars (\$8,888.88)

The total bonus consideration paid represents a bonus of TWO THOUSAND DOLLARS AND 00/100
Dollars (\$2,000.00) per acre, on 4.44444444 net acres.

2. TERM. Subject to the other provisions in this lease, this lease shall be for a term of FIVE years from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land. As used



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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 "THIS IS A PAID-UP LEASE: SEE

PARAGRAPH 40" _____ 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: N/A; Paid-Up Lease; See Paragraph 40
Dollars (\$N/A; Paid-Up Lease; See Paragraph 40) _____

To the State of Texas: N/A; Paid-Up Lease; See Paragraph 40
Dollars (\$N/A; Paid-Up Lease; See Paragraph 40) _____

Total Delay Rental: N/A; Paid-Up Lease; See Paragraph 40
Dollars (\$N/A; Paid-Up Lease; See Paragraph 40) _____

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 1/4part 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 1/4part 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 1/4part 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 1/4part 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 one more successive period 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 deepest perforation (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 Owner of the Soil 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.

40. DELAY RENTALS. As stipulated in Paragraph #3 of this lease, the rentals for this lease have been PAID-UP for the second (2nd) and third (3rd) years of the primary term hereof. Lessee or its assigns shall have the right to keep this lease in force and effect for the fourth (4th) and fifth (5th) years of the primary term provided for herein by tendering a payment of Two Thousand Dollars (\$2,000.00) per net acre, such payment to be divided equally between the State of Texas and the owner of the soil and made prior to July 18, 2016, as to any acreage covered hereby and not otherwise being maintained by any other provision herein at such time.

ADDENDUM PROVISIONS - #41 - #50

The printed lease form to which this addendum is attached contains printed Paragraphs 1 through 40. The provisions set forth below, including Paragraphs 41 through 50, are made a part of the printed lease form, as though originally contained therein. In the event of a conflict between any of the provisions of Paragraphs 1 through 40 and any of the provisions contained in this addendum, the conflicting provision of this addendum shall prevail. The term "this lease," whether appearing in the printed lease form or this addendum, shall mean the agreement contained in the printed lease form, as amended, supplemented and superseded by this addendum.

41. The term "Actual Drilling" will be defined as having a rig on location (and drilling operations underway) that is capable of drilling to the permitted total depth, which must be within a formation reasonably believed to contain commercially recoverable deposits of oil and/or gas.

42. After the expiration of the primary term and/ or the extended term, whichever is later, this Oil, Gas and Mineral Lease shall be construed to be a separate lease as to each separate production unit.

43. Lessee shall have use of water from the leased premises described herein, and purchased from Lessor at a mutually agreeable price prior to any water well drilled on the leased premises by Lessee. Furthermore, Lessee shall have free use of all water produced from any wellbore that has been drilled or is currently being drilled by Lessee for the exploration of oil, gas and other hydrocarbons lying under the leased premises.

44. Unless otherwise agreed by the owner of the soil, acting as agent on behalf of the State of Texas, in writing and in advance, Lessee shall be prohibited from disposing of salt water on the leased premises. Disposal of any such salt water or the removal of salt water from the leased premises shall be accomplished in strict compliance with the rules and regulations of the RRC and any other governmental agency having jurisdiction thereof.

45. Upon written request Lessee shall furnish the owner of the soil with copies of the following related to wells operated by Lessee on the Land or lands pooled therewith:

- (A) Plats or maps showing the location of the well and all forms filed with the appropriate state governmental authority;
- (B) Copies of monthly production reports

On or after May 22, 2014, in whole or in part, and upon written request by the owner of the soil, Lessee shall furnish the owner of the soil with copies of the following related to wells operated by Lessee on the Lands or lands pooled therewith:

- (C) Daily drilling and completion reports, and mud log if a mud log is run in such well;
- (D) The details of any drillstem tests taken in said well and the final results of any core analyses which are run on cores taken while drilling said well;



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

(E) Copies of all testing reports and logs run in such well.

46. All said information will be furnished in a timely manner to the Owner of the Soil at the above address or e-mail (wyattleavell@sbcglobal.net and justinpinkston@icloud.com). Contact information is subject to change.

47. The owner of the soil makes no warranty of title to the leased premises, either express or implied.

48. As an additional cash bonus due and payable as and when drilling operations, construction, pipeline installation and other surface operations are conducted, any operations conducted on the surface of the premises, related to this lease, shall be subject to payment by Lessee for all of the types of operations and in the payment amounts and terms as set out in the then current University of Texas System Rate and Damage Schedule promulgated by University Lands Surface and Mineral Interests, and/or by the Board of Regents of the University of Texas System, applicable to oil and gas operations on lands owned by the State of Texas and subject to lease by the Board for Lease of University Lands. Such payments shall be made 1/2 directly to the owner of the soil and a like amount paid or tendered to the Commissioner of the General Land Office of the State of Texas, at Austin, Texas.

49. The provisions of this lease shall inure to the benefit of and be binding upon the owner of the soil, the State of Texas, and Lessee, and their respective heirs, successors, assigns, representatives, directors, principals, agents, employees, contractors and subcontractors.

50. In the event this lease is perpetuated beyond the primary term by production or drilling or reworking operations, this lease shall remain in full force and effect as to all of the lands covered by this lease if on or before One Hundred Eighty (180) days after the primary term, lessee commences a continuous development drilling program on the leased premises or lands pooled therewith in accordance with the following, and thereafter diligently continues and prosecutes such continuous drilling operations on the leased premises or lands pooled therewith with no cessation of more than One Hundred Eighty (180) days between the completion of any one well and the commencement of the actual drilling of the next succeeding oil and/or gas well. At and after the expiration of the primary term, failure to timely commence or prosecute the continuous development program provided hereinabove shall terminate this lease as to all of the above described premises, SAVE and EXCEPT as to each "production unit" as hereinafter defined. A production unit for a vertical well shall be (i) the maximum number of acres required by the Railroad Commission of Texas for a proration unit under then existing special field rules or (ii) if there are no special field rules 40 acres around each vertical oil well and 160 acres around each vertical gas well then producing or capable of producing oil and/or gas in paying quantities. In the event of a horizontal well, Lessee may allocate acreage to each production unit that amount of acreage as allowed by Rule 86 of the Railroad Commission of Texas. Notwithstanding the foregoing, the production unit for a vertical oil well shall not exceed 160 acres, for a vertical gas well shall not exceed 160 acres and for a horizontal oil or gas well shall not exceed 320 acres. Each production unit retained by Lessee shall be limited to those depths from the base of the Brushy Canyon Formation to 100' below the base of the deepest perforations formation from which production of oil or gas in paying quantities is being maintained (or, in the case of a shut-in gas well, can be maintained) in the well on such production unit and all other deeper depths shall be released.

Lessee's time between wells shall be cumulative in the sense that if the second development well is commenced 90 days after completion of the first development well, Lessee shall have 270 days within which to commence the third development well, but in no event shall more than 300 days elapse between the completion of one well and the commencement of the next. The first such development well shall be commenced on or before 180 days after the expiration of the primary term of this lease; provided, however, that if there is a well being drilled on the land covered by this lease or lands pooled therewith at the expiration of the primary term hereof, the first such development well shall be commenced on or before 180 days from the date of completion of said well. The term "completion," as used herein, shall mean the earlier of the date of completion shown on the Railroad Commission Initial Potential Form W-2 or 60 days from the date of release of the drilling rig. Upon termination of this lease as to any portion of the leased premises or lands pooled therewith, Lessee shall deliver to Owner of the soil a plat showing the designated production units around each well and a partial release complying with the requirements of this paragraph, suitable for recording.



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

LESSOR

STATE OF TEXAS

Jennifer Blake Bromberg
BY: JENNIFER BLAKE BROMBERG
Date: 7-31-13

LESSEE

BHP BILLITON PETROLEUM PROPERTIES (N.A.), LP
By: BHP Billiton Petroleum Properties (GP), LLC, Its General Partner

John W. Walsh
BY: John W. Walsh, Attorney-in-Fact
Date: 9/18/2013

(ACKNOWLEDGMENT)

STATE OF TEXAS

COUNTY OF Dallas

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

Given under my hand and seal of office this the 31 day of July, 2013.



[Signature]
Notary Public in and for _____

STATE OF TEXAS

COUNTY OF HARRIS

(CORPORATION ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared JOHN W. WALSH known to me to be the person whose name is subscribed to the foregoing instruments as Attorney-in-Fact of BHP Billiton Petroleum Properties (GP), LLC, general partner of BHP Billiton Petroleum Properties (N.A.), LP, a Texas limited partnership and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this the 18 day of SEPTEMBER, 2013.



Lynn Latiolais
Notary Public in and for TEXAS

Inst No. 13-06864
DIANNE O. FLOREZ
COUNTY CLERK

2013 Sep 23 at 08:30 AM
REEVES COUNTY, TEXAS

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



5-
0000000000

File No. 115586

Lease D

Date Filed: 9/27/13

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 July 18, 2013
filed for record in my office this 23 day of September 2013
at 8:30 AM, under Clerk's File No. 13-00814, to be recorded in the

Records of Reeves County, Texas

TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas
this 23 day of September, 20 13.

By Amara Garcia Deputy.

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

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.

640 General Land Office
Relinquishment Act Lease Form
Revised, September 1997

ELS-0123C

E

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 18th day of July, 2013, between the State of Texas, acting by and through its agent, LAUREN LEAVELL PINKSTON, wife of Justin Ray Pinkston, dealing herein with her separate property whose mailing address is POST OFFICE BOX 5692, LUBBOCK, TEXAS 79408 said agent herein referred to as the owner of the soil (whether one or more), and BHP BILLITON PETROLEUM PROPERTIES (N.A.), LP f/k/a Petrohawk Properties, LP whose mailing address is POST OFFICE BOX 22719, HOUSTON, TEXAS 77027-9998 hereinafter called Lessee.

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

The Southeast portion of the Northern 440 acres of Section 12, Block 57, Township 2, A-4924, T&P RR Co. Survey, Reeves County, Texas, containing 80.00 acres, more or less, being more fully described in that certain Warranty Deed from Emma Sabastian Ulrich, et al, to Betty Jane Yowell, filed in Book 349, at Page 810, under File No. 2555 of the Deed Records of Reeves County, Texas, LESS AND EXCEPT all depths from the surface of the earth down to the base of the Brushy Canyon Formation.

All depths from the base of the Brushy Canyon Formation and below being leased herein.

Containing 80.00 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: FOUR THOUSAND FOUR HUNDRED FORTY FOUR DOLLARS AND 44/100
Dollars (\$4,444.44)

To the owner of the soil: FOUR THOUSAND FOUR HUNDRED FORTY FOUR DOLLARS AND 44/100
Dollars (\$4,444.44)

Total bonus consideration: EIGHT THOUSAND EIGHT HUNDRED EIGHTY EIGHT DOLLARS AND 88/100
Dollars (\$8,888.88)

The total bonus consideration paid represents a bonus of TWO THOUSAND DOLLARS AND 00/100
Dollars (\$2,000.00) per acre, on 4.44444444 net acres.

2. TERM. Subject to the other provisions in this lease, this lease shall be for a term of FIVE years from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land. As used



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

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 "THIS IS A PAID-UP LEASE: SEE

PARAGRAPH 40" 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: N/A; Paid-Up Lease; See Paragraph 40

Dollars (\$N/A; Paid-Up Lease; See Paragraph 40)

To the State of Texas: N/A; Paid-Up Lease; See Paragraph 40

Dollars (\$N/A; Paid-Up Lease; See Paragraph 40)

Total Delay Rental: N/A; Paid-Up Lease; See Paragraph 40

Dollars (\$N/A; Paid-Up Lease; See Paragraph 40)

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 one more successive period 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



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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 deepest perforation (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 of 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.



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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 Owner of the Soil 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.

40. DELAY RENTALS. As stipulated in Paragraph #3 of this lease, the rentals for this lease have been PAID-UP for the second (2nd) and third (3rd) years of the primary term hereof. Lessee or its assigns shall have the right to keep this lease in force and effect for the fourth (4th) and fifth (5th) years of the primary term provided for herein by tendering a payment of Two Thousand Dollars (\$2,000.00) per net acre, such payment to be divided equally between the State of Texas and the owner of the soil and made prior to July 18, 2016, as to any acreage covered hereby and not otherwise being maintained by any other provision herein at such time.

ADDENDUM PROVISIONS - #41 - #50

The printed lease form to which this addendum is attached contains printed Paragraphs 1 through 40. The provisions set forth below, including Paragraphs 41 through 50, are made a part of the printed lease form, as though originally contained therein. In the event of a conflict between any of the provisions of Paragraphs 1 through 40 and any of the provisions contained in this addendum, the conflicting provision of this addendum shall prevail. The term "this lease," whether appearing in the printed lease form or this addendum, shall mean the agreement contained in the printed lease form, as amended, supplemented and superseded by this addendum.

41. The term "Actual Drilling" will be defined as having a rig on location (and drilling operations underway) that is capable of drilling to the permitted total depth, which must be within a formation reasonably believed to contain commercially recoverable deposits of oil and/or gas.

42. After the expiration of the primary term and/ or the extended term, whichever is later, this Oil, Gas and Mineral Lease shall be construed to be a separate lease as to each separate production unit.

43. Lessee shall have use of water from the leased premises described herein, and purchased from Lessor at a mutually agreeable price prior to any water well drilled on the leased premises by Lessee. Furthermore, Lessee shall have free use of all water produced from any wellbore that has been drilled or is currently being drilled by Lessee for the exploration of oil, gas and other hydrocarbons lying under the leased premises.

44. Unless otherwise agreed by the owner of the soil, acting as agent on behalf of the State of Texas, in writing and in advance, Lessee shall be prohibited from disposing of salt water on the leased premises. Disposal of any such salt water or the removal of salt water from the leased premises shall be accomplished in strict compliance with the rules and regulations of the RRC and any other governmental agency having jurisdiction thereof.

45. Upon written request Lessee shall furnish the owner of the soil with copies of the following related to wells operated by Lessee on the Land or lands pooled therewith:

- (A) Plats or maps showing the location of the well and all forms filed with the appropriate state governmental authority;
- (B) Copies of monthly production reports

On or after May 22, 2014, in whole or in part, and upon written request by the owner of the soil, Lessee shall furnish the owner of the soil with copies of the following related to wells operated by Lessee on the Lands or lands pooled therewith:

- (C) Daily drilling and completion reports, and mud log if a mud log is run in such well;
- (D) The details of any drillstem tests taken in said well and the final results of any core analyses which are run on cores taken while drilling said well;



copy of
Original filed in
Reeves County
Clerks Office

(E) Copies of all testing reports and logs run in such well.

46. All said information will be furnished in a timely manner to the Owner of the Soil at the above address or e-mail (wyattleavell@sbcglobal.net and justinpinkston@icloud.com). Contact information is subject to change.

47. The owner of the soil makes no warranty of title to the leased premises, either express or implied.

48. As an additional cash bonus due and payable as and when drilling operations, construction, pipeline installation and other surface operations are conducted, any operations conducted on the surface of the premises, related to this lease, shall be subject to payment by Lessee for all of the types of operations and in the payment amounts and terms as set out in the then current University of Texas System Rate and Damage Schedule promulgated by University Lands Surface and Mineral Interests, and/or by the Board of Regents of the University of Texas System, applicable to oil and gas operations on lands owned by the State of Texas and subject to lease by the Board for Lease of University Lands. Such payments shall be made 1/2 directly to the owner of the soil and a like amount paid or tendered to the Commissioner of the General Land Office of the State of Texas, at Austin, Texas.

49. The provisions of this lease shall inure to the benefit of and be binding upon the owner of the soil, the State of Texas, and Lessee, and their respective heirs, successors, assigns, representatives, directors, principals, agents, employees, contractors and subcontractors.

50. In the event this lease is perpetuated beyond the primary term by production or drilling or reworking operations, this lease shall remain in full force and effect as to all of the lands covered by this lease if on or before One Hundred Eighty (180) days after the primary term, lessee commences a continuous development drilling program on the leased premises or lands pooled therewith in accordance with the following, and thereafter diligently continues and prosecutes such continuous drilling operations on the leased premises or lands pooled therewith with no cessation of more than One Hundred Eighty (180) days between the completion of any one well and the commencement of the actual drilling of the next succeeding oil and/or gas well. At and after the expiration of the primary term, failure to timely commence or prosecute the continuous development program provided hereinabove shall terminate this lease as to all of the above described premises, SAVE and EXCEPT as to each "production unit" as hereinafter defined. A production unit for a vertical well shall be (i) the maximum number of acres required by the Railroad Commission of Texas for a proration unit under then existing special field rules or (ii) if there are no special field rules 40 acres around each vertical oil well and 160 acres around each vertical gas well then producing or capable of producing oil and/or gas in paying quantities. In the event of a horizontal well, Lessee may allocate acreage to each production unit that amount of acreage as allowed by Rule 86 of the Railroad Commission of Texas. Notwithstanding the foregoing, the production unit for a vertical oil well shall not exceed 160 acres, for a vertical gas well shall not exceed 160 acres and for a horizontal oil or gas well shall not exceed 320 acres. Each production unit retained by Lessee shall be limited to those depths from the base of the Brushy Canyon Formation to 100' below the base of the deepest perforations formation from which production of oil or gas in paying quantities is being maintained (or, in the case of a shut-in gas well, can be maintained) in the well on such production unit and all other deeper depths shall be released.

