



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

MF115945

A
B
C
D

RELEASED

11/22/14

MC

Lease Type
RAL

Control

Basefile

County

07-105919

153574

REEVES

07-105937

135383

REEVES

07-105955

153575

REEVES

Survey

Public School Land

Block

59

Block Name

Township

Section/Tract

32, 33, 34

Land Part

all

Acres

Net: 1200.000000 Gross: 1200.000000

Depth Below

Depth Above Depth Other

Name

ROBBINS, W. B.

Lease Date

10/8/2013

Primary Term

5 years

Bonus

\$2,100,000.00

Lease Royalty

0.12500000

Paid Up

Yes

Leasing: *MC*

Maps: *MC*

GIS: *MC*

Scanlab: _____

Contents of Mineral File Number: 115945

1. RAL Review Sheet 10.1.13

2. Offer to Lease 9.25.13

3. Bonus & Fees 12.20.13

4. Lease A 12.20.13

5. Lease B 12.20.13

6. Lease C 12.20.13

7. Lease D 12.20.13

8. Finw Ltr. 3.26.14

scanned PJ 11-25-14

(9. Assn #9375 from Wm Robbins
to Elevation 8-14-15)

scanned PJ 10-28-15

10. Release 01/04/17

11. Ltr from Elevation 01/04/17

scanned PJ 3-20-17

RAL REVIEW SHEET

Transaction # 7864

Geologist:

Lessor: Joe L. Smith & others

Lease Date: 8/28/2013

UE ☒

Lessee: Double Eagle Dev *Will Robbins Son*
State Elevation

Gross Acres: 1200

Net Acres: 400

LEASE DESCRIPTION

County	PIN#	Base File No	Part	Sec.	Block	Twp	Survey	Abst#
REEVES	07-105919	153574	SE/4	32	59	00	PUBLIC SCHOOL LAND	6035
REEVES	07-105937	135383	All	33	59	00	PUBLIC SCHOOL LAND	4381
REEVES	07-105955	153575	W/2&N/2 <i>NE/4</i>	34	59	00	PUBLIC SCHOOL LAND	6036

TERMS OFFERED

Primary Term: 3 years

Bonus/Acre: \$1,502.00

Rental/Acre: \$0.00

Royalty: 1/4

TERMS RECOMMENDED

Primary Term: *5* years

Bonus/Acre: ~~\$1,502.00~~ *\$3500.00*

Rental/Acre: \$0.00

Royalty: 1/4

COMPARISONS

MF #	Lessee	Date	Term	Bonus/Ac.	Rental/Ac.	Royalty	Distance
MF109066	Petro-Hunt, LLC	10/29/2007	3 years	\$325.00	\$2.00	1/4	Last Lease
<i>Pending</i>	<i>SWEPI LP</i>	<i>6-4-13</i>	<i>5 yrs</i>	<i>\$1000.00</i>	<i>\$1.00</i>	<i>1/4</i>	1 Mile NE

Comments: Paid Up Rentals.

\$3500.00 4 1/4 yrs

Approved: *DR 9.15.13*

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: 12-Sep-13

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

Applicant: Double Eagle Dev.

County: REEVES

Prim. Term: 3 years

Bonus/Acre

\$1,502.00

Royalty: 1/4

Rental/Acre

\$0.00

Consideration

Recommended: RJA

Date: 9/23/13

Not Recommended: _____

Comments: Paid Up Rentals.

Lease Form

Recommended: RJA

Date: 9/23/13

Not Recommended: _____

Comments:

Louis Renaud, Deputy Commissioner

Date: 9.24.13

Recommended: CLR

Not Recommended: _____

Bill Warnick, General Counsel

Date: 9/30/13

Recommended: WJW

Not Recommended: _____

Larry Laine, Chief Clerk

Date: 9/30/13

Approved: DL

Not Approved: _____

Jerry Patterson, Commissioner

Date: 10/1/13

Approved: Jerry E. Patterson

Not Approved: _____

RAL REVIEW SHEET

Working File #: RAL005345

MF:

Lessor: Stephens, Mark

Lease Date: 10/08/2013

UI: Yes

Lessee: Robbins, W. B.

Gross Acres: 1,200.00

Net Acres: 1,200.00

LEASE DESCRIPTION

County	Control #	Base File No	Part	Sec	Block	Twp	Survey	Abst No
Reeves	07-105919	153574	SE4	32	59		Public School Land	6035
Reeves	07-105937	135383	<i>ALL</i>	33	59		Public School Land	4381
Reeves	07-105955	153575	W2 & N2 of NE4	34	59		Public School Land	6036

TERMS OFFERED

Primary Term: 5 Years

Bonus / Acre: \$3,500.00

	2nd Yr	3rd Yr	4th Yr	5th Yr
Rental / Acre:	0.00	0.00	3,500.00	0.00

Royalty: 0.250000

TERMS RECOMMENDED

Primary Term:

Bonus / Acre:

	2nd Yr	3rd Yr	4th Yr	5th Yr
Rental / Acre:				

Royalty:

COMPARISONS

Lease No	Lessee	Lease Date	Primary Term	Bonus/Acre	Rental/Acre	Royalty	Distance

Comments:

Paid Up 2nd & 3rd Yr., 4th Yr rental \$3500.00 per ac., pays up 5th Yr

Approved: _____

918-451-0711

RAL REVIEW SHEET

(44)

Transaction # 7864

Lessor: Joe L. Smith & others

Lessee: Double Eagle Dev.

Geologist:

Lease Date: 8/28/2013

UL ☒

Gross Acres: 1200

Net Acres: 400

LEASE DESCRIPTION

County	PIN#	Base File No	Part	Sec.	Block	Twp	Survey	Abst#
REEVES	07-105919	153574	SE/4	32	59	00	PUBLIC SCHOOL LAND	6035
REEVES	07-105937	135383	All	33	59	00	PUBLIC SCHOOL LAND	4381
REEVES	07-105955	153575	W/2&N/2 NE/4	34	59	00	PUBLIC SCHOOL LAND	6036

TERMS OFFERED

Primary Term: 3 years

Bonus/Acre: \$1,502.00

Rental/Acre: \$0.00

Royalty: 1/4

TERMS RECOMMENDED

Primary Term: 3 years

Bonus/Acre: \$1,502.00

Rental/Acre: \$0.00

Royalty: 1/4

\$1600.00

New offer

\$2250.00

\$2400.00

COMPARISONS

MF #	Lessee	Date	Term	Bonus/Ac.	Rental/Ac.	Royalty	Distance
MF109066	Petro-Hunt, LLC	10/29/2007	3 years	\$325.00	\$2.00	1/4	Last Lease
Pending	SWEPI LP	6-1-13	5Y-5	\$1000.00	\$1.00	1/4	1 Mile NE

Comments: Paid Up Rentals.

Approved: Robert

9/12/13

Thursday, September 12, 2013

1.
File No. MF115945

BAL Review sheet

Date Filed: 10-1-13

Jerry E. Patterson, Commissioner

By an

Drew Reid - Re: Fw: Sec. 33 and 34, Block 59

From: Drew Reid
To: Smith, Joe
Subject: Re: Fw: Sec. 33 and 34, Block 59

Thanks Joe]

918-451-0712

>>> Joe Smith <joeoxzin@yahoo.com> 9/25/2013 4:07 PM >>>

Here is offer letter and leases are being prepared

----- Forwarded Message -----

From: William Robbins <willbrobbins@gmail.com>
To: joeoxzin@yahoo.com
Sent: Wednesday, September 25, 2013 3:25 PM
Subject: Sec. 33 and 34, Block 59

Mr. Smith,

Per our conversation please consider this my offer to lease the captioned lands for the following terms:

\$2250 per net acre
3 year lease
1/4 royalty

Look forward to making a trade. 4326835055

Can I have the Stephens Brothers contact info?

Thanks,

Will Robbins

Drew Reid - Fw: Leases

From: Joe Smith <joeoxzin@yahoo.com>
To: "drew.reid@glo.state.tx.us" <drew.reid@glo.state.tx.us>
Date: 9/25/2013 4:53 PM
Subject: Fw: Leases
Attachments: OGL- GLO FRM 9-97- JoeSmith.REEVES CO.doc; OGL- GLO FRM 9-97- MarkSmith.REEVES CO.doc; OGL- GLO FRM 9-97- GrantGood.REEVES CO.doc

note that lease is made out for 2400 per acre.

----- Forwarded Message -----

From: William Robbins <willbrobbins@gmail.com>
To: joeoxzin <joeoxzin@yahoo.com>
Sent: Wednesday, September 25, 2013 4:16 PM
Subject: Leases

Joe,

Please see attached leases for you and your family. I emailed one to Mark at Elliott & Waldron but have not spoken with him.

Get these to me as fast as possible and I can get you paid. When/if Blake sends you a check just send it back. I have to get these signed leases in front of the State to make them good.

-Will
4328538214

File No. MF115945
Offer to Lease

2.

Date Filed: 9-25-13
Jerry E. Patterson, Commissioner

By an

ELEVATION RESOURCES LLC200 N. Loraine, Ste. 1010
Midland, Texas 79701WELLS FARGO BANK, N.A.
WWW.WELLSFARGO.COM

14705191

37-65
1119

5300

PAY TO THE ORDER OF
EXACTLY \$1,050,000dols00cts

Dec-11-2013

***\$1,050,000.00*

COMMISSIONER OF THE GENERAL LAND OFFICE
1700 N. CONGRESS AVE
RM 640
AUSTIN, TX 78701

A

Steven H. Pruett

CHECK IS PRINTED ON SECURITY PAPER WHICH INCLUDES A MICROPRINT BORDER & FLUORESCENT FIBER

⑈005300⑈

ELEVATION RESOURCES LLC200 N. Loraine, Ste. 1010
Midland, Texas 79701

Page 1 of 1

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	NET AMOUNT
COMMISSIONER OF THE GENERAL LAND OFFICE	100076	Dec-11-2013	5300	***\$1,050,000.00*

VOUCHER	VENDOR INV #	INV DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
12-10-6	42004011STA	10/14/13	1,050,000.00	0.00	1,050,000.00
TOTAL INVOICES PAID				X	1,050,000.00

121

14705191

ELEVATION RESOURCES LLC
200 N. Loraine, Ste. 1010
Midland, Texas 79701

WELLS FARGO BANK, N.A.
WWW.WELLSFARGO.COM

14705195

37-65
1119

5297

PAY TO THE ORDER OF
EXACTLY \$350,000.00

Dec-11-2013

***\$350,000.00*

COMMISSIONER OF THE GENERAL LAND OFFICE
1700 N. CONGRESS AVE
RM 640
AUSTIN, TX 78701

B

Steven H. Pruett

CHECK IS PRINTED ON SECURITY PAPER WHICH INCLUDES A MICROPRINT BORDER, A FLUORESCENT FIBER

⑈005297⑈

ELEVATION RESOURCES LLC
200 N. Loraine, Ste. 1010
Midland, Texas 79701

Page 1 of 1

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	NET AMOUNT
COMMISSIONER OF THE GENERAL LAND OFFICE	100076	Dec-11-2013	5297	***\$350,000.00*

VOUCHER	VENDOR INV #	INV DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
12-10-17	42004011ASTA	12/06/13	350,000.00	0.00	350,000.00
TOTAL INVOICES PAID					350,000.00

121

14705195

ELEVATION RESOURCES LLC

200 N. Loraine, Ste. 1010
Midland, Texas 79701WELLS FARGO BANK, N.A.
WWW.WELLSFARGO.COM

14705192

37-65
1119

5299

PAY EXACTLY \$350,000dols00cts

Dec-11-2013

***\$350,000.00*

COMMISSIONER OF THE GENERAL LAND OFFICE
1700 N. CONGRESS AVE
RM 640
AUSTIN, TX 78701

C

Steven H. Pruett

CHECK IS PRINTED ON SECURITY PAPER WHICH INCLUDES A MICROPRINT BORDER & FLUORESCENT FIBER

⑈005299⑈

ELEVATION RESOURCES LLC

200 N. Loraine, Ste. 1010
Midland, Texas 79701

Page 1 of 1

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	NET AMOUNT
COMMISSIONER OF THE GENERAL LAND OFFICE	100076	Dec-11-2013	5299	***\$350,000.00

VOUCHER	VENDOR INV #	INV DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
12-10-8	42004011CSTA	12/06/13	350,000.00	0.00	350,000.00
TOTAL INVOICES PAID					350,000.00

121

14705192

ELEVATION RESOURCES LLC200 N. Lorraine, Ste. 1010
Midland, Texas 79701WELLS FARGO BANK, N.A.
WWW.WELLSFARGO.COM

14705193

37-65
1119

5298

PAY EXACTLY **\$350,000dols00cts**

Dec-11-2013

***\$350,000.00*

COMMISSIONER OF THE GENERAL LAND OFFICE
1700 N. CONGRESS AVE
RM 640
AUSTIN, TX 78701

D

Steven H. Pruett

CHECK IS PRINTED ON SECURITY PAPER WHICH INCLUDES A MICROPRINT BORDER & FLUORESCENT FIBER

⑈005298⑈

ELEVATION RESOURCES LLC200 N. Lorraine, Ste. 1010
Midland, Texas 79701

Page 1 of 1

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	NET AMOUNT
COMMISSIONER OF THE GENERAL LAND OFFICE	100076	Dec-11-2013	5298	***\$350,000.00*

VOUCHER	VENDOR INV #	INV DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
12-10-7	42004011BSTA	12/06/13	350,000.00	0.00	350,000.00
TOTAL INVOICES PAID					350,000.00

X

121

14705193

01.05.91

File No. MF/15945

Bonus & Fees

Date Filed: 17.2.13

Jerry E. Patterson, Commissioner

By *an*

115945 A

The State of Texas



Austin, Texas

OIL AND GAS LEASE

V
O
L

1
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2

THIS AGREEMENT is made and entered into this 8th day of October, 2013, between the State of Texas, acting

by and through its agent Mark Stephens, as his sole and separate property, PO Box 1120, Ft. Stockton, TX 79735 said agent herein referred to as the owner of the soil (whether one or more), and William B. Robbins of PO Box 2572, Midland, TX 79702, hereinafter called Lessee.

