

MF115920

NUML 8161

DRR good to 10/7/22

#13644

Lease Type
RAL

Control
07-108710

Basefile
091352

County
REEVES

Survey

T & P Ry Co

Block

56

Block Name

Township

2-S

Section/Tract

32

Land Part

Part N/2

Acres

Net: 12.000000 Gross: 240.000000

Depth Below

Depth Above Depth Other

Name

COLE, STEPHEN C.

Lease Date

10/7/2013

Primary Term

5 years

Bonus

\$12,000.00

Lease Royalty

0.12500000

Paid Up

No

Leasing:

Maps:

GIS:

Scanlab:



CAUTION

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

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

Thank you for your assistance.

Archives and Records Staff



Contents of Mineral File Number: 115920

- 1 ~~RRR~~ RAL Review Sheet 7/26/15
- 2 Lease 10/18/13
- 3 Confirmation 10/18/13
- 4 Final Letter 2/3/14
- 5 Map of Lease 7/31/14
8/1/14
- ~~6. Memo Re: Wells & Leases Sec. 28~~
Scanned sm 11/25/14
6. Assignment from Stephen C. Cole to BHP 12-3-13
7. Memo re: Mapping 10/29/2015
Scanned PJ 12-9-15
- See MF 115668 #20 NUML 8161 9/1/16
Scanned PJ 12-2-16
8. DRR Bonus + Form 9/30/20
9. Letter accepting DRR 9/30/20
Scanned VG 10-8-20
- (see MF 115668 #62 for Pooling Agreement)
#13644 Enterprise State 56-2-32-29
Scanned JP 1-06-2025

RAL REVIEW SHEET

Transaction # 7843
 Lessor: Gretchen Northrup & Others
 Lessee: Stephen C. Cole

Geologist:
 Lease Date: 7/17/2013 ☒ **UL**
 Gross Acres: 1920
 Net Acres: 960

LEASE DESCRIPTION

County	PIN#	Base File No	Part	Sec.	Block	Twp	Survey	Abst#
REEVES	[REDACTED]	91352	All	32	56	02S	T & P RY CO	2213
REEVES	[REDACTED]	95002	All	34	56	02S	T & P RY CO	2216
REEVES	[REDACTED]	91353	All	28	56	02S	T & P RY CO	2214

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
MF110696	Pinnacle Land Services, Inc.	1/28/2010	3 years	\$500.00	\$1.00	1/4	Last Lease
Pending	Petrohawk prop.	6-18-13	3 Yrs	\$2000.00	\$1.00	1/4	1 Mile South

Comments: Paid up 2nd & 3rd yr / 4th yr \$2000.00 per acre pays up 5th year. See attached for lease description and depth restrictions.

Approved: 1 R 7.26.13

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: 26-Jul-13

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

Applicant: Stephen C. Cole

County: REEVES

Prim. Term: 5 years

Bonus/Acre

\$2,000.00

Royalty: 1/4

Rental/Acre

\$0.00

Consideration

Recommended: RJW

Date: 7/30/13

Not Recommended: _____

Comments: Paid up 2nd & 3rd yr / 4th yr \$2000.00 per acre pays up 5th year. See attached for lease description and depth restrictions.

Lease Form

Recommended: RJW

Date: 7/30/13

Not Recommended: _____

Comments:

Louis Renaud, Deputy Commissioner

Date: 7.30.13

Recommended: CLR

Not Recommended: _____

Bill Warnick, General Counsel

Date: 9/5/13

Recommended: JWT

Not Recommended: _____

Larry Laine, Chief Clerk

Date: 9/10/13

Approved: RL

Not Approved: _____

Jerry Patterson, Commissioner

Date: 9/11/13

Approved: Jerry E. Patterson

Not Approved: _____

File No. 115920

RAL Review Sheet

Date Filed: 7/26/13

Jerry E. Patterson, Commissioner

By GH

MF 115920

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 7th day of October, 2013, between the State of Texas, acting

by and through its agent, DCP MIDSTREAM, LP, a Delaware limited partnership

of 10 Desta Drive, Suite 400, Midland, Texas 79705

(Give Permanent Address)

said agent herein referred to as the owner of the soil (whether one or more), and Stephen C. Cole

of P.O. Box 1506, Midland, Texas 79702

hereinafter called Lessee.

(Give Permanent Address)

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

240 acres, more or less, out of the N/2 of Section 32, Block 56, Township 2, T&P RR Co. Survey of Reeves County, Texas, being the same lands described in Special Warranty Deed dated January 15, 2013 from Sunshine Cottage School for Deaf Children as Grantor to DCP Midstream, LP as Grantee recorded in Volume 984, Page 62 and rerecorded in Volume 988, Page 140 OPR of Reeves County, Texas,.

Containing 240.00 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Twelve thousand dollars and no/100--

Dollars (\$ 12,000.00)

To the owner of the soil: Twelve thousand dollars and no/100--

Dollars (\$ 12,000.00)

Total bonus consideration: Twenty four thousand dollars and no/100

Dollars (\$ 24,000.00)

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

Dollars (\$ 2,000.00) per acre, on 12.00 net acres.

2. TERM. Subject to the other provisions in this lease, this lease shall be for a term of five (5) years from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land. As used in this lease, the term "produced in paying quantities" means that the receipts from the sale or other authorized commercial use of the substance(s) covered exceed out of pocket operational expenses for the six months last past.

3. DELAY RENTALS. This is a paid-up Lease for the first three (3) years with a provision for rental payment for the fourth (4th) and fifth (5th) years of the Primary Term as provided in Addendum paragraph 41 hereof. 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 **DIRECT TO LESSOR**

Bank, at **ADDRESS SHOWN ABOVE**

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

To the State of Texas: N/A

(SEE RESTATED PARAGRAPH 3 IN ADDENDUM)

Total Delay Rental: N/A

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

completion or abandonment of any well or wells, Lessee shall fill and level all slush pits and cellars and completely clean up the drilling site of all rubbish thereon. Lessee shall, while conducting operations on the leased premises, keep said premises free of all rubbish, cans, bottles, paper cups or garbage, and upon completion of operations shall restore the surface of the land to as near its original condition and contours as is practicable. Tanks and equipment will be kept painted and presentable.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

40. CONTINUOUS DEVELOPMENT. After the expiration of the primary term, and notwithstanding Paragraphs 16 (A) and 16 (B) above and any other provision in this lease to the contrary, no portion of this lease will terminate if Lessee continues to drill a well (or wells) anywhere on the leased premises with no more than 180 days elapsing between the release of the drilling rig on one well and the commencement of actual drilling operations on a subsequent well (hereinafter referred to as "continuous drilling"). Upon the cessation of continuous drilling this lease shall terminate in accordance with the other relevant provisions herein. If, however, Lessee has filed with the Texas Railroad Commission, no later than 60 days prior to the expiration of the said 180 day period, all requisite applications to drill the next well in the continuous drilling program, and Lessee is unable to proceed with drilling pending authorization by the Texas Railroad Commission, then Lessee shall be allowed such additional time as may be reasonably necessary to obtain the authorization and thereafter spud the subsequent well.

41. DELAY RENTALS. Notwithstanding any provision to the contrary in Paragraph 3 of this lease, the rentals for this lease have been PAIDUP 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 hereof by tendering a payment of Two Thousand and 00/100 Dollars (\$2,000.00) per net acre, divided equally between the State of Texas and the Lessor-Agent, prior to August 14, 2016, as to any acreage covered hereby and not otherwise being maintained by any other provision herein at such time.