Lessee's time between wells shall be cumulative in the sense that if the second development well is commenced 90 days after completion of the first development well, Lessee shall have 270 days within which to commence the third development well, but in no event shall more than 300 days elapse between the completion of one well and the commencement of the next. The first such development well shall be commenced on or before 180 days after the expiration of the primary term of this lease; provided, however, that if there is a well being drilled on the land covered by this lease or lands pooled therewith at the expiration of the primary term hereof, the first such development well shall be commenced on or before 180 days from the date of completion of said well. The term "completion," as used herein, shall mean the earlier of the date of completion shown on the Railroad Commission Initial Potential Form W-2 or 60 days from the date of release of the drilling rig. Upon termination of this lease as to any portion of the leased premises or lands pooled therewith, Lessee shall deliver to Owner of the soil a plat showing the designated production units around each well and a partial release complying with the requirements of this paragraph, suitable for recording.



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

LESSOR

STATE OF TEXAS

Lauren Pinkston
BY: LAUREN LEAVELL PINKSTON

Date: 8-5-13

LESSEE

BHP BILLITON PETROLEUM PROPERTIES (N.A.), LP
By: BHP Billiton Petroleum Properties (GP), LLC, its General Partner

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

Date: 9/18/2013

(ACKNOWLEDGMENT)

STATE OF TEXAS

COUNTY OF Lubbock

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

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



[Signature]
Notary Public in and for STATE OF TX

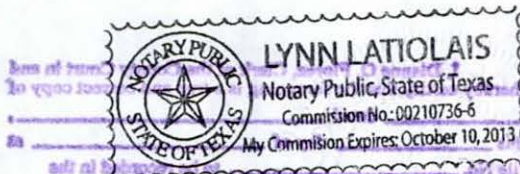
STATE OF TEXAS

(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, a Texas limited partnership and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this the 18 day of SEPTEMBER, 2013.



Lynn Latiolais
Notary Public in and for TEXAS

Inst No. 13-06863
DIANNE O. FLOREZ
COUNTY CLERK

2013 Sep 23 At 08:30 AM

REEVES COUNTY, TEXAS

BY: VG Vanessa Garcia DEPUTY



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

0000000000

6
File No. 115586

Lease E

Date Filed: 9/27/13

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 July 18, 2013
filed for record in my office this 23 day of September 2013
at 8:30 A.M., under Clerk's File No. 13-008023, 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 23 day of September, 2013.

By Vanessa Garcia Deputy.

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

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

IBERIA BANK

14702981

4824

84-7041/2652

10/28/2013

PAY TO THE ORDER OF Texas General Land Office

\$ **175.00

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

DOLLARS

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

MEMO

Filing-3 Leases;Processing-1 Tract

⑈004824⑈


AUTHORIZED SIGNATURE

EXPLORATION LAND SERVICES LLC

4824

Texas General Land Office

Date	Type	Reference
10/28/2013	Bill	Filing&ProcessingFee

Original Amt.
175.00

Balance Due
175.00

10/28/2013

Discount

Payment
175.00

Check Amount
175.00

121 14702981

Iberia Bank

Filing-3 Leases;Processing-1 Tract

X 175.00

EXPLORATION LAND SERVICES, LLC

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

October 28, 2013

Via FedEx

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

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

Dear Drew:

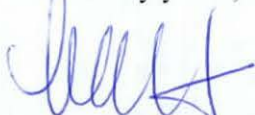
Enclosed herewith, please find certified copies of two (2) Oil and Gas Leases and one (1) Assignment taken in the name of the State of Texas, in favor of BHP Billiton Petroleum Properties (N.A.), LP, listed as follows:

<u>Lease No.</u>	<u>Date</u>	<u>Lessor</u>
ELS-0123A	07/18/2013	Blake Oil & Gas Corporation
ELS-0162C	09/18/2013	Gordon & Gordon Partnership
HK-0103	07/18/2013	Blake Oil & Gas Corporation (MF-088676)

Also enclosed, please find a check in the amount of \$175.00. This amount covers the filing fees for the two leases and one assignment taken in the name of the State of Texas @ \$25/per lease. It also covers the filing fees for the tract listed under ELS-0162C @ \$100/tract. Be advised that the fees for the tracts listed under ELS-0123A were previously paid by check number 4547, issued July 15, 2013. This should cover all required fees associated with the above listed leases.

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

Sincerely yours,



Natalie Holeman

encl.

PETROHAWK ENERGY CORPORATION

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

7.26.13

168284

CHECK NO.

REFERENCE	INVOICE DATE	INVOICE NO.	INVOICE AMT.	PRIOR PAYMENT	DISCOUNT	AMOUNT PAID
KEF22JUL2013- 2	7/22/13	CKREQ-TX.GEN.L AND.OFF-7/22/13 SOIL OWNER: STANLEY STAPLES	13,333.33			13,333.33
					13714508	
				A		
VENDOR				CHECK DATE	TOTAL	X 121 \$13,333.33
478045	TEXAS GENERAL LAND OFFICE			07/23/13		

51.007

51.007

JULY 25, 2013 REQUEST

SECTION 12, BLOCK 57, TOWNSHIP 2, ABSTRACT 4883, T&P RR CO. SURVEY, REEVES COUNTY, TEXAS,
THE SOUTHEAST PORTION OF THE NORTHERN 440 ACRES

Lessor	Gross Ac	Interest	Net Ac.	Bonus Per Acre	Bonus to Lessor	Bonus to State	Lease Bonus
Stanley Staples	80	1/6	13.33333333	\$2,000.00	\$13,333.33	\$13,333.33	\$26,666.67
TOTALS			13.33333333		\$13,333.33	\$13,333.33	\$26,666.67

Total Amount paid by check	\$13,333.33
----------------------------	-------------

7.25.13

EXPLORATION LAND SERVICES, LLC

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

July 25, 2013

Via FedEx

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

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

Dear Drew:

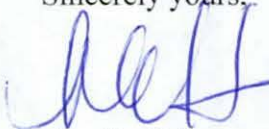
Enclosed herewith, please find one (1) check, made payable to the Commissioner of the General Land Office, as well as a copy of said check. Also enclosed is a report prepared for you containing a calculated breakdown of the interests and property the check covers as well as a copy of the lease executed by the soil owner (a certified copy was previously sent in by letter dated July 15, 2013 along with the filing fees for said lease).

<u>Date</u>	<u>Check No.</u>	<u>Amount</u>
07/23/2013	168284	\$13,333.33

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

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

Sincerely yours,



Natalie Holeman

encl.

IBERIABANK

4547

84-7041/2652

EXPLORATION LAND SERVICES LLC

P.O. BOX 52105

LAFAYETTE, LA 70505

13713956

7/15/2013

PAY TO THE ORDER OF Texas General Land Office

\$ **550.00

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

DOLLARS

Texas General Land Office

1700 Congress Avenue

Stephen F. Austin Building RM847

Austin, TX 78701

MEMO

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



AUTHORIZED SIGNATURE

⑈004547⑈

EXPLORATION LAND SERVICES LLC

4547

Texas General Land Office

7/15/2013

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
7/15/2013	Bill	Filing&ProcessingFee	550.00	550.00		550.00
					Check Amount	550.00

13713956

Iberia Bank

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

550.00

EXPLORATION LAND SERVICES, LLC

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

July 15, 2013

Via FedEx

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

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

Dear Drew:

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

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

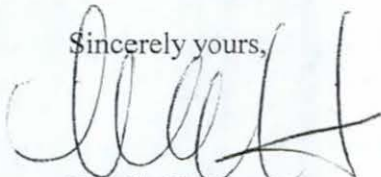
7125.00

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

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

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

Sincerely yours,



Natalie Holeman

encl.

PETROHAWK ENERGY CORPORATION

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

172632

CHECK NO.

REFERENCE	INVOICE DATE	INVOICE NO.	INVOICE AMT.	PRIOR PAYMENT	DISCOUNT	AMOUNT PAID
KEF27AUG2013-1	8/26/13	CKREQ-COMM.O F.THE.TX.GLO-8/ 26/13B SOIL OWNER: BLAKE OIL & GAS CORPORATION ELS-01234(GLO)	16,888.89			16,888.89
VENDOR				CHECK DATE	TOTAL	
437294 COMMISSIONER OF THE TEXAS GENERAL				08/27/13	\$16,888.89	

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

PETROHAWK ENERGY CORPORATION

ACCOUNTS PAYABLE DISBURSEMENT ACCOUNT

1360 POST OAK BLVD., SUITE 1900CT

HOUSTON, TX 77056

inquiry@bhpbilliton.com

Bank of America

64 - 1278 / 611 GA

DATE

08/27/13

172632

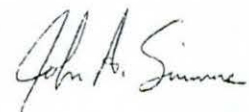
13716381

PAY Sixteen Thousand Eight Hundred Eighty-Eight Dollars And Eighty-Nine Cents*****

AMOUNT \$*****16,888.89

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

VOID AFTER 180 DAYS



172632

PETROHAWK ENERGY CORPORATION
172631

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
KEF27AUG2013-1	8/26/13	CKREQ-COMM.O F.THE.TX.GLO-8/ 26/13C SOIL OWNERS: WILLIAM WYATT LEAVELL, III; JENNIFER Blake Kromberg; Laurel Leavell Pinkston ELS-D123B(GLO)	13,333.33	13716380 C, D, E		13,333.33 121
VENDOR				CHECK DATE	TOTAL	
437294 COMMISSIONER OF THE TEXAS GENERAL				08/27/13		\$13,333.33

BOLO-200

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

PETROHAWK ENERGY CORPORATION


ACCOUNTS PAYABLE DISBURSEMENT ACCOUNT

64 - 1278 / 611 GA

1360 POST OAK BLVD., SUITE 1900CT

HOUSTON, TX 77056

inquiry@bhpbilliton.com

DATE

08/27/13

172631
13716380

PAY Thirteen Thousand Three Hundred Thirty-Three Dollars And Thirty-Three Cents*****

AMOUNT \$*****13,333.33

 TO THE
ORDER
OF

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

VOID AFTER 180 DAYS

172631

File No. 115586Cover Letter @ Barrios @ FesDate Filed: 10/29/13

Jerry E. Patterson, Commissioner

By GH

0.30.73

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

December 9, 2013

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

Re: **State Lease MF 115586**

Five RAL leases covering 80 ac., Sec. 12, Blk. 57, T-2, T&P Ry.
Co. Survey, Reeves Co, TX

Dear Mr. Strother:

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

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

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

Your remittances are set out on Page 2 and have been applied to the State's portion of the cash bonus. We are also in receipt of the 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>
MF115586A	Stanley N. Staples	05/24/13	13-04844	\$13333.33
MF115586B	Blake Oil & Gas	07/18/13	13-07868	\$16888.89
MF115586C	William Wyatt Leavell, III	07/18/13	13-06862	\$4444.44
MF115586D	Jennifer Blake Bromberg	07/18/13	13-06864	\$4444.44
MF115586E	Lauren Leavell Pinkston	07/18/13	13-06863	\$4444.44

File No. 11 5586

Final Letter

Date Filed: 12/9/13

Jerry E. Patterson, Commissioner

By GH

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 803900	DATE PERMIT ISSUED OR AMENDED Feb 26, 2015	DISTRICT * 08
API NUMBER 42-389-34787	FORM W-1 RECEIVED Feb 18, 2015	COUNTY REEVES
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 642.86
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 LRP 57-T2-12		WELL NUMBER 1H
LOCATION 2.5 miles N direction from ORLA		TOTAL DEPTH 14000
Section, Block and/or Survey SECTION ◀ 12 BLOCK ◀ 57 T2 ABSTRACT ◀ 4829 SURVEY ◀ T&P RR CO/PETERSON, MRS M		
DISTANCE TO SURVEY LINES 430 ft. S 648 ft. E		DISTANCE TO NEAREST LEASE LINE 200 ft.
DISTANCE TO LEASE LINES 430 ft. S 648 ft. E		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		WELL # NEAREST WE
DIST NEAREST WE		
PHANTOM (WOLFCAMP) STATE LRP 57-T2-12		642.86 200
9,515		1H 0
08		
WELLBORE PROFILE(s) FOR FIELD: Horizontal		
RESTRICTIONS: Lateral: TH1 Penetration Point Location Lease Lines: 200.0 F S L 467.0 F E L Terminus Location BH County: REEVES Section: 12 Block: 57 T2 Abstract: 5701 Survey: T&P RR CO/THOMAS, P Lease Lines: 150.0 F N L 467.0 F E L Survey Lines: 150.0 F N L 467.0 F E 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 803900	DATE PERMIT ISSUED OR AMENDED Feb 26, 2015	DISTRICT * 08
API NUMBER 42-389-34787	FORM W-1 RECEIVED Feb 18, 2015	COUNTY REEVES
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 642.86
OPERATOR BHP BILLITON PET(TXLA OP) CO 1360 POST OAK BLVD STE 150 HOUSTON, TX 77056-0000		068596 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 LRP 57-T2-12		WELL NUMBER 1H
LOCATION 2.5 miles N direction from ORLA		TOTAL DEPTH 14000
Section, Block and/or Survey SECTION ◀ 12 BLOCK ◀ 57 T2 ABSTRACT ◀ 4829 SURVEY ◀ T&P RR CO/PETERSON, MRS M		
DISTANCE TO SURVEY LINES 430 ft. S 648 ft. E		DISTANCE TO NEAREST LEASE LINE 200 ft.
DISTANCE TO LEASE LINES 430 ft. S 648 ft. E		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 DEPTH WELL # DIST NEAREST LEASE NEAREST WE
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.		

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>



NAD 83 (1986) GRID
TEXAS CENTRAL ZONE

STATE LRP 57-T2-12 1H - WID#833194 COVERSHEET

T. & P. R.R. CO.
A-619
SECTION 1, BLOCK 57,
TOWNSHIP 2
T.&P. R.R. CO.

VIRGIL REICHARD
A-4883
SECTION 12, BLOCK 57,
TOWNSHIP 2
T.&P. R.R. CO.

P. THOMAS
A-5701
SECTION 12, BLOCK 57,
TOWNSHIP 2
T.&P. R.R. CO.

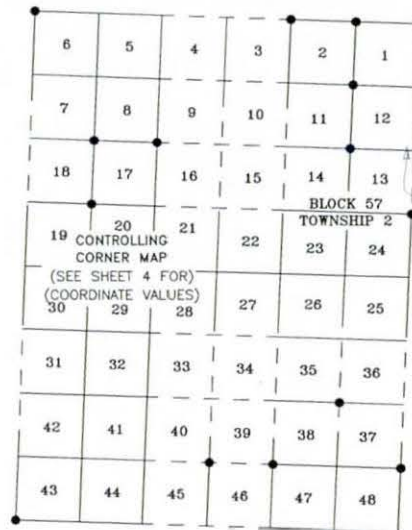
F.H. SCHULER
A-4924
SECTION 12, BLOCK 57,
TOWNSHIP 2
T.&P. R.R. CO.

M. PETERSON
A-4829
SECTION 12, BLOCK 57,
TOWNSHIP 2
T.&P. R.R. CO.

PRODUCTION
PAD
LOCATION PAD

DRIVING DIRECTION FROM INTERSECTION OF U.S. BUS. HWY 20 AND U.S.
HWY 285 IN CITY OF PECOS, TEXAS

1. Go North on U.S. Hwy 285 41.0 Miles to the intersection of CR 447 on the right (Lat: 31.858424, Long: 103.933166).
2. Turn RIGHT (Northeast) on CR 447, and go 1.3 Miles to the intersection of a lease road on the right (Lat: 31.875620, Long: 103.922210).
3. Turn RIGHT (East) on lease road, and go .8 Miles to the intersection of a proposed access road on the right (Lat: 31.873214, Long: 103.907640).
4. Turn RIGHT (South) on proposed access road, and go 1.3 Mile to the location (Lat: 31.873221, Long: 103.907654).



LEGEND

XXXX.XX	ELEVATION
---	SURVEY LINE
---	PROPOSED ACCESS ROAD CL
---	PROPOSED ACCESS ROAD ROW
---	EXISTING LEASE ROAD CL
---	EXISTING LEASE ROAD ROW
---	EXISTING FENCE LINE
---	EXISTING PIPELINE
---	EXISTING OVERHEAD ELECTRIC
---	PROPOSED PAD CLEARING LIMITS
+	BENCHMARK

GENERAL NOTES

1. COORDINATES SHOWN ARE BASED ON TEXAS COORDINATE SYSTEM OF NAD 83 (1986) "TEXAS CENTRAL ZONE", AND BASED ON "ORLA" NGS MONUMENT (Y = 10,641,530.91, X = 1,172,488.25)
2. VERTICAL DATUM IS NAVD 88
3. COMBINED SCALE FACTOR - 0.999860235
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 ACRES 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.