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

SEE EXHIBIT "A" ATTACHED

containing 1200.00 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: One million fifty thousand and no/100 Dollars (\$1,050,000.00)

To the owner of the soil: One million fifty thousand and no/100 Dollars (\$1,050,000.00)

Total bonus consideration: two million one hundred thousand and no/100 Dollars (\$2,100,000.00)

The total bonus consideration paid represents a bonus of three thousand five hundred & no/100 Dollars (\$3500.00) per acre, on 600.00 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.** If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the _____ Bank, at _____, or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below, in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:
** See paragraph 40 for further definition of Delay Rentals as used in this lease

To the owner of the soil: **
Dollars - (\$**)
To the State of Texas: **
Dollars - (\$**)
Total Delay Rental: **
Dollars - (\$**)

** See paragraph 40. Amended Rental Provision

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

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

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

any gas produced from the leased premises is sold, used or processed in a plant, it will be run free of cost to the royalty owners through an adequate oil and gas separator of conventional type, or other equipment at least as efficient, so that all liquid hydrocarbons recoverable from the gas by such means will be recovered. The requirement that such gas be run through a separator or other equipment may be waived, in writing, by the royalty owners upon such terms and conditions as they prescribe.

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

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

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

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

6. **ROYALTY IN KIND.** Notwithstanding any other provision in this lease, at any time or from time to time, the owner of the soil or the Commissioner of the General Land Office may, at the option of either, upon not less than sixty (60) days notice to the holder of the lease, require that the payment of any royalties accruing to such royalty owner under this lease be made in kind. The owner of the soil 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.** See paragraph 41. 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.** See paragraph 41. 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 utilize the royalty interest of the owner of the soil under this lease with any other leasehold or mineral interest for the exploration, development and production of oil or gas or either of them upon the same terms as shall be approved by the School Land Board and the Commissioner of the General Land Office for the pooling or utilizing 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

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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. AMENDED RENTAL PROVISION. Anything contained in the lease to the contrary notwithstanding; the rentals for this lease have been PAID-UP for the 2nd and 3rd anniversary. If no well has been commenced on the this lease on or before the fourth (4th) anniversary of this lease and unless this lease is not being maintained by any other provision herein, 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 by tendering a payment of two million one hundred thousand and no/100 Dollars (\$2,100,000.00) on or before the 4th anniversary of this lease, payable one-half (1/2) to the State of Texas and one-half (1/2) to the owner of the soil. If Lessee makes such payment provided above prior to the fourth (4th) anniversary then the rentals shall be deemed to be paid up for the balance of the primary term of this lease.

Anything to the contrary notwithstanding in Paragraph 5 (Minimum Royalty) and Paragraph 14 (Shut-In Royalty), It is agreed that in the event a Minimum Royalty payment is due or a Shut-In Royalty payment is due, the total amount payable in each case shall be determined on the basis of one dollar (\$1.00) per acre, payable one-half (1/2) to the State of Texas and one-half (1/2) to the owner of the soil.

41. CONTINUOUS DEVELOPMENT. Anything in this lease to the contrary notwithstanding, at the expiration of the primary term this lease shall not terminate as to any lands covered hereby if Lessee has: (i) within the primary term hereof established production from the lease, or (ii) at the end of the primary term is engaged in drilling or completion operations on this lease. Then, and in any of such events, this lease shall continue in full force and effect as to all lands for so long as Lessee engages in Continuous Development of this lease. Continuous Development shall mean that not more than one hundred eighty (180) days shall elapse between the completion or abandonment of one well and the commencement of drilling operations for another well. Lessee shall commence operations for the first Continuous Development well on or before 180 days after the expiration of the Primary Term or 180 days after the completion or abandonment of a well drilling at the end of the primary term, whichever is the later date. Upon the cessation of Continuous Development operations, this lease shall terminate except as in accordance with paragraph 16 above.

Anything to the contrary in this lease notwithstanding, as long as this lease remains in force as to any part of the land originally covered hereby, any portion of the land as to which this lease expires or terminates may, nevertheless, be used by Lessee, its successors and assigns, to the extent reasonably necessary for ingress and egress for roads, access, gathering, transporting, treating, processing, and storing oil and/or gas produced from any land as to which this lease remains in force.

Lessee hereby agrees to provide Lessor with all completion report forms and associated Texas Railroad Commission forms, and file a Release of Record in the County Records of REEVES County, Texas, to indicate which lands and which depths have been released and are no longer subject to the terms, conditions and provisions of this Oil, Gas, and Mineral Lease.

This oil and gas lease may be executed in one document signed by all of the owners of the soil or in separate documents which shall be counterparts hereof. If executed in separate counterparts, all such counterparts, when executed by one or more of the owners of the soil, shall constitute but one and the same instrument. The failure of any one or more of the owners of the soil to sign this lease or any counterpart hereof, shall not in any manner affect the validity and binding nature of this lease as to those the owners of the soil who executed same.

LESSEE
BY: WB Robbins
William B. Robbins
Date: 10/10/13

STATE OF TEXAS

BY: Mark Stephens
Mark Stephens, Individually and as agent for the State of Texas
Date: 10/18/13

15.000

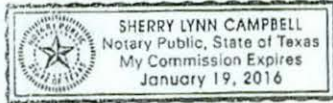
STATE OF TEXAS

(INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF MIDLAND

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

Given under my hand and seal of office this the 10th day of October, 2013.



Sherry Lynn Campbell
Notary Public in and for TEXAS

STATE OF TEXAS §

COUNTY OF Reeves §

This instrument was acknowledged before me on this the 8 day of Oct, 2013, by Mark Stephens, as agent for the State of Texas.

My Commission Expires:



Lorrie Trammell
NOTARY PUBLIC

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EXHIBIT "A"

15.03.20

EXHIBIT "A"

Attached to and made part of that certain Oil and Gas Lease dated October 8th, 2013 between Mark Alan Smith, as Lessor and William B. Robbins, as Lessee covering the following described lands, all in Reeves County, Texas, being 1,200.00 acres, more or less.

Tract 1: Section 33, Block 59, Public School Land Survey, Reeves County, Texas, containing 640.00 acres, more or less

Tract 2: The Southeast Quarter (SE/4) of Section 32, Block 59, Public School Land Survey, Reeves County, Texas, containing 160.00 acres, more or less

Tract 3: The North half of the Northeast Quarter (N/2NE/4), and all of the West half (W/2) of Section 34, Block 59, Public School Land Survey, Reeves County, Texas, SAVE AND EXCEPT all that portion of the West half (W/2) lying within the 240 acre tract described by metes and bounds as follows:

BEGINNING at the 1" iron pipe set for the S.W. Corner of Section 35, the S.E. corner of Section 34, and the S.E. corner of this Survey;

THENCE West 2418 feet to a 1" iron pipe set in the North line of Section 39, a corner of this Survey;

THENCE N. 65 Deg. 06' W. 3161.8 feet to a point in the East line of Section 33, a corner of this Survey;

THENCE North 715.8 feet to a point in the East line of Section 33, a Corner of this Survey;

THENCE S. 72 deg. 03' E. 2155.6 feet to a 1 -1/4" iron pipe set for a corner of this Survey;

THENCE N, 9 deg, 00' E. 1586.1 feet to a 1 -1/4" iron pipe set for a Corner of this Survey;

THENCE East 516.1 feet to a point, a corner of this Survey;

THENCE South 202.7 feet to a point, a corner of this Survey;

THENCE East 2471 feet to a point in the West line of Section 35, the N. E. corner of this Survey; consisting of 240 acres, more or less

Inst No. 13-07980
DIANNE O. FLOREZ
COUNTY CLERK
2013 Oct 30 10:39 AM
REEVES COUNTY, TEXAS
By: *[Signature]* DEPUTY

01.05.11

4. File No. MF 115945
12-20-13
Sum 17
Date Filed: 12.20.13
By Mr Jerry E. Patterson, Commissioner

115945B

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 1st day of September, 2013, between the State of Texas, acting

by and through its agent Joe Smith, as Trustee of the Smith Family Trust, 13709 S. 129 E Ave, Broken Arrow, OK 74011, as his sole and separate property said agent herein referred to as the owner of the soil (whether one or more), and William B. Robbins of PO Box 2572, Midland, TX 79702, hereinafter called Lessee.

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

SEE ATTACHED EXHIBIT "A"

containing 1200.00 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: three hundred fifty thousand and no/100 Dollars (\$350,000.00)

To the owner of the soil: three hundred fifty thousand and no/100 Dollars (\$350,000.00)

Total bonus consideration: Seven hundred thousand and no/100 Dollars (\$700,000.00)

The total bonus consideration paid represents a bonus of three thousand five hundred & no/100 Dollars (\$3500.00) per acre, on 200.00 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. 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 each anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the _____

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

** See paragraph 40 below for further definition of Delay Rentals as used in this lease

To the owner of the soil: ** _____

Dollars (\$** _____)

To the State of Texas: ** _____

Dollars (\$** _____)

Total Delay Rental: ** _____

Dollars (\$** _____)

** See paragraph 40. Amended Rental Provision

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

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

(A) OIL. Royalty payable on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also as all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, shall be 1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity in the general area where produced and when run, or 2) the highest market price thereof offered or

paid in the general area where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is the greater. Lessee agrees that before any gas produced from the leased premises is sold, used or processed in a plant, it will be run free of cost to the royalty owners through an adequate oil and gas separator of conventional type, or other equipment at least as efficient, so that all liquid hydrocarbons recoverable from the gas by such means will be recovered. The requirement that such gas be run through a separator or other equipment may be waived, in writing, by the royalty owners upon such terms and conditions as they prescribe.

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

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

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

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

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

1. The first step in the process of identifying a problem is to determine the scope of the problem. This involves identifying the area of the organization that is affected by the problem and the extent of the problem. For example, if the problem is a decrease in sales, the scope of the problem would be the sales department and the extent of the problem would be the decrease in sales.

1. The first step in the process of identifying a problem is to determine the nature of the problem. This involves a thorough understanding of the situation and the factors that may be contributing to the problem. Once the problem has been identified, the next step is to develop a plan of action. This plan should outline the steps that will be taken to address the problem and the resources that will be required. The third step is to implement the plan. This involves putting the plan into action and monitoring the progress. Finally, the fourth step is to evaluate the results. This involves assessing the effectiveness of the plan and making any necessary adjustments.

1. The first of these is the fact that the United States has a large and growing population of people who are not citizens of the United States. This is a result of the large number of people who have immigrated to the United States in recent years, and the fact that many of these people are not naturalized citizens. This is a problem because these people are not entitled to the same rights as citizens, and they are not subject to the same laws. This is a problem for the United States because it is a country of laws, and it is important that all people who live in the United States are subject to the same laws.

[illegible][illegible]

As the Commission has previously stated, it does not intend to conduct a full-scale investigation of the matter until such time as the Commission receives information from the public or other sources which would indicate that there may have been a violation of the provisions of the Act. The Commission will continue to monitor the situation and will take appropriate action if and when warranted.

Very truly yours,
James H. Callahan
Chairman

1. The first of these is the fact that the Commission has not yet received any information from the Government of the United Kingdom regarding the progress of the investigation into the alleged involvement of British intelligence services in the activities of the IRA. This is a serious omission, given the fact that the Commission has a duty to investigate all allegations of human rights violations, regardless of the source of the information.

[illegible]

14-00000

[illegible][illegible]

1. The first of these is the fact that the United States has a large and growing population of people who are not citizens of the United States. This is a result of the large number of immigrants who have come to the United States in recent years, and the fact that many of these immigrants are not naturalized citizens. This is a problem because these people are not entitled to the same rights and privileges as citizens, and they are not subject to the same laws and regulations. This is a serious problem for the United States, and it is one that must be addressed.

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.** See paragraph 41. 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.** See paragraph 41. 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

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. **AMENDED RENTAL PROVISION.** Anything contained in the lease to the contrary notwithstanding; the rentals for this lease have been PAID-UP for the 2nd and 3rd anniversary. If no well has been commenced on the this lease on or before the fourth (4th) anniversary of this lease and unless this lease is not being maintained by any other provision herein, 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 by tendering a payment of Seven hundred thousand and no/100 Dollars (\$700,000.00) on or before the 4th anniversary of this lease, payable one-half (1/2) to the State of Texas and one-half (1/2) to the owner of the soil. If Lessee makes such payment provided above prior to the fourth (4th) anniversary then the rentals shall be deemed to be paid up for the balance of the primary term of this lease.

Anything to the contrary notwithstanding in Paragraph 5 (Minimum Royalty) and Paragraph 14 (Shut-in Royalty), it is agreed that in the event a Minimum Royalty payment is due or a Shut-In Royalty payment is due, the total amount payable in each case shall be determined on the basis of one dollar (\$1.00) per acre, payable one-half (1/2) to the State of Texas and one-half (1/2) to the owner of the soil.

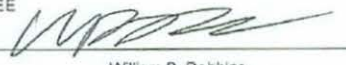
41. **CONTINUOUS DEVELOPMENT.** Anything in this lease to the contrary notwithstanding, at the expiration of the primary term this lease shall not terminate as to any lands covered hereby if Lessee has: (i) within the primary term hereof established production from the lease, or (ii) at the end of the primary term is engaged in drilling or completion operations on this lease. Then, and in any of such events, this lease shall continue in full force and effect as to all lands for so long as Lessee engages in Continuous Development of this lease. Continuous Development shall mean that not more than one hundred eighty (180) days shall elapse between the completion or abandonment of one well and the commencement of drilling operations for another well. Lessee shall commence operations for the first Continuous Development well on or before 180 days after the expiration of the Primary Term or 180 days after the completion or abandonment of a well drilling at the end of the primary term, whichever is the later date. Upon the cessation of Continuous Development operations, this lease shall terminate except as in accordance with paragraph 16 above.