42. It is understood and agreed that Lessee, its successor or assigns, shall pay actual damages to Owner of the Soil and/or Surface Lessee for any damage done to crops, pasture land, timber, fences, water wells, buildings, roads, culverts or other improvements as well as livestock owned by the Owner of the Soil and/or Surface Lessee located on the lease premises, resulting from their use by Lessee in connection with geophysical exploration thereof, or other mineral development thereon, by Lessee, its successors or assigns. Upon the cessation of drilling at each well location, the abandonment of said lease or surrender thereof, Lessee, its successor or assigns, shall then level all drilling pits and other excavations and shall pay for and repair all damage done, or cause to be done, to buildings, fences, roads, culverts, turf, water wells and/or other improvements and to restore same as near to their original condition as is reasonably practical within 90 days after the cessation of activity. No drilling mud shall be spread on surface lands of Owner of the Soil without express written consent of Owner of the Soil. Guidelines or parameters for any surface damage payments shall be agreed on in advance, and in writing, by Owner of the Soil and Lessee.

43. The water usage rights granted under this lease are only for the drilling, completion, re-working and/or re-completion of oil or gas wells on the leased premises pursuant to this lease. Water produced under this lease may not be used for any purpose off the leased premises. Water may only be brought onto the leased premises from another location if no water wells are able to produce from the leased premises. Water supplied from the leased premises may only come from new water wells drilled by Lessee on the leased premises. Any water produced from new water wells will be purchased from the Owner of the Soil at same rate and terms provided in the most current University of Texas Lands Rate and Damage Schedule available at the time of purchase, and if there is no such schedule, or substantially similar schedule of rates exists at the time, then in an amount agreed to by the parties at that time. Any water well which Lessee drills shall be cased from top to bottom; the surface pipe shall be enclosed in concrete either two feet square or two feet in diameter in the form of a circle with sufficient length of the pipe protruding above the enclosure to facilitate installation of connections or well equipment. On termination of Lessee's operations, the use of a well will be immediately terminated and the well shall be plugged and all related equipment will be removed at no cost to Owner of the Soil.

44. All operations of Lessee shall be conducted so as to minimize the amount of surface land used or damaged by Lessee and Lessee agrees to construct not more than one road to each location on the leased premises and to confine all travel incident to the drilling and production of such well to the single road. All roads constructed by Lessee shall be of good quality and suitable for all-weather use. The routes for all roads, only if not approximately parallel with or perpendicular to a boundary line of either the section or the leased premises, shall be mutually agreed upon between Owner of the Soil and Lessee before the commencement of any road construction, but Lessor's agreement shall not be unreasonably withheld. Lessee agrees to maintain all roads used by Lessee on the leased premises in good condition and repair during the period of Lessee's operations on the lease premises. The surface owner shall have the right to use all roads on the leased premises.

45. It is understood and agreed that this lease does not cover or include any right or privilege of hunting with firearms and/or with dogs or otherwise on the leased premises or fishing on the leased premises, unless otherwise agreed to in writing with owners of said rights; all such hunting and fishing rights being expressly reserved, and Lessee agrees that none of the Lessee's officers, agents employees or representatives will bring any dogs and/or firearms upon the leased premises, and that any one so doing shall be trespassers and subject to prosecution as such.

46. Prior to erecting new storage tanks, pipelines compressor stations or other usual facilities required by Lessee for producing oil and gas and operating this lease, Lessee shall advise Owner of the Soil of Lessee's intention. Owner of the Soil must be advised in writing of the proposed location of the facility at least 30 days prior to the onset of construction.

47. Lessee, prior to the construction of any new road or the cutting, altering and removal of any existing fence on the leased premises, or the cutting or removal of any tree on the leased premises, shall notify Owner of the Soil of such intention. If Owner of the Soil can provide valid, reasonable rationale for retaining unusually valuable specimen trees or trees that add meaningful value to the land then Lessee will abide by such wishes as fully as possible. Lessee shall dispose of all brush, trees, trash and debris away from the property. Under no circumstances will trash, garbage or debris be buried or dumped on the property or adjacent lands of Owner of the Soil. Brush and trees may be buried or burned on the property only with written permission from owner or his representative.

48. Intentionally deleted.

49. Each drill site location shall be constructed so as to result in the least interference with surface usage as reasonably practicable under the circumstances. All pits shall be constructed and lined so as not to pollute the adjoining land at the request of Owner of the Soil. Lessee shall take all reasonable precautions necessary to prevent land, air and water pollution, including pollution to all underground fresh water zones. Lessee shall collect all trash which accumulates in connection with his operations and remove such trash from the Leased Premises. Lessee shall take all reasonable precautions to prevent blowouts from occurring on the Leased Premises. Lessee shall utilize only such area around each producing well as is reasonably necessary for such purposes, and Lessee shall restore the remainder of such drill site to as near to its original condition as is reasonably

practical within a reasonable time after the completion of operations on each drill site where no producing well is located, Lessee shall clear the location, remove all equipment placed upon the drill site by the Lessee, clean out and back fill all pits, and return the surface of the drill site to its original condition as nearly as possible. Lessee shall construct and maintain gates at all places where any roads used by Lessee cross through fences on the Leased Premises, and Lessee shall keep such gates locked when not actually passing through such gates. Upon termination of Lessee's operations on the Leased Premises, Lessee shall restore the surface of all lands utilized by Lessee, and not theretofore restored, to their original condition as nearly as possible. Within six (6) months after the termination of this Lease, Lessee shall remove any and all property placed by Lessee on the Leased Premises or Owner of the Soil shall cause same to be removed at Lessee's expense.

50. Lessee is to comply with all Federal and State regulations.

51. Lessee agrees to pay for damages resulting from any operations after initial construction/drilling is completed. Lessee shall pay market value for any and all livestock lost as a result of lessee's operations under this lease.

52. All pipelines are to be buried 36 inches below the ground, which will be from the top of the pipe to the surface of the ground. Only crude oil, natural gas and natural gas liquids (no refined products) will be allowed to be transported through any pipelines located on the property.

53. Lessee shall not conduct any operations within three hundred (300) feet of any homestead, living quarters or livestock watering facilities without express consent of Owner of the Soil.

54. Lessee hereby acknowledges that if the leased premises are subject to a Crop Reserve Program. Lessee agrees to compensate Owner of the Soil fully and completely for any penalty or other loss of subsidy or income that Owner of the Soil would otherwise receive in the absence of Lessee's activities or those of Lessee's employees, agents, servants, contractors, licensees or permittees on the leased premises.

55. It is understood and agreed that any surface damages paid under the terms of this lease shall be divided and paid one-half (1/2) to the State of Texas and one-half (1/2) to the Owner of the Soil.

56. Lessee's right to the use of the surface of the Leasehold Estate is non-exclusive. Without limiting the generality of the foregoing, the Owner of the Soil may use, or permit third parties to use, the Leasehold Estate for the surface location of wells bottomed or with their terminus on other lands so long as such wells do not violate applicable spacing regulations and are not perforated in or otherwise open to producing formations directly under the Leasehold Estate. The Owner of the Soil shall have the right, as between the Owner of the Soil and Lessee, to allow third parties to conduct geophysical operations on the Leasehold Estate which do not interfere with or otherwise hinder Lessee's operations hereunder, but Lessee may unilaterally allow third parties to conduct geophysical operations on the Leasehold Estate for or on behalf of Lessee.

57. **Restricted Area.** Lessee shall not occupy or use for any purpose (including but not limited to drilling a well for oil, gas, water or other substance, constructing any structure, road, pipeline, gathering line or other improvement) or otherwise interfere in any way with the owner of the soil's occupancy and use of the surface or subsurface above the depth of thirty feet (30') of its two hundred feet (200') wide easement described on the plat marked Exhibit "A" attached hereto and made a part hereof for all purposes, without Lessors consent.