REVISION	DATE	BY	DETAILS
A	10/23/14	GG	MAKE PRELIMINARY EXHIBIT
B	02/18/15	GG	UPDATE ROAD AND DATUM

PLAT OF:
A PROPOSED PAD & ROAD ROUTE FOR:

BHP BILLITON

**STATE LRP 57-T2-12 1H
WID# 833194**

SITUATED IN THE M. PETERSON SURVEY, A-4829, SECTION 12, BLOCK 57, TOWNSHIP 2, THE F.H. SCHULER SURVEY, A-4924, SECTION 12, BLOCK 57, TOWNSHIP 2, THE P. THOMAS SURVEY, A-5701, SECTION 12, BLOCK 57, TOWNSHIP 2, AND THE T.&P. R.R. CO. SURVEY, A-619, SECTION 1, BLOCK 57, TOWNSHIP 2, IN THE T.&P. R.R. CO. LANDS, LOCATED APPROXIMATELY 2.5 MILES NORTH OF ORLA, IN REEVES COUNTY, TEXAS.

FRANK
SURVEYING COMPANY INC
550 Bailey Ave., 205 - Fort Worth, TX 76107
TRIPS Firm No. 10193887
Ph: 817-549-9800 - Fax: 817-732-5271
www.franksurveying.com
LAND SURVEYING/ENERGY/GIS SERVICES

DATE: 10/23/2014
DRAWN BY: GG
CHECKED BY: JK
FIELD CREW: REAM
PROJECT NO: 201406033
SCALE: 1" = 1000'
SHEET: 1 OF 6
REVISION: 0

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

BHP BILLITON
State LRP 57-T2-12 1H (WID #833194)
Surface Hole Location is 430' FSL and 648' FEL of the
M. Peterson Survey, Abs. No. 4829, Section 12, Block 57,
Township 2, T.&P. R.R. Co. Lands, Reeves County, Texas



NAD 83 (1986) GRID
TEXAS CENTRAL ZONE
1" = 100 FEET

SURFACE OWNER: STATE OF TEXAS
Vol. 616, Page 10
Proposed Location Pad in Section 12
Area = 5.475 Acres
Proposed Production Pad in Section 12
Area = 2.812 Acres
Proposed 30' Access R/W in Section 12, A-4829
Length = 111.02 Rods

M. PETERSON
A-4829
SECTION 12, BLOCK 57,
TOWNSHIP 2
T.&P. R.R. CO.

MATCHLINE PAGE 3
MATCHLINE PAGE 2

LEGEND

XXXX.XX	ELEVATION
---	SURVEY LINE
---	PROPOSED ACCESS ROAD CL
---	PROPOSED ACCESS ROAD ROW
---	EXISTING LEASE ROAD CL
---	EXISTING LEASE ROAD ROW
---	EXISTING FENCE LINE
---	EXISTING PIPELINE
---	EXISTING OVERHEAD ELECTRIC
---	PROPOSED PAD CLEARING LIMITS
---	BENCHMARK

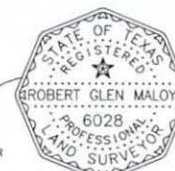
GENERAL NOTES

- COORDINATES SHOWN ARE BASED ON TEXAS COORDINATE SYSTEM OF NAD 83 (1986) "TEXAS CENTRAL ZONE", AND BASED ON "ORLA" NGS MONUMENT (Y = 10,641,530.91; X = 1,172,488.25)
- VERTICAL DATUM IS NAVD 88
- COMBINED SCALE FACTOR = 0.999860235
- 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 ACRES 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	10/23/14	GG	MAKE PRELIMINARY EXHIBIT
B	02/18/15	GG	UPDATE ROAD AND DATUM

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 PAD & ROAD ROUTE FOR:
BHP BILLITON
STATE LRP 57-T2-12 1H
WID# 833194

SITUATED IN THE M. PETERSON SURVEY, A-4829, SECTION 12, BLOCK 57, TOWNSHIP 2, THE F.H. SCHULER SURVEY, A-4924, SECTION 12, BLOCK 57, TOWNSHIP 2, THE P. THOMAS SURVEY, A-5701, SECTION 12, BLOCK 57, TOWNSHIP 2, AND THE T.&P. R.R. CO. SURVEY, A-619, SECTION 1, BLOCK 57, TOWNSHIP 2, IN THE T.&P. R.R. CO. LANDS, LOCATED APPROXIMATELY 2.5 MILES NORTH OF ORLA, IN REEVES COUNTY, TEXAS.

FRANK
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550 Bailey Ave., 205 - Fort Worth, TX 76107
TRIPLES Firm No. 10193887

Ph: 817.349.9800 - Fax: 979.732.5271
www.franksurveying.com
LAND SURVEYING/ENERGY/GIS SERVICES

DATE: 10/23/2014
DRAWN BY: GG
CHECKED BY: JK
FIELD CREW: REMR
PROJECT NO: 201408833
SCALE: 1" = 100'
SHEET: 2 OF 6
REVISION:

bhpbilliton

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

BHP BILLITON
State LRP 57-T2-12 1H (WID #833194)
Surface Hole Location is 430' FSL and 648' FEL of the
M. Peterson Survey, Abs. No. 4829, Section 12, Block 57,
Township 2, T.&P. R.R. Co. Lands, Reeves County, Texas.

SW CORNER
NAD 83 (HPGN)
LAT. = 31.85479480° N
LONG. = 103.91067266° W
ELEV. = 2,856.35'

TBM 1
NAD 83 (HPGN)
Y = 10,656,216.01
X = 1,185,990.56
LAT. = 31.85481106° N
LONG. = 103.91072171° W
ELEV. = 2,857.33'

NE CORNER
NAD 83 (HPGN)
LAT. = 31.85625174° N
LONG. = 103.90922347° W
ELEV. = 2,849.82'

NW CORNER
NAD 83 (HPGN)
LAT. = 31.85597685° N
LONG. = 103.90922345° W
ELEV. = 2,850.22'

NE CORNER
NAD 83 (HPGN)
LAT. = 31.85597690° N
LONG. = 103.90809623° W
ELEV. = 2,847.14'

SW CORNER
NAD 83 (HPGN)
LAT. = 31.85501476° N
LONG. = 103.90922343° W
ELEV. = 2,851.41'

SE CORNER
NAD 83 (HPGN)
LAT. = 31.85501480° N
LONG. = 103.90809621° W
ELEV. = 2,847.23'

POB
SE CORNER
NAD 83 (HPGN)
LAT. = 31.85479487° N
LONG. = 103.90922342° W
ELEV. = 2,851.41'

TBM 2
NAD 83 (HPGN)
Y = 10,656,185.64
X = 1,186,463.41
LAT. = 31.85476940° N
LONG. = 103.90919649° W
ELEV. = 2,851.62'

NW CORNER
NAD 83 (HPGN)
LAT. = 31.85625170° N
LONG. = 103.91067276° W
ELEV. = 2,854.62'

450.00' S 88°09'37" E
235.00' 215.00'

PROPOSED PIT
2852.22'

5.475 ACRE
PAD SITE

2855.49'

2850.62'

2853.88'

2853.88'

2853.88'

2853.88'

2853.88'

2853.88'

2853.88'

2853.88'

2853.88'

2853.88'



NAD 83 (1986) GRID
TEXAS CENTRAL ZONE
1" = 1000 FEET

Centerline Description of a Proposed 30' Wide Access Road with 25' Radius Flared Entrance

Being 7040.36 linear feet of land with a 25' radius flared entrance out of the M. Peterson Survey, Abstract Number 4829, Section 12, Block 57, Township 2, the F.H. Schuler Survey, Abstract Number 4924, Section 12, Block 57, Township 2, the P. Thomas Survey, Abstract Number 5701, Section 12, Block 57, Township 2, and the T.&P. R.R. Co. Survey, Abstract Number 619, Section 1, Block 57, Township 1, in the T.&P. R.R. Co. Lands, Reeves County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING at a 1/2" Found Iron Rod Capped (Y = 10,656.20639, X = 1,181,592.14) being the Southwest corner of the M. Peterson Survey, Abstract Number 4829, Section 12, Block 57, Township 2;

THENCE North 89°22'02" East, a distance of 4865.60 feet to the POINT OF BEGINNING of the proposed 30' wide access road;

THENCE South 88°09'37" East, a distance of 371.61 feet to a point of curvature;

THENCE along a tangential curve to the left having a radius of 45.00 feet, an arc length of 70.22', a delta angle of 89°24'44" and a chord which bears North 47°08'01" East a distance of 63.31 feet to a point of tangency;

THENCE North 02°25'38" East, a distance of 5029.36 feet to a point;

THENCE North 02°32'30" East, a distance of 878.17 feet to a point;

THENCE North 06°02'52" West, a distance of 202.07 feet to a point;

THENCE North 10°42'44" East, a distance of 212.35 feet to a point;

THENCE North 02°32'30" East, a distance of 276.58 feet to the POINT OF TERMINUS. Being a distance of 7040.36 linear feet, 426.69 rods, more or less.

LINE	BEARING	DISTANCE	ELEVATION	STATION
POB	N/A	N/A	2851.45'	0+00.00
L1	S 88°09'37" E	371.61'	2846.94'	3+71.61
SURVEY LINE	N/A	N/A	N/A	18+31.81
SURVEY LINE	N/A	N/A	N/A	28+23.54
L2	N 02°25'38" E	5029.36'	2846.88'	54+71.19
SECTION LINE	N/A	N/A	N/A	54+71.19
L3	N 02°32'30" E	878.17'	2833.41'	63+49.36
L4	N 06°02'52" W	202.07'	2830.13'	65+51.43
L5	N 10°42'44" E	212.35'	2827.58'	67+63.78
L6	N 02°32'30" E	276.58'	2825.09'	70+40.36
TERMINUS	N/A	N/A	2825.09'	70+40.36

CURVE	RADIUS	ARC LENGTH	CHORD LENGTH	CHORD BEARING	DELTA ANGLE	ELEVATION	STATION
C1	45.00'	70.22'	63.31'	N 47°08'01" E	89°24'44"	2846.84'	4+41.83

SURFACE OWNER: BLAKE OIL & GAS CORPORATION, ET AL
Vol. 1009, Page 359
Proposed 30' Access R/W in Section 12, A-4924
Length = 60.10 Rods

SURFACE OWNER: STATE OF TEXAS
Vol. 616, Page 10
Proposed Location Pad in Section 12
Area = 5.475 Acres
Proposed Production Pad in Section 12
Area = 2.812 Acres
Proposed 30' Access R/W in Section 12, A-4829
Length = 111.02 Rods

BHP BILLITON
State LRP 57-T2-12 1H (WID #833194)
Surface Hole Location is 430' FSL and 648' FEL of the
M. Peterson Survey, Abs. No. 4829, Section 12, Block 57,
Township 2, T.&P. R.R. Co. Lands, Reeves County, Texas.

T. & P. R.R. CO.
A-619
SECTION 1, BLOCK 57,
TOWNSHIP 2
T.&P. R.R. CO.

FOR CONTINUATION OF ROAD SEE
"STATE TUNSTALL 56-T2-6 1H
WID# 830813"

TERMINUS
NAD 83 (HPGN)
LAT. = 31.87322105° N
LONG. = 103.90765430° W

SURFACE OWNER: A.D. KESSLER AND
JACLYN KESSLER, CO-TRUSTEES OF
THE A.D. AND JACLYN KESSLER TRUST,
DATED JUNE 19, 2006
Vol. 736, Page 589
Proposed 30' Access R/W in Section 1
Length = 95.10 Rods

VIRGIL REICHARD
A-4803
SECTION 12, BLOCK 57,
TOWNSHIP 2
T.&P. R.R. CO.

P. THOMAS
A-5701
SECTION 12, BLOCK 57,
TOWNSHIP 2
T.&P. R.R. CO.

F.H. SCHULER
A-4924
SECTION 12, BLOCK 57,
TOWNSHIP 2
T.&P. R.R. CO.

M. PETERSON
A-4829
SECTION 12, BLOCK 57,
TOWNSHIP 2
T.&P. R.R. CO.

25' RADIUS
FLARED ENTRANCE

PROPOSED 30' ACCESS ROAD
SURVEY/SECTION/BLOCK LINE

MATCHLINE PAGE 3
MATCHLINE PAGE 2

LEGEND

XXXXXX	ELEVATION
---	SURVEY LINE
---	PROPOSED ACCESS ROAD CL
---	PROPOSED ACCESS ROAD ROW
---	EXISTING LEASE ROAD CL
---	EXISTING LEASE ROAD ROW
---	EXISTING FENCE LINE
---	EXISTING PIPELINE
---	EXISTING OVERHEAD ELECTRIC
---	PROPOSED PAD CLEARING LIMITS
+	BENCHMARK

GENERAL NOTES

- COORDINATES SHOWN ARE BASED ON TEXAS COORDINATE SYSTEM OF NAD 83 (1986) "TEXAS CENTRAL ZONE", AND BASED ON "ORLA" NGS MONUMENT (Y = 10,641,530.91, X = 1,172,488.25)
- VERTICAL DATUM IS NAVD 88
- COMBINED SCALE FACTOR = 0.999860235
- 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 ACRES 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	10/23/14	GG	MAKE PRELIMINARY EXHIBIT
B	02/18/15	GG	UPDATE ROAD AND DATUM

SURFACE OWNER: TUNSTALL OIL AND LAND TRUST
Vol. 331, Page 182
Proposed 30' Access R/W in Section 12, A-5701
Length = 160.46 Rods

PLAT OF:
A PROPOSED PAD & ROAD ROUTE FOR:
BHP BILLITON
STATE LRP 57-T2-12 1H
WID# 833194

SITUATED IN THE M. PETERSON SURVEY, A-4829, SECTION 12, BLOCK 57, TOWNSHIP 2, THE F.H. SCHULER SURVEY, A-4924, SECTION 12, BLOCK 57, TOWNSHIP 2, THE P. THOMAS SURVEY, A-5701, SECTION 12, BLOCK 57, TOWNSHIP 2, AND THE T.&P. R.R. CO. SURVEY, A-619, SECTION 1, BLOCK 57, TOWNSHIP 2, IN THE T.&P. R.R. CO. LANDS, LOCATED APPROXIMATELY 2.5 MILES NORTH OF ORLA, IN REEVES COUNTY, TEXAS.