Anything to the contrary in this lease notwithstanding, as long as this lease remains in force as to any part of the land originally covered hereby, any portion of the land as to which this lease expires or terminates may, nevertheless, be used by Lessee, its successors and assigns, to the extent reasonably necessary for ingress and egress for roads, access, gathering, transporting, treating, processing, and storing oil and/or gas produced from any land as to which this lease remains in force.

Lessee hereby agrees to provide Lessor with all completion report forms and associated Texas Railroad Commission forms, and file a Release of Record in the County Records of REEVES County, Texas, to indicate which lands and which depths have been released and are no longer subject to the terms, conditions and provisions of this Oil, Gas, and Mineral Lease.

This oil and gas lease may be executed in one document signed by all of the owners of the soil or in separate documents which shall be counterparts hereof. If executed in separate counterparts, all such counterparts, when executed by one or more of the owners of the soil, shall constitute but one and the same instrument. The failure of any one or more of the owners of the soil to sign this lease or any counterpart hereof, shall not in any manner affect the validity and binding nature of this lease as to those the owners of the soil who executed same.

LESSEE

BY: 

William B. Robbins

Date: 10/9/13

STATE OF TEXAS

BY: 

Joe Smith, as Trustee of the Smith Family Trust, Individually and as agent for the State of Texas

Date: 10/13/13

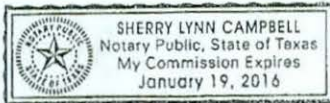
STATE OF TEXAS

(INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF MIDLAND

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

Given under my hand and seal of office this the 9th day of October, 2013.



Sherry Lynn Campbell
Notary Public in and for TEXAS

Oklahoma
STATE OF TEXAS §

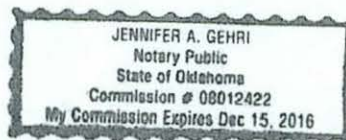
COUNTY OF TULSA §

This instrument was acknowledged before me on this the 3rd day of October, 2013, by Joe Smith, as Trustee of the Smith Family Trust, for said Trust and as agent for the State of Texas.

My Commission Expires:

12-15-2016

Joe Smith
NOTARY PUBLIC



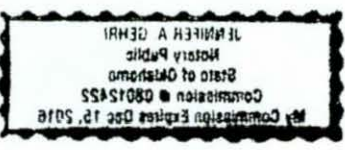
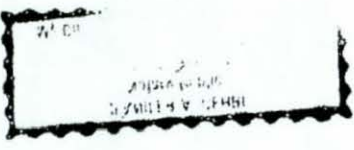
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Attached to and made part of that certain Oil and Gas Lease dated September 1st, 2013 between Joe Smith, as Trustee of the Smith Family Trust, as Lessor and William B. Robbins, as Lessee covering the following described lands, all in Reeves County, Texas, being 1,200.00 acres, more or less.

Tract 2: The Southeast Quarter (SE/4) of Section 32, Block 59, Public School Land Survey, Reeves County, Texas, containing 160.00 acres, more or less

VOL

1032

THENCE East 2471 feet to a point in the West line of Section 35, the N. E. corner of this Survey; consisting of 240 acres, more or less

PG

0743

[illegible]

Inst No. 13-07983
DIANNE O. FLOREZ
COUNTY CLERK
2013 Oct 30 at 05:39 AM
REEVES COUNTY TEXAS
By: VG *[Signature]* DEPUTY

03.02.21

5.

File No.

MF-15945
Lense 13

Date Filed:

12.20.13

Jerry E. Patterson, Commissioner

By

aa

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 1st day of September, 2013, between the State of Texas, acting

by and through its agent Mark Alan Smith, 5023 Drodgy, Houston, TX 77091, as his sole and separate property said agent herein referred to as the owner of the soil (whether one or more), and William B. Robbins of PO Box 2572, Midland, TX 79702, hereinafter called Lessee.

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

SEE ATTACHED EXHIBIT "A"

containing 1200.00 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: three hundred fifty thousand and no/100 Dollars (\$350,000.00)

To the owner of the soil: three hundred fifty thousand and no/100 Dollars (\$350,000.00)

Total bonus consideration: Seven hundred thousand and no/100 Dollars (\$700,000.00)

The total bonus consideration paid represents a bonus of three thousand five hundred & no/100 Dollars (\$3500.00) per acre, on 200.00 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. If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the _____ Bank, at _____, or its successors (which shall continue as the depository regardless of changes in the ownership of said land) the amount specified below; in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:

** See paragraph 40 below for further definition of Delay Rentals as used in this lease

To the owner of the soil: **
Dollars - (\$**)
To the State of Texas: **
Dollars - (\$**)
Total Delay Rental: **
Dollars - (\$**)

**See paragraph 40. Amended Rental Provision

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

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

(A) OIL. Royalty payable on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also as all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, shall be 1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity in the general area where produced and when run, or 2) the highest market price thereof offered or paid in the general area where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is the greater. Lessee agrees that before

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any gas produced from the leased premises is sold, used or processed in a plant, it will be run free of cost to the royalty owners through an adequate oil and gas separator of conventional type, or other equipment at least as efficient, so that all liquid hydrocarbons recoverable from the gas by such means will be recovered. The requirement that such gas be run through a separator or other equipment may be waived, in writing, by the royalty owners upon such terms and conditions as they prescribe.

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

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

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

5. MINIMUM RENTAL. 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. RENTAL 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 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. RENTAL 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

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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.** See paragraph 41. 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.** See paragraph 41. 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

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

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

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

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

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

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

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

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

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

34. POOLING. Lessee is hereby granted the right to pool or utilize the royalty interest of the owner of the soil under this lease with any other leasehold or mineral interest for the exploration, development and production of oil or gas or either of them upon the same terms as shall be approved by the School Land Board and the Commissioner of the General Land Office for the pooling or utilizing 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. AMENDED RENTAL PROVISION. Anything contained in the lease to the contrary notwithstanding; the rentals for this lease have been PAID-UP for the 2nd and 3rd anniversary. If no well has been commenced on this lease on or before the fourth (4th) anniversary of this lease and unless this lease is not being maintained by any other provision herein, 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 by tendering a payment of Seven hundred thousand and no/100 Dollars (\$700,000.00) on or before the 4th anniversary of this lease, payable one-half (1/2) to the State of Texas and one-half (1/2) to the owner of the soil. If Lessee makes such payment provided above prior to the fourth (4th) anniversary then the rentals shall be deemed to be paid up for the balance of the primary term of this lease.

Anything to the contrary notwithstanding in Paragraph 5 (Minimum Royalty) and Paragraph 14 (Shut-in Royalty), it is agreed that in the event a Minimum Royalty payment is due or a Shut-in Royalty payment is due, the total amount payable in each case shall be determined on the basis of one dollar (\$1.00) per acre, payable one-half (1/2) to the State of Texas and one-half (1/2) to the owner of the soil.

41. CONTINUOUS DEVELOPMENT. Anything in this lease to the contrary notwithstanding, at the expiration of the primary term this lease shall not terminate as to any lands covered hereby if Lessee has: (i) within the primary term hereof established production from the lease, or (ii) at the end of the primary term is engaged in drilling or completion operations on this lease. Then, and in any of such events, this lease shall continue in full force and effect as to all lands for so long as Lessee engages in Continuous Development of this lease. Continuous Development shall mean that not more than one hundred eighty (180) days shall elapse between the completion or abandonment of one well and the commencement of drilling operations for another well. Lessee shall commence operations for the first Continuous Development well on or before 180 days after the expiration of the Primary Term or 180 days after the completion or abandonment of a well drilling at the end of the primary term, whichever is the later date. Upon the cessation of Continuous Development operations, this lease shall terminate except as in accordance with paragraph 16 above.

Anything to the contrary in this lease notwithstanding, as long as this lease remains in force as to any part of the land originally covered hereby, any portion of the land as to which this lease expires or terminates may, nevertheless, be used by Lessee, its successors and assigns, to the extent reasonably necessary for ingress and egress for roads, access, gathering, transporting, treating, processing, and storing oil and/or gas produced from any land as to which this lease remains in force.

Lessee hereby agrees to provide Lessor with all completion report forms and associated Texas Railroad Commission forms, and file a Release of Record in the County Records of REEVES County, Texas, to indicate which lands and which depths have been released and are no longer subject to the terms, conditions and provisions of this Oil, Gas, and Mineral Lease.

This oil and gas lease may be executed in one document signed by all of the owners of the soil or in separate documents which shall be counterparts hereof. If executed in separate counterparts, all such counterparts, when executed by one or more of the owners of the soil, shall constitute but one and the same instrument. The failure of any one or more of the owners of the soil to sign this lease or any counterpart hereof, shall not in any manner affect the validity and binding nature of this lease as to those the owners of the soil who executed same.

LESSEE

BY: William B. Robbins

William B. Robbins

Date: 10/9/13

STATE OF TEXAS

BY: Mark Alan Smith

Mark Alan Smith, individually and as agent for the State of Texas

Date: 3 Oct 13

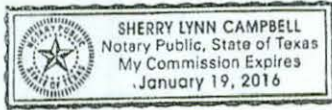
STATE OF _____ TEXAS

(INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF MIDLAND

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

Given under my hand and seal of office this the 9th day of October, 2013



Sherry Lynn Campbell
Notary Public in and for TEXAS

STATE OF TEXAS §

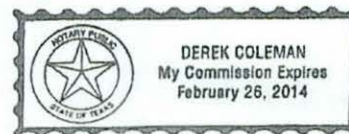
COUNTY OF Harris §

This instrument was acknowledged before me on this the 3 day of Oct, 2013, by Mark Alan Smith, as agent for the State of Texas.

My Commission Expires:

2.26.14


 NOTARY PUBLIC



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Figure 6



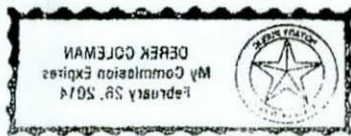
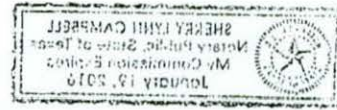


EXHIBIT "A"

Attached to and made part of that certain Oil and Gas Lease dated September 1st, 2013 between Mark Alan Smith, as Lessor and William B. Robbins, as Lessee covering the following described lands, all in Reeves County, Texas, being 1,200.00 acres, more or less.

Tract 1: Section 33, Block 59, Public School Land Survey, Reeves County, Texas, containing 640.00 acres, more or less

Tract 2: The Southeast Quarter (SE/4) of Section 32, Block 59, Public School Land Survey, Reeves County, Texas, containing 160.00 acres, more or less

Tract 3: The North half of the Northeast Quarter (N/2NE/4), and all of the West half (W/2) of Section 34, Block 59, Public School Land Survey, Reeves County, Texas, SAVE AND EXCEPT all that portion of the West half (W/2) lying within the 240 acre tract described by metes and bounds as follows:

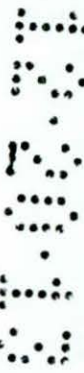
BEGINNING at the 1" iron pipe set for the S.W. Corner of Section 35, the S.E. corner of Section 34, and the S.E. corner of this Survey;
 THENCE West 2418 feet to a 1" iron pipe set in the North line of Section 39, a corner of this Survey;
 THENCE N. 65 Deg. 06' W. 3161.8 feet to a point in the East line of Section 33, a corner of this Survey;
 THENCE North 715.8 feet to a point in the East line of Section 33, a Corner of this Survey;
 THENCE S. 72 deg. 03' E. 2155.6 feet to a 1 - 1/4" iron pipe set for a corner of this Survey;
 THENCE N. 9 deg. 00' E. 1586.1 feet to a 1 - 1/4" iron pipe set for a Corner of this Survey;
 THENCE East 516.1 feet to a point, a corner of this Survey;
 THENCE South 202.7 feet to a point, a corner of this Survey;
 THENCE East 2471 feet to a point in the West line of Section 35, the N. E. corner of this Survey; consisting of 240 acres, more or less

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Inst No. 13-07881
 DIANNE O. FLOREZ
 COUNTY CLERK
 2013 Oct 30 at 10:39 AM
 REEVES COUNTY, TEXAS
 By: VG *[Signature]* DEPUTY

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01.02.11

File No. MF115945
Lease C

6.

Date Filed: 12.20.13

Jerry E. Patterson, Commissioner

By aa

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 1st day of September, 2013, between the State of Texas, acting

by and through its agent Grant Good, 13705 S. 129 E Ave. Broken Arrow, OK 74011, as his sole and separate property said agent herein referred to as the owner of the soil (whether one or more), and William B. Robbins of PO Box 2572, Midland, TX 79702, hereinafter called Lessee.

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

SEE EXHIBIT "A" ATTACHED

containing 1200.00 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: three hundred fifty thousand and no/100 Dollars (\$350,000.00)

To the owner of the soil: three hundred fifty thousand and no/100 Dollars (\$350,000.00)

Total bonus consideration: Seven hundred thousand and no/100 Dollars (\$700,000.00)

The total bonus consideration paid represents a bonus of three thousand five hundred & no/100 Dollars (\$3500.00) per acre, on 200.00 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. If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the _____

_____ Bank, at _____, or its successor (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:

** See paragraph 40 below for further definition of Delay Rentals as used in this lease

To the owner of the soil: **

Dollars (\$**)

To the State of Texas: **

Dollars (\$**)

Total Delay Rental: **

Dollars (\$**)

** See paragraph 40. Amended Rental Provision

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

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

(A) OIL. Royalty payable on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also as all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, shall be 1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity in the general area where produced and when run, or 2) the highest market price thereof offered or paid in the general area where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is the greater. Lessee agrees that before

any gas produced from the leased premises is sold, used or processed in a plant, it will be run free of cost to the royalty owners through an adequate oil and gas separator of conventional type, or other equipment at least as efficient, so that all liquid hydrocarbons recoverable from the gas by such means will be recovered. The requirement that such gas be run through a separator or other equipment may be waived, in writing, by the royalty owners upon such terms and conditions as they prescribe.