ACKNOWLEDGMENTS ON FOLLOWING PAGE

LESSEE

BY: [Signature]

Title: Stephen C. Cole

Date: 10-14-2013

LESSOR - STATE OF TEXAS

DCP MIDSTREAM, LP, a Delaware limited partnership

Agent for State of Texas

BY: Kelley Michael

ITS: Attorney In Fact

Date: 10-14-2013

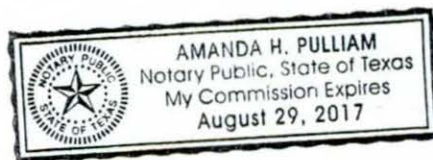
STATE OF TEXAS

COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared Kelley Michael known to me to be the person whose name is subscribed to the foregoing instrument as Attorney-In-Fact of DCP MIDSTREAM, LP, a Delaware limited partnership and acknowledged to me that she executed the same for the purposes and consideration therein expressed, in the capacity stated.

Given under my hand and seal of office this the 14 day of October, 2013.

Amanda H. Pulliam
midland
Notary Public in and for Bexar County, Texas



STATE OF TEXAS

COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared Stephen C. Cole 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.

Given under my hand and seal of office this the 14 day of October, 2013.

Amanda H. Pulliam
Notary Public in and for Bexar County, Texas

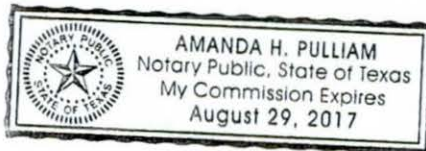


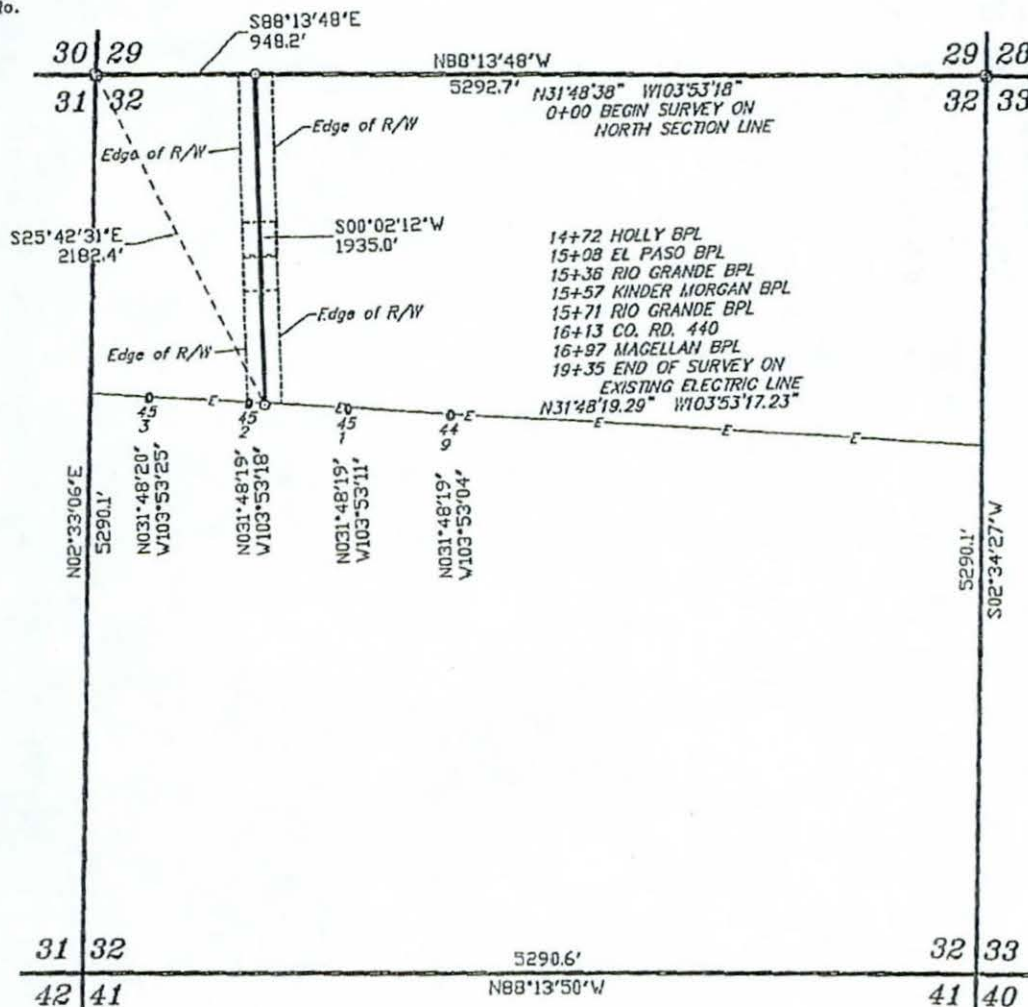
EXHIBIT "A"

SHEET No. 1 OF 1
DATE: 02/27/2012

NATURE OF WORK
SURVEY ELECTRIC LINE RIGHT OF WAY TO CONNECT
FROM EXISTING ELECTRIC LINE

LINE No. _____

DISTRICT WEST PERMIAN PLANT OR STATION ORLA JOB OR AFE No. 121030S01
SECTION 32 TOWNSHIP 2 BLOCK 56 SURVEY T&P RR COUNTY REEVES STATE TX
STUDY No. F478



SCALE: 1" = 1000'

LEGAL DESCRIPTION

A STRIP OF LAND 200.0 FEET WIDE, LOCATED IN SECTION 32, TOWNSHIP 2, BLOCK 56, REEVES COUNTY, TEXAS AND BEING 100.0 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

BEGINNING AT A POINT ON THE NORTH SECTION LINE WHICH LIES S.88°13'48"E., 948.2 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 32; THENCE S.00°02'12"W., 1935.0 FEET TO THE END OF THIS LINE WHICH LIES S.25°42'31"E., 2182.4 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 32. SAID STRIP OF LAND BEING 1935.0 FEET AND 117.27 RODS IN LENGTH.

NOTE: NO STRUCTURES WITHIN 700' OF THIS PIPELINE

SIGNED _____

GROUP OR
CORP. STAFF COMMERCIAL

I HEREBY CERTIFY THAT THIS SURVEY WAS PREPARED FROM FIELD NOTES OF A LAND SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AND RECORDS IN THIS STATE.