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

DATE: 10/23/2014
DRAWN BY: GG
CHECKED BY: JK
FIELD CREW: REAMI
PROJECT NO: 201408833
SCALE: 1" = 1000'
SHEET: 3 OF 6
REVISION: 0

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

SECTION CORNERS TABLE, TEXAS COORDINATE SYSTEM, CENTRAL ZONE							
LOCATION	DESCRIPTION	NAD 83 (HPGN)			NAD 27		
		STATE PLANE	GEOGRAPHIC (D-D)	GEOGRAPHIC (D-M-S)	STATE PLANE	GEOGRAPHIC (D-D)	GEOGRAPHIC (D-M-S)
NW COR 57-T2-12	FOUND 100D NAIL	Y=10,661,502.25 X=1,181,803.36	LAT: 31.86896368°N LONG: 103.92474951°W	LAT: 31°52'08.2693"N LONG: 103°55'29.0983"W	Y=818,924.25 X=885,342.42	LAT: 31.86883764°N LONG: 103.92427403°W	LAT: 31°52'07.8155"N LONG: 103°55'27.3865"W
SW COR 57-T2-12	FOUND 1/2" IRON ROD W/CAP	Y=10,656,206.39 X=1,181,592.14	LAT: 31.85439511°N LONG: 103.92487886°W	LAT: 31°51'15.8224"N LONG: 103°55'29.5639"W	Y=813,628.54 X=885,131.10	LAT: 31.85426901°N LONG: 103.92440379°W	LAT: 31°51'15.3684"N LONG: 103°55'27.8536"W
NE COR 57-T2-12	CALCULATED CORNER	Y=10,661,315.59 X=1,187,103.26	LAT: 31.86892000°N LONG: 103.90766762°W	LAT: 31°52'08.1120"N LONG: 103°54'27.6035"W	Y=818,737.58 X=890,642.22	LAT: 31.86879388°N LONG: 103.90719285°W	LAT: 31°52'07.6580"N LONG: 103°54'25.8942"W
SE COR 57-T2-12	CALCULATED CORNER	Y=10,656,025.05 X=1,186,878.99	LAT: 31.85436490°N LONG: 103.90784215°W	LAT: 31°51'15.7137"N LONG: 103°54'28.2317"W	Y=813,447.20 X=890,417.85	LAT: 31.85423871°N LONG: 103.90736777°W	LAT: 31°51'15.2594"N LONG: 103°54'26.5240"W

CONTROLLING CORNERS TABLE TEXAS COORDINATE SYSTEM, CENTRAL ZONE							
LOCATION	DESCRIPTION	NAD 83 (HPGN)			NAD 27		
		STATE PLANE	GEOGRAPHIC (D-D)	GEOGRAPHIC (D-M-S)	STATE PLANE	GEOGRAPHIC (D-D)	GEOGRAPHIC (D-M-S)
NW COR 57-T2-12	FOUND 100D NAIL	Y=10,661,502.25 X=1,181,803.36	LAT: 31.86896368°N LONG: 103.92474951°W	LAT: 31°52'08.2693"N LONG: 103°55'29.0983"W	Y=818,924.25 X=885,342.42	LAT: 31.86883764°N LONG: 103.92427403°W	LAT: 31°52'07.8155"N LONG: 103°55'27.3865"W
SW COR 57-T2-12	FOUND 1/2" IRON ROD	Y=10,656,206.39 X=1,181,592.14	LAT: 31.85439511°N LONG: 103.92487886°W	LAT: 31°51'15.8224"N LONG: 103°55'29.5639"W	Y=813,628.54 X=885,131.10	LAT: 31.85426901°N LONG: 103.92440379°W	LAT: 31°51'15.3684"N LONG: 103°55'27.8536"W
SE COR 57-T2-13	FOUND 2" IRON PIPE	Y=10,650,734.50 X=1,186,654.72	LAT: 31.83980969°N LONG: 103.90801662°W	LAT: 31°50'23.3149"N LONG: 103°54'28.8598"W	Y=808,156.80 X=890,193.48	LAT: 31.83968343°N LONG: 103.90754265°W	LAT: 31°50'22.8604"N LONG: 103°54'27.1535"W
NE COR 57-T2-1	FOUND 1/2" IRON ROD ORANGE CAP	Y=10,666,638.22 X=1,187,339.53	LAT: 31.88356423°N LONG: 103.90745773°W	LAT: 31°53'00.8312"N LONG: 103°54'26.8478"W	Y=824,060.06 X=890,878.59	LAT: 31.88343818°N LONG: 103.90698254°W	LAT: 31°53'00.3774"N LONG: 103°54'25.1372"W

5.475 ACRE LOCATION PAD SITE

Being 5.475 acres of land out of the M. Peterson Survey, Abstract Number 4829, Section 12, Block 57, Township 2, in the T.&P. R.R. Co. Lands, Reeves County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING at a 1/2" Found Iron Rod Capped (Y = 10,656,206.39, X = 1,181,592.14) being the Southwest corner of the M. Peterson Survey, Abstract Number 4829, Section 12, Block 57, Township 2,

THENCE South 89°52'04" East, a distance of 4863.23 feet to the **POINT OF BEGINNING**, said point being the Southeast corner of said 5.475 acre pad site;

THENCE North 88°09'37" West, a distance of 450.00 feet to a calculated point at the Southwest corner of said pad site;

THENCE North 01°50'23" East, a distance of 530.00 feet to a calculated point at the Northwest corner of said pad site;

THENCE South 88°09'37" East, a distance of 450.00 feet to a calculated point at the Northeast corner of said pad site;

THENCE South 01°50'23" West, a distance of 530.00 feet to the **POINT OF BEGINNING** containing 5.475 acres, more or less

2.812 ACRE PRODUCTION PAD SITE

Being 2.812 acres of land out of the M. Peterson Survey, Abstract Number 4829, Section 12, Block 57, Township 2, in the T.&P. R.R. Co. Lands, Reeves County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING at a 1/2" Found Iron Rod Capped (Y = 10,656,206.39, X = 1,181,592.14) being the Southwest corner of the M. Peterson Survey, Abstract Number 4829, Section 12, Block 57, Township 2,

THENCE North 89°22'06" East, a distance of 5215.92 feet to the **POINT OF BEGINNING**, said point being the Southeast corner of said 2.812 acre pad site;

THENCE North 88°09'37" West, a distance of 350.00 feet to a calculated point at the Southwest corner of said pad site;

THENCE North 01°50'23" East, a distance of 350.00 feet to a calculated point at the Northwest corner of said pad site;

THENCE South 88°09'37" East, a distance of 350.00 feet to a calculated point at the Northeast corner of said pad site;

THENCE South 01°50'23" West, a distance of 350.00 feet to the **POINT OF BEGINNING** containing 2.812 acres, more or less

GENERAL NOTES

- COORDINATES SHOWN ARE BASED ON TEXAS COORDINATE SYSTEM OF NAD 83 (1986) "TEXAS CENTRAL ZONE", AND BASED ON "ORLA" NGS MONUMENT (Y = 10,641,530.91, X = 1,172,488.25)
- VERTICAL DATUM IS NAVD 88
- COMBINED SCALE FACTOR = 0.9998660235
- 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 ACRES 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	10/23/14	GG	MAKE PRELIMINARY EXHIBIT
B	02/18/15	GG	UPDATE ROAD AND DATUM



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

PLAT OF:
A PROPOSED PAD & ROAD ROUTE FOR:
BHP BILLITON
STATE LRP 57-T2-12 1H
WID# 833194

SITUATED IN THE M. PETERSON SURVEY, A-4829, SECTION 12, BLOCK 57, TOWNSHIP 2, THE F.H. SCHULER SURVEY, A-4924, SECTION 12, BLOCK 57, TOWNSHIP 2, THE P. THOMAS SURVEY, A-5701, SECTION 12, BLOCK 57, TOWNSHIP 2, AND THE T.&P. R.R. CO. SURVEY, A-619, SECTION 1, BLOCK 57, TOWNSHIP 2, IN THE T.&P. R.R. CO. LANDS, LOCATED APPROXIMATELY 2.5 MILES NORTH OF ORLA, IN REEVES COUNTY, TEXAS.

FRANK
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550 Bailey Ave., 205 - Fort Worth, TX 76107
TRIPS Firm No. 10193887
Ph: 817.549.9860 - Fax: 979.732.5271
www.franksurveying.com
LAND SURVEYING/ENERGY/GIS SERVICES

DATE: 10/23/2014
DRAWN BY: GG
CHECKED BY: JK
FIELD CREW: REMR
PROJECT NO: 201406833
SCALE: N/A
SHEET: 4 OF 6
REVISION: 0



NAD 83 (1986) GRID
TEXAS CENTRAL ZONE
0 250 500
1" = 500 FEET

F.H. SCHULER
A-4924
SECTION 12, BLOCK 57,
TOWNSHIP 2
T.&P. R.R. CO.

M. PETERSON
A-4829
SECTION 12, BLOCK 57,
TOWNSHIP 2
T.&P. R.R. CO.

T. & P. R.R. CO.
A-624
SECTION 13, BLOCK 57,
TOWNSHIP 2
T.&P. R.R. CO.

NOTES FOR IMAGERY
1. THE AERIAL IMAGERY IS DOWNLOADED FROM WWW.TNRS.ORG AND WAS GATHERED ON 08-11-2012. THE IMAGE BEING USED IS NAMED
nadir2_08-11-2012_3103_08-2_20120811_02_01A, NORTHEAST QUADRANT. THE
SOURCE DATA GRID COORDINATE SYSTEM IS REFERENCED TO UNIVERSAL
TRANSVERSE MERCATOR, ZONE 18, HAVING A SCALE FACTOR OF 0.9996. THE
HORIZONTAL DATUM OF THE SOURCE IS NORTH AMERICAN DATUM OF 1983. AND
THE ELLIPSOID REFERENCED IS GEOIDETIC REFERENCE SYSTEM 80 (GRS 80).
DIGITAL IMAGERY WAS COLLECTED AT A NOMINAL GSD OF 1.0M USING SEVEN
CESSNA 441 AIRCRAFTS FLYING AT AN AVERAGE FLIGHT HEIGHT OF 9052M AGL. ALL
AIRCRAFT FLEW WITH LEICA GEOSYSTEM'S ADS80/SH82 DIGITAL SENSORS WITH
FIRMWARE 3.20 OR NEWER.

M. PETERSON
A-579
SECTION 7, BLOCK 58,
TOWNSHIP 2
T.&P. R.R. CO.

L.J. COX
A-2024
SECTION 18, BLOCK 56,
TOWNSHIP 2
T.&P. R.R. CO.

LEGEND

XXXXXX	ELEVATION
---	SURVEY LINE
---	PROPOSED ACCESS ROAD CL
---	PROPOSED ACCESS ROAD ROW
---	EXISTING LEASE ROAD CL
---	EXISTING LEASE ROAD ROW
---	EXISTING FENCE LINE
---	EXISTING PIPELINE
---	EXISTING OVERHEAD ELECTRIC
---	PROPOSED PAD CLEARING LIMITS
+	BENCHMARK

GENERAL NOTES

1. COORDINATES SHOWN ARE BASED ON TEXAS COORDINATE SYSTEM OF NAD 83 (1986) "TEXAS CENTRAL ZONE", AND BASED ON "ORLA" NGS MONUMENT (Y = 10,641,530.91, X = 1,172,488.25)
2. VERTICAL DATUM IS NAVD 88
3. COMBINED SCALE FACTOR - 0.999860235
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 ACRES 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.

REVISION	DATE	BY	DETAILS
A	10/23/14	GG	MAKE PRELIMINARY EXHIBIT
B	02/18/15	GG	UPDATE ROAD AND DATUM

PLAT OF:
A PROPOSED PAD & ROAD ROUTE FOR:
BHP BILLITON
STATE LRP 57-T2-12 1H
WID# 833194

SITUATED IN THE M. PETERSON SURVEY, A-4829, SECTION 12, BLOCK 57, TOWNSHIP 2, THE F.H. SCHULER SURVEY, A-4924, SECTION 12, BLOCK 57, TOWNSHIP 2, THE P. THOMAS SURVEY, A-5701, SECTION 12, BLOCK 57, TOWNSHIP 2, AND THE T.&P. R.R. CO. SURVEY, A-619, SECTION 1, BLOCK 57, TOWNSHIP 2, IN THE T.&P. R.R. CO. LANDS, LOCATED APPROXIMATELY 2.5 MILES NORTH OF ORLA, IN REEVES COUNTY, TEXAS.

FRANK
SURVEYING COMPANY INC.
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TBPIS Firm No. 10193887
Ph: 817.349.9800 - Fax: 979.732.5271
www.franksurveying.com
LAND SURVEYING/ENERGY/GIS SERVICES

DATE: 10/23/2014
DRAWN BY: GG
CHECKED BY: JK
FIELD CREW: REAM
PROJECT NO: 201408033
SCALE: 1" = 500'
SHEET: 5 OF 6
REVISION: 0

bhpbilliton

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

BHP BILLITON
State LRP 57-T2-12 1H (WID #833194)
Surface Hole Location is 430' FSL and 648' FEL of the
M. Peterson Survey, Abs. No. 4829, Section 12, Block 57,
Township 2, T.&P. R.R. Co. Lands, Reeves County, Texas



NAD 83 (1986) GRID
TEXAS CENTRAL ZONE
1" = 1000 FEET

NOTES: USGS TOPOGRAPHIC MAP

THE TOPOGRAPHIC DATA IS A SCANNED IMAGE OF A USGS TOPOGRAPHIC MAP DOWNLOADED FROM WWW.TNRIS.ORG. THE IMAGE BEING REFERENCED IS DRG_024K_Colorless_UTM_31103g8.TIF, ORLA, PUBLISHED 01-13-2000. THE GRID COORDINATE SYSTEM NAME BEING REFERENCED IS UNIVERSAL TRANSVERSE MERCATOR, ZONE 13, METERS, HAVING A SCALE FACTOR OF 0.999600, THE HORIZONTAL DATUM OF THE SOURCE IS NORTH AMERICAN DATUM OF 1983 AND THE ELLIPSOID REFERENCED IS GEOIDETIC REFERENCE SYSTEM 80 (GRS 80).

LEGEND

XXXX.XX'	ELEVATION
---	SURVEY LINE
---	PROPOSED ACCESS ROAD CL
---	PROPOSED ACCESS ROAD ROW
---	EXISTING LEASE ROAD CL
---	EXISTING LEASE ROAD ROW
---	EXISTING FENCE LINE
---	EXISTING PIPELINE
---	EXISTING OVERHEAD ELECTRIC
---	PROPOSED PAD CLEARING LIMITS
+	BENCHMARK

GENERAL NOTES

- COORDINATES SHOWN ARE BASED ON TEXAS COORDINATE SYSTEM OF NAD 83 (1986) "TEXAS CENTRAL ZONE", AND BASED ON "ORLA" NGS MONUMENT (Y = 10,641,530.91, X = 1,172,488.25)
- VERTICAL DATUM IS NAVD 88
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REVISION	DATE	BY	DETAILS
A	10/23/14	GG	MAKE PRELIMINARY EXHIBIT
B	02/18/15	GG	UPDATE ROAD AND DATUM

PLAT OF:
A PROPOSED PAD & ROAD ROUTE FOR:
BHP BILLITON
STATE LRP 57-T2-12 1H
WID# 833194

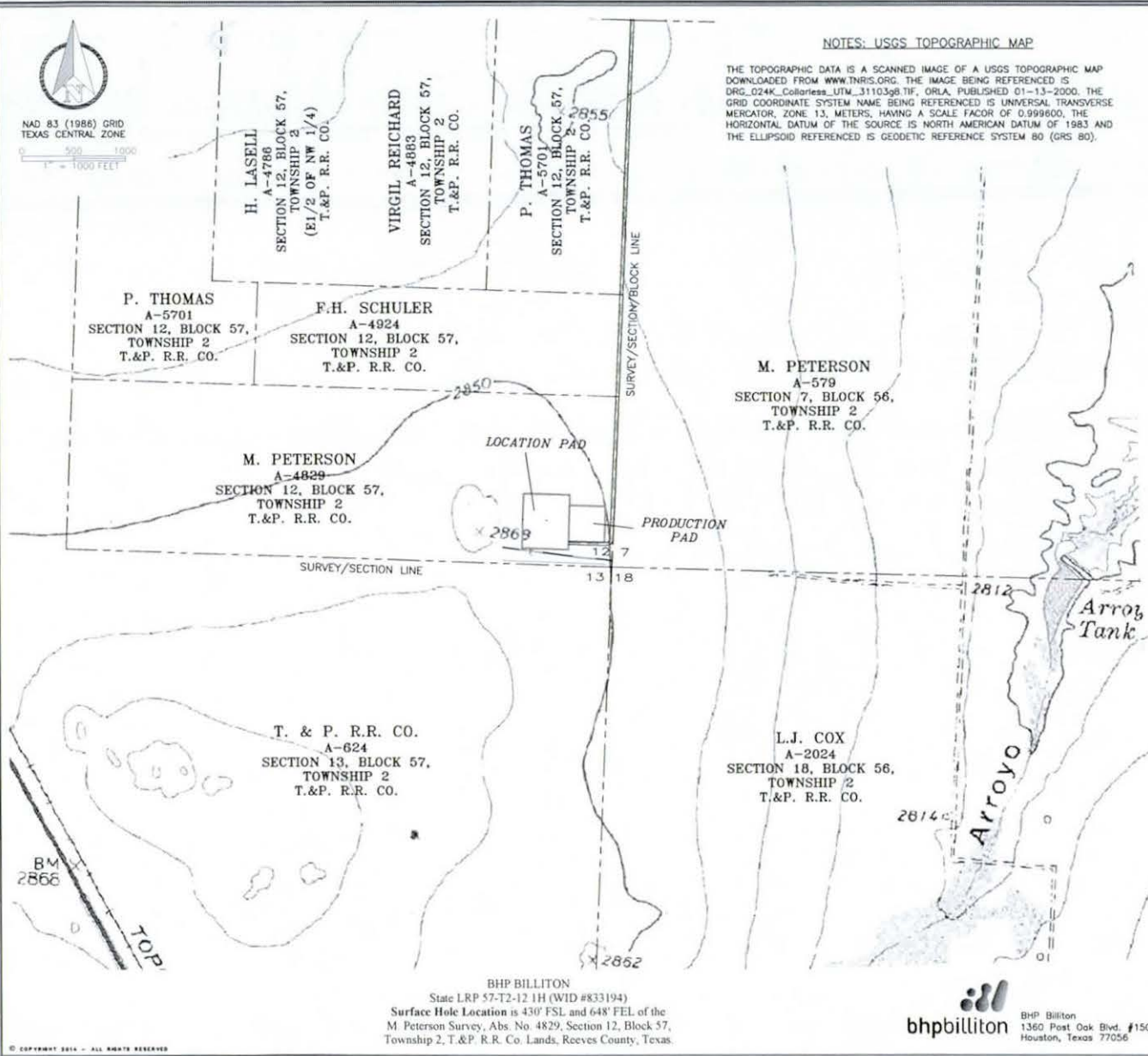
SITUATED IN THE M. PETERSON SURVEY, A-4829, SECTION 12, BLOCK 57, TOWNSHIP 2, THE F.H. SCHULER SURVEY, A-4924, SECTION 12, BLOCK 57, TOWNSHIP 2, THE P. THOMAS SURVEY, A-5701, SECTION 12, BLOCK 57, TOWNSHIP 2, AND THE T.&P. R.R. CO. SURVEY, A-619, SECTION 1, BLOCK 57, TOWNSHIP 2, IN THE T.&P. R.R. CO. LANDS, LOCATED APPROXIMATELY 2.5 MILES NORTH OF ORLA, IN REEVES COUNTY, TEXAS.