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

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

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

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

6. ROYALTY IN KIND. Notwithstanding any other provision in this lease, at any time or from time to time, the owner of the soil or the Commissioner of the General Land Office may, at the option of either, upon not less than sixty (60) days notice to the holder of the lease, require that the payment of any royalties accruing to such royalty owner under this lease be made in kind. The owner of the soil 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.** See paragraph 41. 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.** See paragraph 41. 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 utilize the royalty interest of the owner of the soil under this lease with any other leasehold or mineral interest for the exploration, development and production of oil or gas or either of them upon the same terms as shall be approved by the School Land Board and the Commissioner of the General Land Office for the pooling or utilizing 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. **AMENDED RENTAL PROVISION.** Anything contained in the lease to the contrary notwithstanding; the rentals for this lease have been PAID-UP for the 2nd and 3rd anniversary. If no well has been commenced on the this lease on or before the fourth (4th) anniversary of this lease and unless this lease is not being maintained by any other provision herein, 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 by tendering a payment of Seven hundred thousand and no/100 Dollars (\$700,000.00) on or before the 4th anniversary of this lease, payable one-half (1/2) to the State of Texas and one-half (1/2) to the owner of the soil. If Lessee makes such payment provided above prior to the fourth (4th) anniversary then the rentals shall be deemed to be paid up for the balance of the primary term of this lease.

Anything to the contrary notwithstanding in Paragraph 5 (Minimum Royalty) and Paragraph 14 (Shut-in Royalty), it is agreed that in the event a Minimum Royalty payment is due or a Shut-in Royalty payment is due, the total amount payable in each case shall be determined on the basis of one dollar (\$1.00) per acre, payable one-half (1/2) to the State of Texas and one-half (1/2) to the owner of the soil.

41. **CONTINUOUS DEVELOPMENT.** Anything in this lease to the contrary notwithstanding, at the expiration of the primary term this lease shall not terminate as to any lands covered hereby if Lessee has: (i) within the primary term hereof established production from the lease, or (ii) at the end of the primary term is engaged in drilling or completion operations on this lease. Then, and in any of such events, this lease shall continue in full force and effect as to all lands for so long as Lessee engages in Continuous Development of this lease. Continuous Development shall mean that not more than one hundred eighty (180) days shall elapse between the completion or abandonment of one well and the commencement of drilling operations for another well. Lessee shall commence operations for the first Continuous Development well on or before 180 days after the expiration of the Primary Term or 180 days after the completion or abandonment of a well drilling at the end of the primary term, whichever is the later date. Upon the cessation of Continuous Development operations, this lease shall terminate except as in accordance with paragraph 16 above.

Anything to the contrary in this lease notwithstanding, as long as this lease remains in force as to any part of the land originally covered hereby, any portion of the land as to which this lease expires or terminates may, nevertheless, be used by Lessee, its successors and assigns, to the extent reasonably necessary for ingress and egress for roads, access, gathering, transporting, treating, processing, and storing oil and/or gas produced from any land as to which this lease remains in force.

Lessee hereby agrees to provide Lessor with all completion report forms and associated Texas Railroad Commission forms, and file a Release of Record in the County Records of REEVES County, Texas, to indicate which lands and which depths have been released and are no longer subject to the terms, conditions and provisions of this Oil, Gas, and Mineral Lease.

This oil and gas lease may be executed in one document signed by all of the owners of the soil or in separate documents which shall be counterparts hereof. If executed in separate counterparts, all such counterparts, when executed by one or more of the owners of the soil, shall constitute but one and the same instrument. The failure of any one or more of the owners of the soil to sign this lease or any counterpart hereof, shall not in any manner affect the validity and binding nature of this lease as to those the owners of the soil who executed same.

LESSEE

BY: 

William B. Robbins

Date: 10/9/13

STATE OF TEXAS

BY: 
Grant Good, individually and as agent for the State of Texas

Date: 10/3/13

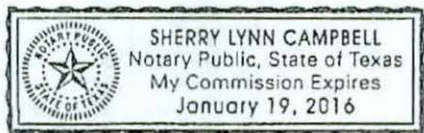
STATE OF TEXAS

(INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF MIDLAND

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

Given under my hand and seal of office this the 9th day of October, 2013.



Sherry Lynn Campbell
Notary Public in and for TEXAS

Oklahoma
STATE OF TEXAS §

COUNTY OF Tulsa §

This instrument was acknowledged before me on this the 3rd day of October, 2013, by Grant Good, as agent for the State of Texas.

My Commission Expires:

12-15-2014

Jennifer A. Gehri
NOTARY PUBLIC



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EXHIBIT "A"

Attached to and made part of that certain Oil and Gas Lease dated September 1st, 2013 between Grant Good, as Lessor and William B. Robbins, as Lessee covering the following described lands, all in Reeves County, Texas, being 1,200.00 acres, more or less.

Tract 1: Section 33, Block 59, Public School Land Survey, Reeves County, Texas, containing 640.00 acres, more or less

Tract 2: The Southeast Quarter (SE/4) of Section 32, Block 59, Public School Land Survey, Reeves County, Texas, containing 160.00 acres, more or less

Tract 3: The North half of the Northeast Quarter (N/2NE/4), and all of the West half (W/2) of Section 34, Block 59, Public School Land Survey, Reeves County, Texas, SAVE AND EXCEPT all that portion of the West half (W/2) lying within the 240 acre tract described by metes and bounds as follows:

BEGINNING at the 1" iron pipe set for the S.W. Corner of Section 35, the S.E. corner of Section 34, and the S.E. corner of this Survey;

THENCE West 2418 feet to a 1" iron pipe set in the North line of Section 39, a corner of this Survey;

THENCE N. 65 Deg. 06' W. 3161.8 feet to a point in the East line of Section 33, a corner of this Survey;

THENCE North 715.8 feet to a point in the East line of Section 33, a Corner of this Survey;

THENCE S. 72 deg. 03' E. 2155.6 feet to a 1 - 1/4" iron pipe set for a corner of this Survey;

THENCE N, 9 deg. 00' E. 1586.1 feet to a 1 - 1/4" iron pipe set for a Corner of this Survey;

THENCE East 516.1 feet to a point, a corner of this Survey;

THENCE South 202.7 feet to a point, a corner of this Survey;

THENCE East 2471 feet to a point in the West line of Section 35, the N. E. corner of this Survey; consisting of 240 acres, more or less

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Inst No. 13-07982
DANNE O. FLOREZ
COUNTY CLERK
2013 Oct 30 at 12:39 AM
REEVES COUNTY TEXAS
By: VG *[Signature]* DEPUTY

01.05.11

7.

File No. MF115945

Page 0

Date Filed: 12.20.13

By Jerry E. Patterson, Commissioner
AP

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

March 26, 2014

William B. Robbins
PO Box 2572
Midland, Texas 79702

Re: **State Lease MF 115945**

Four Relinquishment Act Leases described on **Page 2** hereof
Covering 1200 ac., Sec. 32, 33, 34, Blk. 59, PSL Survey, Reeves
County, TX

Dear Mr. Robbins:

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

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

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

Your remittances are set out on Page 2 and have been applied to the State's portion of the cash bonus. However, we are not in receipt of the \$100 processing fee and the \$25 filing fee per lease for a total of \$200.

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

State Lease No.	Lessor as agent for State of TX	Dated	Recorded Vol/Page	Bonus Amount
MF115945A	Mark Stephens	10/08/13	V. 1032, P. 712	\$1,050,000.00
MF115945B	Smith Family Trust	09/01/13	V. 1032, P. 736	\$350,000.00
MF115945C	Mark Alan Smith	09/01/13	V. 1032, P. 720	\$350,000.00
MF115945D	Grant Good	09/01/13	V. 1032, P. 728	\$350,000.00

File No. MF115145
Finer 2hr.

8.

Date Filed: 3-26-14

Jerry E. Patterson, Commissioner

By aw



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

August 27, 2015

Holly Dominguez
Elevation Resources, LLC
200 North Loraine, Ste 1010
Midland, Texas 79701

RE: GLO Assignment ID #9375 – MF115945 A et al - Reeves County

Dear Ms. Dominguez:

The General Land Office received the following instrument and has filed it in the appropriate files.

Assignment and Bill of Sale is effective October 8, 2013 from William B. Robbins, as assignor, to Elevation Resources, as assignee. As filed for record in Reeves County under ID #15-03090.

Please see attached Exhibit "A" for reference. Filing fees of \$2,700.00 were received in connection with the above assignment. Please feel free to contact me if you have any questions.

Best Regards,

Carl Bonn, CPL
Mineral Leasing
Energy Resources
(512) 463-5407
carl.bonn@glo.texas.gov

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" dated 8/27/15

<i>GLO ID #</i>	<i>County</i>	<i>Lease #</i>
9375	Reeves	MF115945 A,B,C,D
9375	Reeves	MF115986
9375	Reeves	MF116120 A,B
9375	Reeves	MF116122 A,B
9375	Reeves	MF116130 A,B
9375	Reeves	MF116134 A,B
9375	Reeves	MF116135
9375	Reeves	MF116330
9375	Reeves	MF116331
9375	Reeves	MF116332 C,D,E
9375	Reeves	MF116450 A,D
9375	Reeves	MF116478 A,B,C,D
9375	Reeves	MF116828 A,B
9375	Reeves	MF116832 C,D,E
9375	Reeves	MF116863 A,B,C
9375	Reeves	MF116864
9375	Reeves	MF116865
9375	Reeves	MF116866
9375	Reeves	MF117080 A to J
9375	Reeves	MF117081
9375	Reeves	MF117123
9375	Reeves	MF117130 A,B
9375	Reeves	MF117131
9375	Reeves	MF117132
9375	Reeves	MF117332 A,B



SENT VIA FED EX

August 12, 2015

Commissioner of the Texas
General Land Office
Attn: Energy Resources/Carl Bonn
1700 N. Congress Ave.
Austin, Texas 78701

MF115945A et al
IDA 9375

Re: Certified Copy of Assignment of Oil and Gas Leases
Reeves County, Texas

CK \$2,700

Dear Mr. Bonn:

Please find enclosed, for approval, a certified copy of an Assignment of Oil and Gas Leases dated effective March 3, 2015 by and between William B. Robbins, as Assignor and Elevation Resources LLC, as Assignee, recorded in Volume 1157, Page 38, Reeves County, Texas. The Assignment covers the following State leases:

MF-115986	The State of Texas, acting by and through its agent, Wiggins Partnership, a Texas General Partnership, Lessor and William B. Robbins, Lessee, recorded in Volume 1105, Pg., 148, Reeves County, Texas.
MF-115945A	The State of Texas, acting by and through its agent, Mark Stephens, ssp, Lessor and William B. Robbins, Lessee, recorded in Volume 1032, Pg. 712, Reeves County, Texas.
MF-115945D	The State of Texas, acting by and through its agent, Grant Good, Lessor and William B. Robbins, Lessee, recorded in Volume 1032, Pg. 728, Reeves County, Texas.
MF-115945C	The State of Texas, acting by and through its agent, Mark Alan Smith, Lessor and William B. Robbins, Lessee, recorded in Volume 1032, Pg. 720, Reeves County, Texas.
MF-115945B	The State of Texas, acting by and through its agent, Joe Smith, Trustee of the Smith Family Trust, Lessor and William B. Robbins, Lessee, recorded in Volume 1032, Pg. 736, Reeves County, Texas.
→ MF-116135	The State of Texas, acting by and through its agent, Jack Swallow, as Trustee of the Don O. Bomar Testamentary Trust, Lessor and William B. Robbins, Lessee, recorded in Volume 1032, Pg. 705, Reeves County, Texas.

MF-116120B The State of Texas, acting by and through its agent, Wade P. Koehl, Lessor and William B. Robbins, Lessee, recorded in Volume 1036, Pg. 226, Reeves County, Texas.

MF-116120A The State of Texas, acting by and through its agent, Midland AOG Partners, Ltd. Lessor and William B. Robbins, Lessee, recorded in Volume 1036, Pg. 190, Reeves County, Texas.

MF-116122B The State of Texas, acting by and through its agent, Wade P. Koehl, Lessor and William B. Robbins, Lessee, recorded in Volume 1036, Pg. 217, Reeves County, Texas.

MF-116122A The State of Texas, acting by and through its agent, Midland AOG Partners, Ltd., Lessor and William B. Robbins, Lessee, recorded in Volume 1036, Pg. 199, Reeves County, Texas.

MF-116130B The State of Texas, acting by and through its agent, Wade P. Koehl, Lessor and William B. Robbins, Lessee, recorded in Volume 1036, Pg. 235, Reeves County, Texas.

MF-116130A The State of Texas, acting by and through its agent, Midland AOG Partners, Ltd., Lessor and William B. Robbins, Lessee, recorded in Volume 1036, Pg. 208, Reeves County, Texas.

MF-116134A The State of Texas, acting by and through its agent, Molly McKenzie-Swartz, as Trustee of the Marion McKenzie Living Trust dated 1/14/1987, Lessor and William B. Robbins, Lessee, recorded in Volume 1032, Pg. 698, Reeves County, Texas.