GARY L. JONES

No. 7977
No. 5074

PTRE&C No.:

BASIN SURVEYS

P.O. BOX 1786 - HOBBS, NEW MEXICO
W.O. Number: 26301 KJG - 26301 TRACT



File No. 115920

Lease

Date Filed: 10/18/13

Jerry E. Patterson, Commissioner

By C-1+

Inet No. 13-07553
DIANNE O. FLOREZ
COUNTY CLERK

2013 Oct 15 11:01:51 PM

DEWES COUNTY TEXAS

BY: Amelia Garcia DEPUTY

10/18/13

1234567890

121

CASH ONLY IF ALL CheckLock™ SECURITY FEATURES LISTED ON BACK INDICATE NO TAMPERING OR COPIING

14702476

34451

Stephen C. Cole 08/81
BUSINESS ACCOUNT
P.O. BOX 1506
MIDLAND, TEXAS 79702
432.687.1234

WESTERN NATIONAL BANK
P.O. Box 61250
Midland, Texas 79702

10/14/2013

PAY TO THE ORDER OF The State Of Texas

\$ 12,000.00

Twelve Thousand and 00/100

DOLLARS



The State Of Texas

▲ TAMPER RESISTANT TONER AREA ▲

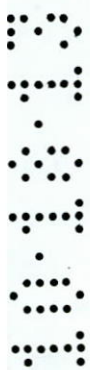


[Handwritten signature]

MEMO

⑈034451⑈

[Redacted MICR line]



121

CASH ONLY IF ALL CheckLock™ SECURITY FEATURES LISTED ON BACK INDICATE NO TAMPERING OR COPYING

Stephen C. Cole 08/81
BUSINESS ACCOUNT
P.O. BOX 1506
MIDLAND, TEXAS 79702
432.687.1234

WESTERN NATIONAL BANK
P.O. Box 61250
Midland, Texas 79702
[REDACTED]

14702477 34452

10/14/2013

PAY TO THE ORDER OF The State Of Texas

\$ ~~125.00~~

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

DOLLARS



The State Of Texas

▲ TAMPER RESISTANT TONER AREA ▲



MEMO

[Signature]

MP

⑈034452⑈



SCC
▲

May 16, 2013

Texas General Land Office
1700 N. Congress Ave.
Austin, TX 78701-1495
Attn: Drew Reid

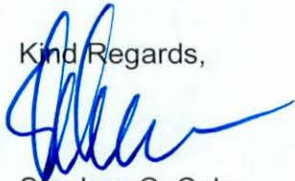
Dear Drew:

Enclosed is a certified copy of the DCP oil and gas lease (successor to Sunshine – 5%) under the lands just leased by me from Northrup, et al. In addition I have included the lease bonus due the state, the \$100.00 filing fee and \$25.00 processing fee.

Would it be possible to return a receipt of some kind representing payment and also a Mineral File letter in the enclosed addressed overnight envelop?

Thanks for your help as always.

Kind Regards,



Stephen C. Cole

SCC/lmb
enclosure

File No. 115920

Censor

Date Filed: 10/18/13
Jerry E. Patterson, Commissioner

By GH

10.18.13

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

February 3, 2014

Stephen C. Cole
PO Box 1506
Midland, Texas 79702

Re: **State Lease MF 115920**

RAL Lease dated October 7, 2013 recorded in 13-07553,
covering 240 ac., Sec. 32, Blk. 56, T-2, T&P Ry. Co. Survey,
Reeves Co., TX, DCP Midstream LP, agent for State of TX,
Lessor

Dear Mr. Cole:

The certified copy of the Relinquishment Act lease covering the above referenced tract has been approved and filed in our records under Mineral File numbers **MF-115920**. **Please refer to this lease number when making payments to the State and in all future correspondence concerning the lease. Failure to include the mineral file number may delay processing of any payments towards the lease.**

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

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

Your remittance of **\$12,000.00** has been applied to the State's portion of the cash bonus. In addition, we are 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

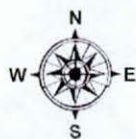
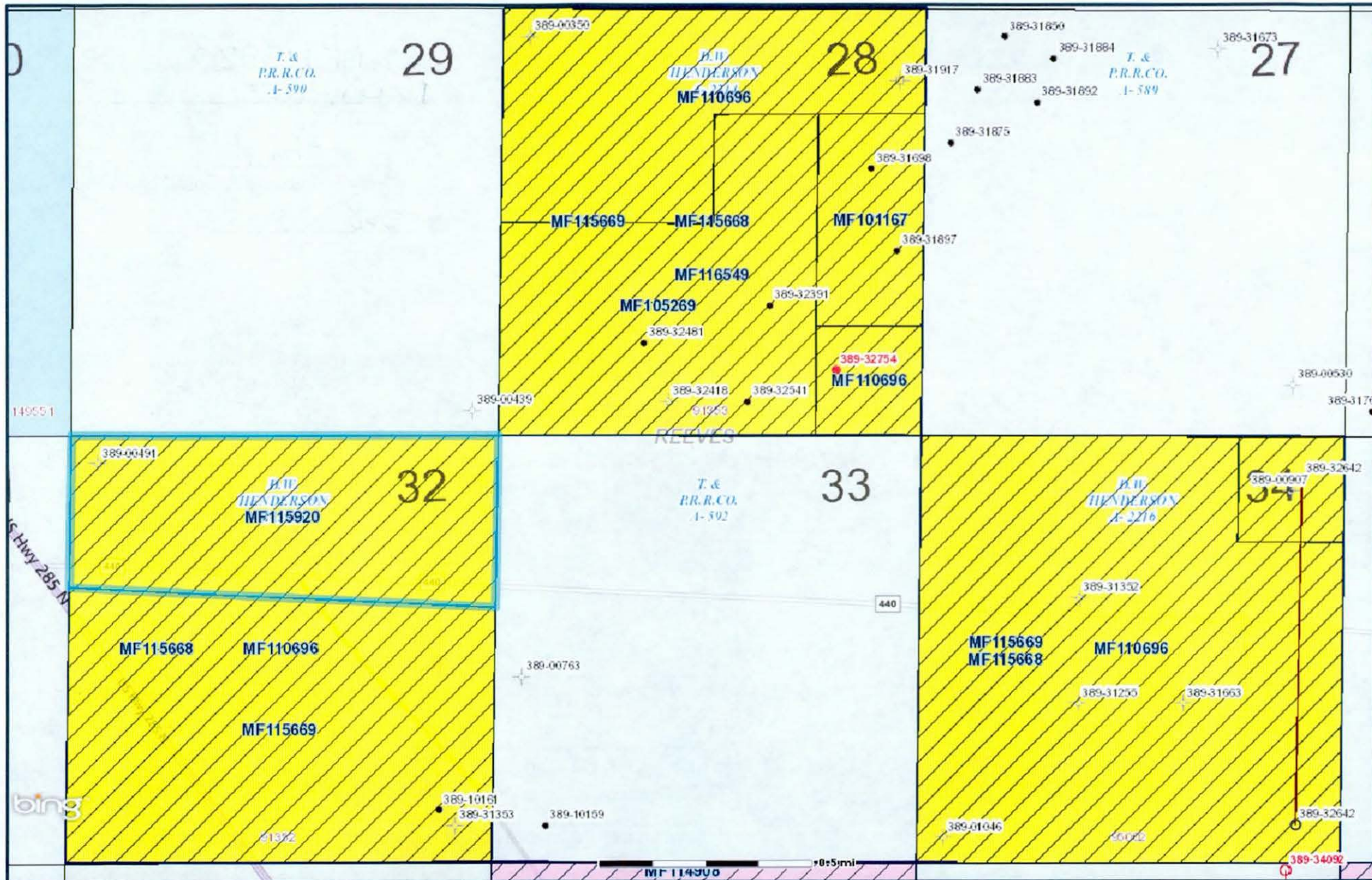
4

File No. 115920

Final Letter

Date Filed: 2/3/14
Jerry E. Patterson, Commissioner

By GH



Lease Date
10/7/13

MF115920

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

Printed: Jul 31, 2014



5.

File No. MF 115920

Map of lease

Date Filed: 7/31/14

Jerry E. Patterson, Commissioner

By SSD

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

July 25, 2014

Carla Cawood
John L. Robertson, Inc.
P.O. Box 1524
Carthage, Texas 75633

RE: GLO Assignment ID # 9042

Dear Ms. Cawood,

The General Land Office received the following instrument(s) and has filed them in the appropriate files.