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TPIPS Firm No. 10191887
Ph: 817-549-9800 • Fax: 817-732-5271
www.franksurveying.com
LAND SURVEYING/ENERGY/GIS SERVICES

DATE: 10/23/2014
DRAWN BY: GG
CHECKED BY: JH
FIELD CREW: REMAR
PROJECT NO: 201406033
SCALE: 1" = 1000'
SHEET: 6 OF 6
REVISION: 0

BHP BILLITON
State LRP 57-T2-12 1H (WID #833194)
Surface Hole Location is 430' FSL and 648' FEL of the
M. Peterson Survey, Abs. No. 4829, Section 12, Block 57,
Township 2, T.&P. R.R. Co. Lands, Reeves County, Texas.

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



File No. MF115586Reeves CountyDrilling Permit for APL 389-34787 Unit #1199Date Filed: 2-27-15

George P. Bush, Commissioner

By Jm

MF 115586

EXHIBIT A

BHP

Date: 4/5/2018

CREDIT TO

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

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

Special Clauses/Comments:

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

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

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

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

EXHIBIT A**BHP**

Date: 4/20/2018

CREDIT TO

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

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

Special Clauses/Comments:

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

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

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

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

EXHIBIT A

Date: 4/20/2018

BHP

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

CREDIT TO

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

Special Clauses/Comments:

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

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

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

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



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

July 6, 2018

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

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

Dear Mr. Brown:

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

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

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

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

Thank you,

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

File No. MF 115586

Reeves County

Division Order

Date Filed: 7-9-18

George P. Bush, Commissioner

By V.H.

42920



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 115586A		County REEVES	Gross Acres 80.00	Net Acres 13.33333333	Tract Part (Ex. NW/4) SE portion of Northern 440 ac
Section: 12	Block: 57	Survey: T&P RR CO		Township: 2	Abstract: 4924
Agent for State (Lessor) Stanley N. Staples			Operator BPX OPERATING COMPANY		

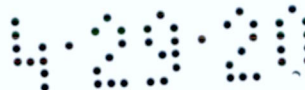
FOR EACH WELL, PROVIDE THE FOLLOWING:

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

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

Deep Rights Retention Bonus Work-Up
Type of State Lease: (RAL, Fee, Free Royalty) RAL
Total Eligible Acres: 13.33333333
Total Amount Due: \$6,666.67
Check # 8005000588
<i>If there are undivided interests; there may be multiple checks</i>

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

**WELL INFORMATION***Copy and Complete Additional Sheets as Necessary*

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

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



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

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

STATEMENT OF PRODUCTIVITY OF ACREAGE
ASSIGNED TO PRORATION UNITS

Form P-15

Tracking No.: 147213

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

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

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

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

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

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

- CERTIFICATE -

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

Date 12/22/2015 Signature Diann Flowers

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



P-15 STATEMENT OF PRODUCTIVITY OF ACREAGE

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

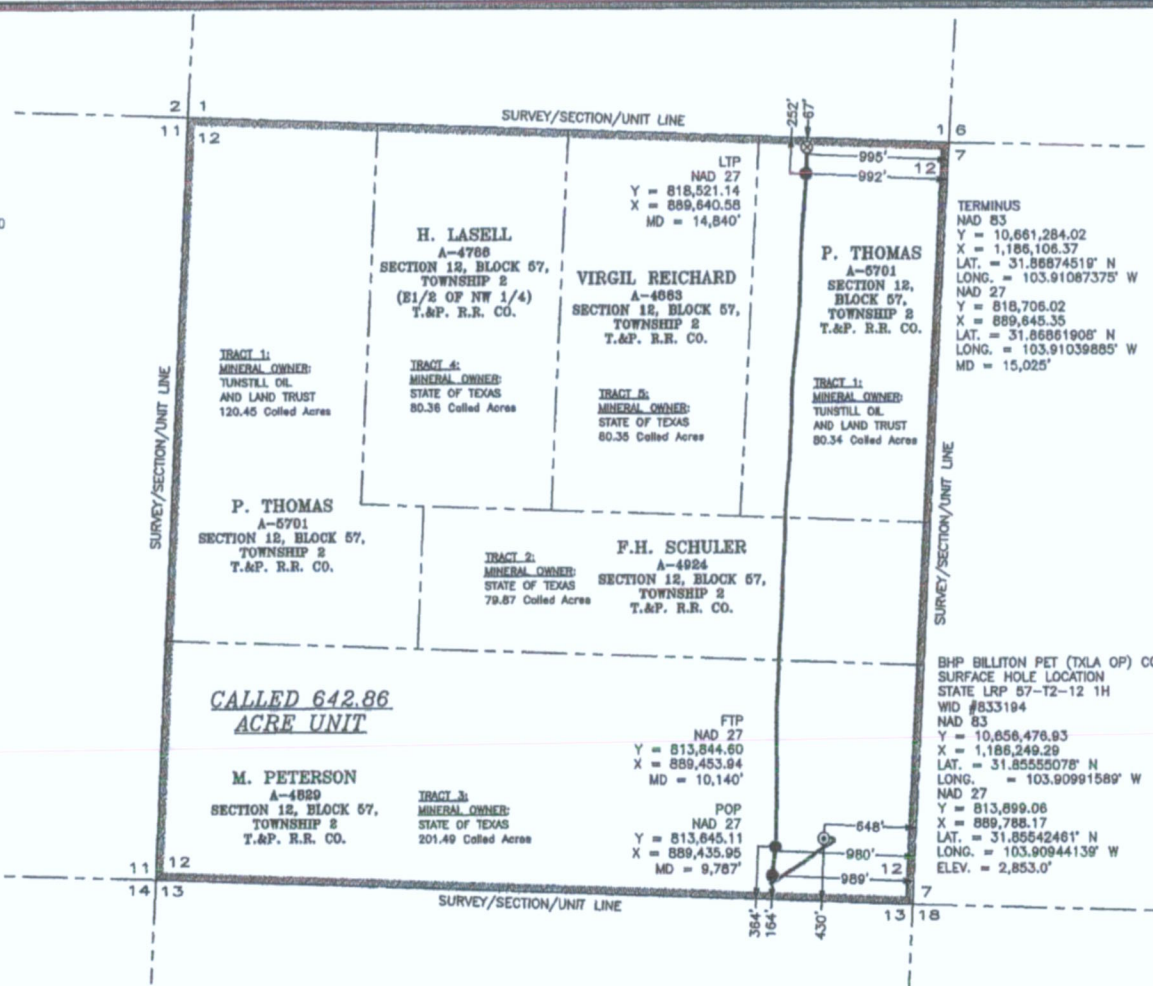
<u>LEASE ID</u>	<u>DRILLING PERMIT #</u>	<u>WELL NO.</u>	<u>DEDICATED ACRES</u>
PENDING	803900	1H	642.86

TOTAL ALLOCATED:	642.86
TOTAL AVAILABLE:	0

42900



NAD 83 GRID
TEXAS CENTRAL ZONE
0 500 1000
1" = 1000 FEET



GENERAL NOTES

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

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

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

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



PLAT OF:

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

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

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

FRANK
SURVEYING COMPANY INC
550 Bailey Ave., 205 - Fort Worth, TX 76107
Ph: 817.349.9800 - Fax: 979.732.5271
TBPLS Firm No. 10199887
www.franksurveying.com
LAND SURVEYING/ENERGY/GIS SERVICES

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

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

RAILROAD COMMISSION OF TEXAS

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

Form P-16

Page 2

Rev. 01/2016

Acreage Designation

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

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

[illegible]

Total Allocated Acreage >

< Total Lease Acreage

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

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

[illegible]

A. Total Wells & Acreage >

B. Total Assigned Horiz. Acreage >

C. Total Assigned Vert./Dir. Acreage >

A. Total Wells & Acreage >

B. Total Assigned Horiz. Acreage >

C. Total Assigned Vert./Dir. Acreage >

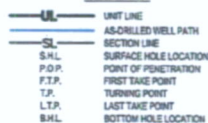
SECTION VII. REMARKS

S.H.L. ELEVATION

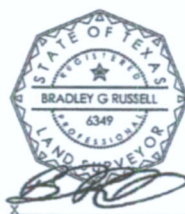
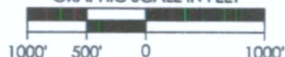
WELL NAME	ELEVATION
STATE LRP 57-T2-12 W103H	2,828.00'

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

LEGEND



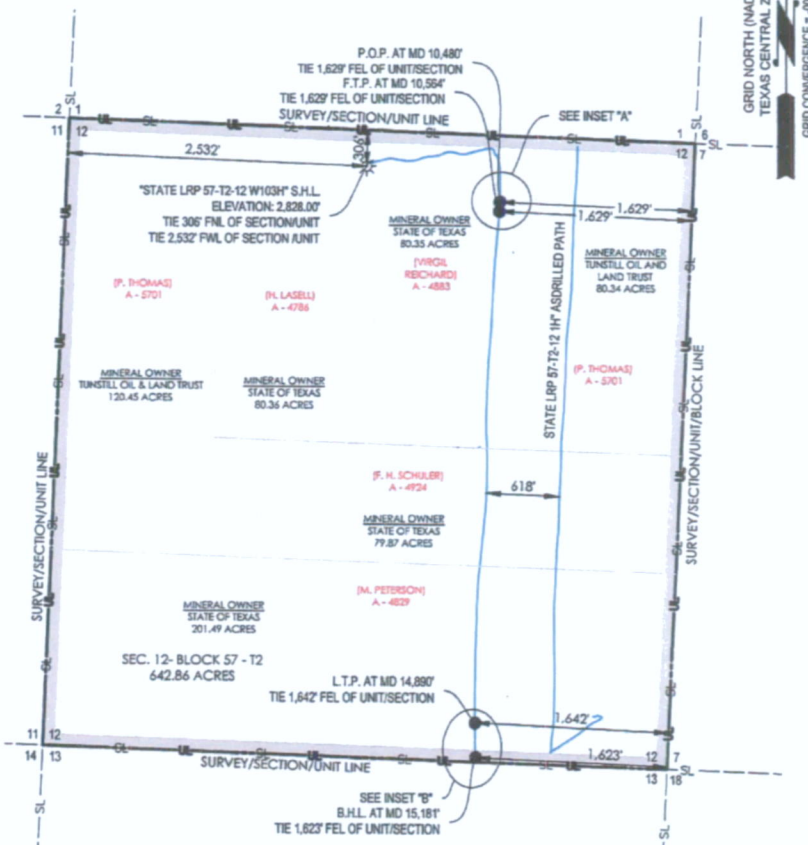
GRAPHIC SCALE IN FEET



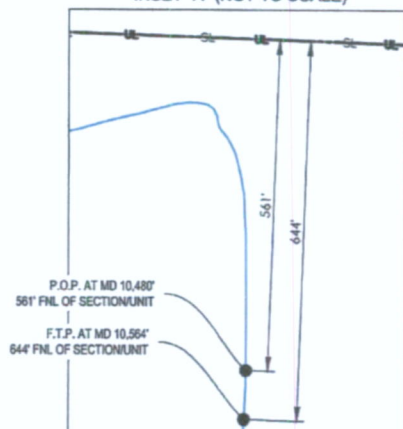
5/11/2018

CONTACT INFORMATION:

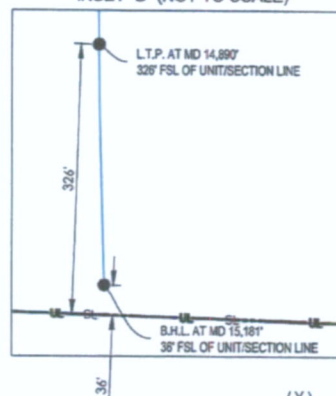
Brad G. Russell
Crafton Tail
(10193715)
1000 Ledgeview Dr
Comary, AR 72034



INSET "A" (NOT TO SCALE)



INSET "B" (NOT TO SCALE)



WELL BORE POSITIONS

REFERENCE	LAT. (NAD 83)	LONG. (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LAT. (NAD 27)	LONG. (NAD 27)	LAT. (NAD 27)	LONG. (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)
S.H.L.	31.86810157° N	103.91560171° W	10561107.122	1184321.47	31.86797554° N	103.91612718° W	31° 52' 04.712" N	103° 54' 58.058" W	818529.25	887860.29
P.O.P.	31.86736232° N	103.91526711° W	10560122.58	1184321.47	31.86726627° N	103.91245937° W	31° 52' 02.159" N	103° 54' 44.854" W	818234.72	888990.13
F.T.P.	31.86716417° N	103.91239613° W	10560729.75	1185447.92	31.86703811° N	103.91246177° W	31° 52' 01.333" N	103° 54' 44.802" W	818151.79	888986.71
L.T.P.	31.86528513° N	103.91312455° W	10560642.38	118250.41	31.85515902° N	103.91265052° W	31° 51' 18.572" N	103° 54' 45.542" W	813834.54	888789.12
B.H.L.	31.85448835° N	103.91307287° W	10560612.15	118250.12	31.85436223° N	103.91259886° W	31° 51' 57.180" N	103° 54' 45.356" W	813544.32	888795.83

GENERAL NOTES

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

2. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS OBSERVATION. $CAF = 0.99999991$.

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

REVISION		 BHP BILLITON PET (TXLA OP) CO STATE LRP 57-12-12 W103H (MWN 834332) S.H.L. LOCATED IN THE H. LABEL ABSTRACT 4764 BULL. LOCATED IN THE M. PETERSON ABSTRACT 4829. REEVES COUNTY, TEXAS FINAL AS-DRILLED PLAT			
1	PRELIMINARY PLAT 128197				
2	FINAL PLAT 51018				
	SCALE: 1" = 1000'	CHECKED BY:	FRANS	APPROVED BY:	BR
	PLOT DATE: 05/11/2018	DRAWN BY:	MN	SHEET NO.: 1	OF 1

RAILROAD COMMISSION OF TEXAS

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

Form P-16

Page 1
Rev. 01/2016

Acreage Designation

SECTION I. OPERATOR INFORMATION

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

SECTION II. WELL INFORMATION

District No.: 08	County: REEVES	Purpose of Filing: ☐ Drilling Permit Application (Form W-1) ☒ Completion Report (Form G-1/W-2)
Well No.: W104H	API No.: 42-389-36151	
Total Lease Acres: 642.86	Drilling Permit No.: 828524	
Lease Name: State LRP 57-T2-12	Lease No.:	
Field Name: Phantom (Wolfcamp)	Field No.: 71052900	

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

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

RRC ID No. or Lease No.	Well No.	H-Horizontal D-Directional V-Vertical	Lease Name	API No.	Acre Assigned	SWR 38 Except. (Y/N)	Operator Name and Operator No. (If different from filing operator)
DP# 828485	W103H	H	State LRP 57-T2-12	42-389-36140	214.86		
DP# 828524	W104H	H	State LRP 57-T2-12	42-389-36151	214		
DP# 828525	W104H	H	State LRP 57-T2-12	42-389-36141	214		
Total Well Count >	3	642.86	< A. Total Assigned Horiz. Acreage		< C. Total Assigned Acreage		
		0	< Total Remaining Horiz. Acreage	0	< Total Remaining Acreage		
			< B. Total Assigned Vert./Dir. Acreage				
			< Total Remaining Vert./Dir. Acreage				

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

[illegible]

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

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

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



S.H.L. ELEVATION

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

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

LEGEND

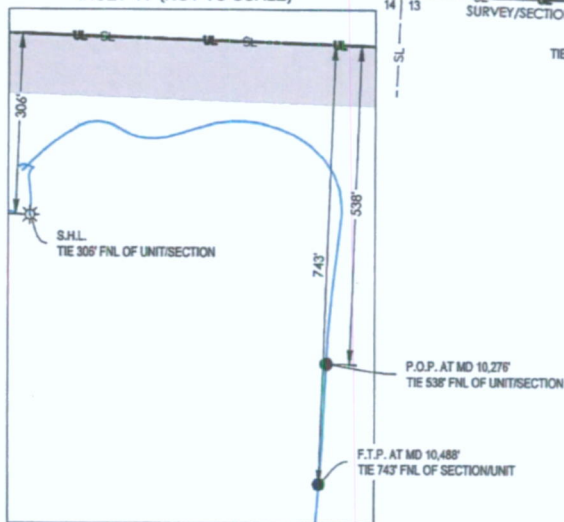
- UNIT LINE
- AS-DRIILLED WELL PATH
- SECTION LINE
- S.H.L. SURFACE HOLE LOCATION
- P.O.P. POINT OF PENETRATION
- F.T.P. FIRST TAKE POINT
- T.P. TURNING POINT
- L.T.P. LAST TAKE POINT
- B.H.L. BOTTOM HOLE LOCATION



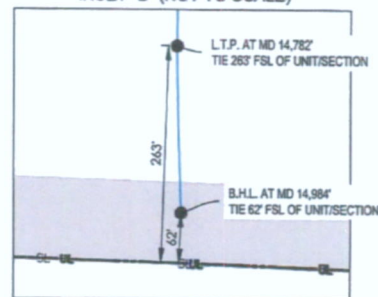
CONTACT INFORMATION:

Brad G. Russell
Crafton Tull
(501)937.115
1000 Ledgetown Dr.
Conway, AR 72034

INSET "A" (NOT TO SCALE)



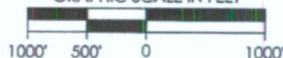
INSET "B" (NOT TO SCALE)



WELL BORE POSITIONS

REFERENCE	LAT. (NAD 83)	LONG. (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LAT. (NAD 27)	LONG. (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)
S.H.L.	31.86810162° N	103.91667422° W	10691107.97	1184296.96	31.86797599° N	103.91619974° W	103° 54' 58.319" W	818530.00
P.O.P.	31.86749839° N	103.91503967° W	10690857.75	1184798.57	31.86733235° N	103.91456542° W	103° 54' 52.436" W	818279.78
F.T.P.	31.86988515° N	103.91505810° W	10690653.14	1184786.32	31.86676911° N	103.91458366° W	103° 54' 52.501" W	818075.18
L.T.P.	31.85511304° N	103.91538484° W	10695372.40	1184546.94	31.85498684° N	103.91491072° W	103° 54' 53.679" W	813794.56
B.H.L.	31.85455884° N	103.91534674° W	10696170.51	1184552.27	31.85443274° N	103.91487263° W	103° 54' 53.541" W	813592.88

GRAPHIC SCALE IN FEET



GENERAL NOTES

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

2. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83 U.S. FEET AS DETERMINED BY GPS OBSERVATION, CHP = 9.388967E5.