MF-116134B The State of Texas, acting by and through its agent, The Board of Directors of Wittenburg College, Trustee of the Jean B. Morris Unitrust No. 3 dated 11/19/1981, Lessor and William B. Robbins, Lessee, recorded in Volume 1041, Pg. 333, Reeves County, Texas.

→ MF-116331 The State of Texas, acting by and through its agent, Blake Oil & Gas Corporation, Lessor and William B. Robbins, Lessee, recorded in Volume 1046, Pg. 472, Reeves County, Texas.

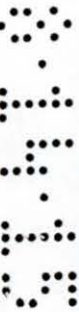
MF-116330 The State of Texas, acting by and through its agent, Blake Oil & Gas Corporation, Lessor and William B. Robbins, Lessee, recorded in Volume 1046, Pg. 483, Reeves County, Texas.

A-D { MF-116478 The State of Texas, acting by and through its agent, Wade P. Koehl, Lessor and William B. Robbins, as Lessee, recorded in Volume 1050, Pg. 26, Reeves County, Texas.

MF-116478 The State of Texas, acting by and through its agent, Midland AOG Partners, Ltd., Lessor and William B. Robbins, Lessee, recorded in Volume 1050, Pg. 17, Reeves County, Texas.

MF-116478 The State of Texas, acting by and through its agent, Nicholas D. Coalson, Jr. and Doris R. Coalson Revocable Trust of 1994, Lessor and William B. Robbins, Lessee, recorded in Volume 1063, Pg. 479, Reeves County, Texas.

MF-116478 The State of Texas, acting by and through its agent, Stevenson Family Trust dated 6/26/1975, Lessor and William B. Robbins, Lessee, recorded in Volume 1074, Pg. 532, Reeves County, Texas.



MF-116450A The State of Texas, acting by and through its agent, Wells Fargo Bank, N.A., Agent of the Heather Wall Mullins Agency and Wells Fargo Bank, N.A., Agent of the Andrew H. Wall Agency, Lessor and William B. Robbins, Lessee, recorded in Volume 1054, Pg. 87, Reeves County, Texas.

MF-116450D The State of Texas, acting by and through its agent, Wells Fargo Bank, N.A., Trustee of the Mary B. Harwit Unitrust, Lessor and William B. Robbins, Lessee, recorded in Volume 1054, Pg. 74, Reeves County, Texas.

MF-116332 The State of Texas, acting by and through its agent, Henry McDonnell, Jr., ssp, Lessor and William B. Robbins, Lessee, recorded in Volume 1080, Pg. 397, Reeves County, Texas.

MF-116332 The State of Texas, acting by and through its agent, Julia Elizabeth McDonnell, ssp, Lessor and William B. Robbins, Lessee, recorded in Volume 1080, Pg. 381, Reeves County, Texas.

MF-116332 The State of Texas, acting by and through its agent, Jared McDonnell, ssp, Lessor and William B. Robbins, Lessee, recorded in Volume 1096, Pg. 153, Reeves County, Texas.

MF-116832D The State of Texas, acting by and through its agent, Wells Fargo Bank, N.A., Trustee of the Mary B. Harwit Unitrust, Lessor and William B. Robbins, Lessee, recorded in Volume 1085, Pg. 117, Reeves County, Texas.

MF-116832C The State of Texas, acting by and through its agent, Wells Fargo Bank, N.A., Agent of the Andrew H. Wall Agency, Lessor and William B. Robbins, Lessee, recorded in Volume 1085, Pg. 130, Reeves County, Texas.

MF-116832E The State of Texas, acting by and through its agent, Heather Wall Mullins, Lessor and William B. Robbins, Lessee, recorded in Volume 1080, Pg. 448, Reeves County, Texas.

MF-116865 The State of Texas, acting by and through its agent, Wiggins Partnership, a Texas General Partnership, Lessor and William B. Robbins, Lessee, recorded in Volume 1076, Pg. 722, Reeves County, Texas.

MF-116863C The State of Texas, acting by and through its agent, Andrea Wall Owens, Lessor and William B. Robbins, Lessee, recorded in Volume 1080, Pg. 431, Reeves County, Texas.

MF-116863B The State of Texas, acting by and through its agent, Craig Henderson, as Independent Executor of the Estate of Ann C. Henderson, deceased, Lessor and William B. Robbins, Lessee, recorded in Volume 1087, Pg. 142, Reeves County, Texas.

MF-116863A The State of Texas, acting by and through its agent, Jane Covington Drake, ssp, Lessor and William B. Robbins, Lessee, recorded in Volume 1087, Pg. 122, Reeves County, Texas.

MF-116864 The State of Texas, acting by and through its agent, Shawn Shannon, Lessor and William B. Robbins, Lessee, recorded in Volume 1080, Pg. 390, Reeves County, Texas.

MF-116828B The State of Texas, acting by and through its agent, William M. Vance, and wife Janie Vance, Lessor and William B. Robbins, Lessee, recorded in Volume 1082, Pg. 76, Reeves County, Texas.

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MF-116828A The State of Texas, acting by and through its agent, Robert R. Vance, ssp, Lessor and William B. Robbins, Lessee, recorded in Volume 1085, Pg. 149, Reeves County, Texas.

MF-117332B The State of Texas, acting by and through its agent, Wade P. Koehl, Lessor and William B. Robbins, Lessee, recorded in Volume 1096, Pg. 169, Reeves County, Texas.

MF-117332A The State of Texas, acting by and through its agent, Midland AOG Partners, Ltd., Lessor and William B. Robbins, Lessee, recorded in Volume 1096, Pg. 178, Reeves County, Texas.

MF-116866 The State of Texas, acting by and through its agent, Ted Covington, ssp, Lessor and William B. Robbins, Lessee, recorded in Volume 1096, Pg. 112, Reeves County, Texas.

MF-117081 The State of Texas, acting by and through its agent, Cirrus Minerals, LLC, Lessor and William B. Robbins, Lessee, recorded in Volume 1099, Pg. 481, Reeves County, Texas.

MF-117080B The State of Texas, acting by and through its agent, George Finger Vance, Jr., ssp, Lessor and William B. Robbins, Lessee, recorded in Volume 1099, Pg. 36, Reeves County, Texas.

MF-117080C The State of Texas, acting by and through its agent, Peggy F. Mauch, ssp, Lessor and William B. Robbins, Lessee, recorded in Volume 1099, Pg. 521, Reeves County, Texas.

MF-117080D The State of Texas, acting by and through its agent, Vance & Virginia Ferguson Trust, Lessor and William B. Robbins, Lessee, recorded in Volume 1099, Pg. 512, Reeves County, Texas.

MF-117080E The State of Texas, acting by and through its agent, Johnnie Rae Brock, ssp, Lessor and William B. Robbins, Lessee, recorded in Volume 1099, Pg. 503, Reeves County, Texas.

MF-117080A The State of Texas, acting by and through its agent, R. Vance Sheffer, ssp, Lessor and William B. Robbins, Lessee, recorded in Volume 1099, Pg. 474, Reeves County, Texas.

MF-117080G The State of Texas, acting by and through its agent, Clayton D. Vance, ssp, Lessor and William B. Robbins, Lessee, recorded in Volume 1099, Pg. 454, Reeves County, Texas.

MF-117080J The State of Texas, acting by and through its agent, Patti Haugen, ssp, Lessor and William B. Robbins, Lessee, recorded in Volume 1108, Pg. 216, Reeves County, Texas.

MF-117080I The State of Texas, acting by and through its agent, Michelle James, ssp, Lessor and William B. Robbins, Lessee, recorded in Volume 1108, Pg. 198, Reeves County, Texas.

MF-117080F The State of Texas, acting by and through its agent, Richard Bennett Vance, ssp, Lessor and William B. Robbins, Lessee, recorded in Volume 1108, Pg. 207, Reeves County, Texas.



MF-117080H The State of Texas, acting by and through its agent, Cathy Grander, ssp, Lessor and William B. Robbins, Lessee, recorded in Volume 1099, Pg. 465, Reeves County, Texas.

MF-117123 The State of Texas, acting by and through its agent, Stanley Johnson, ssp, Lessor and William B. Robbins, Lessee, recorded in Volume 1111, Pg. 481, Reeves County, Texas.

MF-117130A The State of Texas, acting by and through its agent, Desert Partners IV, L.P., Lessor and William B. Robbins, Lessee, recorded in Volume 1105, Pg. 157, Reeves County, Texas.

MF-117130B The State of Texas, acting by and through its agent, Lambert Land Company, LLC, Lessor and William B. Robbins, Lessee, recorded in Volume 1105, Pg. 164, Reeves County, Texas.

MF-117131 The State of Texas, acting by and through its agent, George Thomas Key, II, ssp, Lessor and William B. Robbins, Lessee, recorded in Volume 1108, Pg. 191, Reeves County, Texas.

MF-117132 The State of Texas, acting by and through its agent, Dorthea M. McArthur, Independent Executrix of the Estate of Stephen R. McArthur, deceased, Lessor and William B. Robbins, Lessee, recorded in Volume 1111, Pg. 474, Reeves County, Texas.

I have also enclosed a check in the amount of \$2,700.00 to cover filing fees. If you have any questions or need anything further, please don't hesitate to contact me at (432) 685-7747. Thank you for your consideration.

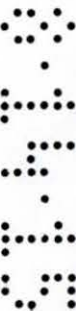
Sincerely,

ELEVATION RESOURCES LLC



Holly Dominguez
Land Associate

/hd
Encl.



ELEVATION RESOURCES LLC
200 N LORAIN, STE 1010
MIDLAND, TX 79701-4755

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August 12, 2015
Date

Pay to the Order of Commissioner of the General Land Office \$ 2,700.00
Two thousand seven hundred Dollars



Wells Fargo Bank, N.A.
Texas
wellsfargo.com



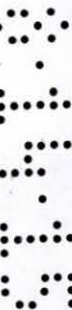
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FILED FOR RECORD
REEVES COUNTY, TEXAS
Apr 10, 2015 at 02:10:00 PM

ASSIGNMENT OF OIL AND GAS LEASES

STATE OF TEXAS §
 §
COUNTY OF REEVES §

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THAT, for sufficient consideration, receipt of which is hereby acknowledged, WILLIAM B. ROBBINS, whose marital status has not changed since acquiring the Assigned Premises, whose address is P. O. Box 2572, Midland, Texas 79702, hereinafter called "Assignor", does hereby sell, transfer, and assign to ELEVATION RESOURCES LLC, a Delaware Limited Liability Company, whose address is 200 N. Loraine, Suite 1010, Midland, Texas 79701, hereinafter called "Assignee", 100% of Oil and Gas Leases described in Exhibit "A", attached hereto and made a part of this assignment, and lands (herein called "Assigned Premises").

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This Assignment is further made and accepted subject to all of the terms, conditions, covenants and obligations contained in said leases.

Assignor agrees to warrant and forever defend the title hereto by, through, or under Assignor, but not otherwise.

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The terms and conditions of this Assignment shall be binding upon and inure to the benefit of Assignor and Assignees and their respective heirs, successors and assigns.

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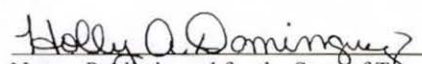
IN WITNESS WHEREOF, this instrument is executed this 3rd day of March, 2015, but effective as of the date of each Oil and Gas Lease described in Exhibit "A".


WILLIAM B. ROBBINS

THE STATE OF TEXAS §
COUNTY OF MIDLAND §

This instrument was acknowledged before me on the 3rd day of March, 2015, by WILLIAM B. ROBBINS.




Notary Public in and for the State of Texas



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REEVES COUNTY
CLERKS OFFICE

EXHIBIT "A"

Attached to and made part of that certain Assignment of Oil and Gas Leases dated March 3, 2015, by and between William B. Robbins, as Assignor and Elevation Resources LLC, as Assignee.

1. Oil, Gas and Mineral Lease dated August 29, 2013, by and between John E. Keating, as his sole and separate property, as Lessor, and William B. Robbins, as Lessee, covering All of Section 34, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1027, Page 427, Reeves County, Texas.
2. Oil, Gas and Mineral Lease dated August 29, 2013, by and between Shane Stokes, as Trustee of the Sarah Oien Trust, as Lessor, and William B. Robbins, as Lessee, covering All of Section 34, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1023, Page 596, Reeves County, Texas.
3. Oil and Gas Lease dated September 9, 2013, by and between Nancy Dean Investment Corporation, as Lessor, and William B. Robbins, as Lessee, covering All of Section 34, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1027, Page 181, Reeves County, Texas.
4. Oil, Gas and Mineral Lease dated August 29, 2013, by and between Ann S. McPherson, as her sole and separate property, as Lessor, and William B. Robbins, as Lessee, covering All of Section 34, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1027, Page 431, Reeves County, Texas.
5. Oil, Gas and Mineral Lease dated October 8, 2013, by and between Stephanie M. Smith, as her sole and separate property, as Lessor, and William B. Robbins, as Lessee, covering All of Section 34, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1029, Page 730, Reeves County, Texas.
6. Oil, Gas and Mineral Lease dated October 29, 2013, by and between Willis P. Anderson, Executor of the Estate of Florence S. Rains, deceased and as Trustee of the Trust Agreement U/W of Florence S. Rains, deceased and The Village, Inc., as Lessor, and William B. Robbins, as Lessee, covering All of Section 34, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1041, Page 355, Reeves County, Texas.
7. Oil, Gas and Mineral Lease dated August 29, 2013, by and between Evelyn M. Stutzman, as her sole and separate property, as Lessor, and William B. Robbins, as Lessee, covering All of Section 33, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1027, Page 190, Reeves County, Texas.
8. Oil, Gas and Mineral Lease dated August 29, 2013, by and between Rosella M. Neff, as her sole and separate property, as Lessor, and William B. Robbins, as Lessee, covering All of Section 33, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1023, Page 611, Reeves County, Texas.
9. Oil, Gas and Mineral Lease dated August 29, 2013, by and between Kenneth D. Snell, as a life estate, Michael L. Leckner, Individually and as remainderman and Jerry L. Snell, Individually and as remainderman, as Lessor, and William B. Robbins, as Lessee, covering All of Section 33, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1027, Page 185, Reeves County, Texas.