Assignment of Oil and Gas Leases is effective October 29, 2013 from Stephen C. Cole, as assignor, to BHP Billiton Petroleum Properties (N.A.), L.P., as assignee. As filed for record in Reeves County.

Please see attached "Exhibit A" for reference. Filing fees of \$25.00 were received in connection with the above assignment. Please feel free to contact me if you have any questions.

Best Regards,

A handwritten signature in dark ink, appearing to read "Alberto Amesquita".

Alberto Amesquita
Mineral Leasing
Energy Resources

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

P.O. Box 12873 • Austin, Texas 78711-2873

512.463.5001 • 800.998.4GLO

glo.texas.gov

Exhibit "A"

<i>GLO ID</i>	<i>County</i>	<i>Lease</i>
9042	Reeves	MF115920

Friday, July 25, 2014

JOHN L. ROBERTSON, INC.

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

December 2, 2013

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

Attn: Mr. Drew Reid

RE: Assignment of Oil and Gas Leases
Block 56, T-2, T&P RR CO Survey
Section 32: N/2
Reeves County, Texas

Mr. Reid:

Enclosed please find a certified copy of Assignment of Oil and Gas Leases between Stephen C. Cole, as Assignor, and BHP Billiton Petroleum Properties (N.A.), LP, as Assignee, that assigns interest in Lease dated October 7, 2013 from DCP Midstream, LP, to Stephen C. Cole, covering 240 acres, more or less, in the above captioned area. Also enclosed is a check in the amount of \$25.00 for the filing fee. Please feel free to call if you have any questions or comments.

Thank You,



Carla Cawood

Enclosures:

ASSIGNMENT OF OIL AND GAS LEASES

13-08528

FILED FOR RECORD
REEVES COUNTY, TEXAS
Nov 19, 2013 at 04:12:00 PM

THE STATE OF TEXAS

§
§
§

COUNTY OF REEVES

WHEREAS, STEPHEN C. COLE, whose address is P.O. Box 1506, Midland, TX 79702, is the present owner and holder of the Oil and Gas Leases ("said Leases") covering lands located in Reeves County, Texas and described on Exhibit "A" attached hereto and made a part hereof for all purposes.

NOW, THEREFORE, for and in consideration of Ten Dollars and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, **STEPHEN C. COLE** ("Assignor") hereby assign and conveys unto **BHP Billiton Petroleum Properties (N.A.), LP.**, whose address is 1360 Post Oak Blvd, Suite 150, Houston, Texas 77056-3030 ("Assignee"), all right, title and interest in and to said Leases only insofar as said Leases cover the lands and depths described on Exhibit "A", together with all rights thereunder and incident thereto.

Assignor agrees to warrant and forever defend the title to the leasehold estate assigned herein against all persons lawfully claiming or to claim the same, any part thereof or any interest therein by, thru, or under Assignor, but not otherwise.

This Assignment is binding upon Assignor and Assignee. All benefits hereunder shall inure to, and all burdens hereunder shall be binding upon, their respective heirs, successors and assigns as covenants running with the land.

IN WITNESS WHEREOF, this instrument is executed and effective October 29, 2013.

ASSIGNOR

By:

STEPHEN C. COLE

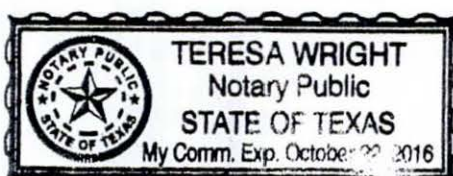
ACKNOWLEDGEMENT

STATE OF TEXAS

§
§
§

COUNTY OF MIDLAND

This instrument was acknowledged before me on October 29, 2013, by STEPHEN C. COLE.



Teresa Wright
NOTARY PUBLIC, STATE OF TEXAS



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

EXHIBIT "A"

(Attached to and made a part of that Assignment of Oil and Gas Leases dated effective October 29, 2013, from STEPHEN C. COLE, as Assignor, and BHP Billiton Petroleum Properties (N.A.), LP. as Assignee)

LESSOR: DCP MIDSTREAM, LP a Delaware limited partnership
LESSEE: Stephen C. Cole
DATE: October 7, 2013
LANDS: 240 acres, more or less, out of the N/2 of Section 32, Block 56, Township 2, T&P RR Co. Survey of Reeves County, Texas, being the same lands described in Special Warranty Deed dated January 15, 2013 from Sunshine Cottage School for Deaf Children as Grantor to DCP Midstream, LP as Grantee recorded in Volume 984, Page 62 and rerecorded in Volume 988, Page 140 OPR of Reeves County, Texas.
TERM: Five (5) Years
RECORDING: Official Public Records of Reeves County, Texas Instrument Number 13-07553

THERE IS SPECIFICALLY RESERVED BY THIS ASSIGNMENT ALL RIGHT, TITLE AND INTEREST IN AND TO THE LANDS AND LEASES DESCRIBED HEREIN FROM THE SURFACE DOWN TO THE TOP OF THE BONE SPRINGS FORMATION AS FOUND AT A DEPTH OF 7,170' IN THE CHESAPEAKE OPERATING, INC/SHELL WESTERN E&P INCORPORATED, L.P. - REAGAN STATE 56-2-34 WELL, API# 42-389-32642, LOCATED 500' FROM THE NORTH AND EAST LINES OF SECTION 34, BLOCK 56, TOWNSHIP 2, T&P RR CO SURVEY, REEVES COUNTY, TEXAS.



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

STATE OF TEXAS
COUNTY OF REEVES
I, Dianne O. Florez, Clerk of the County Court in and for Reeves County, Texas, do hereby certify that the foregoing is a true and correct copy of the original as the same is on file in my office this _____ day of _____, 2013.
My Seal and Signature are hereunto set in witness whereof, I have hereunto set my hand and official seal at Pecos, Texas, this _____ day of _____, 2013.
DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

Inst No. 13-08528
DIANNE O. FLOREZ
COUNTY CLERK
2013 Nov 19 4:04:12 PM
REEVES COUNTY TEXAS
By: VG *[Signature]* DEPUTY

ORIGINAL

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

Assignment of Debt Affidavits dated November 29, 2013
filed for record in my office this 1st day of November 2013 at

_____, M., under Clerk's File No. _____, to be recorded in the

Records of Reeves County, Texas.

TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas
this 1st day of November, 2013.

By Dianne O. Florez, Deputy

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS



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

14704436

1572

88-315/1119
10

12/2/2013

Date

Pay to the
Order of

State of Texas

\$ 25.00

Twenty five dollars & no/100

Dollars



Security
Features
Details on
Back



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

For Stephen C. Cole Assignment

Arle Cawood

MP

1572

129

File No. MF 115920
Assignment from Stephen
C. Cole to BHP
Date Filed: 12-3-13
Jerry E. Patterson, Commissioner
By JK



MEMORANDUM

TEXAS GENERAL LAND OFFICE • GEORGE P. BUSH • COMMISSIONER

Date: October 29, 2015

To: State Lease Nos. MF105269; MF115669; MF115668; MF116549; MF116837; MF116838; MF116839; MF115920; and MF101167

From: Dustin Brian Oslick

Subject: Mapping Issues in Alamo

Short Answer: Alamo is unable to reflect the proper depth interval cross-hatching in the Alamo GIS system when: 1) a tract of land is owned by multiple undivided interest owners; 2) one of those undivided interest owners includes additional tracts they may own in their State Lease; and 3) one of the tracts is an "Allow All Depths" tract, and the other tract is a "Specified Depths" tract. In such scenario, both red and blue cross-hatching will be reflected in Alamo GIS.