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

REVISION	BHP	BHP BILLITON PET (TXLA OP) CO
1. PRELIMINARY PLAT 12/21/17		STATE LRP 57-T2-12 W104H (MWN 834335)
2. FINAL PLAT 3/29/18		S.H.L. LOCATED IN THE H. LASELL ABSTRACT 4786, B.H.L. LOCATED IN THE M. PETERSON ABSTRACT 4829.
3. POP MOVED 5/15/18		REEVES COUNTY, TEXAS
		FINAL AS-DRIILLED PLAT
SCALE: 1" = 100'	CHECKED BY: FRANK	APPROVED BY: L.DOW
PLOT DATE: 05/15/2018	DRAWN BY: MJN	SHEET NO.: 1 OF 1

Acreage Designation

SECTION I. OPERATOR INFORMATION

Operator Name: BHP Billiton Pet (TX LA CR) Co.	Operator P-5 No.: 068590
Operator Address: 1360 Post Oak Blvd. Ste. 150, Houston, Texas 77056	

SECTION II. WELL INFORMATION

District No.: 08	County: Reeves	Purpose of Filing: ☐ Drilling Permit Application (Form W-1) ☒ Completion Report (Form G-1/W-2)
Well No.: W105H	API No.: 42-399-36141	
Total Lease Acres: 642.86	Drilling Permit No.: 828525	
Lease Name: State LRP 57-T2-12	Lease No.:	
Field Name: All Fields	Field No.: 31913800	

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

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

[illegible]

Total Well Count >	4	642.86	< A. Total Assigned Horiz. Acreage	642.86	< C. Total Assigned Acreage
		0	< Total Remaining Horiz. Acreage	0	< Total Remaining Acreage
			< B. Total Assigned Vert./Dir. Acreage		
			< Total Remaining Vert./Dir. Acreage		

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

[illegible]

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

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

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

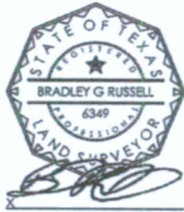
S.H.L. ELEVATION

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

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

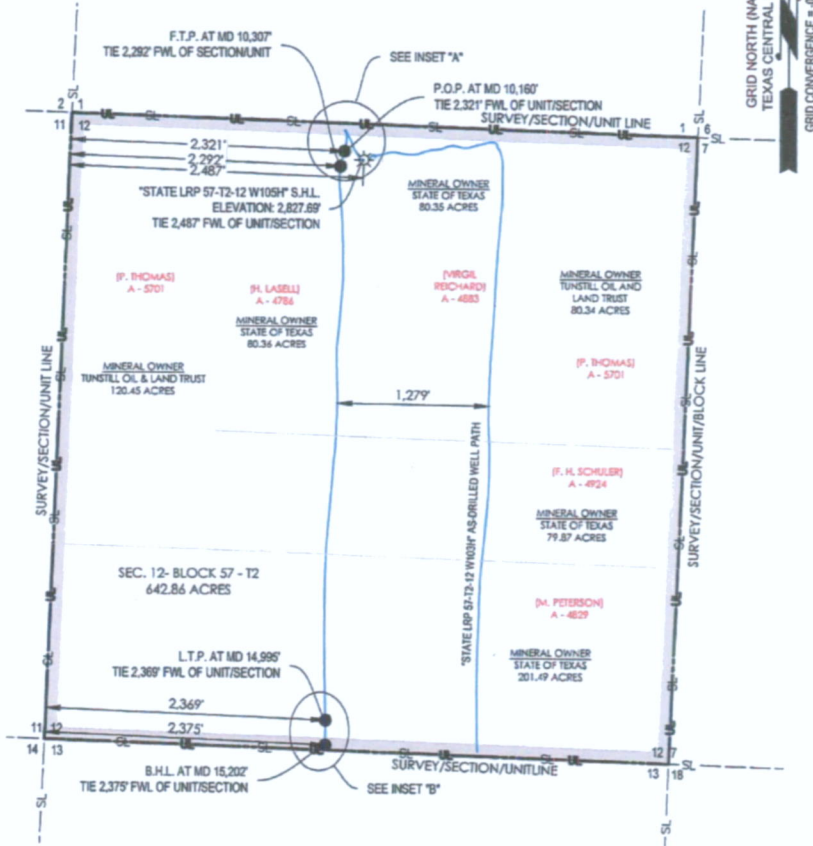
LEGEND

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

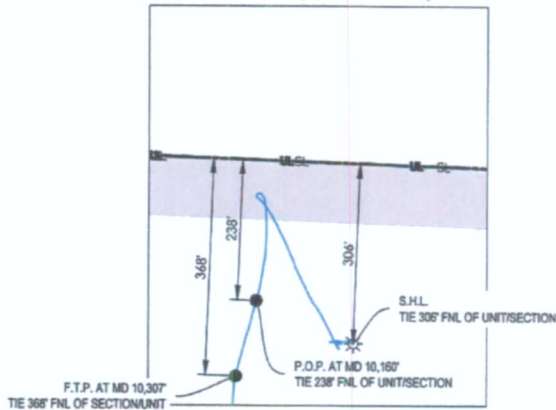


CONTACT INFORMATION:

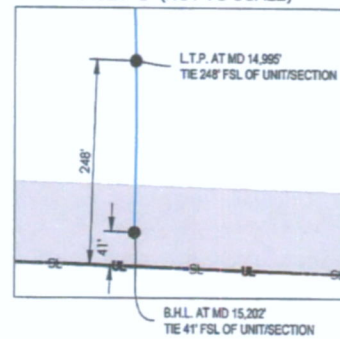
Brad G. Russell
Crafton Tull
(818)93715
1000 Ledgeview Dr.
Conway, AR 72034



INSET "A" (NOT TO SCALE)



INSET "B" (NOT TO SCALE)



WELL BORE POSITIONS

REFERENCE	LAT. (NAD 83)	LONG. (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LAT. (NAD 27)	LONG. (NAD 27)	LAT. (NAD 27)	LONG. (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)
S.H.L.	31.8681028° N	103.91674631° W	10961108.86	1184276.61	31.86797605° N	103.91627177° W	31° 52' 04.714" N	103° 54' 58.578" W	818530.88	887815.43
P.O.P.	31.86828947° N	103.91728100° W	10961182.34	1184112.80	31.86816344° N	103.91680643° W	31° 52' 05.388" N	103° 55' 00.503" W	818604.37	887851.72
F.T.P.	31.86793298° N	103.91737769° W	10961053.68	1184078.74	31.86780695° N	103.91680304° W	31° 52' 04.105" N	103° 55' 00.851" W	818475.71	887617.56
L.T.P.	31.85507210° N	103.91724416° W	10956378.10	1183969.44	31.85494601° N	103.91676996° W	31° 51' 17.806" N	103° 55' 00.372" W	813798.27	887508.17
B.H.L.	31.85450336° N	103.91722822° W	10956189.15	1183967.72	31.85437727° N	103.91675404° W	31° 51' 15.758" N	103° 55' 00.315" W	813591.32	887506.45

GENERAL NOTES

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

2. PROJECT COORDINATE SYSTEM: TEXAS PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS OBSERVATION, CAF = 0.99986765.

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

REVISION
1. PRELIMINARY PLAT 12/6/17
2. FINAL PLAT 5/15/2018

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



bpx energy

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

PAGE 1 OF 1

04/21/20

X01LH

20708578

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

VENDOR NUMBER: 0069000250

TRACE NUMBER: 2000010422

DOCUMENT NO.	INVOICE DATE	INVOICE NO.	GROSS AMOUNT	DISCOUNT NO.	NET AMOUNT
1900015411 16B DEPTH EXTENSION MF-115586A 16B Depth Extension MF-115586A	04/16/20	69	6,666.67		6,666.67
TOTALS			6,666.67		6,666.67

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

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

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS

CHECK NO. 8005000588 ATTACHED BELOW

bpx energy

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

62-20
311

CHECK NO. 8005000588

20708578

04/21/20

PAY TO THE
ORDER OF

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

*****\$6,666.67

NOT VALID AFTER 6 MONTHS

Six thousand six hundred sixty six and 67/100 Dollars

TRACE NUMBER: 2000010422

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

Laura H. Allesh
Authorized Signature

8005000588 62-20 311 20708578



Tanya Curcuruto

Land Negotiator
Permian BU

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

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

April 28, 2020

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

Via FedEx

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

Dear Ms. Draughn:

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

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

Respectfully,

Tanya Curcuruto

Enclosures

File No. MF115586
DRR Bonus Form County
Lease A
Date Filed: 6/5/20
George P. Bush, Commissioner
By SSD



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

June 5, 2020

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

RE: State Lease MF115586 – Relinquishment Act Lease
Deep Rights Retention, Lease A, Reeves County, Texas
80 acres, the southeast portion of the northern 440 acres of Section 12, Block 57,
Township 2, A-4924, T&P RR Co. survey
Wells: State LRP 57-T2-12 #1H, API 42-389-34787, RRC 08-278910
State LRP 57-T2-12 #W103H, API 42-389-36140, RRC 08-285099
State LRP 57-T2-12 #W104H, API 42-389-36151, RRC 08-285118
State LRP 57-T2-12 #W105H, API 42-389-36141, RRC 08-285100
Unit: State LRP 57-T2-12 Unit #7199

Dear Ms. Curcuruto:

The Deep Rights Retention check in the amount of \$6,666.67 for mineral file MF115586, Lease A, has been accepted, and will retain the deep rights until May 24, 2022.

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

Best regards,

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

File No. MF115586
Letter accepting DRK County
Lease A

Date Filed: 6/5/20
George P. Bush, Commissioner
By SSD



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

DEEP RIGHTS RETENTION PAYMENT FORM

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

Mail or Deliver with Attention to: Energy Resources

STATE LEASE # MF 115586		County REEVES	Gross Acres 80	Net Acres 30.22222221	Tract Part (Ex. NW/4) SE PORTION OF NORTHERN 440 AC
Section: 12	Block: 57	Survey: T&P RR CO		Township: 2	Abstract: 4924
Agent for State (Lessor) LAUREN LEAVELL PINKSTON ET AL			Operator BPX OPERATING COMPANY		

FOR EACH WELL, PROVIDE THE FOLLOWING:

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

Contact Tanya Curcuruto	Date June 16, 2020
Land Negotiator	BPX Energy, Inc.
Title +1 281 810 6466	Company 1700 Platte Street, Suite 150
Telephone Number tanya.curcuruto@bpx.com	Mailing Address Denver, Colorado 80202
E-Mail Address	City, State, Zip

Deep Rights Retention Bonus Work-Up
Type of State Lease: (RAL, Fee, Free Royalty) RAL
Total Eligible Acres: 30.22222221
Total Amount Due: \$15,111.11
Check # 8005000662 - 8005000665
<i>If there are undivided interests; there may be multiple checks</i>

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



AGENT FOR STATE (LESSOR)				
(if multiple undivided interests are included; list below)				
Lease MF# & Undivided Interest Alpha #	Name of Agent for State of Texas	Original Bonus to State in \$	Bonus Amount Due One half (½) of Original (based on acres being retained)	Undivided Interest Net Acres
MF115586E	LAUREN LEAVELL PINKSTON	\$4,444.44	\$2,222.22	4.444444444
MF115586C	WILLIAM WYATT LEAVELL III	\$4,444.44	\$2,222.22	4.444444444
MF115586D	JENNIFER BLAKE BROMBERG	\$4,444.44	\$2,222.22	4.444444444
MF115586B	BLAKE OIL & GAS CORPORATION	\$16,888.89	\$8,444.45	16.88888889
Deep Rights Retention Bonus Due to State TOTAL:			\$15,111.11	
Undivided Interest Net Acres TOTAL:				30.22222221

Copy and Complete Additional Sheets as Necessary



WELL INFORMATION

Copy and Complete Additional Sheets as Necessary

<u>WELL NAME & NO.</u> STATE LRP 57-T2-12 1H		<u>API</u> 423893478700	<u>DISTRICT</u> 8	<u>RRC ID</u> 278910	<u>SPUD DATE</u> 3/31/2015	<u>COMPLETION DATE</u> 4/17/2015
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>E/2E/2</u> Section: <u>12</u> Block: <u>57</u> Township: <u>2</u> Survey: <u>T&P RR CO/PETERSON, MRS M</u> Abstract: <u>4829</u>			OIL VERTICAL GAS ☒ HORIZONTAL ☒ FIELD NAME & NUMBER: <u>PHANTOM, 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 160.715	<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 80.375	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 80.34	<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 10,130.09'			
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u> 4,700'	<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> 3/2020	<u>VOLUME</u> 12768 MCF, 2713 BBL	<u>MONTH/YEAR</u> 2/2020	<u>VOLUME</u> 13618 MCF, 4663 BBL	<u>MONTH/YEAR</u> 1/2020	<u>VOLUME</u> 9471 MCF, 2476 BBL

<u>WELL NAME & NO.</u> STATE LRP 57-T2-12 W103H		<u>API</u> 423893614000	<u>DISTRICT</u> 8	<u>RRC ID</u> 285099	<u>SPUD DATE</u> 9/21/2017	<u>COMPLETION DATE</u> 11/1/2017
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>W/2E/2</u> Section: <u>12</u> Block: <u>57</u> Township: <u>2</u> Survey: <u>T&P RR CO/LA SELL, J/GEHLE, F C</u> Abstract: <u>4786</u>			OIL VERTICAL GAS ☒ HORIZONTAL ☒ FIELD NAME & NUMBER: <u>PHANTOM, 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 160.715	<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 160.715	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 0	<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 10,133.69'			
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u> 4,326'	<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> 3/2020	<u>VOLUME</u> 28482 MCF, 2661 BBL	<u>MONTH/YEAR</u> 2/2020	<u>VOLUME</u> 28805 MCF, 8470 BBL	<u>MONTH/YEAR</u> 1/2020	<u>VOLUME</u> 37935 MCF, 5855 BBL



<u>WELL NAME & NO.</u> STATE LRP 57-T2-12 W104H		<u>API</u> 423893615100	<u>DISTRICT</u> 8	<u>RRC ID</u> 285118	<u>SPUD DATE</u> 10/31/2017	<u>COMPLETION DATE</u> 12/13/2017
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>E/2W/2</u> Section: <u>12</u> Block: <u>57</u> Township: <u>2</u> Survey: <u>T&P RR CO/LA SELL, J / GEHLE, F C</u> Abstract: <u>4786</u>			OIL _____ VERTICAL _____ GAS <u>x</u> _____ HORIZONTAL <u>x</u> _____ FIELD NAME & NUMBER: <u>PHANTOM, 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 160.715		<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 150.608	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 10.1075		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 10,134.17'	
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u> 4,294'	<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> 3/2020	<u>VOLUME</u> 33668 MCF, 7929 BBL	<u>MONTH/YEAR</u> 2/2020	<u>VOLUME</u> 21543 MCF, 1585 BBL	<u>MONTH/YEAR</u> 1/2020	<u>VOLUME</u> 37895 MCF, 5332 BBL