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10. **MF-115986**
Correction of Oil and Gas Lease dated September 12, 2013, by and between the State of Texas, acting by and through its agent, Wiggins Partnership, a Texas General Partnership, as Lessor, and William B. Robbins, as Lessee, covering the NW/4SE/4 and S/2SE/4 of Section 19, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1105, Page 148, Reeves County, Texas.

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11. **MF-115945A**
Oil and Gas Lease dated October 8, 2013, by and between the State of Texas, acting by and through its agent, Mark Stephens, as his sole and separate property, as Lessor, and William B. Robbins, as Lessee, covering Tract 1: Section 33, Block 59, PSL Survey, Reeves County, Texas containing 640 acres, more or less; Tract 2: SE/4 of Section 32, Block 59, PSL Survey, Reeves County, Texas, containing 160 acres, more or less; Tract 3: N/2NE/4 and All of the W/2 of Section 34, Block 59, PSL Survey, Reeves County, Texas, SAVE AND EXCEPT all that portion of the W/2 lying within the 240 acre tract described by metes and bounds as follows:

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BEGINNING at the 1" iron pipe set for the S.W. Corner of Section 35, the S.E. corner of Section 34, and the S.E. corner of this Survey; THENCE West 2418 feet to a 1" iron pipe set in the North line of Section 39, a corner of this Survey; THENCE N. 65 Deg. 06'W.3161.8 feet to a point in the East line of Section 33, a corner of this Survey; THENCE North 715.8 feet to a point in the East line of Section 33, a corner of this Survey; THENCE S. 72 deg. 03'E.2155.6 feet to a 1 -1/4" iron pipe set for a corner of this Survey; THENCE N. 9 deg. 00' E.1586.1 feet to a 1 -1/4" iron pipe set for a corner of this Survey; THENCE East 516.1 feet to a point, a corner of this Survey; THENCE South 202.7 feet to a point, a corner of this Survey; THENCE East 2471 feet to a point in the West line of Section 35, the N.E. corner of this Survey; consisting of 240 acres, more or less, recorded in Volume 1032, Page 712, Reeves County, Texas.

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12. **MF-115945D**
Oil and Gas Lease dated September 1, 2013, by and between the State of Texas, acting by and through its agent, Grant Good, as Lessor, and William B. Robbins, as Lessee, covering Tract 1: Section 33, Block 59, PSL Survey, Reeves County, Texas containing 640 acres, more or less; Tract 2: SE/4 of Section 32, Block 59, PSL Survey, Reeves County, Texas, containing 160 acres, more or less; Tract 3: N/2NE/4 and All of the W/2 of Section 34, Block 59, PSL Survey, Reeves County, Texas, SAVE AND EXCEPT all that portion of the W/2 lying within the 240 acre tract described by metes and bounds as follows:

BEGINNING at the 1" iron pipe set for the S.W. Corner of Section 35, the S.E. corner of Section 34, and the S.E. corner of this Survey; THENCE West 2418 feet to a 1" iron pipe set in the North line of Section 39, a corner of this Survey; THENCE N. 65 Deg. 06'W.3161.8 feet to a point in the East line of Section 33, a corner of this Survey; THENCE North 715.8 feet to a point in the East line of Section 33, a corner of this Survey; THENCE S. 72 deg. 03'E.2155.6 feet to a 1 -1/4" iron pipe set for a corner of this Survey; THENCE N. 9 deg. 00' E.1586.1 feet to a 1 -1/4" iron pipe set for a corner of this Survey; THENCE East 516.1 feet to a point, a corner of this Survey; THENCE South 202.7 feet to a point, a corner of this Survey; THENCE East 2471 feet to a point in the West line of Section 35, the N.E. corner of this Survey; consisting of 240 acres, more or less, recorded in Volume 1032, Page 728, Reeves County, Texas.

13. **MF-115945C**
Oil and Gas Lease dated September 1, 2013, by and between the State of Texas, acting by and through its agent, Mark Alan Smith, as Lessor, and William B. Robbins, as Lessee, covering Tract 1: Section 33, Block 59, PSL Survey, Reeves County, Texas containing 640 acres, more or less; Tract 2: SE/4 of Section 32, Block 59, PSL Survey, Reeves County, Texas, containing 160 acres, more or less; Tract 3: N/2NE/4 and All of the W/2 of Section 34, Block 59, PSL Survey, Reeves County, Texas, SAVE AND EXCEPT all that portion of the W/2 lying within the 240 acre tract described by metes and bounds as follows:

BEGINNING at the 1" iron pipe set for the S.W. Corner of Section 35, the S.E. corner of Section 34, and the S.E. corner of this Survey; THENCE West 2418 feet to a 1" iron pipe set in the North line of Section 39, a corner of this Survey; THENCE N. 65 Deg.

EXHIBIT "A" PAGE 2 OF 8



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06'W.3161.8 feet to a point in the East line of Section 33, a corner of this Survey; THENCE North 715.8 feet to a point in the East line of Section 33, a corner of this Survey; THENCE S. 72 deg. 03'E.2155.6 feet to a 1 -1/4" iron pipe set for a corner of this Survey; THENCE N, 9 deg. 00' E.1586.1 feet to a 1 -1/4" iron pipe set for a corner of this Survey; THENCE East 516.1 feet to a point, a corner of this Survey; THENCE South 202.7 feet to a point, a corner of this Survey; THENCE East 2471 feet to a point in the West line of Section 35, the N.E. corner of this Survey; consisting of 240 acres, more or less, recorded in Volume 1032, Page 720, Reeves County, Texas.

- MF-115945B
14. Oil and Gas Lease dated September 1, 2013, by and between the State of Texas, acting by and through its agent, Joe Smith, as Trustee of the Smith Family Trust, as Lessor, and William B. Robbins, as Lessee, covering Tract 1: Section 33, Block 59, PSL Survey, Reeves County, Texas containing 640 acres, more or less; Tract 2: SE/4 of Section 32, Block 59, PSL Survey, Reeves County, Texas, containing 160 acres, more or less; Tract 3: N/2NE/4 and All of the W/2 of Section 34, Block 59, PSL Survey, Reeves County, Texas, SAVE AND EXCEPT all that portion of the W/2 lying within the 240 acre tract described by metes and bounds as follows:

BEGINNING at the 1" iron pipe set for the S.W. Corner of Section 35, the S.E. corner of Section 34, and the S.E. corner of this Survey; THENCE West 2418 feet to a 1" iron pipe set in the North line of Section 39, a corner of this Survey; THENCE N. 65 Deg. 06'W.3161.8 feet to a point in the East line of Section 33, a corner of this Survey; THENCE North 715.8 feet to a point in the East line of Section 33, a corner of this Survey; THENCE S. 72 deg. 03'E.2155.6 feet to a 1 -1/4" iron pipe set for a corner of this Survey; THENCE N, 9 deg. 00' E.1586.1 feet to a 1 -1/4" iron pipe set for a corner of this Survey; THENCE East 516.1 feet to a point, a corner of this Survey; THENCE South 202.7 feet to a point, a corner of this Survey; THENCE East 2471 feet to a point in the West line of Section 35, the N.E. corner of this Survey; consisting of 240 acres, more or less, recorded in Volume 1032, Page 736, Reeves County, Texas.

- MF-116135
15. Oil and Gas Lease dated September 12, 2013, by and between the State of Texas, acting by and through its agent, Jack Swallow, as Trustee of The Don O. Bomar Testamentary Trust, as Lessor, and William B. Robbins, as Lessee, covering the NW/4 of Section 20, SAVE AND EXCEPT 15 acres in the NW/4 of the NW/4, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1032, Page 705, Reeves County, Texas.

- MF-116120B
16. Oil and Gas Lease dated October 19, 2013, by and between the State of Texas, acting by and through its agent, Wade P. Koehl, as Lessor, and William B. Robbins, as Lessee, covering the N/2 and SW/4 of Section 21, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1036, Page 226, Reeves County, Texas.

- MF-116120A
17. Oil and Gas Lease dated October 19, 2013, by and between the State of Texas, acting by and through its agent, Midland AOG Partners, Ltd., as Lessor, and William B. Robbins, as Lessee, covering the N/2 and SW/4 of Section 21, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1036, Page 190, Reeves County, Texas.

- MF-116122B
18. Oil and Gas Lease dated October 19, 2013, by and between the State of Texas, acting by and through its agent, Wade P. Koehl, as Lessor, and William B. Robbins, as Lessee, covering the SW/4 and the SW/4NW/4 of Section 29, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1036, Page 217, Reeves County, Texas.

- MF-116122A
19. Oil and Gas Lease dated October 19, 2013, by and between the State of Texas, acting by and through its agent, Midland AOG Partners, Ltd., as Lessor, and William B. Robbins, as Lessee, covering the SW/4 and the SW/4NW/4 of Section 29, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1036, Page 199, Reeves County, Texas.



- MF-116130B
20. Oil and Gas Lease dated October 19, 2013, by and between the State of Texas, acting by and through its agent, Wade P. Koehl, as Lessor, and William B. Robbins, as Lessee, covering the S/2SW/4 of Section 30, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1036, Page 235, Reeves County, Texas.
- MF-116130A
21. Oil and Gas Lease dated October 19, 2013, by and between the State of Texas, acting by and through its agent, Midland AOG Partners, Ltd., as Lessor, and William B. Robbins, as Lessee, covering the S/2SW/4 of Section 30, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1036, Page 208, Reeves County, Texas.
- MF-116134A
22. Oil and Gas Lease dated September 12, 2013, by and between the State of Texas, acting by and through its agent, Molly McKenzie-Swartz, as Trustee of The Marion McKenzie Living Trust dated 1/14/1987, as Lessor, and William B. Robbins, as Lessee, covering the N/2 of Section 23, Block 59, PSL Survey, Reeves County, Texas, recorded in Volume 1032, Pg. 698, Reeves County, Texas.
- MF-116134B
23. Oil and Gas Lease dated October 12, 2013, by and between the State of Texas, acting by and through its agent, The Board of Directors of Wittenburg College, Trustee of the Jean B. Morris Unitrust No. 3 dated November 19, 1981, as Lessor, and William B. Robbins, as Lessee, covering the N/2 of Section 23, Block 59, PSL Survey, Reeves County, Texas, recorded in Volume 1041, Page 333, Reeves County, Texas.
- MF-116331
24. Oil and Gas Lease dated December 2, 2013, by and between the State of Texas, acting by and through its agent, Blake Oil & Gas Corporation, as Lessor, and William B. Robbins, as Lessee, covering the South 80 acres of Section 36, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1046, Page 472, Reeves County, Texas.
- MF-116330 ✓
25. Oil and Gas Lease dated December 2, 2013, by and between the State of Texas, acting by and through its agent, Blake Oil & Gas Corporation, as Lessor, and William B. Robbins, as Lessee, covering the W/2NE/4 of Section 19, Block 58 and the E/2SE/4 of Section 24, Block 59, PSL Survey Reeves County, Texas, recorded in Volume 1046, Page 483, Reeves County, Texas.
- MF-116478 B
26. Oil and Gas Lease dated December 18, 2013, by and between the State of Texas, acting by and through its agent, Wade P. Koehl, as Lessor, and William B. Robbins, as Lessee, covering the E/2SW/4 of Section 24, Block 59, PSL Survey, Reeves County, Texas, recorded in Volume 1050, Page 26, Reeves County, Texas.
- MF-116478 A
27. Oil and Gas Lease dated December 18, 2013, by and between the State of Texas, acting by and through its agent, Midland AOG Partners, Ltd., as Lessor, and William B. Robbins, as Lessee, covering the E/2SW/4 of Section 24, Block 59, PSL Survey, Reeves County, Texas, recorded in Volume 1050, Page 17, Reeves County, Texas.
- MF-116478 C
28. Oil and Gas Lease dated January 18, 2014, by and between the State of Texas, acting by and through its agent, Nicholas D. Coalson, Jr. and Doris R. Coalson Revocable Trust of 1994, as Lessor, and William B. Robbins, as Lessee, covering the E/2SW/4 of Section 24, Block 59, PSL Survey, Reeves County, Texas, recorded in Volume 1063, Page 479, Reeves County, Texas.
- MF-116478 D
29. Oil and Gas Lease dated January 18, 2014, by and between the State of Texas, acting by and through its agent, Stevenson Family Trust dated 6/26/1975, as Lessor, and William B. Robbins, as Lessee, covering the E/2SW/4 of Section 24, Block 59, PSL Survey, Reeves County, Texas, recorded in Volume 1074, Page 532, Reeves County, Texas.
- MF-116450A
30. Oil and Gas Lease dated January 9, 2014, by and between the State of Texas, acting by and through its agent, Wells Fargo Bank, N.A. Agent of the Heather Wall Mullins Agency and Wells Fargo Bank, N.A. Agent of the Andrew H. Wall Agency, as Lessor, and William B. Robbins, as Lessee, covering the SE/2 of Section 31, Block 58, W/2 of Section 42, Block