Long Answer: The above referenced mineral files were originally flagged by Jesse Arellano due to the fact that the cross-hatching reflected conflicting depth intervals. A review of the mineral files indicated the following:

- A. MF105269 originally covered the SW/4, SW/4NE/4, W/2SE/4 of Section 28, Block 56, Township 2, T&P Ry. Co. Survey, Reeves County, Texas. A Termination Letter was sent by this office on May 2, 2014 which indicated the following:
1. The Trinity State "28" #3 Well (API #42-389-32481) was completed to a total depth of 3,420' subsurface and further indicated that Draco Energy may retain the SE/4SW/4 from the surface down to 3,520' subsurface. This depth interval is supported by the Well Records. New State Leases MF115668, MF115669 and MF101167, in so far as said State Leases cover the SE/4SW/4, cover all the deep rights lying below 3,518' subsurface. No correction in Alamo was made due to the small amount of vertical footage at issue.
 2. The Trinity State "28" #4 (API No. 42-389-32541) was completed to a total depth of 3,450' subsurface and further indicated that Draco Energy may retain the SW/4SE/4 down to 3,540' subsurface. New State Leases MF115668, MF115669 and MF101167, in so far as said State Leases cover the SW/4SE/4, cover all the deep rights lying below 3,550' subsurface. Well Records confirm total depth drilled was 3,450' subsurface. It appears the depth on the Termination Letter was incorrectly calculated and should have been 3,550' subsurface, being 100' below the deepest well drilled. This has been corrected in Alamo.
 3. The Trinity State "28" #161 (API No. 42-389-32391) was completed to a total depth of 3,800' subsurface and further indicated that Draco Energy may retain the NW4/SE4 down to 3,900' subsurface. New State Leases MF115668, MF115669 and MF101167, in so far

as said State Leases cover the NW4/SE4, cover all the deep rights lying below 3,900' subsurface. There were no depth issues with this tract.

- B. MF101167 originally covered the SE/4NE/4 and NE/4SE/4 of Section 28, Block 56, Township 2, T&P Ry. Co. Survey, Reeves County, Texas. A Termination Letter was sent by this office on May 2, 2014 which indicated the following:
1. The Northrup "A" Estate #1 (API No. 42-389-31897) was completed to a total depth of 3,394' subsurface and further indicated Kimlar Energy may retain the NE/4SE/4 down to 3,494' subsurface. New State Leases MF115668 and MF115669 covering the NE/4SE/4 cover all the deep rights lying below 3,494' subsurface. There were no depth issues with this tract.
 2. The Northrup "A" Estate #1 (API No. 42-389-31698) was completed to a total depth of 4,800' subsurface and further indicated Kimlar Energy may retain the SE/4NE/4 down to 4,900' subsurface. New State Leases MF115668 and MF115669 covering the SE/4NE/4 cover all the deep rights lying below 4,900' subsurface. There were no depth issues with this tract.

Based on the above review, the depths for MF105269 and for MF101167 were updated in Alamo to reflect the specified depth intervals outline above. These tracts appear to now be reflected correctly in Alamo GIS. Additionally, MF101167A was updated in Alamo to reflect the correct the following: lease date; control number; base file; and legal description.

Furthermore, a review of the above captioned mineral files also indicated the following:

- C. MF116837 covers all depths in so far as it covers Section 34, Block 56, Township 2 *South*¹, T&P Ry. Co. Survey, Reeves County, Texas.
- D. MF116838 covers all depths in so far as it covers the NW/4, N/2NE/4, and the SE/4SE/4 of Section 28, Block 56, Township 2 *South*¹, T&P Ry. Co. Survey, Reeves County, Texas.
- E. MF116839 covers all depths in so far as it covers Section 32, Block 56, Township 2 *South*¹, T&P Ry. Co. Survey, Reeves County, Texas.
- F. MF115920 covers all depths in so far as it covers 240 acres out to the N/2 of Section 32, Block 56, Township 2, T&P Ry. Co. Survey, Reeves County, Texas.
- G. MF116549 covers both all depth tracts and the following specified depths in Section 28, Block 56, Township 2 *South*¹, T&P Ry. Co. Survey, Reeves County, Texas, to wit:

¹ Township 2 *South* appears to be erroneous based on a review of the Texas GLO Land Grant Search. The legal description should only read "Township 2."

1. W/2SW/4 and the NE/4SW/4 as to all depths;
2. SE/4SW/4- all depths below 3,518' subsurface;
3. NW/4SE/4- all depths below 3,900' subsurface;
4. SW/4SE/4- all depths below 3,550' subsurface;
 - i. Note: The correct depth interval was used on the Lease. See Section (1) (b) hereinabove.
5. NE/4SE/4- all depths below 3,494' subsurface;
6. SE/4NE/4- depths below 4,900' subsurface; and
7. SW/4NE/4 as to all depths.

H. MF115668 and MF115669 cover the following specified depths in Section 28, Section and all depths in Section 32 and Section 34, Block 56, Township 2, T&P Ry. Co. Survey, Reeves County, Texas, to wit:

1. Section 34 SAVE AND EXCEPT the NE/4NE/4- as to all depths;
2. Section 32- as to all depths;
3. NW/4; N/2NE/4; SE/4SE/4 of Section 28- as to all depths;
4. W/2SW/4 and the NE/4SW/4 of Section 28- as to all depths;
5. SE/4SW/4 of Section 28- all depths below 3,518' subsurface;
6. NW/4SE/4 of Section 28- all depths below 3,900' subsurface;
7. SW/4SE/4- all depths below 3,550' subsurface;
 - i. Note: The correct depth interval was used on the Lease. See Section (1) (b) hereinabove.
8. NE/4SE/4- all depths below 3,494' subsurface;
9. SE/4NE/4- depths below 4,900' subsurface; and
10. SW/4NE/4 as to all depths.

A review of the Alamo GIS system with Jesse Arellano indicated that the system analyzes the depth interval specified in Alamo and then reflects the mineral file in Alamo GIS as either: 1) cross-hatched in blue, indicating a the tract is an "Allow All Depths" tract; or 2) cross-hatched in red, indicating the tract is a "Specified Depths" tract. When a mineral file is cross-hatched in both red and blue, there is a discrepancy in the depth intervals. Generally, this is corrected by updating the depth interval of the older mineral file after the deep rights have terminated.

However, correcting conflicting cross-hatching in Alamo GIS is not possible when: 1) a tract of land is owned by multiple undivided interest owners; 2) one of those undivided interest owners includes additional tracts they may own in their State Lease; and 3) one of the tracts is

an "Allow All Depths" tract, and the other tract is a "Specified Depths" tract, then, in this situation, Alamo is unable to reflect the proper depth interval cross-hatching in Alamo GIS due to system limitations. To further illustrate using MF116839 and MF115669 outlined hereinabove: 1) MF116839 covers all depths in Section 32 from one undivided interest owner; and 2) MF115669 also covers all depths in Section 32 from a different undivided mineral interest owner; however, MF115669 also covers "Specified Depth" tracts in Section 28 which are owned by the same undivided interest owner. As such, Alamo GIS reflects Section 32 as both "Allow All Depths," due to MF116839, being the cross-hatches in blue, and also as "Specified Depths," due to MF115669, being the cross-hatches in red. Due to the limitations of the Alamo depth field, said tracts are not able to be corrected.