<u>WELL NAME & NO.</u> STATE LRP 57-T2-12 W105H		<u>API</u> 423893614100	<u>DISTRICT</u> 8	<u>RRC ID</u> 285100	<u>SPUD DATE</u> 11/5/2017	<u>COMPLETION DATE</u> 11/27/2017
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>W/2W/2</u> Section: <u>12</u> Block: <u>57</u> Township: <u>2</u> Survey: <u>T&P RR CO/PETERSON, MRS M</u> Abstract: <u>4829</u>			OIL _____ VERTICAL _____ GAS <u>x</u> _____ HORIZONTAL <u>x</u> _____ FIELD NAME & NUMBER: <u>PHANTOM, 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 160.715		<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 50.3725	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 110.343		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 10,146.30'	
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u> 4,688'	<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> 3/2020	<u>VOLUME</u> 38607 MCF, 5875 BBL	<u>MONTH/YEAR</u> 2/2020	<u>VOLUME</u> 19997 MCF, 2238 BBL	<u>MONTH/YEAR</u> 1/2020	<u>VOLUME</u> 38872 MCF, 8331 BBL



STATEMENT OF PRODUCTIVITY OF ACREAGE
ASSIGNED TO PRORATION UNITS

Form P-15

Tracking No.: 147213

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

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

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

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

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

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

- CERTIFICATE -

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

Date 12/22/2015 Signature Diann Flowers

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



P-15 STATEMENT OF PRODUCTIVITY OF ACREAGE

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

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

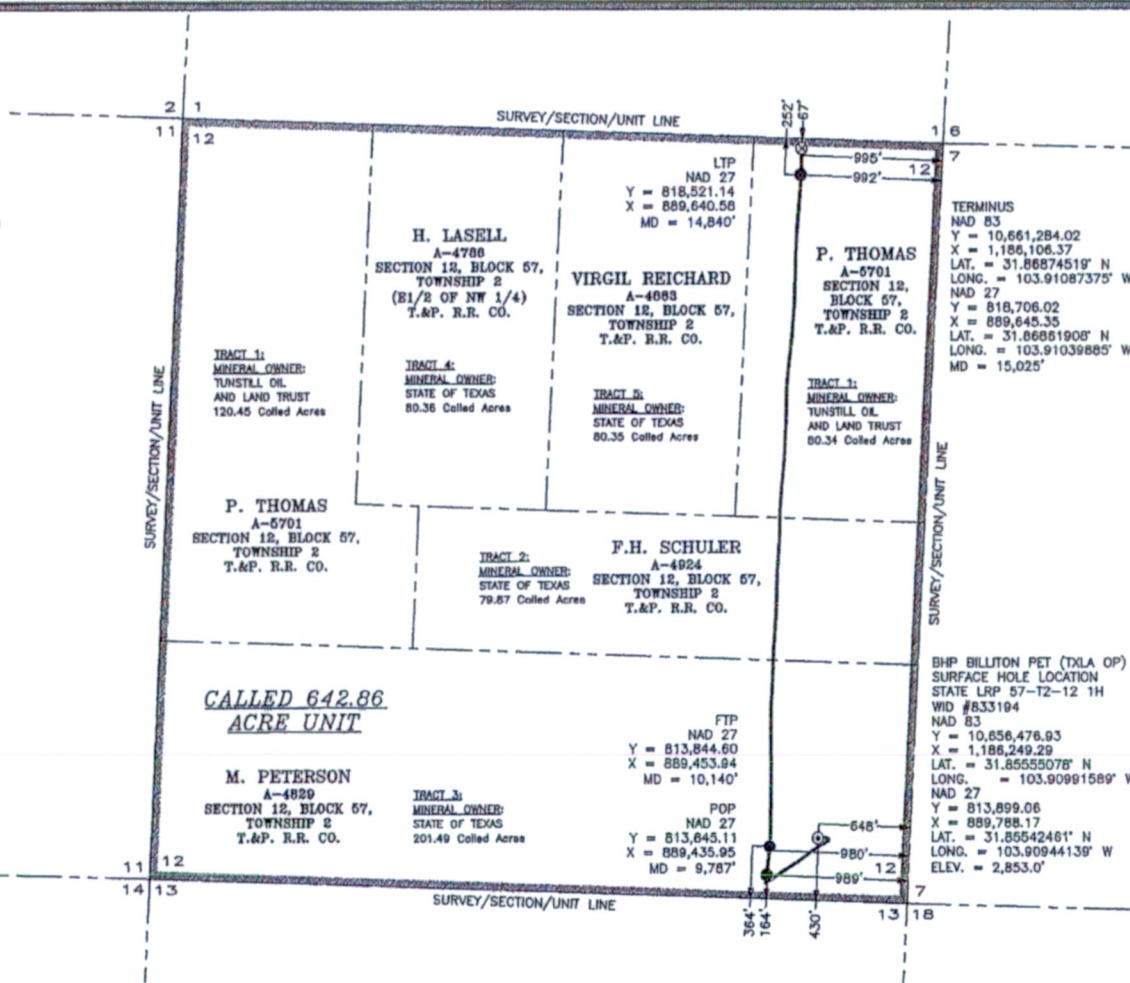
TOTAL ALLOCATED:	642.86
TOTAL AVAILABLE:	0





NAD 83 GRID
TEXAS CENTRAL ZONE

0 500 1000
1" = 1000 FEET



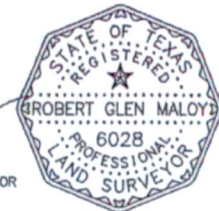
GENERAL NOTES

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

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

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

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



PLAT OF:

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

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



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

FRANK
SURVEYING COMPANY INC

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

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



Acreage Designation

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

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

LEASE, POOLED UNIT, OR GROUP OF TRACTS UTILIZED BY CONTRACT FOR PURPOSES OF SECONDARY RECOVERY					
RRC ID No. or Lease No.	Lease Name	Beginning Lease Acreage	Allocated Lease Acreage	Ending Lease Acreage	Operator Name and Operator No. (If different from filing operator)
		Total Allocated Acreage >			< Total Lease Acreage

Total Allocated Acreage >

< Total Lease Acreage

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

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

[illegible]

A. Total Wells & Acreage >

B. Total Assigned Horiz. Acreage >

C. Total Assigned Vert./Dir. Acreage >

A. Total Wells & Acreage >

B. Total Assigned Horiz. Acreage >

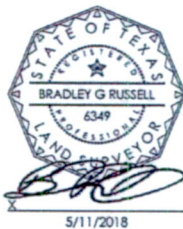
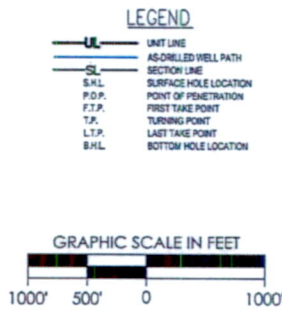
C. Total Assigned Vert./Dir. Acreage >

SECTION VII. REMARKS

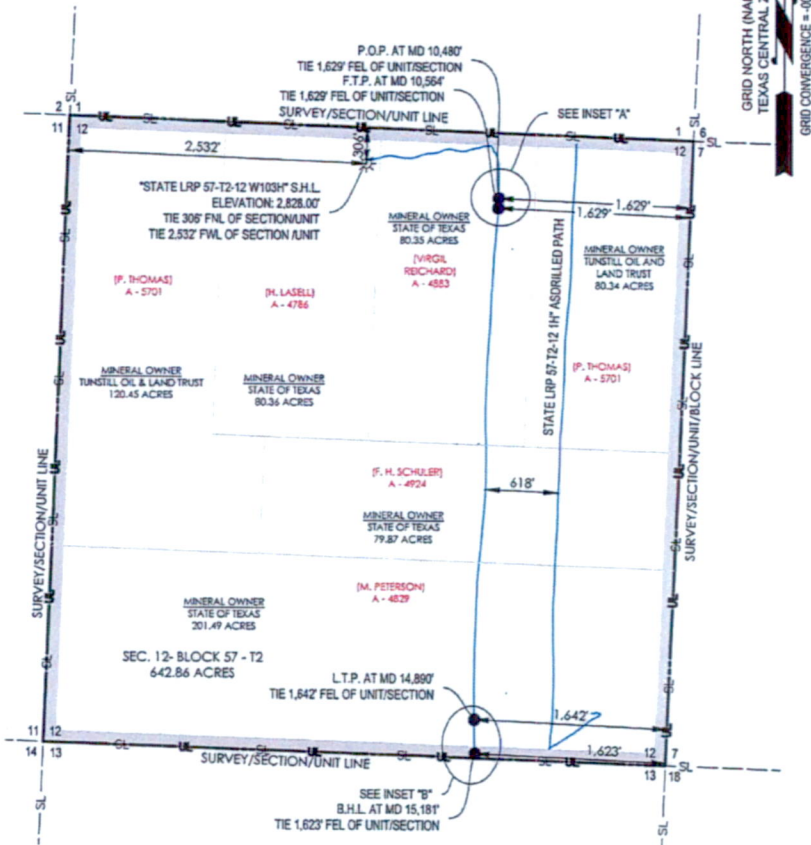
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S.H.L. ELEVATION	
WELL NAME	ELEVATION
STATE LRP 57-T2-12 W103H	2,828.00'

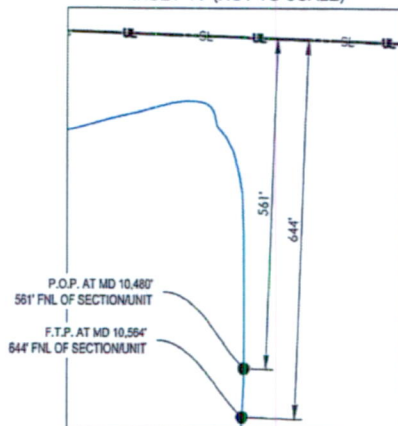
NOTE: S.H.L. APPROXIMATE LOCATION IS N 06°51'50" W,
2.99 MILES FROM ORLA, TEXAS.
S.H.L. LOCATED IN THE H. LASSELL ABSTRACT 4786.
B.H.L. LOCATED IN THE M. PETERSON ABSTRACT 4829.



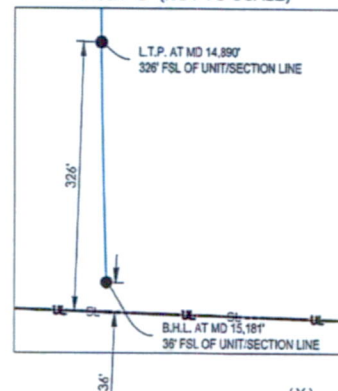
CONTACT INFORMATION:
Brad G. Russell
Crafton Tull
(10193715)
1000 Ledgeview Dr.
Conway, AR 72034



INSET "A" (NOT TO SCALE)



INSET "B" (NOT TO SCALE)



WELL BORE POSITIONS									
REFERENCE	LAT. (NAD 83)	LONG. (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LAT. (NAD 27)	LONG. (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)	
S.H.L.	31.86810157° N	103.91660171° W	10661107.22	1184321.47	31.86797554° N	103.91612718° W	31° 52' 04.712" N	103° 54' 58.058" W	818529.25
P.O.P.	31.86736232° N	103.91293374° W	10660812.68	1185451.33	31.86726627° N	103.91245637° W	31° 52' 02.159" N	103° 54' 44.854" W	818234.72
F.T.P.	31.86716417° N	103.91293613° W	10660729.75	1185447.52	31.86703811° N	103.91246177° W	31° 52' 01.337" N	103° 54' 44.862" W	818151.79
L.T.P.	31.85528517° N	103.91312455° W	10656412.38	1185250.41	31.85515902° N	103.91265052° W	31° 51' 18.572" N	103° 54' 45.542" W	813834.54
B.H.L.	31.85448839° N	103.91307287° W	10656122.15	1185257.12	31.85436223° N	103.91259886° W	31° 51' 15.704" N	103° 54' 45.356" W	813544.32

GENERAL NOTES

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

2. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83. U.S. FEET AS DETERMINED BY GPS OBSERVATION. CAF = 0.999960281.

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

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

RAILROAD COMMISSION OF TEXAS

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

Form P-16

Page 1
Rev. 01/2016

Acreage Designation

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

SECTION II. WELL INFORMATION			Purpose of Filing: ☐ Drilling Permit Application (Form W-1) ☒ Completion Report (Form G-1/W-2)
District No.: 08	County: REEVES		
Well No.: W104H	API No.: 42-389-36151		
Total Lease Acres: 642.86	Drilling Permit No.: 828524		
Lease Name: State LRP 57-T2-12	Lease No.:		
Field Name: Phantom (Wolfcamp)	Field No.: 71052900		

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

SECTION III. LISTING OF ALL WELLS IN THE APPLIED-FOR FIELD ON THE SAME ACREAGE AS THE LEASE, POOLED UNIT, OR UNITIZED TRACT DESIGNATED IN SECTION II ABOVE BY FILER							
RRC ID No. or Lease No.	Well No.	H-Horizontal D-Directional V-Vertical	Lease Name	API No.	Acre Assigned	SWR 38 Except. (Y/N)	Operator Name and Operator No. (if different from filing operator)
DP# 628485	W103H	H	State LRP 57-T2-12	42-389-36140	214.86		
DP# 628524	W104H	H	State LRP 57-T2-12	42-389-36151	214		
DP# 628525	W104H	H	State LRP 57-T2-12	42-389-36141	214		
Total Well Count >	3	642.86	< A. Total Assigned Horiz. Acreage			< C. Total Assigned Acreage	
		0	< Total Remaining Horiz. Acreage		0	< Total Remaining Acreage	
			< B. Total Assigned Vert./Dir. Acreage				
			< Total Remaining Vert./Dir. Acreage				

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

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

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

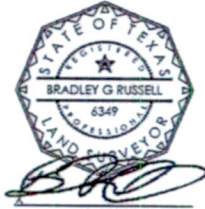
		Clanton, Veronica		Veronica Clanton (Reg Specialist)		veronica.clanton@bhpbilliton.com	
Signature		Name and title (type or print)		Email (include email address only if you affirmatively consent to its public release)			
1550Post Oak Blvd.		Houston, Texas 77056		713		2964759	
Address		City,	State,	Zip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

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

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

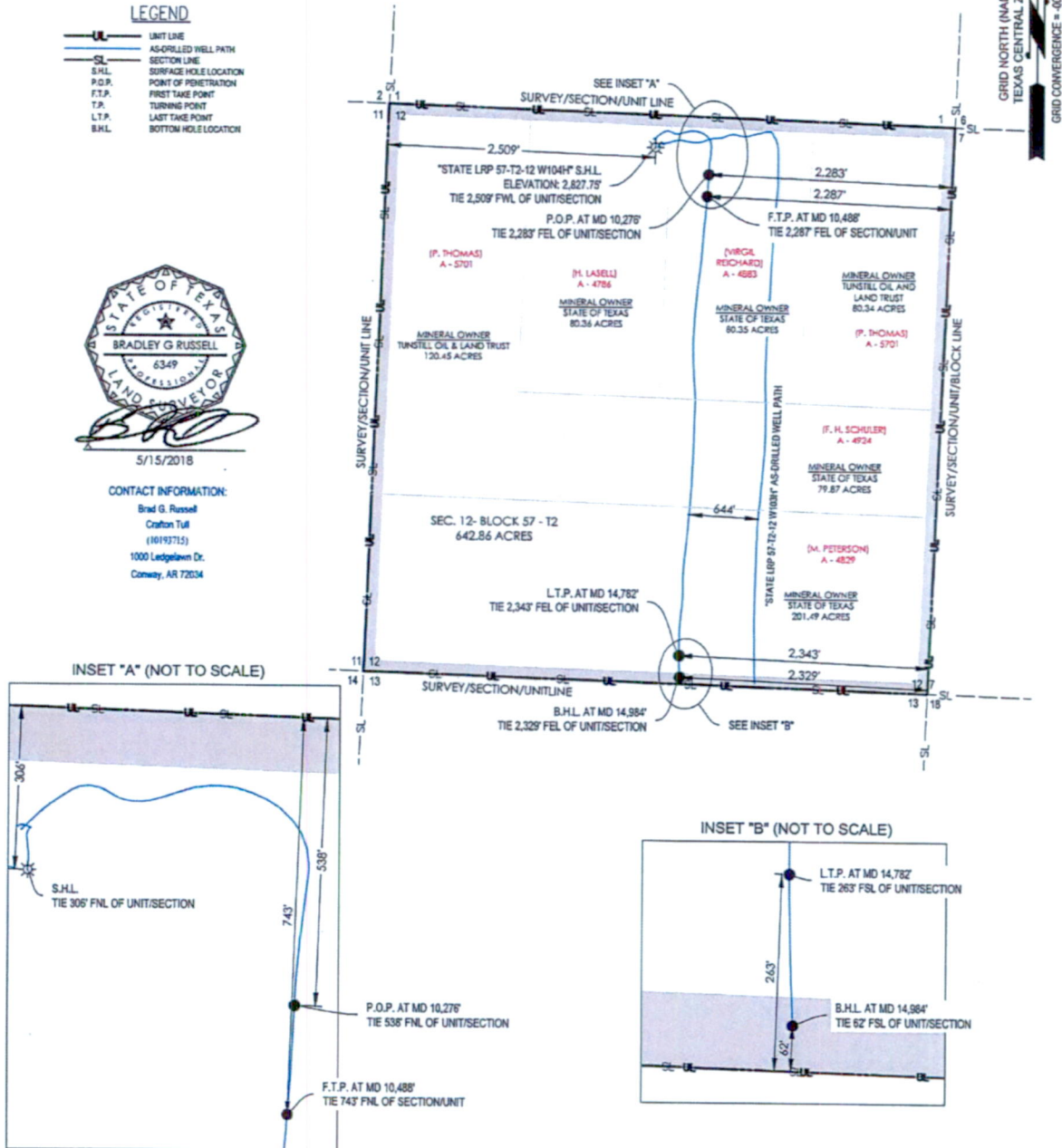
LEGEND

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

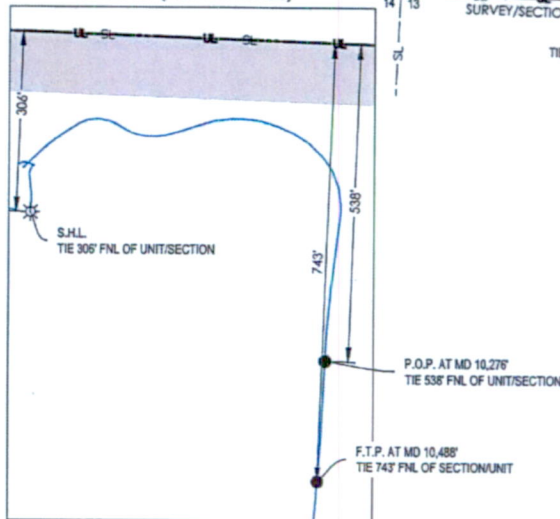


CONTACT INFORMATION:

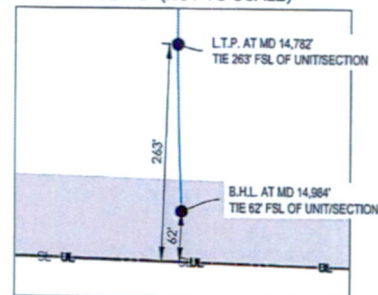
Brad G. Russell
Crafton Tull
(601)937151
1000 Ledgeview Dr.
Conway, AR 72034



INSET "A" (NOT TO SCALE)

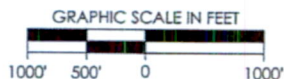


INSET "B" (NOT TO SCALE)



WELL BORE POSITIONS

REFERENCE	LAT. (NAD 83)	LONG. (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LAT. (NAD 27)	LONG. (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)
S.H.L.	31.86810162° N	103.91667427° W	10661107.97	1184298.96	31.86797599° N	103.91619974° W	31° 52' 04.712" N	103° 54' 58.319" W
P.O.P.	31.86745839° N	103.91503987° W	10660857.75	1184798.57	31.86733235° N	103.91456642° W	31° 52' 02.396" N	103° 54' 52.436" W
F.T.P.	31.86689515° N	103.91505819° W	10660653.14	1184796.32	31.86676911° N	103.91456366° W	31° 52' 00.369" N	103° 54' 52.501" W
L.T.P.	31.85511304° N	103.91538484° W	10656372.40	1184546.94	31.85498694° N	103.91491072° W	31° 51' 17.853" N	103° 54' 53.679" W
B.H.L.	31.85455884° N	103.91534874° W	10656170.51	1184552.27	31.85443274° N	103.91487263° W	31° 51' 15.958" N	103° 54' 53.541" W



GENERAL NOTES

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

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

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

REVISION		BHP BHP BILLITON PET (TXLA OP) CO	
1	PRELIMINARY PLAT 12/21/17	STATE LRP 57-T2-12 W104H (MWN 834335)	
2	FINAL PLAT 3/22/18	S.H.L. LOCATED IN THE H. LASELL ABSTRACT 4786. B.H.L. LOCATED IN THE M. PETERSON ABSTRACT 4829.	
3	POP MOVED 5/15/18	REEVES COUNTY, TEXAS	
		FINAL AS-DRILLED PLAT	
		SCALE: 1" = 1000'	APPROVED BY: L.D.W.
		PLOT DATE: 05/15/2018	SHEET NO.: 1 OF 1

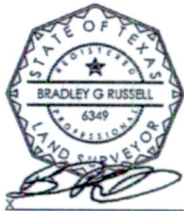


1000 Ledgeview Dr.
Conway, Arkansas 72034

501.328.3316 | 501.328.3325 f
www.craftontull.com

LEGEND

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



5/15/2018

CONTACT INFORMATION:

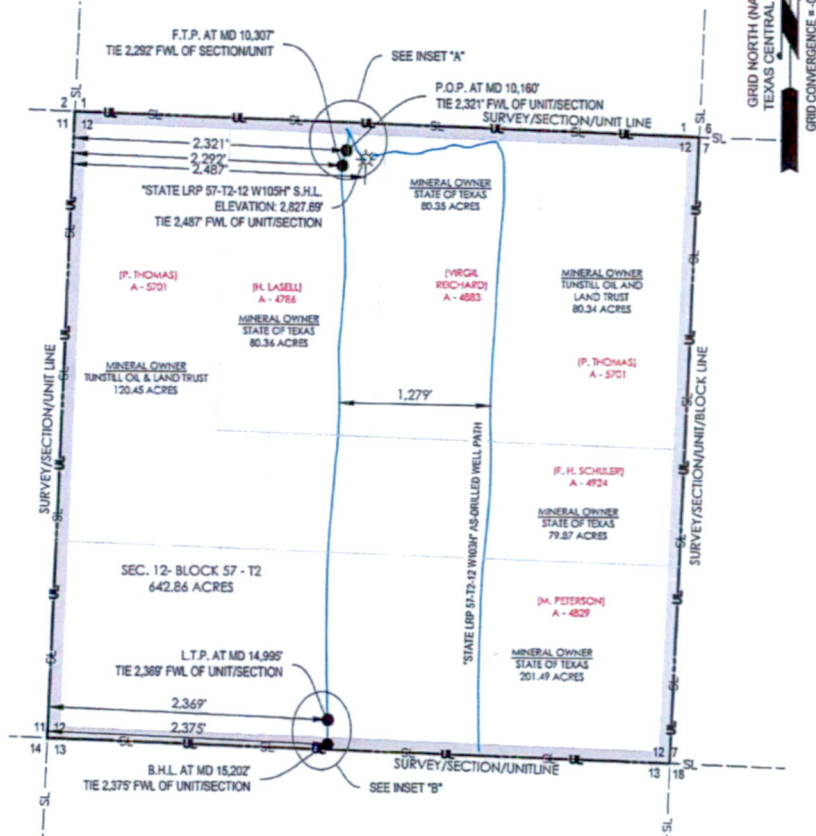
Brad G. Russell
Crafton Tull
(1019)715
1000 Ledgeview Dr.
Conway, AR 72034

REEVES COUNTY, TEXAS

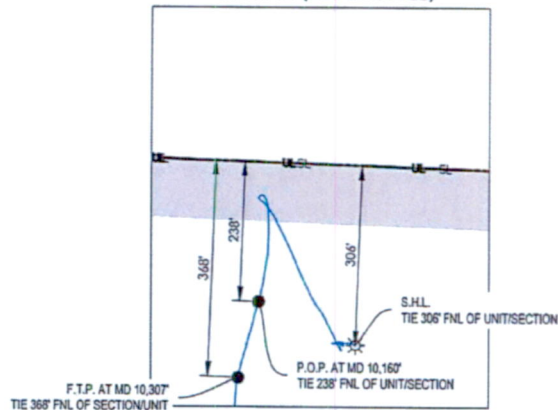
S.H.L. ELEVATION

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

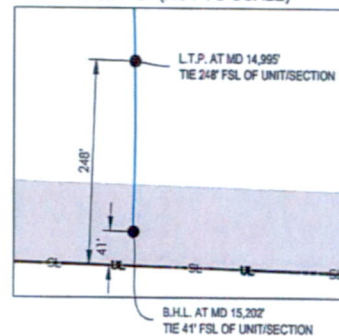
NOTE: S.H.L. APPROXIMATE LOCATION IS N 06°51'50" W,
2.99 MILES FROM ORLA, TEXAS.
S.H.L. LOCATED IN THE H. LASELL ABSTRACT 4786.
B.H.L. LOCATED IN THE M. PETERSON ABSTRACT 4829.



INSET "A" (NOT TO SCALE)



INSET "B" (NOT TO SCALE)



WELL BORE POSITIONS

REFERENCE	LAT. (NAD 83)	LONG. (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LAT. (NAD 27)	LONG. (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)
S.H.L.	31.86810208° N	103.91674631° W	10961108.86	1184276.61	31.86797605° N	103.91627177° W	103° 54' 58.578" N	887815.43
P.O.P.	31.86828947° N	103.91728100° W	10961182.34	1184112.89	31.86816344° N	103.91680643° W	103° 55' 00.503" N	887661.72
F.T.P.	31.86793298° N	103.91737760° W	10961053.88	1184078.74	31.86780695° N	103.91690304° W	103° 55' 00.851" N	887617.56
L.T.P.	31.85507210° N	103.91724416° W	10956376.10	1183969.44	31.85494601° N	103.91676696° W	103° 55' 00.372" N	887508.17
B.H.L.	31.85450336° N	103.91722822° W	10956189.15	1183967.72	31.85437727° N	103.91675404° W	103° 55' 00.315" N	887506.45

GENERAL NOTES

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

2. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS OBSERVATION, CAF = 0.99960725.

3. ACRES SHOWN HEREON BASED ON EXISTING STATE LRP 57-T2-12 1H PERMIT PLAT FILED WITH THE RRC ON FEBRUARY 26, 2018.

REVISION

1	PRELIMINARY PLAT 12/9/17
2	FINAL PLAT 5/15/2018

BHP

BHP BILLITON PET (TXLA OP) CO

STATE LRP 57-T2-12 W105H (MWN 834338)
S.H.L. LOCATED IN THE H. LASELL ABSTRACT 4786. B.H.L. LOCATED IN THE M. PETERSON ABSTRACT 4829.
REEVES COUNTY, TEXAS
FINAL AS-DRILLED PLAT

SCALE: 1" = 1000'

PLOT DATE: 05/15/2018

CHECKED BY: FRANS

DRAWN BY: MJN

APPROVED BY: LDOW

SHEET NO.: 1 OF 1

G:\852-7 (WELL PADS)\85275V0585_STATE_LRP_57-T2-12_PAD_B\STATE LRP 57-T2-12 PAD_B_WPP_PLATS.DWG 5/15/2018 8:26:30 AM MN1377



Tanya Curcuruto

Land Negotiator
Permian BU

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

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

June 17, 2020

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

Via FedEx & Email

Re: July 2020 Deep Rights Retention Payments
State LRP 57-T2-12 Unit (MF# 115586B, C, D & E)

Dear Ms. Draughn:

Enclosed please find deep rights retention payments due July 2020 for the captioned Mineral Files and accompanying Deep Rights Retention Payment Form.

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

Respectfully,

Tanya Curcuruto

Enclosures

bpx energy

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

010201 PAGE 1 OF 1

06/12/20

X01LH

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

VENDOR NUMBER: 0069000250

TRACE NUMBER: 2000013480

DOCUMENT NO.	INVOICE DATE	INVOICE NO.	GROSS AMOUNT	DISCOUNT NO.	NET AMOUNT
1900019873 MF115586B QLS 2006775005 16B D MF115586B QLS 2006775005 16B DEPTH EXTENSION PAY	06/09/20	13	8,444.45		8,444.45
			20709950		121
TOTALS			8,444.45		8,444.45

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

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

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS

CHECK NO. 8005000664 ATTACHED BELOW

bpx energy

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

62-20
311

CHECK NO. 8005000664

06/12/20

PAY TO THE
ORDER OF

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

20709950

*****\$8,444.45

NOT VALID AFTER 6 MONTHS

Eight thousand four hundred forty four and 45/100 Dollars

TRACE NUMBER: 2000013480

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

Laura H. Allesh
Authorized Signature

8005000664

bpx energy

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

6.10.20

PAGE 1 OF 1

06/12/20

-X01LH

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

VENDOR NUMBER: 0069000250

TRACE NUMBER: 2000013479

DOCUMENT NO.	INVOICE DATE	INVOICE NO.	GROSS AMOUNT	DISCOUNT NO.	NET AMOUNT
1900019323	06/09/20	17	2,222.22		2,222.22
MF115586C QLS 2006775003 16B D					
MF115586C QLS 2006775003 16B DEPTH EXTENSION PAY					
			20709951		121
TOTALS			2,222.22		2,222.22

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

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

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS

CHECK NO. 8005000663 ATTACHED BELOW

bpx energy

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

62-20
311

CHECK NO. 8005000663

06/12/20

20709951

PAY TO THE
ORDER OF

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

*****\$2,222.22

NOT VALID AFTER 6 MONTHS

Two thousand two hundred twenty two and 22/100 Dollars

TRACE NUMBER: 2000013479

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

Laura H. Allesh
Authorized Signature

800 5000663

bpx energy

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



PAGE 1 OF 1

06/12/20

X01LH

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

VENDOR NUMBER: 0069000250

TRACE NUMBER: 2000013481

DOCUMENT NO.	INVOICE DATE	INVOICE NO.	GROSS AMOUNT	DISCOUNT NO.	NET AMOUNT
1900019875	06/09/20	15	2,222.22		2,222.22
MF115586D QLS 2006775004 16B D					
MF115586D QLS 2006775004 16B DEPTH EXTENSION PAY					
TOTALS			2,222.22		2,222.22

20709952

121

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

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

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS

CHECK NO. 8005000665 ATTACHED BELOW

bpx energy

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

62-20
311

CHECK NO. 8005000665

06/12/20

PAY TO THE
ORDER OF

20709952

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

*****\$2,222.22

NOT VALID AFTER 6 MONTHS

Two thousand two hundred twenty two and 22/100 Dollars

TRACE NUMBER: 2000013481

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

Authorized Signature

800 5000665

bpx energy

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

01020

PAGE 1 OF 1

06/12/20

X01LH

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

VENDOR NUMBER: 0069000250

TRACE NUMBER: 2000013478

DOCUMENT NO.	INVOICE DATE	INVOICE NO.	GROSS AMOUNT	DISCOUNT NO.	NET AMOUNT
1900019322	06/09/20	11	2,222.22		2,222.22
MF115586E QLS 2006775002 16B D					
MF115586E QLS 2006775002 16B DEPTH EXTENSION PAY					
TOTALS			2,222.22		2,222.22

20709953

121

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

IN ORDER TO AFFECT TIMELY INVOICE PAYMENT PLEASE PLACE
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*** YOUR VENDOR NUMBER IS 0069000250

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS

CHECK NO. 8005000662 ATTACHED BELOW

bpx energy

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

62-20
311

CHECK NO. 8005000662

06/12/20

PAY TO THE
ORDER OF

20709953

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

*****\$2,222.22

NOT VALID AFTER 6 MONTHS

Two thousand two hundred twenty two and 22/100 Dollars

TRACE NUMBER: 2000013478

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

Laura H. Allesh
Authorized Signature

800 500066 2

13.

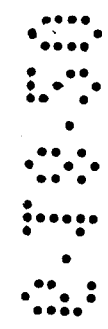
File No. MF115586

DRR Form + Bonuses County

Date Filed: 9/24/20

George P. Bush, Commissioner

By SSD



0.70.30



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

September 24, 2020

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

RE: State Lease MF115586 – Relinquishment Act Lease
Deep Rights Retention, Lease A, Reeves County, Texas
80 acres, the southeast portion of the northern 440 acres of Section 12, Block 57,
Township 2, A-4924, T&P RR Co. survey
Wells: State LRP 57-T2-12 #1H, API 42-389-34787, RRC 08-278910
State LRP 57-T2-12 #W103H, API 42-389-36140, RRC 08-285099
State LRP 57-T2-12 #W104H, API 42-389-36151, RRC 08-285118
State LRP 57-T2-12 #W105H, API 42-389-36141, RRC 08-285100
Unit: State LRP 57-T2-12 Unit #7199

Dear Ms. Curcuruto:

The Deep Rights Retention checks in the total amount of \$15,111.11 for mineral file MF115586, Leases B, C, D, and E, has been accepted, and will retain the deep rights until July 18, 2022 and as described in the State LRP 57-T2-12, Unit #7199 agreement.

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

Best regards,

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

File No. MF 1155810
Letter accepting County
DRR - Leases B, C, D, & E
Date Filed: 9/24/20
George P. Bush, Commissioner
By SSD