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REEVES COUNTY
CLERKS OFFICE

- 58, S/2 of Section 32, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1054, Page 87, Reeves County, Texas.
MF-116450D
31. Oil and Gas Lease dated January 9, 2014, by and between the State of Texas, acting by and through its agent, Wells Fargo Bank, N.A., Trustee of the Mary B. Harwit Unitrust, as Lessor, and William B. Robbins, as Lessee, covering the SE/2 of Section 31, Block 58, W/2 of Section 42, Block 58, S/2 of Section 32, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1054, Page 74, Reeves County, Texas.
32. Oil, Gas and Mineral Lease dated December 16, 2013, by and between Robert Lee King, II as Independent Executor of the Estate of Merlene L. King, deceased, as Lessor, and William B. Robbins, as Lessee, covering All of Section 27, SAVE AND EXCEPT the NW/4NW/4, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1054, Page 70, Reeves County, Texas.
33. Oil, Gas and Mineral Lease dated December 16, 2013, by and between W. Douglas King, as his sole and separate property, as Lessor, and William B. Robbins, as Lessee, covering All of Section 27, SAVE AND EXCEPT the NW/4NW/4, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1054, Page 66, Reeves County, Texas.
MF-116332-C
34. Oil and Gas Lease dated February 19, 2014, by and between the State of Texas, acting by and through its agent, Henry McDonnell, Jr., as his sole and separate property, as Lessor, and William B. Robbins, as Lessee, covering the SW/4 of Section 21, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1080, Page 397, Reeves County, Texas.
MF-116332-D
35. Oil and Gas Lease dated February 19, 2014, by and between the State of Texas, acting by and through its agent, Julia Elizabeth McDonnell, as her sole and separate property, as Lessor, and William B. Robbins, as Lessee, covering the SW/4 of Section 21, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1080, Page 381, Reeves County, Texas.
MF-116332-E
36. Oil and Gas Lease dated May 19, 2014, by and between the State of Texas, acting by and through its agent, Jared McDonnell, as his sole and separate property, as Lessor, and William B. Robbins, as Lessee, covering the SW/4 of Section 21, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1096, Page 153, Reeves County, Texas.
MF-116832D
37. Oil and Gas Lease dated May 5, 2014, by and between the State of Texas, acting by and through its agent, Wells Fargo Bank, N.A., Trustee of the Mary B. Harwit Unitrust, as Lessor, and William B. Robbins, as Lessee, covering the NW/2 of Section 31, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1085, Page 117, Reeves County, Texas.
MF-116832C
38. Oil and Gas Lease dated May 5, 2014, by and between the State of Texas, acting by and through its agent, Wells Fargo Bank, N.A. Agent of the Andrew H. Wall Agency, as Lessor, and William B. Robbins, as Lessee, covering the NW/2 of Section 31, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1085, Page 130, Reeves County, Texas.
MF-116832E
39. Oil and Gas Lease dated May 6, 2014, by and between the State of Texas, acting by and through its agent, Heather Wall Mullins, as Lessor, and William B. Robbins, as Lessee, covering the NW/2 of Section 31, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1080, Page 448, Reeves County, Texas.
MF-116865
40. Oil and Gas Lease dated May 5, 2014, by and between the State of Texas, acting by and through its agent, Wiggins Partnership, a Texas General Partnership, as Lessor, and William B. Robbins, as Lessee, covering the W3/4 of SE/4 of Section 30, Block 58, PSL

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Survey, Reeves County, Texas, recorded in Volume 1076, Page 722, Reeves County, Texas.

- MF-116843C
41. Oil and Gas Lease dated May 1, 2014, by and between the State of Texas, acting by and through its agent, Andrea Wall Owens, as Lessor, and William B. Robbins, as Lessee, covering All of Section 31, Block 58, W/2 of Section 42, Block 58, S/2 of Section 32, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1080, Page 431, Reeves County, Texas. V
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- MF-116863BB
42. Oil and Gas Lease dated June 1, 2014, by and between the State of Texas, acting by and through its agent, Craig Henderson, as Independent Executor of the Estate of Ann C. Henderson, deceased, as Lessor, and William B. Robbins, as Lessee covering All of Section 31, Block 58, W/2 of Section 42, Block 58 and S/2 of Section 32, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1087, Page 142, Reeves County, Texas. 1
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- MF-116863A
43. Oil and Gas Lease dated June 1, 2014, by and between the State of Texas, acting by and through its agent, Jane Covington Drake, as her sole and separate property, as Lessor, and William B. Robbins, as Lessee, covering All of Section 31, Block 58, W/2 of Section 42, Block 58 and S/2 of Section 32, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1087, Page 122, Reeves County, Texas. P
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- MF-116864
44. Oil and Gas Lease dated May 5, 2014, by and between the State of Texas, acting by and through its agent, Shawn Shannon, as Lessor, and William B. Robbins, as Lessee, covering the NE/4 of Section 30, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1080, Page 390, Reeves County, Texas. 0
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45. Oil and Gas Lease dated June 1, 2014, by and between the State of Texas, acting by and through its agent, William M. Vance, and wife Janie Vance, as Lessor, and William B. Robbins, as Lessee, covering the W/2NW/4 of Section 30, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1082, Page 76, Reeves County, Texas.
- MF-116828A
46. Oil and Gas Lease dated June 1, 2014, by and between the State of Texas, acting by and through its agent, Robert R. Vance, as his sole and separate property, as Lessor, and William B. Robbins, as Lessee, covering the W/2NW/4 of Section 30, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1085, Page 149, Reeves County, Texas.
- MF-117332B
47. Oil and Gas Lease dated June 4, 2014, by and between the State of Texas, acting by and through its agent, Wade P. Koehl, as Lessor, and William B. Robbins, as Lessee, covering All of Section 31, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1096, Page 169, Reeves County, Texas.
- MF-117332A
48. Oil and Gas Lease dated June 4, 2014, by and between the State of Texas, acting by and through its agent, Midland AOG Partners, Ltd., as Lessor and William B. Robbins, as Lessee, covering All of Section 31, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1096, Page 178, Reeves County, Texas.
- MF-116866
49. Oil and Gas Lease dated June 1, 2014, by and between the State of Texas, acting by and through its agent, Ted Covington, as his sole and separate property, as Lessor and William B. Robbins, as Lessee, covering the W/2 of Section 42, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1096, Page 112, Reeves County, Texas.
- MF-117081
50. Oil and Gas Lease dated July 1, 2014, by and between the State of Texas, acting by and through its agent, Cirrus Minerals, LLC, as Lessor, and William B. Robbins, as Lessee, covering N/2SW/4 of Section 30, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1099, Page 481, Reeves County, Texas.



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REEVES COUNTY
CLERKS OFFICE

- MF-117080B
51. Oil and Gas Lease dated May 10, 2014, by and between the State of Texas, acting by and through its agent, George Finger Vance Jr., as his sole and separate property, as Lessor, and William B. Robbins, as Lessee, covering the E/2NW/4 of Section 30, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1099, Page 36, Reeves County, Texas.
- MF-117080C
52. Oil and Gas Lease dated May 10, 2014, by and between the State of Texas, acting by and through its agent, Peggy F. Mauch, as her sole and separate property, as Lessor, and William B. Robbins, as Lessee, covering the E/2NW/4 of Section 30, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1099, Page 521, Reeves County, Texas.
- MF-117080D
53. Oil and Gas Lease dated May 10, 2014, by and between the State of Texas, acting by and through its agent, Vance & Virginia Ferguson Trust, as Lessor, and William B. Robbins, as Lessee, covering the E/2NW/4 of Section 30, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1099, Page 512, Reeves County, Texas.
- MF-117080E
54. Oil and Gas Lease dated May 10, 2014, by and between the State of Texas, acting by and through its agent, Johnnie Rae Brock, as her sole and separate property, as Lessor, and William B. Robbins, as Lessee, covering the E/2NW/4 of Section 30, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1099, Page 503, Reeves County, Texas.
- MF-117080A
55. Oil and Gas Lease dated May 10, 2014, by and between the State of Texas, acting by and through its agent, R. Vance Sheffer, as his sole and separate property, as Lessor, and William B. Robbins, as Lessee, covering the E/2NW/4 of Section 30, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1099, Page 474, Reeves County, Texas.
- MF-117080G
56. Oil and Gas Lease dated May 10, 2014, by and between the State of Texas, acting by and through its agent, Clayton D. Vance, as his sole and separate property, as Lessor, and William B. Robbins, as Lessee, covering the E/2NW/4 of Section 30, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1099, Page 454, Reeves County, Texas.
- MF-117080J
57. Oil and Gas Lease dated May 1, 2014, by and between the State of Texas, acting by and through its agent, Patti Haugen, as her sole and separate property, as Lessor, and William B. Robbins, as Lessee, covering the E/2NW/4 of Section 30, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1108, Page 216, Reeves County, Texas.
- MF-117080I
58. Oil and Gas Lease dated May 10, 2014, by and between the State of Texas, acting by and through its agent, Michelle James, as her sole and separate property, as Lessor, and William B. Robbins, as Lessee, covering the E/2NW/4 of Section 30, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1108, Page 198, Reeves County, Texas.
- MF-117080F
59. Oil and Gas Lease dated May 10, 2014, by and between the State of Texas, acting by and through its agent, Richard Bennett Vance, as his sole and separate property, as Lessor, and William B. Robbins, as Lessee, covering the E/2NW/4 of Section 30, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1108, Page 207, Reeves County, Texas.
- MF-117080H
60. Oil and Gas Lease dated May 10, 2014, by and between the State of Texas, acting by and through its agent, Cathy Grander, as her sole and separate property, as Lessor, and William B. Robbins, as Lessee, covering the E/2NW/4 of Section 30, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1099, Page 465, Reeves County, Texas.

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61. **MF-117123**
Oil and Gas Lease dated August 1, 2014, by and between the State of Texas, acting by and through its agent, Stanley Johnson, as his sole and separate property, as Lessor, and William B. Robbins, as Lessee, covering the E/2NE/4NW/4 of Section 29, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1111, Page 481, Reeves County, Texas.
62. **MF-117130A**
Oil and Gas Lease dated August 1, 2014, by and between the State of Texas, acting by and through its agent, Desert Partners IV, L.P., as Lessor, and William B. Robbins, as Lessee, covering the S/2 of Section 32, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1105, Page 157, Reeves County, Texas.
63. **MF-117130B**
Oil and Gas Lease dated August 1, 2014, by and between the State of Texas, acting by and through its agent, Lambert Land Company, LLC, as Lessor, and William B. Robbins, as Lessee, covering the S/2 of Section 32, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1105, Page 164, Reeves County, Texas.
64. **MF-117131**
Oil and Gas Lease dated September 9, 2014, by and between the State of Texas, acting by and through its agent, George Thomas Key, II, as his sole and separate property, as Lessor, and William B. Robbins, as Lessee, covering the N/2E/2NW/4NE/4 of Section 29, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1108, Page 191, Reeves County, Texas.
65. **MF-117132**
Oil and Gas Lease dated September 9, 2014, by and between the State of Texas, acting by and through its agent, Dorothea M. McArthur, Independent Executrix of the Estate of Stephen R. McArthur, deceased, as Lessor, and William B. Robbins, as Lessee, covering the S/2E/2NW/4NE/4 of Section 29, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1111, Page 474, Reeves County, Texas.
66. Oil and Gas Lease dated October 24, 2013, by and between Wells Fargo Bank, N.A., Trustee of the V. Marie Martin TUA fbo Dolores Smith, as Lessor, and William B. Robbins, as Lessee, covering All of Section 33, Block 58, PSL Survey, Reeves County, Texas, recorded in Volume 1041, Page 416, Reeves County, Texas.

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Inst No. 15-03090
DIANNE O. FLOREZ
COUNTY CLERK
2015 Apr 10 at 02:10 PM
REEVES COUNTY, TEXAS
By: *NJ [Signature]* DEPUTY

EXHIBIT "A" PAGE 8 OF 8



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

CERTIFICATE OF RECORD

THE STATE OF TEXAS, }
COUNTY OF REEVES. }

I, hereby certify that this instrument with its certificates of authenticity was FILED on the date and at the time stamped hereon and was duly RECORDED in the OFFICIAL PUBLIC RECORDS of Real Property of Reeves County, Texas, as indicated.

Date Filed 4-10-13 File # 15-03090 Vol. 1157 Page 38



DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

By: Mary Abela Deputy

File No. MF 115945Assn # 9375 fromWm Roberto to ElevationDate Filed: 8-14-15

George P. Bush, Commissioner

By 

115945A

RELEASE OF OIL AND GAS LEASE

STATE OF TEXAS)
) SS
COUNTY OF REEVES)

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ELEVATION RESOURCES LLC, whose address is 200 N. Loraine, Suite 1010, Midland, Texas 79701, does hereby release, relinquish and surrender all of their right, title and interest in that certain Oil and Gas Lease located in Reeves County, Texas, and described as follows:

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LESSOR: The State of Texas, acting by and through its agent, Mark Stephens, as his sole and separate property
LESSEE: William B. Robbins
DATE: October 8, 2013
RECORDED: Vol. 1032, Pg. 0712 on October 30, 2013, Reeves County, Texas
DESCRIPTION:

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Tract 1: Section 33, Block 59, PSL Survey, Reeves County, Texas, containing 640.00 acres, more or less;

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Tract 2: SE/4 of Section 32, Block 59, PSL Survey, Reeves County, Texas, containing 160.00 acres, more or less;

Tract 3: N/2NE/4 and all of the W/2 of Section 34, Block 59, PSL Survey, Reeves County, Texas, SAVE AND EXCEPT all that portion of the W/2 lying within the 240 acre tract described by metes and bounds as follows:

BEGINNING at the 1" iron pipe set for the S.W. Corner of Section 35, the S.E. corner of Section 34, and the S.E. corner of this Survey;

THENCE West 2418 feet to a 1" iron pipe set in the North line of Section 39, a corner of this Survey;

THENCE N. 65 Deg. 06'W.3161.8 feet to a point in the East line of Section 33, a corner of this Survey;

THENCE North 715.8 feet to a point in the East line of Section 33, a corner of this Survey;

THENCE S. 72 Deg. 03'E.2155.6 feet to a 1 -1/4" iron pipe set for a corner of this Survey;

THENCE N. 9 Deg. 00'E.1586.1 feet to a 1 -1/4" iron pipe set for a corner in this Survey;

THENCE East 516.1 feet to a point, corner of this Survey;

THENCE South 202.7 feet to a point, a corner of this Survey;

THENCE East 2471 feet to a point in the West line of Section 35, the N.E. corner of this Survey; Consisting of 240 acres, more or less.