#17

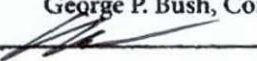
File No. MF 115920

Reeves County

Mapping Memorandum

Date Filed: 29 Oct 2015

George P. Bush, Commissioner

By  DBO



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 115920		County Reeves	Gross Acres 240	Net Acres 12	Tract Part (Ex. NW/4) N/2
Section: 32	Block: 56	Survey: T&P RR CO.		Township: T2	Abstract: 2213
Agent for State (Lessor) DCP MIDSTREAM, LP			Operator BPX OPERATING COMPANY		

FOR EACH WELL, PROVIDE THE FOLLOWING:

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

ALLIE HUIZENGA	9/10/2020
<i>Contact</i>	<i>Date</i>
LAND NEGOTIATOR	BPX ENERGY INC.
<i>Title</i>	<i>Company</i>
720-682-0308	1700 PLATTE STREET, SUITE 150
<i>Telephone Number</i>	<i>Mailing Address</i>
ALLIE.HUIZENGA@BPX.COM	DENVER, CO 80202
<i>E-Mail Address</i>	<i>City, State, Zip</i>

Deep Rights Retention Bonus Work-Up
Type of State Lease: RAL (RAL, Fee, Free Royalty)
Total Eligible Acres: 12
Total Amount Due: \$6,000.00
Check # 800500790
<i>If there are undivided interests; there may be multiple checks</i>

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



AGENT FOR STATE (LESSOR)

(if multiple undivided interests are included; list below)

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

Copy and Complete Additional Sheets as Necessary

WELL INFORMATION

Copy and Complete Additional Sheets as Necessary

<u>WELL NAME & NO.</u> State MJ McGary 56-T2-32 1H		<u>API</u> 4238935199	<u>DISTRICT</u> 08	<u>RRC ID</u> 281395	<u>SPUD DATE</u> 5/26/2016	<u>COMPLETION DATE</u> 6/6/2016
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): <u>SW/4</u> Section: <u>32</u> Block: <u>56</u> Township: <u>T2</u> Survey: <u>T&P RR CO/HENDERSON, D W</u> Abstract: <u>2213</u>			OIL ☐ VERTICAL ☐ GAS ☒ HORIZONTAL ☒ FIELD NAME & NUMBER: <u>PHANTOM (WOLFCAMP); 71052900</u>			
<u>TOTAL ALLOWABLE WELL ACRES</u> 643.46	<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u> 643.46	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u> 0	<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u> 10,351.46'			
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u> 4,774'	<u>LENGTH OF LATERAL ON STATE LAND</u> 4,774'	<u>LENGTH OF LATERAL ON PRIVATE LAND</u> 0'			
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u> 06/2020	<u>VOLUME</u> 13324 MCF, 2186 BBL	<u>MONTH/YEAR</u> 05/2020	<u>VOLUME</u> 14901 MCF, 2349 BBL	<u>MONTH/YEAR</u> 04/2020	<u>VOLUME</u> 18637 MCF, 2889 BBL

<u>WELL NAME & NO.</u>		<u>API</u>	<u>DISTRICT</u>	<u>RRC ID</u>	<u>SPUD DATE</u>	<u>COMPLETION DATE</u>
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): _____ Section: _____ Block: _____ Township: _____ Survey: _____ Abstract: _____			OIL ☐ VERTICAL ☐ GAS ☐ HORIZONTAL ☐ FIELD NAME & NUMBER: _____			
<u>TOTAL ALLOWABLE WELL ACRES</u>	<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u>	<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u>	<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u>			
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u>	<u>LENGTH OF LATERAL ON STATE LAND</u>	<u>LENGTH OF LATERAL ON PRIVATE LAND</u>			
<u>3 MONTHS MOST RECENT PRODUCTION</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>



<u>WELL NAME & NO.</u>		<u>API</u>	<u>DISTRICT</u>	<u>RRC ID</u>	<u>SPUD DATE</u>	<u>COMPLETION DATE</u>
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): _____ Section: _____ Block: _____ Township: _____ Survey: _____ Abstract: _____			OIL ☐ VERTICAL ☐ GAS ☐ HORIZONTAL ☐ FIELD NAME & NUMBER: _____			
<u>TOTAL ALLOWABLE WELL ACRES</u>		<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u>		<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u>		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u>
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u>		<u>LENGTH OF LATERAL ON STATE LAND</u>		<u>LENGTH OF LATERAL ON PRIVATE LAND</u>	
3 MONTHS MOST RECENT PRODUCTION	<u>MONTH/YEAR</u>	<u>VOLUME</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>

<u>WELL NAME & NO.</u>		<u>API</u>	<u>DISTRICT</u>	<u>RRC ID</u>	<u>SPUD DATE</u>	<u>COMPLETION DATE</u>
<u>WELL LOCATION:</u> Land Part (Ex. NW/4): _____ Section: _____ Block: _____ Township: _____ Survey: _____ Abstract: _____			OIL ☐ VERTICAL ☐ GAS ☐ HORIZONTAL ☐ FIELD NAME & NUMBER: _____			
<u>TOTAL ALLOWABLE WELL ACRES</u>		<u>NUMBER OF STATE ACRES RETAINED AS PART OF ALLOWABLE WELL ACRES</u>		<u>NUMBER OF PRIVATE ACRES OF ALLOWABLE WELL ACRES</u>		<u>TRUE VERTICAL DEPTH (TVD) ON RETAINED ACREAGE</u>
<u>HORIZONTAL WELLS</u>	<u>TOTAL LENGTH OF LATERAL</u>		<u>LENGTH OF LATERAL ON STATE LAND</u>		<u>LENGTH OF LATERAL ON PRIVATE LAND</u>	
3 MONTHS MOST RECENT PRODUCTION	<u>MONTH/YEAR</u>	<u>VOLUME</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>	<u>MONTH/YEAR</u>	<u>VOLUME</u>





1000 Ledgeview Dr.
Conway, Arkansas 72034

501.328.3316 | 501.328.3325
www.craftontull.com

S.H.L. ELEVATION

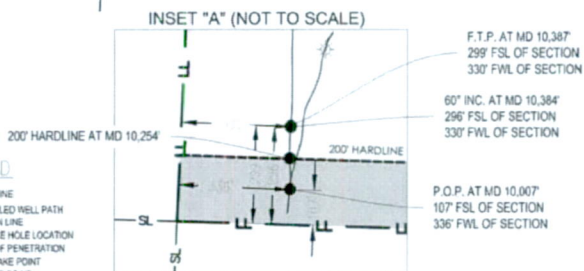
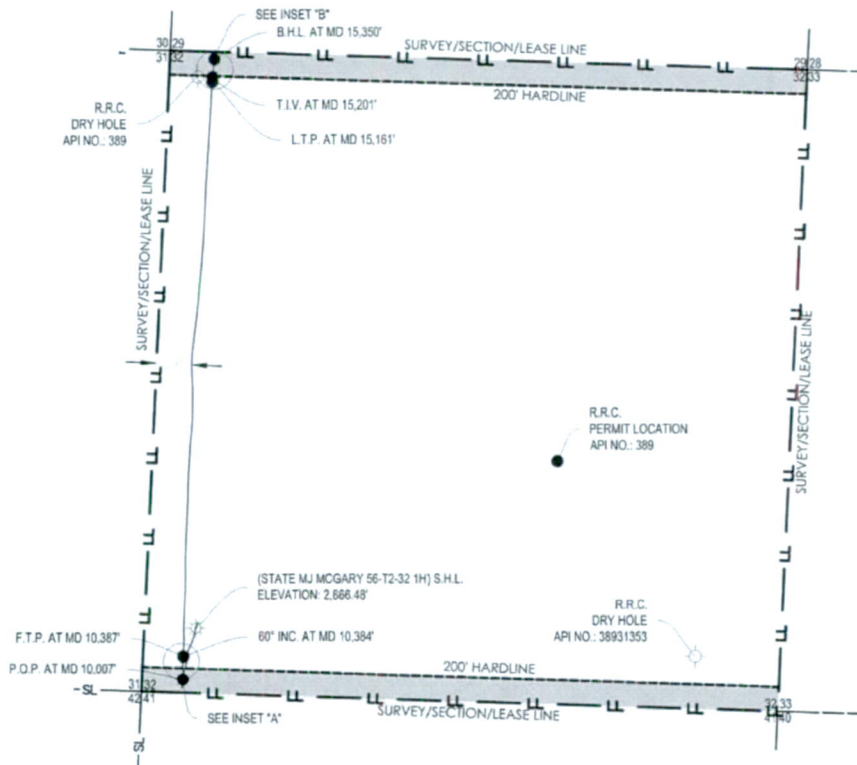
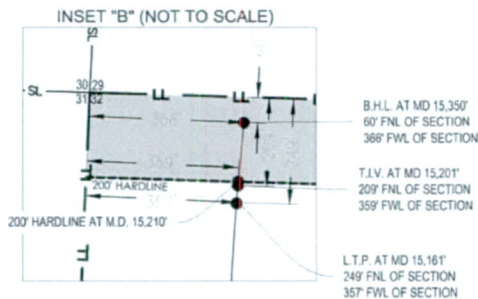
WELL NAME	ELEVATION
STATE MJ MCGARY 56-T2-32 1H	2,886.48'

REEVES COUNTY, TEXAS

NOTE: S.H.L. APPROXIMATE LOCATION IS S 28°01'58" E.
2.20 MILES FROM ORLA, TEXAS.
S.H.L. AND B.H.L. LOCATED IN THE T.&P. R.R. CO.
SURVEY, A - 2213.



643.46 Acres



LEGEND

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



CONTACT INFORMATION:
Shannon D. Ozment
Crafton Tull (10193715)
1000 Ledgeview Dr.
Conway, AR 72034

WELL BORE POSITIONS										(Y)	(X)
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.	31.79757525° N	-103.89020209° W	10635200.806	1191693.011	31.79744856° N	-103.88973057° W	31° 47' 50.815" N	-103° 53' 23.030" W	792623.531	895231.213	
P.O.P.	31.79640422° N	-103.89049913° W	10634777.977	1191587.152	31.79627763° N	-103.89002763° W	31° 47' 46.599" N	-103° 53' 24.099" W	792200.713	895125.347	
F.T.P.	31.79693128° N	-103.89051245° W	10634969.744	1191569.145	31.79680489° N	-103.89004093° W	31° 47' 48.497" N	-103° 53' 24.147" W	792392.475	895127.345	
L.T.P.	31.80999286° N	-103.89023840° W	10630716.166	1191826.152	31.80986634° N	-103.88976653° W	31° 48' 35.519" N	-103° 53' 23.160" W	797138.765	895364.438	
T.I.V.	31.81010259° N	-103.89023165° W	10639755.997	1191829.522	31.80997607° N	-103.88975878° W	31° 48' 35.914" N	-103° 53' 23.135" W	797178.595	895367.809	
B.H.L.	31.81051131° N	-103.89020089° W	10639904.300	1191643.828	31.81038479° N	-103.88972601° W	31° 48' 37.385" N	-103° 53' 23.024" W	797326.894	895382.117	



GENERAL NOTES

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

2. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS OBSERVATION, CAF = 0.99964100 @ S.H.L.

REVISION	
1	PRELIMINARY PLAT 6/20/16
2	REVISED P.O.P. 6-22-16
3	FINAL PLAT 9-29-16

bhpbilliton BHP BILLITON PET (TXLA OP) CO

STATE MJ MCGARY 56-T2-32 1H (MWN 833863)
S.H.L. & B.H.L. INT. & P. R.R. CO. A - 2213
REEVES COUNTY, TEXAS
FINAL AS-DRILLED PLAT

SCALE: 1" = 1000'
PLOT DATE: 09/29/2016
CHECKED BY: NGUYEN
DRAWN BY: J. PARKER
APPROVED BY: SO
SHEET NO.: 1 OF 1

STATEMENT OF PRODUCTIVITY OF ACREAGE
ASSIGNED TO PRORATION UNITS

Form P-15

Tracking No.: 160176

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 MJ MCGARY 56-T2-32 , No. 1H ; that such well is
LEASE OPERATOR WELL

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

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

643.46 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 10/19/2016 Signature Veronica Clanton

Telephone (713) 296-4759 Title Regulatory Specialist
AREA CODE



Date: mo. day yr.

BHP BILLITON PET (TXLA OP) CO (068596)

State MJ McGaryt 56-T2-32 1H

Planton (Wolfcamp)
Reeves County, Texas
643.46 Acres

Proration Acreage List
Attachment to Form P-15

<u>Well Name & Number</u>	<u>RRC ID</u>	<u>Number of Assigned Acres</u>
State MJ McGary 56-T2-32 1H		643.46

Total Acres Allocated 643.46

Total Acres Remaining 0.00





Allie Huizenga

Land Negotiator
Permian BU

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

Direct 720-682-0308
Allie.Huizenga@bpx.com

September 10, 2020

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

Via FedEx & Email

Re: October 2020 Deep Rights Retention Payment
State MJ McGary 56-T2-32 Unit (MF# 115920)

Dear Ms. Draughn:

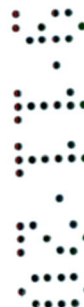
Enclosed please find a deep rights retention payment due October 2020 for the captioned Mineral File and accompanying Deep Rights Retention Payment Form.

Please do not hesitate to contact me at 720-682-0308 or Allie.Huizenga@bpx.com should you have any questions.

Respectfully,

Allie Huizenga

Enclosures



bpx energy

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

21700324

PAGE 1 OF 1

08/28/20

X01LH

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

VENDOR NUMBER: 0069000250

TRACE NUMBER: 2000016818

DOCUMENT NO.	INVOICE DATE	INVOICE NO.	GROSS AMOUNT	DISCOUNT NO.	NET AMOUNT
1900032604	08/24/20	118	6,000.00		6,000.00
MF115920 QLS 2006930000 16B DE					
MF115920 QLS 2006930000 16B DEPTH EXTENSION PAY					
TOTALS			6,000.00		6,000.00

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

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

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS

CHECK NO. 8005000790 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. 8005000790

21700324

08/28/20

PAY TO THE
ORDER OF

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

*****\$6,000.00

NOT VALID AFTER 6 MONTHS

Six thousand and 00/100 Dollars

TRACE NUMBER: 2000016818

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

Laura N. Hersh
Authorized Signature

8005000790

8.

File No. MF 115920
DRR Bonus Form County

Date Filed: 9/30/20
George P. Bush, Commissioner
By SSD

2.11.50



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

September 30, 2020

Ms. Allie Huizenga
BPX Energy, Inc.
1700 Platte Street, Suite 150
Denver, CO 80202

RE: MF115920 – Relinquishment Act Lands
12.0 net acres, Section 32, Block 56, Township 2, A-2213, T&P RR Co. Survey, Reeves
County
Wells: State MJ McGary 56-T2-32 #1H, API 42-389-35199, RRC 08-281395
NUML #8161 56-T2-32

Dear Ms. Huizenga:

The Deep Rights Retention check in the amount of \$6,000.00 for MF115920 has been accepted
and will retain the deep rights until October 7, 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

9.

File No. MF 115920
Letter accepting DRR County

Date Filed: 9/30/20
George P. Bush, Commissioner
By SSD