IN WITNESS WHEREOF, the undersigned owner and Lessee has signed this instrument this 22nd day of November, 2016.

ELEVATION RESOURCES LLC

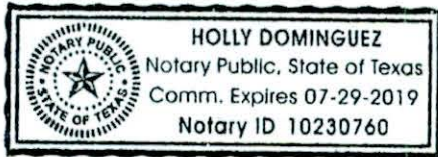
By: 
Tim Reece, Vice President - Land

True & Correct Copy of a
document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 1 of 2

ACKNOWLEDGEMENT

STATE OF TEXAS)
) SS
COUNTY OF MIDLAND)

This instrument was acknowledged before me on this 22nd day of November, 2016, by Tim Reece, Vice President – Land of Elevation Resources LLC, a Delaware Limited Liability Company, on behalf of said company.



Holly Dominguez
Notary Public, State of Texas

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True & Correct Copy of a
Document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 1 of 2

Inst No. 16-16372
DIANNE O. FLOREZ
COUNTY CLERK
2016 Dec 05 at 09:58 AM
REEVES COUNTY, TEXAS
By: MS Ubalda DEPUTY



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

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office, found in VOL. 1396, PAGE 226, THRU 227.

I hereby certified on 12 22 16
DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS
BY E. Ray DEPUTY



B

RELEASE OF OIL AND GAS LEASE

STATE OF TEXAS)
) SS
COUNTY OF REEVES)

ELEVATION RESOURCES LLC, whose address is 200 N. Loraine, Suite 1010, Midland, Texas 79701, does hereby release, relinquish and surrender all of their right, title and interest in that certain Oil and Gas Lease located in Reeves County, Texas, and described as follows:

LESSOR: The State of Texas, acting by and through its agent, Joe Smith, as Trustee of the Smith Family Trust, as his sole and separate property
LESSEE: William B. Robbins
DATE: September 1, 2013
RECORDED: Vol. 1032, Pg. 0736 on October 30, 2013, Reeves County, Texas
DESCRIPTION:

Tract 1: Section 33, Block 59, PSL Survey, Reeves County, Texas, containing 640.00 acres, more or less;

Tract 2: SE/4 of Section 32, Block 59, PSL Survey, Reeves County, Texas, containing 160.00 acres, more or less;

Tract 3: N/2NE/4 and all of the W/2 of Section 34, Block 59, PSL Survey, Reeves County, Texas, SAVE AND EXCEPT all that portion of the W/2 lying within the 240 acre tract described by metes and bounds as follows:

BEGINNING at the 1" iron pipe set for the S.W. Corner of Section 35, the S.E. corner of Section 34, and the S.E. corner of this Survey;
THENCE West 2418 feet to a 1" iron pipe set in the North line of Section 39, a corner of this Survey;
THENCE N. 65 Deg. 06'W.3161.8 feet to a point in the East line of Section 33, a corner of this Survey;
THENCE North 715.8 feet to a point in the East line of Section 33, a corner of this Survey;
THENCE S. 72 Deg. 03'E.2155.6 feet to a 1 -1/4" iron pipe set for a corner of this Survey;
THENCE N. 9 Deg. 00'E.1586.1 feet to a 1 -1/4" iron pipe set for a corner in this Survey;
THENCE East 516.1 feet to a point, corner of this Survey;
THENCE South 202.7 feet to a point, a corner of this Survey;
THENCE East 2471 feet to a point in the West line of Section 35, the N.E. corner of this Survey;
Consisting of 240 acres, more or less.

IN WITNESS WHEREOF, the undersigned owner and Lessee has signed this instrument this 22nd day of November, 2016.

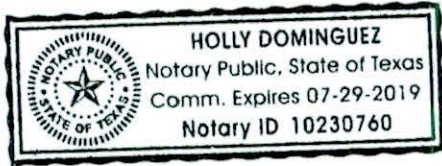
ELEVATION RESOURCES LLC

By: 
Tim Reece, Vice President – Land

ACKNOWLEDGEMENT

STATE OF TEXAS)
) SS
COUNTY OF MIDLAND)

This instrument was acknowledged before me on this 22nd day of November, 2016, by Tim Reece, Vice President – Land of Elevation Resources LLC, a Delaware Limited Liability Company, on behalf of said company.



Holly Dominguez
Notary Public, State of Texas

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Inst No. 16-16370
DIANNE O. FLOREZ
COUNTY CLERK
2015 Dec 05 at 09:58 AM
REEVES COUNTY, TEXAS
By: MS Maldana DEPUTY



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

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office, found in VOL. 1346, PAGE 122, THRU 133.



I hereby certified on 12 22 16

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY E. Raygo DEPUTY

C

RELEASE OF OIL AND GAS LEASE

STATE OF TEXAS)
) SS
COUNTY OF REEVES)

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ELEVATION RESOURCES LLC, whose address is 200 N. Loraine, Suite 1010, Midland, Texas 79701, does hereby release, relinquish and surrender all of their right, title and interest in that certain Oil and Gas Lease located in Reeves County, Texas, and described as follows:

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LESSOR: The State of Texas, acting by and through its agent, Mark Alan Smith, as his sole and separate property
LESSEE: William B. Robbins
DATE: September 1, 2013
RECORDED: Vol. 1032, Pg. 0720 on October 30, 2013, Reeves County, Texas
DESCRIPTION:

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Tract 1: Section 33, Block 59, PSL Survey, Reeves County, Texas, containing 640.00 acres, more or less;

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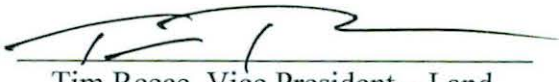
Tract 2: SE/4 of Section 32, Block 59, PSL Survey, Reeves County, Texas, containing 160.00 acres, more or less;

Tract 3: N/2NE/4 and all of the W/2 of Section 34, Block 59, PSL Survey, Reeves County, Texas, SAVE AND EXCEPT all that portion of the W/2 lying within the 240 acre tract described by metes and bounds as follows:

BEGINNING at the 1" iron pipe set for the S.W. Corner of Section 35, the S.E. corner of Section 34, and the S.E. corner of this Survey;
THENCE West 2418 feet to a 1" iron pipe set in the North line of Section 39, a corner of this Survey;
THENCE N. 65 Deg. 06'W.3161.8 feet to a point in the East line of Section 33, a corner of this Survey;
THENCE North 715.8 feet to a point in the East line of Section 33, a corner of this Survey;
THENCE S. 72 Deg. 03'E.2155.6 feet to a 1 -1/4" iron pipe set for a corner of this Survey;
THENCE N. 9 Deg. 00'E.1586.1 feet to a 1 -1/4" iron pipe set for a corner in this Survey;
THENCE East 516.1 feet to a point, corner of this Survey;
THENCE South 202.7 feet to a point, a corner of this Survey;
THENCE East 2471 feet to a point in the West line of Section 35, the N.E. corner of this Survey;
Consisting of 240 acres, more or less.

IN WITNESS WHEREOF, the undersigned owner and Lessee has signed this instrument this 22nd day of November, 2016.

ELEVATION RESOURCES LLC

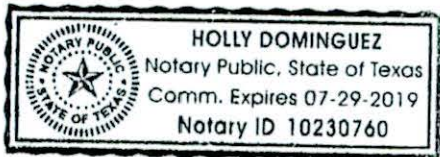
By: 
Tim Reece, Vice President – Land

True & Correct Copy of a
document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 1 of 2

ACKNOWLEDGEMENT

STATE OF TEXAS)
) SS
COUNTY OF MIDLAND)

This instrument was acknowledged before me on this 22nd day of November, 2016, by Tim Reece, Vice President – Land of Elevation Resources LLC, a Delaware Limited Liability Company, on behalf of said company.



Holly Dominguez
Notary Public, State of Texas

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True & Correct Copy of a
Document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 2 of 2

Inst No. 16-16371
DIANNE O. FLOREZ
COUNTY CLERK
2016 Dec 05 at 09:58 AM
REEVES COUNTY, TEXAS
By: MS M. Saldaña, DEPUTY

1346

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

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office, found in VOL. 1346
PAGE 224, THRU 225.



I hereby certified on 12 22 16

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY E. Rayps DEPUTY

RELEASE OF OIL AND GAS LEASE

STATE OF TEXAS)
) SS
COUNTY OF REEVES)

ELEVATION RESOURCES LLC, whose address is 200 N. Loraine, Suite 1010, Midland, Texas 79701, does hereby release, relinquish and surrender all of their right, title and interest in that certain Oil and Gas Lease located in Reeves County, Texas, and described as follows:

LESSOR: The State of Texas, acting by and through its agent, Grant Good, as his sole and separate property
LESSEE: William B. Robbins
DATE: September 1, 2013
RECORDED: Vol. 1032, Pg. 0728 on October 30, 2013, Reeves County, Texas
DESCRIPTION:

Tract 1: Section 33, Block 59, PSL Survey, Reeves County, Texas, containing 640.00 acres, more or less;

Tract 2: SE/4 of Section 32, Block 59, PSL Survey, Reeves County, Texas, containing 160.00 acres, more or less;

Tract 3: N/2NE/4 and all of the W/2 of Section 34, Block 59, PSL Survey, Reeves County, Texas, SAVE AND EXCEPT all that portion of the W/2 lying within the 240 acre tract described by metes and bounds as follows:

BEGINNING at the 1" iron pipe set for the S.W. Corner of Section 35, the S.E. corner of Section 34, and the S.E. corner of this Survey;
THENCE West 2418 feet to a 1" iron pipe set in the North line of Section 39, a corner of this Survey;
THENCE N. 65 Deg. 06'W.3161.8 feet to a point in the East line of Section 33, a corner of this Survey;
THENCE North 715.8 feet to a point in the East line of Section 33, a corner of this Survey;
THENCE S. 72 Deg. 03'E.2155.6 feet to a 1 -1/4" iron pipe set for a corner of this Survey;
THENCE N. 9 Deg. 00'E.1586.1 feet to a 1 -1/4" iron pipe set for a corner in this Survey;
THENCE East 516.1 feet to a point, corner of this Survey;
THENCE South 202.7 feet to a point, a corner of this Survey;
THENCE East 2471 feet to a point in the West line of Section 35, the N.E. corner of this Survey;
Consisting of 240 acres, more or less.

IN WITNESS WHEREOF, the undersigned owner and Lessee has signed this instrument this 22nd day of November, 2016.

ELEVATION RESOURCES LLC

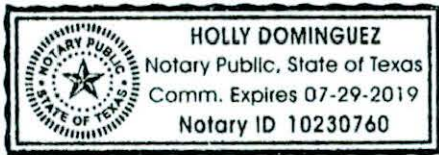
By: [Signature]
Tim Reece, Vice President – Land

True & Correct Copy of a
Document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 1 of 2

ACKNOWLEDGEMENT

STATE OF TEXAS)
) SS
COUNTY OF MIDLAND)

This instrument was acknowledged before me on this 22nd day of November, 2016, by Tim Reece, Vice President – Land of Elevation Resources LLC, a Delaware Limited Liability Company, on behalf of said company.



Holly Dominguez
Notary Public, State of Texas

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document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 2 of 2

Inst No. 16-16373
DIANNE O. FLOREZ
COUNTY CLERK
2016 Dec 05 at 09:58 AM
REEVES COUNTY, TEXAS
By: MS M Baldana DEPUTY

File No. 115945
County _____
Release
Date Filed: 01/04/17
George P. Bush, Commissioner
By: _____

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

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office, found in VOL. 1346, PAGE 228, THRU 229.



I hereby certified on 12 22 16
DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS
BY E. Rayns DEPUTY



SENT VIA CERTIFIED MAIL 7016 0340 0000 7029 6490

December 28, 2016

Commissioner of the General Land Office
State of Texas
1700 N. Congress Ave., Rm. 640
Austin, TX 78701

Attn: Linda Price

Re: Releases of Oil and Gas Leases
Reeves County, Texas

Dear Ms. Price:

Please find enclosed, for your files, seventeen (17) certified copies of the Releases of Oil and Gas Leases, recorded in Reeves County, Texas for the following leases:

- 1) Smith Family Trust – MF-115945B
- 2) Mark Alan Smith – MF-115945C
- 3) Grant Good – MF-115945D
- 4) Mark Stephens – MF-115945A
- 5) Sherri Cohen – MF-116119D
- 6) Wade P. Koehl – MF-116120B
- 7) Wade P. Koehl – MF-116122B
- 8) Wade P. Koehl – MF-116130B
- 9) Midland AOG Partners – MF-116120A
- 10) Midland AOG Partners – MF-116122A
- 11) Midland AOG Partners – MF-116130A
- 12) Jean B. Morris Unitrust No. 3 – MF-116134B
- 13) W. S. Armstrong Ranch Co., Inc. – MF-116332B
- 14) W. S. Armstrong Ranch Co., Inc. – MF-116817
- 15) Mary Jane McGary – MF-116148B

16) McGary Living Trust – SPH – MF-116148A

17) McGary Living Trust – Kelly Separate Property – MF-116148C

Should you have any questions, please feel free to contact me at 432-685-7747.

Sincerely,

A handwritten signature in blue ink that reads "Holly Dominguez". The signature is fluid and cursive, with the first name "Holly" and last name "Dominguez" clearly distinguishable.

Holly Dominguez
Land Associate

/hd

Encls.

File No. 115945

____ County

Ltr from Elevation

Date Filed: 01/04/17

George P. Bush, Commissioner

By _____

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